Vision

A Leader Company maintaining an excellent Level of ethical and Professional standards

Mission Statement

To become a top quality Manufacturer of textile products In the International & Local markets
CORPORATE INFORMATION

Board of Directors
Mr. Mohammad Amin  Chief Executive / Director
Mr. Khurram Salim  Non Executive Director
Mr. Bilal Sharif  Non Executive Director
Mr. Adil Shakeel  Executive Director
Mr. Mohammad Salim  Non Executive Director / Chairman
Mr. Mohammad Sharif  Non Executive Director
Mr. Mohammad Shaheen  Executive Director
Mr. Mohammad Shakeel  Non Executive Director
Mr. Iqbal Mehboob  Independent Director

Company Secretary
Syed Ashraf Ali, FCA

Chief Financial Officer
Mr. Anwar Hussain, FCA

Audit Committee
Mr. Iqbal Mehboob  Chairman
Mr. Khurram Salim  Member
Mr. Bilal Sharif  Member

Human Resource and Remuneration Committee
Mr. Mohammad Shakeel  Chairman
Mr. Khurram Salim  Member
Mr. Adil Shakeel  Member

Auditors
M/s Rehman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants
72-A, Faisal Town
Lahore

Legal Advisor
Mr. Shahid Pervaiz Jamii

Bankers
Bank Al Habib Limited
Dubai Islamic Bank
MCB Bank Limited
Meezan Bank Limited
Samba Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited

Share Registrar
Hameed Majeeed Associated (Private) Limited
5th Floor Karachi Chamber, Karachi

Registered Office
Umer House, 23/1, Sector 23, S. M. Farooq Road, Korangi Industrial Area, Karachi, Pakistan
Tel : 021 35115177 - 80 ; Fax: 021 -35063002-3
Email: khioff@umergroup.com
Website: http://www.umergroup.com

Liason / Correspondence office
9th Floor, City Towers, 6-K, Main Boulevard
Gulberg - II, Lahore, Pakistan
Tel : 042 111 130 130 ; Fax: 042 -35770015
Email: lhroff@umergroup.com
Website: http://www.umergroup.com

Mills At:
Spinning and weaving units are situated at
Feroz Watwan, Sheikhpura, Punjab.
Tel: 0496 731724
NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the 29th Annual General Meeting of the members of Blessed Textiles Limited will be held on Friday 28th October 2016 at 4:30 PM., at the registered office of the company i.e. Umer House, 23/1, Sector 23, S. M. Farooq Road, Korangi Industrial Area, Karachi, to transact the following business:

Ordinary Business
1. To confirm the minutes of the Extra Ordinary General Meeting held on 31st December 2015.
2. To receive, consider and adopt the audited financial statements of the company for the year ended 30th June, 2016 together with the Auditors' and Directors’ Report thereon.
3. To approve the cash dividend @ 50% (i.e. PKR 5 per share) for the year ended 30th June, 2016, as recommended by the Board of Directors.
4. To appoint the auditors for the next term i.e. year 2016-2017 and fix their remuneration. The retiring auditors M/S Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, being eligible, offer themselves for reappointment.
5. To transact any other business with the permission of the chairman.

Special Business
6. To approve the remuneration of Chief Executive and two Directors of Company

Statement Under Section 160(1)/(b) of the Companies Ordinance 1984; Regarding the Special Business
The shareholders approval is sought for remuneration of Chief Executive and two Directors of the company; For this purpose it is proposed that the following resolution be passed with or without modification by the shareholders as an ordinary resolution;

"Resolved that the company hereby approves the monthly remuneration of Mr. Mohammad Amin, Chief Executive, a sum not exceeding PKR 650,000, Mr. Mohammad Shaheen - Director, a sum not exceeding PKR 650,000 and Mr. Adil Shakeel - Director, a sum not exceeding PKR 650,000. The perquisites will remain same as approved earlier.

(By the order of the Board)

Karachi: September 27th, 2016

Syed Ashraf Ali, FCA
Company Secretary

NOTES:
1. The Shares Transfer Books of the Company will remain closed from 21st October 2016 to 28th October, 2016 (both days inclusive). Transfers received in order at the registered office of the company i.e. Umer House, 23/1, Sector 23, S. M. Farooq Road, Korangi Industrial Area, Karachi by 19th October 2016 will be treated in time for the purpose of entitlement of dividend in respect of the period ended 30th June, 2016.

2. A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote instead of him/her. No person other than a member shall act as proxy.

3. An instrument appointing a proxy and the power of attorney or other Authority (if any) under which it is signed or a notarially certified copy of such power or authority, in order to be valid, must be deposited at the registered office of the company at least 48 hours before the time of the meeting and must be duly stamped, signed and witnessed.

4. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her original CNIC or Passport, Account and participant's I.D. numbers, to prove his/her identity, and in case of proxy must enclose an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose. The account/ sub account holders of CDC will further have to follow the guidelines as laid down in Circular No. 1 of 2000 dated January 26, 2000 issued by Securities & Exchange Commission of Pakistan.
NOTICE OF THE ANNUAL GENERAL MEETING

5. As instructed by Securities and Exchange Commission of Pakistan (SECP) vide their letter No. EMD/D-II/Misc/2009-1342 dated April 4, 2013 dividend warrants cannot be issued without insertion of CNIC Numbers; therefore, all shareholders holding physical shares were requested to submit copies of their valid CNICs as requested by our letters and also through advertisement in newspapers. All those shareholders who have not submitted their valid CNICs are once again requested to send a photocopy of their valid CNIC/National Tax numbers alongwith the folio numbers to the Company's Share Registrar. No dividend will be payable unless the CNIC number is printed on the dividend warrants, so please let us have your CNIC numbers failing, which we will not be responsible if we are not able to pay the dividends.

6. In order to make process of payment of cash dividend more efficient, SECP vide circular No. 8(4) SM/CDC 2008 dated April 5, 2013 have issued instructions so that the shareholders can get their dividend credited in their respective bank accounts electronically without any delay. You may therefore authorize the Company to credit the dividend directly to your bank account for all future dividends declared by the Company. Accordingly all non CDC shareholders are requested to send their bank account details to the Company's Registrar at the address given above. Shareholders who hold shares with Participant/Central Depository Company of Pakistan (CDC) accounts are advised to provide the mandate to the concerned Stock Broker/ Central Depository Company of Pakistan Ltd.

7. Members are requested to immediately inform of any change in their addresses to our share Registrar, Hameed Majeed Associates (Private) Limited.

8. Pursuant to Notification vide SRO787(1)/2014 of September 08, 2014, SECP has directed to facilitate the members of the company receiving Annual Financial Statements and Notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Company through e-mail in future. In this respect members are hereby requested to convey their consent via e-mail on a standard request form which is available at the Company website i.e. www.umergroup.com. Please ensure that your e-mail has sufficient rights and space available to receive such e-mail which may be larger than 1 MB file in size. Further, it is the responsibility of the member to timely update the Share Registrar of any change in the registered e-mail address.

9. Pursuant to the provisions of the Finance Act 2016 effective July 1, 2016, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance, 2001 have been revised as follows:

   a. For filer of income tax return 12.5%
   b. For non-filers of income tax return 20%

To enable the Company to make tax deduction on the amount of cash dividend @ 12.5% instead of 20%, shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered in ATL before the first day of book closure, otherwise tax on their cash dividend will be deducted @ 20% instead of 12.5%.

Withholding Tax exemption from the dividend income, shall only be allowed if copy of valid tax exemption certificate or stay order from a competent court of law is made available to Hameed Majeed Associates (Private) Limited, by the first day of Book Closure. Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them (only if not already provided) to our Share Registrar, in writing.
Directors’ Report

The Directors of your Company have pleasure in submitting their report on audited financial statements of Company for the year ended 30th June 2016.

Financial Highlights
Financial results of the company are summarized as under;

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rupees</td>
<td>Rupees</td>
</tr>
<tr>
<td>Sales</td>
<td>6,846,744,492</td>
<td>7,623,285,484</td>
</tr>
<tr>
<td>Gross profit</td>
<td>521,135,477</td>
<td>650,230,055</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>127,440,552</td>
<td>119,076,496</td>
</tr>
<tr>
<td>Taxation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current year</td>
<td>-</td>
<td>1,523,173</td>
</tr>
<tr>
<td>Prior year</td>
<td>(202,404)</td>
<td>-</td>
</tr>
<tr>
<td>Deferred</td>
<td>32,704,436</td>
<td>35,552,693</td>
</tr>
<tr>
<td></td>
<td>32,502,032</td>
<td>37,075,866</td>
</tr>
<tr>
<td>Profit after taxation</td>
<td>94,938,520</td>
<td>82,000,630</td>
</tr>
</tbody>
</table>

Comprehensive income
Re-measurement of employees retirement benefits obligation – Actuarial gain / (loss)
Deferred tax

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rupees</td>
<td>Rupees</td>
</tr>
<tr>
<td></td>
<td>20,605,852</td>
<td>(7,047,209)</td>
</tr>
<tr>
<td></td>
<td>(3,174,376)</td>
<td>941,894</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>17,431,476</td>
<td>(6,105,315)</td>
</tr>
<tr>
<td>Un-appropriated profit brought forward</td>
<td>112,369,996</td>
<td>75,895,315</td>
</tr>
<tr>
<td>Dividend paid</td>
<td>176,890,673</td>
<td>130,600,677</td>
</tr>
<tr>
<td>Profit available for appropriation</td>
<td>64,520,677</td>
<td>54,705,362</td>
</tr>
<tr>
<td>Appropriations:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transferred to General Reserve</td>
<td>(32,160,000)</td>
<td>(16,080,000)</td>
</tr>
<tr>
<td>Un-appropriated profit carried forward</td>
<td>144,730,673</td>
<td>114,520,677</td>
</tr>
<tr>
<td>Basic and diluted earnings per share</td>
<td>14.76</td>
<td>12.75</td>
</tr>
</tbody>
</table>

Subsequent Appropriation
The directors have recommended cash dividend of PKR 5.00 per share, i.e. 50% (2015: PKR 5.00 per share, i.e. 50%) for the approval of shareholders at the forthcoming annual general meeting.

Earning per Share and Breakup Value
The Earnings per Share (EPS) of company for the year ended 30th June 2016 is PKR 14.76 (30th June 2015: PKR 12.75). The breakup value of your share as on 30th June 2016 is PKR 428.95 (30th June 2015: PKR 416.49).
Operating Results
During the year under review, net sales revenue was decreased to PKR 6,846,744 million as compared to previous year of PKR 7,623.185 million mainly due to decrease in sale prices of yarn.

The company earned gross profit of PKR 521.135 million during the year as compared to PKR 650.230 million in previous year. The decrease in gross profit during the current year as compared, to corresponding year mainly due to recession in textile industry particularly in spinning sector. The Company earned a net profit of PKR 94.938 million during the year, resulting in earnings per share of PKR 14.76 as compared to a net profit of PKR 82.0 million and earnings per share of PKR 12.75 last year. Profit after tax is increased as compared to previous year due to decrease finance cost and provision for income tax.

Textile Industry and Current Economic Conditions
During the year 2016 the Pakistan economy recorded the growth of 4.71% which was the highest growth achieved since 2008-09. But the growth of 4.71% is still at lower side and needs improvement in order to achieve economic stability. There is hope of increases in the growth in subsequent years based on China Pakistan Economic Corridor (CPEC) activities.

Current account deficit and continuous decreasing export of textile products are major concern for Pakistan economic. The main cause of such decline in export is cost of production which is comparatively at higher side and Pakistan textile products are unable to compete in international market. In recent past years it was competing successfully worldwide but now it is being affected due to its competitors like Bangladesh, India, Vietnam, Thailand, and China.

Government should develop and implement a comprehensive textile policy on broad basis in order to compete in the world.

Capital Structure and Current Ratio

The Company’s assets are financed by debt and equity. Gearing ratio is 1.01 at 30th June 2016 as compared to 0.64 at 30th June 2015. Interest coverage ratio is 1.75 (2015: 1.46). The liquidity position of the company is sound with a current ratio of 1.47 at 30th June 2016 (2015: 1.81). The total of shareholders’ fund stood at PKR 2.759 billion (2015: PKR 2.679 billion).

Cash Flow Management
The company has an effective Cash Flow Management System in place whereby cash inflows and outflows are projected on regular basis. Working capital requirements are planned through internal cash generations and short term borrowings. The company is well placed for its commitments towards long and short term loans. The company had paid an amount of PKR 413.249 million on account of repayments of long term loans. An amount of PKR 31.925 million has been paid as dividend to shareholders.

Compliance with Code of Corporate Governance
The Statement of Compliance with the Code of Corporate Governance is annexed.
Statement on Corporate and Financial Reporting Framework
The Directors of your Company are aware of their responsibilities under the Code of Corporate Governance incorporated in the Listing Rules of the Pakistan Stock Exchange Limited under instructions from the Securities & Exchange Commission of Pakistan. As a part of the compliance of the Code, we confirm the following:

- These financial statements, prepared by the management of the company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account 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 Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control was sound in design and has been effectively implemented and monitored.
- There were 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.
- We have prepared and circulated a Code of Conduct and business strategy among directors and employees.
- The Board of Directors has adopted a vision and mission statement and a statement of overall corporate strategy.
- Six directors of the Company had already completed Directors' Training Program (DTP). In addition three directors met the criteria of exemption under Code of Corporate Governance.

Therefore all directors of the Company were in compliance of the Code of Corporate Governance in respect of Directors' Training Program (DTP).

- As required by the Code of Corporate Governance, we have included the following information in this report:
  - Statement of pattern of shareholding has been given separately.
  - Statement of shares held by associated undertakings and related persons.
  - Statement of the Board meetings held during the year and attendance by each director has been given separately.
  - Key operating and financial statistics for last six years.
- Information about taxes and levies had been adequately disclosed in the annexed audited financial statements.
- No trading in the Company's shares was carried by its Directors, CEO, CFO, Company Secretary, Head of Internal Audit and their spouses and minor children except as disclosed in pattern of shareholding.

Audit Committee
The audit committee of the company is working as required by the code of corporate governance. The audit committee has established internal audit system to monitor and review the adequacy and implementation of internal control at each level. The meetings of audit committee were held in compliance of the requirements of Code of Corporate Governance. Interim and annual financial statements were reviewed by the audit committee before the approval of board of directors.

Material changes and commitments
No material changes and commitments affecting the financial position of the Company have occurred between the end of financial year of the Company to which the balance sheet relates and the date of report of directors' report.
Financial statements
As required under listing regulations of stock exchanges the Chief Executive Officer and Chief Financial Officer present the financial statements, duly endorsed under their respective signatures, for consideration and approval of the board of directors and the board, after consideration and approval, authorize the signing of financial statements for issuance and circulation. The financial statements of the company have been duly audited by the auditors of the company, Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants and the auditors have issued clean audit report on the financial statements for the year ended 30th June 2016 and clean review report on Statement of Code of Corporate Governance. These reports are attached with the financial statements.

Pattern of Shareholding
The pattern of shareholding and additional information regarding pattern of shareholding is attached separately.

Auditors
The present auditors M/s Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants shall retire on the conclusion of the annual general meeting. Being eligible, they have offered themselves for re-appointment. The audit committee has suggested the appointment of aforesaid M/s Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, as external auditor for the year ended 30th June 2017. The external auditors, M/s Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants have been given satisfactory rating under the quality review program of the Institute of Chartered Accountants of Pakistan and the firm and all its partner are in compliance with the International Federation of Accountants' Guidelines on the Code of Ethics as adopted by Institute of Chartered Accountants of Pakistan. The Board of Directors also recommended the appointment of M/s Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, as external auditor for the year ended 30th June 2017.

Board and Audit Committee Meetings
The number of board and audit committee meetings held during the year 2015-16 was four. The attendance of the directors and members are as under:

<table>
<thead>
<tr>
<th>Name of Directors</th>
<th>Board of Directors</th>
<th>Committees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Eligible to attend</td>
<td>Eligible to attend</td>
</tr>
<tr>
<td>Mr. Mohammad Salim</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td>Mr. Mohammad Sharif</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td>Mr. Mohammad Shaheen</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td>Mr. Mohammad Shakeel</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td>Mr. Khurram Salim</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Mr. Bilal Sharif</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Mr. Mohammad Amin</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td>Mr. Adil Shakeel</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td>Mr. Iqbal Mehboob</td>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>

Safety, Health and Environment
Health, Safety & Environment is our core value, we take pride in our practices and will ensure that we run safe operations and are not a source of environmental degradation. The health and safety of our employees, the safety of our assets and the security of our operations always remain among the top priorities of the Company. Safety is an all-encompassing priority for the Company, from the Board down to the business units. Due these controls and with the blessing of Al-Mighty Allah no major accidents or incidents took place at the business units.

Company always ensures environment preservation and adopts all the possible means for environment protection. We have been taking various steps to ensure minimal dust and emission from our plant and our production lines are installed with pollutant trapping and suppression systems to control dust particles and other emissions.
Major Judgment Areas
Main areas related to income taxes, deferred tax, retirement benefit obligations and accounting estimates and judgments are detailed in notes to the financial statements.

Accounting Standards
The accounting policies of the Company fully reflect the requirements of the Companies Ordinance 1984 and such approved International Accounting Standards and International Financial Reporting Standards as have been notified under this Ordinance as well as through directives issued by the Securities and Exchange Commission of Pakistan.

Human Resource and Remuneration Committee:
The human resource and remuneration committee has established sound and effective employees’ development programme. Human Resource focused on two key areas: improving productivity / efficiency in the Company and enhancing the quality of our workforce. The Company has employed experienced and qualified human resources to meet the challenges ahead. Company also plans to strengthen its team, use employee performance evaluation methods to further strengthen organization structure and effectiveness.

Corporate Social Responsibility
The Company has played a proactive role to raise the educational, health and environmental standards of the country in general and local communities in particular, with renowned NGO chartered by Government of Pakistan. Company spent PKR 1.3 million under social commitments during the year.

Risks, Challenges and Future Outlook
Currently the price of cotton is surging and trading around PKR 6,250 per maund. Such surge in cotton prices will also help in increasing the price of yarn and fabric.

Going forward, there are considerable economic, social and political challenges. The Company remains cautious on the economic outlook. The textile export is continuously decreasing with the passage of time due to uneconomical in world market. Government must adopt the policies which are helpful to boost the export of textile products.

The results of the first quarter of the next fiscal year will depend on the direction of cotton prices and demand of yarn. The management expects moderate results in subsequent period.

Acknowledgement
On behalf of the Board of directors, I would like to record my gratitude to extremely valued shareholders, customers, suppliers, bankers and other stakeholder for their support, trust and confidence. I also appreciate to all employees for their loyalty dedication and hard work which enabled the Company to achieve its objectives.

For and on behalf of the Board of Directors

Mohammad Amin
Chief Executive

Karachi:
Date: September 27th, 2016
Review Report to the members

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 BLESSED TEXTILES 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.

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company’s compliance, in all material respects, with 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

Date: September 27th, 2016
Place: Lahore

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Engagement Partner:
ZUBAIR IRFAN MALIK

ANNUAL REPORT 2016 | 10
BLESSED TEXTILES LIMITED

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICE
OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30TH JUNE, 2016

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No 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 practices of corporate governance.

The company has applied the principles contained in the Code 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:

<table>
<thead>
<tr>
<th>Category</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Director</td>
<td>Mr. Iqbal Mehboob</td>
</tr>
<tr>
<td>Executive Directors</td>
<td>Mr. Mohammad Amin</td>
</tr>
<tr>
<td></td>
<td>Mr. Mohammad Shaheen</td>
</tr>
<tr>
<td></td>
<td>Mr. Adil Shakeel</td>
</tr>
<tr>
<td>Non Executive Directors</td>
<td>Mr. Khurram Salim</td>
</tr>
<tr>
<td></td>
<td>Mr. Bilal Sharif</td>
</tr>
<tr>
<td></td>
<td>Mr. Mohammad Salim</td>
</tr>
<tr>
<td></td>
<td>Mr. Mohammad Sharif</td>
</tr>
<tr>
<td></td>
<td>Mr. Mohammad Shakeel</td>
</tr>
</tbody>
</table>

The independent directors meets the criteria of independence under clause 5.19.1(b) of the Code

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

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

4. No casual vacancy occurred on the board during the year.

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. The board arranged one training program for its directors 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 directors’ report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial 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 Code.

15. The board has formed an Audit Committee. It comprises three members, of whom all are non-executive directors and the chairman of the committee is an independent director.

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

17. The board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is a non-executive director.

18. The board has set up an effective internal audit function.

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 partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The ‘closed period’, prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company’s securities, was determined and intimated to directors, employees and stock exchange.

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

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

For and on behalf of the Board of Directors

Date: September 27th, 2016

Mohammad Amin
Chief Executive
We have audited the annexed balance sheet of BLESSED TEXTILES 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 profit, other comprehensive income, its cash flows and changes in equity for the year then ended; and

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

Date: September 27th, 2016
Place: Lahore

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Engagement Partner:
ZUBAIR IRFAN MALIK

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## Balance Sheet

**as at June 30, 2016**

<table>
<thead>
<tr>
<th>Note</th>
<th>2016 Rupees</th>
<th>2015 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EQUITY AND LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SHARE CAPITAL AND RESERVES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Authorized capital</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6,500,000 (2015: 6,500,000) ordinary shares of Rs. 10 each</td>
<td>65,000,000</td>
<td>65,000,000</td>
</tr>
<tr>
<td>Issued, subscribed and paid-up capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>64,320,000</td>
<td>64,320,000</td>
</tr>
<tr>
<td>General reserve</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>2,600,000,000</td>
<td>2,550,000,000</td>
</tr>
<tr>
<td>Accumulated profit</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>94,730,673</td>
<td>64,520,677</td>
</tr>
<tr>
<td><strong>TOTAL EQUITY</strong></td>
<td>2,759,050,673</td>
<td>2,678,840,677</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>NON-CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long term finance - Secured</td>
<td>8</td>
<td>1,376,316,051</td>
</tr>
<tr>
<td>Deferred liabilities</td>
<td>9</td>
<td>219,862,302</td>
</tr>
<tr>
<td></td>
<td>1,596,178,353</td>
<td>1,243,521,091</td>
</tr>
<tr>
<td><strong>CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>10</td>
<td>330,266,096</td>
</tr>
<tr>
<td>Accrued interest/mark-up</td>
<td></td>
<td>27,158,358</td>
</tr>
<tr>
<td>Short term borrowings - Secured</td>
<td>12</td>
<td>1,153,711,954</td>
</tr>
<tr>
<td>Current portion of non-current liabilities</td>
<td>11</td>
<td>254,009,628</td>
</tr>
<tr>
<td></td>
<td>1,765,146,036</td>
<td>1,038,509,899</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>3,361,324,389</td>
<td>2,282,031,080</td>
</tr>
<tr>
<td><strong>CONTINGENCIES AND COMMITMENTS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>13</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL EQUITY AND LIABILITIES</strong></td>
<td>6,120,375,062</td>
<td>4,960,871,757</td>
</tr>
</tbody>
</table>

The annexed notes 1 to 50 form an integral part of these financial statements.

Karachi
Date: September 27th, 2016

Mohammad Amin
Chief Executive
BLESSED TEXTILES LIMITED

Balance Sheet
as at June 30, 2016

<table>
<thead>
<tr>
<th>Note</th>
<th>2016 Rupees</th>
<th>2015 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NON-CURRENT ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>14</td>
<td>3,512,679,217</td>
</tr>
<tr>
<td>Long term deposits - Unsecured, Considered good</td>
<td>15</td>
<td>14,154,095</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3,526,833,312</td>
</tr>
</tbody>
</table>

CURRENT ASSETS

Stores, spares and loose tools | 16 | 64,913,402 | 67,452,235 |
Stock in trade | 17 | 1,592,564,953 | 1,186,679,255 |
Trade debts | 18 | 302,464,788 | 234,589,526 |
Advances, prepayments and other receivables | 19 | 104,501,670 | 61,757,212 |
Sales tax refundable | | 191,851,524 | 61,336,417 |
Current taxation | 20 | 272,000,389 | 208,663,773 |
Bank balances | 21 | 65,245,024 | 57,187,026 |
                                 |             | 2,593,541,750 | 1,877,665,444 |
NON-CURRENT ASSETS HELD FOR SALE | 22 | - | 16,819,710 |

TOTAL ASSETS | 6,120,375,062 | 4,960,871,757 |

The annexed notes 1 to 50 form an integral part of these financial statements.

Mohammad Salim
Director
## Profit and loss account
for the year ended June 30, 2016

<table>
<thead>
<tr>
<th>Note</th>
<th>Description</th>
<th>2016 Rupees</th>
<th>2015 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>**2016</td>
<td>**2015</td>
</tr>
<tr>
<td></td>
<td></td>
<td>**Rupees</td>
<td>**Rupees</td>
</tr>
<tr>
<td>23</td>
<td>Sales - net</td>
<td>6,846,744,492</td>
<td>7,623,285,484</td>
</tr>
<tr>
<td>24</td>
<td>Cost of sales</td>
<td>6,325,609,015</td>
<td>6,973,055,429</td>
</tr>
<tr>
<td></td>
<td></td>
<td>521,135,477</td>
<td>650,230,055</td>
</tr>
<tr>
<td>25</td>
<td>Selling and distribution expenses</td>
<td>127,014,180</td>
<td>163,427,705</td>
</tr>
<tr>
<td>26</td>
<td>Administrative and general expenses</td>
<td>116,670,193</td>
<td>102,519,089</td>
</tr>
<tr>
<td></td>
<td></td>
<td>243,684,373</td>
<td>265,946,794</td>
</tr>
<tr>
<td>27</td>
<td>Other income</td>
<td>29,817,822</td>
<td>4,506,264</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>307,268,926</strong></td>
<td><strong>388,789,525</strong></td>
</tr>
<tr>
<td>28</td>
<td>Finance cost</td>
<td>168,906,206</td>
<td>260,190,305</td>
</tr>
<tr>
<td>29</td>
<td>Other charges</td>
<td>10,922,168</td>
<td>9,522,724</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>179,828,374</strong></td>
<td><strong>269,713,029</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>127,440,552</strong></td>
<td><strong>119,076,496</strong></td>
</tr>
<tr>
<td></td>
<td>Profit before taxation</td>
<td><strong>49,398,020</strong></td>
<td><strong>30,307,520</strong></td>
</tr>
<tr>
<td></td>
<td>Provision for taxation</td>
<td><strong>(202,404)</strong></td>
<td><strong>1,523,173</strong></td>
</tr>
<tr>
<td>30</td>
<td>Current taxation</td>
<td>32,704,436</td>
<td>35,552,693</td>
</tr>
<tr>
<td>31</td>
<td>Deferred taxation</td>
<td>32,502,032</td>
<td>37,075,866</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>94,938,520</strong></td>
<td><strong>82,000,630</strong></td>
</tr>
<tr>
<td>32</td>
<td>Earnings per share - basic and diluted</td>
<td>14.76</td>
<td>12.75</td>
</tr>
</tbody>
</table>

*The annexed notes 1 to 50 form an integral part of these financial statements.*

---

Mohammad Amin  
Chief Executive  

Mohammad Salim  
Director  

Karachi  
Date: September 27th, 2016
Cash flow statement
for the year ended June 30, 2016

<table>
<thead>
<tr>
<th>Note</th>
<th>June 30, 2016</th>
<th>June 30, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rupees</td>
<td>Rupees</td>
</tr>
<tr>
<td><strong>CASH FLOW FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash generated from operations</td>
<td>34</td>
<td>(51,475,220)</td>
</tr>
<tr>
<td>Payments for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees retirement benefits</td>
<td></td>
<td>(26,680,581)</td>
</tr>
<tr>
<td>Interest/markup</td>
<td></td>
<td>(159,878,373)</td>
</tr>
<tr>
<td>Income tax</td>
<td></td>
<td>(63,134,212)</td>
</tr>
<tr>
<td><strong>Net cash (used in)/generated from operating activities</strong></td>
<td></td>
<td>(301,168,386)</td>
</tr>
<tr>
<td><strong>CASH FLOW FROM INVESTING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital expenditure</td>
<td></td>
<td>(795,722,196)</td>
</tr>
<tr>
<td>Proceeds from disposal of property, plant and equipment</td>
<td></td>
<td>77,571,757</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td></td>
<td>(718,150,439)</td>
</tr>
<tr>
<td><strong>CASH FLOW FROM FINANCING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long term finances obtained</td>
<td></td>
<td>699,339,000</td>
</tr>
<tr>
<td>Repayment of long term finances</td>
<td></td>
<td>(413,249,036)</td>
</tr>
<tr>
<td>Net increase (decrease) in short term borrowings</td>
<td></td>
<td>773,211,954</td>
</tr>
<tr>
<td>Dividend paid</td>
<td></td>
<td>(31,925,095)</td>
</tr>
<tr>
<td><strong>Net cash generated from/(used in) financing activities</strong></td>
<td></td>
<td>1,027,376,823</td>
</tr>
<tr>
<td><strong>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</strong></td>
<td></td>
<td>8,057,998</td>
</tr>
<tr>
<td><strong>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</strong></td>
<td></td>
<td>57,187,026</td>
</tr>
<tr>
<td><strong>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</strong></td>
<td></td>
<td>65,245,024</td>
</tr>
</tbody>
</table>

The annexed notes 1 to 50 form an integral part of these financial statements.

Mohammad Amin
Chief Executive

Mohammad Salim
Director

Karachi
Date: September 27th, 2016
Statement of profit or loss and other comprehensive income
for the year ended June 30, 2016

<table>
<thead>
<tr>
<th>Note</th>
<th>2016 Rupees</th>
<th>2015 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Items that may be reclassified subsequently to profit or loss</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Items that will not be reclassified to profit or loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remeasurements of defined benefit obligation</td>
<td>9.1.4</td>
<td>20,605,852</td>
</tr>
<tr>
<td>Taxation relating to items that may be reclassified</td>
<td>9.3.1</td>
<td>(3,174,376)</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td>17,431,476</td>
</tr>
<tr>
<td>Profit after taxation</td>
<td></td>
<td>94,938,520</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td></td>
<td>112,369,996</td>
</tr>
</tbody>
</table>

The annexed notes 1 to 50 form an integral part of these financial statements.

Mohammad Amin
Chief Executive

Mohammad Salim
Director

Karachi
Date: September 27th, 2016
Statement of changes in equity
for the year ended June 30, 2016

<table>
<thead>
<tr>
<th>Issued subscribed and paid-up capital</th>
<th>General reserve</th>
<th>Accumulated profit</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rupees</td>
<td>Rupees</td>
<td>Rupees</td>
<td>Rupees</td>
</tr>
<tr>
<td>Balance as at July 01, 2014</td>
<td>64,320,000</td>
<td>2,500,000,000</td>
<td>54,705,362</td>
</tr>
<tr>
<td>Comprehensive income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit after taxation</td>
<td>-</td>
<td>-</td>
<td>82,000,630</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-</td>
<td>-</td>
<td>(6,105,315)</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>-</td>
<td>-</td>
<td>75,895,315</td>
</tr>
<tr>
<td>Transaction with owners</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Final dividend @ 25% i.e. Rs. 2.5 per ordinary share</td>
<td>-</td>
<td>-</td>
<td>(16,080,000)</td>
</tr>
<tr>
<td>Profit transferred to general reserve</td>
<td>-</td>
<td>50,000,000</td>
<td>(50,000,000)</td>
</tr>
<tr>
<td>Balance as at June 30, 2015</td>
<td>64,320,000</td>
<td>2,550,000,000</td>
<td>64,520,677</td>
</tr>
<tr>
<td>Comprehensive income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit after taxation</td>
<td>-</td>
<td>-</td>
<td>94,938,520</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-</td>
<td>-</td>
<td>17,431,476</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>-</td>
<td>-</td>
<td>112,369,996</td>
</tr>
<tr>
<td>Transaction with owners</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Final dividend @ 50% i.e. Rs. 5 per ordinary share</td>
<td>-</td>
<td>-</td>
<td>(32,160,000)</td>
</tr>
<tr>
<td>Profit transferred to general reserve</td>
<td>-</td>
<td>50,000,000</td>
<td>(50,000,000)</td>
</tr>
<tr>
<td>Balance as at June 30, 2016</td>
<td>64,320,000</td>
<td>2,600,000,000</td>
<td>94,730,673</td>
</tr>
</tbody>
</table>

The annexed notes 1 to 50 form an integral part of these financial statements.

Mohammad Amin
Chief Executive

Mohammad Salim
Director

Karachi
Date: September 27th, 2016
1 REPORTING ENTITY
Blessed Textiles 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 primarily a spinning unit engaged in the manufacture and sale of yarn and woven fabric, however, it is also engaged in the generation of electricity for self consumption. The registered office of the Company is situated at Umer House, 23/1, Sector 23, S.M. Farooq Road, Korangi Industrial Area, Karachi. The manufacturing facility is located at District Sheikhupura 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 5.21).
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 5.4.2).
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 5.16).
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 5.11).
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 Net realizable values of stock in trade (see note 5.3). 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 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.

Mandatory disclosure requirements for All Shares Islamic Index screening The Securities and Exchange Commission of Pakistan vide its circular 14 of 2016 has notified certain mandatory disclosure requirements for All Shares Islamic Index screening. These disclosures are aimed at assisting Pakistan Stock Exchange Limited in fairly maintaining its All Shares Islamic Index.

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.

<table>
<thead>
<tr>
<th>Standard</th>
<th>Effective date (annual periods beginning on or after)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IFRS 9 – Financial Instruments (2014)</td>
<td>January 01, 2018</td>
</tr>
<tr>
<td>IFRS 15 – Revenue from Contracts with Customers (2014)</td>
<td>January 01, 2018</td>
</tr>
<tr>
<td>IFRS 16 – Leases (2016)</td>
<td>January 01, 2019</td>
</tr>
</tbody>
</table>
Notes to and forming part of financial statements
for the year ended June 30, 2016

Effective date
(annual periods beginning on or after)

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
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
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.
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 accounted for under the cost model and measured at cost less accumulated depreciation and accumulated impairment losses with the exception of freehold land, which is stated at cost less accumulated impairment losses. 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 14.1 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 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.

5.3 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:
Notes to and forming part of financial statements
for the year ended June 30, 2016

Raw materials Weighted 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.

5.4 Employee benefits

5.4.1 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.

5.4.2 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 9.1 to the financial statements.

5.5 Financial instruments

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

5.5.2 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 on 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.

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

5.5.4 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.

5.5.5 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.

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5.6 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.

5.7 Loans and borrowings
Loans and borrowings 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.

5.8 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.

5.9 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.

5.10 Trade and other payables

5.10.1 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.

5.10.2 Non-financial liabilities
These, both on initial recognition and subsequently, are measured at cost.

5.11 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.

5.12 Trade and other receivables

5.12.1 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.

5.12.2 Non-financial assets
These, both on initial recognition and subsequently, are measured at cost.
5.13 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 different sources is recognized as follows:

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.

Export rebate is recognized at the same time when revenue from export sales is recognized.

Interest income is recognized using effective interest method.

5.14 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 ("OCI"). OCI 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'.
5.19 Cash and cash equivalents
Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at banks. These, with the exception of cash in hand, are classified as 'loans and receivables' and are carried at amortized cost. Cash in hand is carried at cost.

5.20 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.

5.21 Impairment

5.21.1 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.

5.21.2 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.

5.22 Non-current assets held for sale
Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and it sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as complete sale within one year from the date of classification. Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell. The amount of write-down to fair value less costs to sell, if any, is recognized in profit or loss as impairment loss.
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.

6 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL
6,432,000 (2015: 6,432,000) ordinary shares of Rs. 10 each issued for cash

<table>
<thead>
<tr>
<th>Year</th>
<th>Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>64,320,000</td>
</tr>
</tbody>
</table>

7 GENERAL RESERVE
General reserve is primarily being maintained to have adequate resources for future requirements and business operations.

8 LONG TERM FINANCES - SECURED
These represent long term finances utilized under interest/mark-up arrangements from banking companies

<table>
<thead>
<tr>
<th>Term Finances ('TF')</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>TF - I</td>
<td>8.1</td>
</tr>
<tr>
<td>TF - II</td>
<td>8.2</td>
</tr>
<tr>
<td>TF - III</td>
<td>8.3</td>
</tr>
<tr>
<td>TF - IV</td>
<td>8.4</td>
</tr>
<tr>
<td>TF - V</td>
<td>8.5</td>
</tr>
<tr>
<td>TF - VI</td>
<td>8.6</td>
</tr>
<tr>
<td>TF - VII</td>
<td>8.7</td>
</tr>
<tr>
<td>TF - VIII</td>
<td>8.8</td>
</tr>
<tr>
<td>TF - IX</td>
<td>8.9</td>
</tr>
<tr>
<td>TF - X</td>
<td>8.10</td>
</tr>
<tr>
<td>TF - XI</td>
<td>8.11</td>
</tr>
<tr>
<td>TF - XII</td>
<td>8.12</td>
</tr>
</tbody>
</table>

| LTFEOp - I           | 8.13 | 28,516,249 |
| LTFEOp - II          | 8.14 | 83,240,501 |
| LTFEOp - III         | 8.15 | 28,887,000 |
| LTFEOp - IV          | 8.16 | 19,579,000 |
| LTFF - V             | 8.17 | 218,846,000 |
| LTFF - VI            | 8.18 | 226,722,000 |
| LTFF - VII           | 8.19 | 219,090,000 |

<table>
<thead>
<tr>
<th>Current maturity presented under current liabilities</th>
<th>11</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,630,325,679</td>
</tr>
<tr>
<td></td>
<td>(254,009,628)</td>
</tr>
</tbody>
</table>

8.1 The finance was obtained from MCB Bank Limited to finance capital expenditure and was secured by charge over operating fixed assets of the Company. The finance carried interest/mark-up at three months KIBOR plus 2% per annum, payable quarterly. The finance has been fully repaid during the year.

8.2 The finance was obtained from Meezan Bank Limited to finance capital expenditure and was secured by charge over operating fixed assets of the Company. The finance carried interest/mark-up at three months KIBOR plus 1.25% per annum, payable quarterly. The finance has been fully repaid during the year.

8.3 The finance has been obtained from Meezan Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest/mark-up at three months KIBOR plus 1.25% per annum (2015: three months KIBOR plus 1.25% per annum) payable quarterly. The finance is repayable in sixteen equal quarterly installments with the first installment due in July 2013.
8.4 The finance has been obtained from MCB Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest/mark-up at three months KIBOR plus 0.45% per annum (2015: three months KIBOR plus 0.45% per annum), payable quarterly. The finance is repayable in seventy two equal monthly installments with the first installment due in December 2014.

8.5 The finance has been obtained from MCB Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest/mark-up at three months KIBOR plus 0.45% per annum (2015: three months KIBOR plus 0.45% per annum), payable quarterly. The finance is repayable in seventy two equal monthly installments with the first installment due in December 2014.

8.6 The finance has been obtained from Meezan Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest/mark-up at three months KIBOR plus 0.65% per annum (2015: three months KIBOR plus 0.65% per annum), payable quarterly. The finance is repayable in twenty four equal quarterly installments with the first installment due in January 2016.

8.7 The finance has been obtained from Meezan Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest/mark-up at three months KIBOR plus 0.65% per annum (2015: three months KIBOR plus 0.65% per annum), payable quarterly. The finance is repayable in twenty four equal quarterly installments with the first installment due in January 2016.

8.8 The finance has been obtained from MCB Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest/mark-up at three months KIBOR plus 0.45% per annum (2015: three months KIBOR plus 0.45% per annum), payable quarterly. The finance is repayable in twenty four equal quarterly installments with the first installment due in June 2015.

8.9 The finance has been obtained from MCB Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest/mark-up at three months KIBOR plus 0.45% per annum, payable quarterly. The finance is repayable in twenty four equal quarterly installments with the first installment due in September 2016.

8.10 The finance has been obtained from MCB Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest/mark-up at three months KIBOR plus 0.45% per annum, payable quarterly. The finance is repayable in twenty four equal quarterly installments with the first installment due in September 2016.

8.11 The finance has been obtained from MCB Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest/mark-up at three months KIBOR plus 0.45% per annum, payable quarterly. The finance is repayable in twenty four equal quarterly installments with the first installment due in September 2016.

8.12 The finance has been obtained from MCB Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest/mark-up at three months KIBOR plus 0.45% per annum, payable quarterly. The finance is repayable in twenty four equal quarterly installments with the first installment due in September 2016.

8.13 The finance was obtained from MCB Bank Limited to finance capital expenditure and was secured by charge over operating fixed assets of the Company. The finance carried interest/mark-up at 8.85% per annum payable quarterly. The finance has been fully repaid during the year.

8.14 The finance was obtained from MCB Bank Limited to finance capital expenditure and was secured by charge over operating fixed assets of the Company. The finance carried interest/mark-up at 8.85% per annum payable quarterly. The finance has been fully repaid during the year.

8.15 The finance was obtained from MCB Bank Limited to finance capital expenditure and was secured by charge over operating fixed assets of the Company. The finance carried interest/mark-up at 8.85% per annum payable quarterly. The finance has been fully repaid during the year.

8.16 The finance was obtained from MCB Bank Limited to finance capital expenditure and was secured by charge over operating fixed assets of the Company. The finance carried interest/mark-up at 8.85% per annum payable quarterly. The finance has been fully repaid during the year.
8.17 The finance has been obtained from MCB Bank Limited under LTFF scheme of SBP to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest/mark-up at 2.4% per annum, payable quarterly. The finance is repayable in thirty two equal quarterly installments with the first installment due in May 2018.

8.18 The finance has been obtained from MCB Bank Limited under LTFF scheme of SBP to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest/mark-up at 2.4% per annum, payable quarterly. The finance is repayable in thirty two equal quarterly installments with the first installment due in May 2018.

8.19 The finance has been obtained from MCB Bank Limited under LTFF scheme of SBP to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest/mark-up at 2.4% per annum, payable quarterly. The finance is repayable in thirty two equal quarterly installments with the first installment due in June 2018.

8.20 For mortgages and charges on assets as security for liabilities, refer to note 42 to the financial statements.

9 DEFERRED LIABILITIES

These include the following:

<table>
<thead>
<tr>
<th>Note</th>
<th>2016 Rupees</th>
<th>2015 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees retirement benefits</td>
<td>9.1</td>
<td>91,759,993</td>
</tr>
<tr>
<td>Long term payables - Secured</td>
<td>9.2</td>
<td>38,541,319</td>
</tr>
<tr>
<td>Deferred taxation</td>
<td>9.3</td>
<td>89,560,990</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>219,862,302</td>
</tr>
</tbody>
</table>

9.1 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 in balance sheet represents present value of defined benefit obligation.

9.1.1 Movement in present value of defined benefit obligation

<table>
<thead>
<tr>
<th>Description</th>
<th>2016 Rupees</th>
<th>2015 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at beginning of the year</td>
<td>97,273,380</td>
<td>75,912,100</td>
</tr>
<tr>
<td>Charged to profit or loss during the year</td>
<td>41,773,046</td>
<td>33,531,232</td>
</tr>
<tr>
<td>Benefits paid during the year</td>
<td>(26,680,581)</td>
<td>(19,217,161)</td>
</tr>
<tr>
<td>Actuarial (gain)/loss arising during the year</td>
<td>(20,605,852)</td>
<td>7,047,209</td>
</tr>
<tr>
<td>As at end of the year</td>
<td>91,759,993</td>
<td>97,273,380</td>
</tr>
</tbody>
</table>

9.1.2 Charge to profit or loss

<table>
<thead>
<tr>
<th>Description</th>
<th>2016 Rupees</th>
<th>2015 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current service cost</td>
<td>32,960,072</td>
<td>23,285,157</td>
</tr>
<tr>
<td>Interest cost</td>
<td>8,812,974</td>
<td>10,246,075</td>
</tr>
<tr>
<td>Total</td>
<td>41,773,046</td>
<td>33,531,232</td>
</tr>
</tbody>
</table>

9.1.3 The charge to profit or loss has been allocated as follows

<table>
<thead>
<tr>
<th>Description</th>
<th>2016 Rupees</th>
<th>2015 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of sales</td>
<td>27,259,964</td>
<td>21,881,579</td>
</tr>
<tr>
<td>Administrative and general expenses</td>
<td>14,513,082</td>
<td>11,649,653</td>
</tr>
<tr>
<td>Total</td>
<td>41,773,046</td>
<td>33,531,232</td>
</tr>
</tbody>
</table>

9.1.4 Remeasurements recognized in other comprehensive income

Actuarial (gain)/loss arising from changes in:

<table>
<thead>
<tr>
<th>Description</th>
<th>2016 Rupees</th>
<th>2015 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demographic assumptions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assumptions</td>
<td>(1,377,462)</td>
<td></td>
</tr>
<tr>
<td>Experience adjustments</td>
<td>(19,228,390)</td>
<td>7,047,209</td>
</tr>
<tr>
<td>Total</td>
<td>(20,605,852)</td>
<td>7,047,209</td>
</tr>
</tbody>
</table>
Notes to and forming part of financial statements
for the year ended June 30, 2016

9.1.5 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 whereas the liability as at June 30, 2015 was determined by the management of the Company based on internal estimates. The principal assumptions used in determining present value of defined benefit obligation are:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>9.00%</td>
<td>10.50%</td>
</tr>
<tr>
<td>Short term</td>
<td>8.00%</td>
<td>10.50%</td>
</tr>
<tr>
<td>Long term</td>
<td>9.00%</td>
<td>10.50%</td>
</tr>
<tr>
<td>Expected rates of increase in salary</td>
<td>Moderate</td>
<td>Low</td>
</tr>
<tr>
<td>Withdrawal rate</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

9.1.6 Average duration of the defined benefit plan
The average duration of the defined benefit obligation is 13.1 years.

9.1.7 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. 41.773 million.

9.1.8 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:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Change in actuarial assumption</td>
<td>Defined benefit obligation Rupes</td>
</tr>
<tr>
<td>Discount rate</td>
<td>+ 1%</td>
<td>80,915,343</td>
</tr>
<tr>
<td></td>
<td>- 1%</td>
<td>105,033,262</td>
</tr>
<tr>
<td>Expected rate of increase in salary</td>
<td>+ 1%</td>
<td>105,357,845</td>
</tr>
<tr>
<td></td>
<td>- 1%</td>
<td>80,477,078</td>
</tr>
</tbody>
</table>

A change in expected withdrawal rates 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.

9.1.5 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 withdrawal rates of employees. An increase in the expected withdrawal rates will decrease the defined benefit obligation. However, the decrease 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.
9.2 Long Term Payables - Secured
This represents infrastructure cess levied by Excise and Taxation Officer (ETO) Government of Sindh on movement of imported goods entering the Sindh Province from outside Pakistan. The Company and others have filed a suit before the Sindh High Court ("SHC") challenging the levy. The Supreme Court of Pakistan through order has declared all levies and collections before December 26, 2008 to be invalid. During the pendency of decision on the levies and collections on or after December 26, 2008, SHC has directed the petitioners to pay 50% of liability for levies on or after December 26, 2008 to ETO and to arrange bank guarantees for the remaining amount in favour of ETO. The liability represents 50% of levies after December 26, 2008 against which guarantees have been arranged in favour of ETO (see note 13.1.1).

9.3 Deferred taxation

<table>
<thead>
<tr>
<th>Note</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rupees</td>
<td>Rupees</td>
</tr>
<tr>
<td>Deferred tax liability on taxable temporary differences</td>
<td>189,195,392</td>
<td>135,106,094</td>
</tr>
<tr>
<td>Deferred tax asset on deductible temporary differences</td>
<td>(99,634,402)</td>
<td>(81,423,916)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>89,560,990</strong></td>
<td><strong>53,682,178</strong></td>
</tr>
</tbody>
</table>

9.3.1 Recognized deferred tax assets and liabilities
Deferred tax assets and liabilities are attributable to the following:

<table>
<thead>
<tr>
<th></th>
<th>As at July 01 2015 Rupees</th>
<th>Recognized in profit or loss Rupees</th>
<th>Recognized in OCI Rupees</th>
<th>As at June 30 2016 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred tax liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating fixed assets</td>
<td>135,106,094</td>
<td>54,089,298</td>
<td>-</td>
<td>189,195,392</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees retirement benefits</td>
<td>(13,001,058)</td>
<td>(4,309,141)</td>
<td>3,174,376</td>
<td>(14,135,823)</td>
</tr>
<tr>
<td>Accumulated impairment</td>
<td>(4,148,078)</td>
<td>(753,924)</td>
<td>-</td>
<td>(4,902,002)</td>
</tr>
<tr>
<td>Unused tax losses and credits</td>
<td>(64,274,780)</td>
<td>(16,321,797)</td>
<td>-</td>
<td>(80,596,577)</td>
</tr>
<tr>
<td></td>
<td>(81,423,916)</td>
<td>(21,384,862)</td>
<td>3,174,376</td>
<td>(99,634,402)</td>
</tr>
<tr>
<td></td>
<td>53,682,178</td>
<td>32,704,436</td>
<td>3,174,376</td>
<td>89,560,990</td>
</tr>
</tbody>
</table>

2015

<table>
<thead>
<tr>
<th></th>
<th>As at July 01 2014 Rupees</th>
<th>Recognized in profit or loss Rupees</th>
<th>Recognized in OCI Rupees</th>
<th>As at June 30 2015 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred tax liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating fixed assets</td>
<td>33,494,366</td>
<td>101,611,728</td>
<td>-</td>
<td>135,106,094</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees retirement benefits</td>
<td>(4,783,417)</td>
<td>(7,275,747)</td>
<td>(941,894)</td>
<td>(13,001,058)</td>
</tr>
<tr>
<td>Accumulated impairment</td>
<td>(2,298,755)</td>
<td>(1,849,323)</td>
<td>-</td>
<td>(4,148,078)</td>
</tr>
<tr>
<td>Unused tax losses and credits</td>
<td>(7,082,172)</td>
<td>(69,728,928)</td>
<td>-</td>
<td>(64,274,780)</td>
</tr>
<tr>
<td></td>
<td>(26,412,194)</td>
<td>(78,853,998)</td>
<td>(941,894)</td>
<td>(81,423,916)</td>
</tr>
</tbody>
</table>

9.3.2 Revenue from export sales of the Company is subject to taxation under the final tax regime, while the remaining portion of revenue attracts assessment under normal provisions of the Ordinance. Deferred tax is provided for only that portion of timing differences that represent income taxable under normal provisions of the Ordinance. These differences are calculated at that proportion of total timing differences that the local sales, other than the indirect exports taxable under section 154 (3) of the Ordinance, bear to the total sales revenue based on historical and future trends. 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.
Notes to and forming part of financial statements for the year ended June 30, 2016

10 TRADE AND OTHER PAYABLES

<table>
<thead>
<tr>
<th>Note</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rupees</td>
<td>Rupees</td>
</tr>
<tr>
<td>Trade creditors - Unsecured</td>
<td>153,857,383</td>
<td>128,522,651</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>147,866,945</td>
<td>189,247,484</td>
</tr>
<tr>
<td>Advances from customers - Unsecured</td>
<td>10,123,689</td>
<td>9,744,429</td>
</tr>
<tr>
<td>Workers’ Profit Participation Fund</td>
<td>10.1</td>
<td></td>
</tr>
<tr>
<td>Workers’ Welfare Fund</td>
<td>10.2</td>
<td></td>
</tr>
<tr>
<td>Unclaimed dividend</td>
<td>2,755,727</td>
<td>2,520,822</td>
</tr>
<tr>
<td>Other payables - Unsecured</td>
<td>3,657,373</td>
<td>3,304,449</td>
</tr>
<tr>
<td>Total</td>
<td>330,266,096</td>
<td>347,090,856</td>
</tr>
</tbody>
</table>

10.1 Workers’ Profit Participation Fund

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at beginning of the year</td>
<td>6,481,194</td>
<td>13,366,463</td>
</tr>
<tr>
<td>Interest on funds utilized by the Company</td>
<td>546,018</td>
<td>364,665</td>
</tr>
<tr>
<td>Charged to profit or loss for the year</td>
<td>7,010,437</td>
<td>6,481,194</td>
</tr>
<tr>
<td>Paid during the year</td>
<td>(7,027,212)</td>
<td>(13,731,128)</td>
</tr>
<tr>
<td>As at end of the year</td>
<td>7,010,437</td>
<td>6,481,194</td>
</tr>
</tbody>
</table>

10.1.1 Interest is charged at 37.5% (2015: 18.75%) per annum.

10.2 Workers’ Welfare Fund

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at beginning of the year</td>
<td>7,269,827</td>
<td>33,921,297</td>
</tr>
<tr>
<td>Charged to profit or loss for the year</td>
<td>2,611,731</td>
<td>2,381,530</td>
</tr>
<tr>
<td>Paid/adjusted during the year</td>
<td>(4,887,016)</td>
<td>(29,033,000)</td>
</tr>
<tr>
<td>As at end of the year</td>
<td>4,944,542</td>
<td>7,269,827</td>
</tr>
</tbody>
</table>

11 CURRENT MATURITY OF NON-CURRENT LIABILITIES

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long term finances - Secured</td>
<td>254,009,628</td>
<td>280,491,820</td>
</tr>
<tr>
<td>Total</td>
<td>254,009,628</td>
<td>280,491,820</td>
</tr>
</tbody>
</table>

12 SHORT TERM BORROWINGS - SECURED

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Running finances</td>
<td>61,163,760</td>
<td>-</td>
</tr>
<tr>
<td>Term loans</td>
<td>1,092,548,194</td>
<td>380,500,000</td>
</tr>
<tr>
<td>Total</td>
<td>1,153,711,954</td>
<td>380,500,000</td>
</tr>
</tbody>
</table>

12.1 These facilities has been obtained from various banking companies for working capital requirements and are secured by charge over current assets of the Company and demand promissory notes.

Interest/mark-up on term loans is payable along with principal on maturity and that on running finances is payable quarterly. These finances carry mark-up at rates ranging from one to three months KIBOR plus 0.1% to 1.25% per annum (2015: one to three months KIBOR plus 0.1% to 1.25% per annum).

The aggregate available short term funded facilities amounts to Rs. 4,015 million (2015: Rs. 4,415 million) out of which Rs. 2,861 million (2015: Rs. 4,034 million) remained unavailed as at the reporting date.

12.2 For mortgages and charges on assets as security for liabilities, refer to note 42 to the financial statements.
13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

13.1.1 Guarantees issued by banks on behalf of the Company as at the reporting date amount to Rs. 104.414 million (2015: Rs. 94.064 million), however the Company has already recognized related liability amounting to Rs. 38.967 million (2015: Rs. 28.8 million). See note 9.2.

13.1.2 Bills discounted/negotiated as at the reporting date amount to Rs. 15.225 million (2015: Rs. 10.050 million).

13.1.3 The Company has issued post dated cheques collectively amounting to Rs. 251.351 million (2015: Rs. 79.458 million) in favour of Sales Tax Department in lieu of levies under various statutory notifications and these are likely to be released after fulfillment of the terms of related notifications.

13.2 Commitments

13.2.1 Commitments under irrevocable letters of credit for:
- purchase of stores, spares and loose tools
- purchase of raw material

13.2.2 Commitments for capital expenditure

14 PROPERTY, PLANT AND EQUIPMENT

14.1 Operating fixed assets

<table>
<thead>
<tr>
<th>Description</th>
<th>2016 Rupees</th>
<th>2015 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Note</td>
<td>Rupees</td>
<td>Rupees</td>
</tr>
<tr>
<td>As at July 01, 2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Freehold land</td>
<td>67,706,856</td>
<td>87,092,738</td>
</tr>
<tr>
<td>Buildings on freehold land</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Factory buildings</td>
<td>435,950,178</td>
<td>302,765,541</td>
</tr>
<tr>
<td>Non-factory buildings</td>
<td>461,465,102</td>
<td>439,222,373</td>
</tr>
<tr>
<td>Total buildings</td>
<td>897,415,280</td>
<td>742,007,914</td>
</tr>
<tr>
<td>Plant and machinery</td>
<td>3,893,344,191</td>
<td>3,493,943,460</td>
</tr>
<tr>
<td>Equipment and other assets</td>
<td>92,683,691</td>
<td>89,604,697</td>
</tr>
<tr>
<td>Electric installations</td>
<td>118,596,338</td>
<td>120,200,842</td>
</tr>
<tr>
<td>Office equipment - head office</td>
<td>4,919,754</td>
<td>4,919,754</td>
</tr>
<tr>
<td>Office equipment - factory</td>
<td>2,773,815</td>
<td>1,802,413</td>
</tr>
<tr>
<td>Furniture and fixtures - head office</td>
<td>199,996</td>
<td>155,609</td>
</tr>
<tr>
<td>Furniture and fixtures - factory</td>
<td>6,971,397</td>
<td>4,867,279</td>
</tr>
<tr>
<td>Vehicles</td>
<td>72,335,958</td>
<td>74,233,436</td>
</tr>
<tr>
<td>Total</td>
<td>5,150,480,376</td>
<td>4,829,016,513</td>
</tr>
</tbody>
</table>

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## Notes to and forming part of financial statements for the year ended June 30, 2016

### 14.1.1 Disposal of property, plant and equipment

<table>
<thead>
<tr>
<th></th>
<th>Cost</th>
<th>Accumulated depreciation</th>
<th>Net book value</th>
<th>Disposal proceeds</th>
<th>Gain on disposal</th>
<th>Mode of disposal</th>
<th>Particulars of buyer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant and machinery</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>50 Air jet looms</td>
<td>116,044,501</td>
<td>84,986,182</td>
<td>31,058,319</td>
<td>55,778,832</td>
<td>24,720,513</td>
<td>Negotiation</td>
<td>MOM Tex (Private) Limited, Bangladesh</td>
</tr>
<tr>
<td>12 Air jet looms</td>
<td>44,84,000</td>
<td>30,500,283</td>
<td>14,342,717</td>
<td>20,542,925</td>
<td>6,200,208</td>
<td>Negotiation</td>
<td>Nannu Textile Limited, Bangladesh</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>160,887,501</td>
<td>115,486,465</td>
<td>45,401,036</td>
<td>76,321,757</td>
<td>30,920,721</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment and other assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reeds and other accessories</td>
<td>2,569,593</td>
<td>2,355,376</td>
<td>214,217</td>
<td>-</td>
<td>(214,217)</td>
<td>Negotiation</td>
<td>MOM Tex (Private) Limited, Bangladesh</td>
</tr>
<tr>
<td>Reeds and other accessories</td>
<td>4,768,952</td>
<td>2,914,168</td>
<td>1,854,765</td>
<td>-</td>
<td>(1,854,765)</td>
<td>Negotiation</td>
<td>MOM Tex (Private) Limited, Bangladesh</td>
</tr>
<tr>
<td>Reeds and other accessories</td>
<td>1,125,000</td>
<td>312,497</td>
<td>812,003</td>
<td>-</td>
<td>(812,003)</td>
<td>Negotiation</td>
<td>Nannu Textile Limited, Bangladesh</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>8,463,546</td>
<td>5,582,061</td>
<td>2,881,485</td>
<td>-</td>
<td>(2,881,485)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vehicles</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Honda City - LEB-06-5967</td>
<td>915,890</td>
<td>802,693</td>
<td>113,197</td>
<td>250,000</td>
<td>136,803</td>
<td>Negotiation</td>
<td>Toyota Township, Lahore</td>
</tr>
<tr>
<td>Toyota Corolla LEA 7368</td>
<td>1,443,630</td>
<td>1,075,046</td>
<td>368,584</td>
<td>500,000</td>
<td>131,416</td>
<td>Negotiation</td>
<td>Toyota Township, Lahore</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,363,520</td>
<td>1,877,739</td>
<td>495,781</td>
<td>750,000</td>
<td>131,416</td>
<td>Negotiation</td>
<td>Toyota Township, Lahore</td>
</tr>
</tbody>
</table>

### 2015

<table>
<thead>
<tr>
<th>Plant and machinery</th>
<th>Cost</th>
<th>Accumulated depreciation</th>
<th>Net book value</th>
<th>Disposal proceeds</th>
<th>Gain on disposal</th>
<th>Mode of disposal</th>
<th>Particulars of buyer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ring Frames China FA 506</td>
<td>9,467,082</td>
<td>8,428,866</td>
<td>1,038,216</td>
<td>1,500,000</td>
<td>461,754</td>
<td>Negotiation</td>
<td>Quetta Textile Mills Limited</td>
</tr>
<tr>
<td>Ring Frames China FA 506</td>
<td>14,200,623</td>
<td>12,656,277</td>
<td>1,544,346</td>
<td>2,250,000</td>
<td>705,654</td>
<td>Negotiation</td>
<td>Khalid Saeed Gani, Lahore</td>
</tr>
<tr>
<td>Ring Frames China FA 506</td>
<td>7,889,235</td>
<td>7,031,265</td>
<td>857,970</td>
<td>1,250,000</td>
<td>392,030</td>
<td>Negotiation</td>
<td>Quetta Textile Mills Limited</td>
</tr>
<tr>
<td>Ring Frames China FA 507</td>
<td>6,311,388</td>
<td>5,630,780</td>
<td>680,608</td>
<td>1,000,000</td>
<td>319,392</td>
<td>Negotiation</td>
<td>Quetta Textile Mills Limited</td>
</tr>
<tr>
<td>Autozones 17,268,936</td>
<td>15,344,690</td>
<td>18,242,246</td>
<td>3,100,000</td>
<td>403,754</td>
<td>Market value</td>
<td>Bhanero Energy Limited</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>87,226,773</td>
<td>64,222,991</td>
<td>23,033,782</td>
<td>25,328,000</td>
<td>2,324,218</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vehicles</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Toyota Corolla - LIZ 717</td>
<td>1,241,880</td>
<td>1,124,091</td>
<td>117,789</td>
<td>200,000</td>
<td>82,211</td>
<td>Negotiation</td>
<td>Asif Khan, Lahore</td>
</tr>
<tr>
<td>Suzuki Alto - LED-09-3229</td>
<td>660,620</td>
<td>472,710</td>
<td>187,910</td>
<td>260,000</td>
<td>72,090</td>
<td>Negotiation</td>
<td>Rehan Akhtar, Lahore</td>
</tr>
<tr>
<td>Suzuki Alto - LED-11-2508</td>
<td>684,210</td>
<td>428,127</td>
<td>268,083</td>
<td>300,000</td>
<td>33,917</td>
<td>Negotiation</td>
<td>Atif Ahmed Khan, Lahore</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,596,710</td>
<td>2,024,926</td>
<td>571,782</td>
<td>760,000</td>
<td>186,216</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>89,823,483</td>
<td>66,247,919</td>
<td>23,575,564</td>
<td>26,088,000</td>
<td>2,512,436</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Notes to and forming part of financial statements
for the year ended June 30, 2016

14.1.2 Transfers represent transfers from capital work in progress on related assets becoming available for use and assets reclassified from 'non-current assets held for sale'

<table>
<thead>
<tr>
<th>Note</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rupees</td>
<td>Rupees</td>
</tr>
<tr>
<td></td>
<td>302,044,742</td>
<td>312,617,452</td>
</tr>
<tr>
<td></td>
<td>8,078,171</td>
<td>10,108,221</td>
</tr>
<tr>
<td></td>
<td><strong>310,122,913</strong></td>
<td><strong>322,725,673</strong></td>
</tr>
</tbody>
</table>

14.1.3 The depreciation charge for the year has been allocated as follows:

| Cost of sales | 24 |
| Administrative and selling expenses | 26 |
| **Total** | **310,122,913** |

14.2 Capital work in progress

<table>
<thead>
<tr>
<th>As at</th>
<th>July 01, 2015</th>
<th>Additions</th>
<th>Transfers</th>
<th>As at</th>
<th>June 30, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rupees</td>
<td>Rupees</td>
<td>Rupees</td>
<td></td>
<td>Rupees</td>
</tr>
<tr>
<td>Buildings on freehold land</td>
<td>1,127,552</td>
<td>2,144,643</td>
<td>(3,272,195)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Plant and machinery</td>
<td>25,713,896</td>
<td>785,477,670</td>
<td>(809,879,171)</td>
<td>1,312,395</td>
<td></td>
</tr>
<tr>
<td>Electric Installations</td>
<td>-</td>
<td>1,601,704</td>
<td>(1,601,704)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>26,841,448</strong></td>
<td><strong>789,224,017</strong></td>
<td><strong>(814,753,070)</strong></td>
<td><strong>1,312,395</strong></td>
<td></td>
</tr>
</tbody>
</table>

15 LONG TERM DEPOSITS
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.

16 STORES, SPARES AND LOOSE TOOLS
Stores, spares and loose tools

<table>
<thead>
<tr>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rupees</td>
<td>Rupees</td>
</tr>
<tr>
<td>64,913,402</td>
<td>67,452,235</td>
</tr>
</tbody>
</table>

16.1 It is impracticable to distinguish stores, spares and loose tools, each from the other.

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

17 STOCK IN TRADE

<table>
<thead>
<tr>
<th>Note</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rupees</td>
<td>Rupees</td>
</tr>
<tr>
<td>Raw material</td>
<td>1,211,885,677</td>
<td>861,164,939</td>
</tr>
<tr>
<td>Work in process</td>
<td>98,794,202</td>
<td>85,254,654</td>
</tr>
<tr>
<td>Finished goods</td>
<td>17.1</td>
<td>281,885,074</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,592,564,953</strong></td>
<td><strong>1,186,679,255</strong></td>
</tr>
</tbody>
</table>

17.1 Stock of finished goods include stock of waste valued at Rs. 303,894 (2015: Rs.453,613). The entire stock of waste is valued at net realizable value.
Notes to and forming part of financial statements for the year ended June 30, 2016

18 TRADE DEBTS

<table>
<thead>
<tr>
<th>Note</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rupees</td>
<td>Rupees</td>
</tr>
</tbody>
</table>

Local - unsecured
- considered good 290,389,255 153,053,404
- considered doubtful 30,735,752 31,309,752

Foreign - secured 18.1
- 321,125,007 184,363,156

Accumulated impairment 18.2
- (30,735,752) (31,035,752)

18.1 These are secured through letters of credit
18.2 Movement in accumulated impairment is as follows:
   - As at beginning of the year 31,035,752 31,259,752
   - Reversed during the year on recovery 27 (300,000) (224,000)
   - As at end of the year 30,735,752 31,035,752

19 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

<table>
<thead>
<tr>
<th>Note</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rupees</td>
<td>Rupees</td>
</tr>
</tbody>
</table>

Advances to suppliers - unsecured, considered good 33,587,798 19,634,697
Advances to employees - unsecured, considered good 9,753,427 6,988,339
Prepayments 18,574,014 471,138
Security deposits 19.1 39,070,113 29,292,877
Letters of credit 307,492 2,812,293
Other receivables - unsecured 19.2 3,208,826 2,557,868

19.1 These include Rs. 39,065,113 (2015: Rs. 28,617,877) deposited with a banking company against bank guarantees and carry a return at rates ranging from 4.5% to 6% (2015: 6% to 8%) per annum.

19.2 Particulars of other receivables

<table>
<thead>
<tr>
<th>Note</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rupees</td>
<td>Rupees</td>
</tr>
</tbody>
</table>

Considered good 3,208,826 2,557,868
Considered doubtful 99,583 99,583
Total 3,308,409 2,657,451
Accumulated impairment 19.2.1 (99,583) (99,583)
Total 3,208,826 2,557,868

19.2.1 Movement in accumulated impairment is as follows:
   - As at beginning of the year 99,583 99,583
   - Recognized during the year - -
   - As at end of the year 99,583 99,583

20 CURRENT TAXATION

<table>
<thead>
<tr>
<th>Note</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rupees</td>
<td>Rupees</td>
</tr>
</tbody>
</table>

Advance income tax/income tax refundable 272,000,389 210,186,946
Provision for taxation 30 - (1,523,173)
Total 272,000,389 208,663,773

21 BANK BALANCES

Cash at banks
- local currency 62,617,288 53,632,999
- foreign currency 2,627,736 3,554,027
Total 65,245,024 57,187,026
Notes to and forming part of financial statements for the year ended June 30, 2016

22 NON-CURRENT ASSETS HELD FOR SALE
This represents freehold land, the Company intended to dispose off during the year. However, the asset is unsold as at June 30, 2016 and no longer meets the conditions for classification as ‘non-current asset held for sale’ as laid down by IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations. Accordingly, it has been classified and presented as ‘owner-occupied property’. See note 14.1.

23 SALES - NET

<table>
<thead>
<tr>
<th></th>
<th>Local Rupees</th>
<th>Export Rupees</th>
<th>Total Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yarn</td>
<td>2,373,696,205</td>
<td>2,436,556,947</td>
<td>4,810,253,152</td>
</tr>
<tr>
<td>Fabric</td>
<td>1,446,081,983</td>
<td>501,389,504</td>
<td>1,947,471,487</td>
</tr>
<tr>
<td>Cotton and polyester</td>
<td>133,005,385</td>
<td>-</td>
<td>133,005,385</td>
</tr>
<tr>
<td>Waste and other</td>
<td>69,712,904</td>
<td>-</td>
<td>69,712,904</td>
</tr>
<tr>
<td>Duty drawback on export</td>
<td>-</td>
<td>365,752</td>
<td>365,752</td>
</tr>
<tr>
<td>Trade discount</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Sales tax</td>
<td>(114,064,188)</td>
<td>-</td>
<td>(114,064,188)</td>
</tr>
<tr>
<td></td>
<td><strong>3,908,432,289</strong></td>
<td><strong>2,938,312,203</strong></td>
<td><strong>6,846,744,492</strong></td>
</tr>
</tbody>
</table>

2015

<table>
<thead>
<tr>
<th></th>
<th>Local Rupees</th>
<th>Export Rupees</th>
<th>Total Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yarn</td>
<td>2,257,196,368</td>
<td>2,962,775,907</td>
<td>5,219,942,275</td>
</tr>
<tr>
<td>Fabric</td>
<td>1,381,380,743</td>
<td>788,673,036</td>
<td>2,170,053,779</td>
</tr>
<tr>
<td>Cotton</td>
<td>236,072,614</td>
<td>-</td>
<td>236,072,614</td>
</tr>
<tr>
<td>Waste and other</td>
<td>83,929,379</td>
<td>-</td>
<td>83,929,379</td>
</tr>
<tr>
<td>Duty drawback on export</td>
<td>-</td>
<td>294,433</td>
<td>294,433</td>
</tr>
<tr>
<td>Trade discount</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Sales tax</td>
<td>(87,006,996)</td>
<td>-</td>
<td>(87,006,996)</td>
</tr>
<tr>
<td></td>
<td><strong>3,871,572,108</strong></td>
<td><strong>3,751,713,376</strong></td>
<td><strong>7,623,285,484</strong></td>
</tr>
</tbody>
</table>

24 COST OF SALES

<table>
<thead>
<tr>
<th></th>
<th>Note</th>
<th>2016 Rupees</th>
<th>2015 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw material consumed</td>
<td>24.1</td>
<td>4,453,760,830</td>
<td>4,621,680,766</td>
</tr>
<tr>
<td>Stores, spares and loose tools consumed</td>
<td></td>
<td>194,681,200</td>
<td>223,192,639</td>
</tr>
<tr>
<td>Salaries, wages and benefits</td>
<td>24.2</td>
<td>476,663,294</td>
<td>432,116,573</td>
</tr>
<tr>
<td>Fee and subscription</td>
<td></td>
<td>731,280</td>
<td>12,000</td>
</tr>
<tr>
<td>Fuel and power</td>
<td></td>
<td>762,513,711</td>
<td>920,607,463</td>
</tr>
<tr>
<td>Insurance</td>
<td></td>
<td>18,380,237</td>
<td>19,413,584</td>
</tr>
<tr>
<td>Vehicle running and maintenance</td>
<td></td>
<td>7,560,569</td>
<td>6,319,016</td>
</tr>
<tr>
<td>Rent, rates and taxes</td>
<td></td>
<td>426,031</td>
<td>237,639</td>
</tr>
<tr>
<td>Repair and maintenance</td>
<td></td>
<td>6,314,074</td>
<td>8,900,298</td>
</tr>
<tr>
<td>Communication</td>
<td></td>
<td>1,031,244</td>
<td>532,840</td>
</tr>
<tr>
<td>Traveling, conveyance and entertainment</td>
<td></td>
<td>1,030,708</td>
<td>996,483</td>
</tr>
<tr>
<td>Depreciation</td>
<td>14.1.3</td>
<td>302,044,742</td>
<td>312,617,452</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td>2,675,490</td>
<td>3,435,599</td>
</tr>
<tr>
<td>Manufacturing cost</td>
<td></td>
<td>6,229,813,410</td>
<td>6,550,065,352</td>
</tr>
</tbody>
</table>

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Notes to and forming part of financial statements
for the year ended June 30, 2016

<table>
<thead>
<tr>
<th>Note</th>
<th>2016 Rupees</th>
<th>2015 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work in process</td>
<td></td>
<td></td>
</tr>
<tr>
<td>As at beginning of the year</td>
<td>85,254,654</td>
<td>100,531,563</td>
</tr>
<tr>
<td>Loss of work in process</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>As at end of the year</td>
<td>(98,794,202)</td>
<td>(85,254,654)</td>
</tr>
<tr>
<td>(13,539,548)</td>
<td>15,276,909</td>
<td></td>
</tr>
<tr>
<td>Cost of goods manufactured</td>
<td>6,216,273,862</td>
<td>6,565,342,261</td>
</tr>
<tr>
<td>Cost of cotton sold</td>
<td>24.3</td>
<td>137,424,990</td>
</tr>
</tbody>
</table>

Finished goods

<table>
<thead>
<tr>
<th>Note</th>
<th>2016 Rupees</th>
<th>2015 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at beginning of the year</td>
<td>240,259,662</td>
<td>395,441,611</td>
</tr>
<tr>
<td>Purchased during the year</td>
<td>13,625,575</td>
<td>24,094,428</td>
</tr>
<tr>
<td>Loss due to theft</td>
<td>(90,000)</td>
<td>(240,259,662)</td>
</tr>
<tr>
<td>As at end of the year</td>
<td>(281,885,074)</td>
<td>(179,276,377)</td>
</tr>
<tr>
<td>6,325,609,015</td>
<td>6,973,055,429</td>
<td></td>
</tr>
</tbody>
</table>

24.1 Raw material consumed

<table>
<thead>
<tr>
<th>Note</th>
<th>2016 Rupees</th>
<th>2015 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at beginning of the year</td>
<td>861,164,939</td>
<td>989,066,654</td>
</tr>
<tr>
<td>Purchased during the year</td>
<td>4,939,106,363</td>
<td>4,720,913,360</td>
</tr>
<tr>
<td>Sold during the year</td>
<td>(134,624,795)</td>
<td>(227,134,309)</td>
</tr>
<tr>
<td>As at end of the year</td>
<td>(1,211,885,077)</td>
<td>(861,164,939)</td>
</tr>
<tr>
<td>4,453,760,830</td>
<td>4,621,680,766</td>
<td></td>
</tr>
</tbody>
</table>

24.2 These include charge in respect of employees retirement benefits amounting to Rs. 27,259,964 (2015: Rs. 21,881,579).

<table>
<thead>
<tr>
<th>Note</th>
<th>2016 Rupees</th>
<th>2015 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>24.3 Cost of cotton sold</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of purchase</td>
<td>131,210,228</td>
<td>220,872,972</td>
</tr>
<tr>
<td>Salaries, wages and benefits</td>
<td>609,432</td>
<td>620,000</td>
</tr>
<tr>
<td>Loading and unloading</td>
<td>13,934</td>
<td>24,017</td>
</tr>
<tr>
<td>Insurance</td>
<td>1,186,052</td>
<td>2,049,258</td>
</tr>
<tr>
<td>Commission</td>
<td>-</td>
<td>975,822</td>
</tr>
<tr>
<td>Finance cost</td>
<td>4,405,344</td>
<td>3,894,722</td>
</tr>
<tr>
<td>137,424,990</td>
<td>228,436,791</td>
<td></td>
</tr>
</tbody>
</table>

25 SELLING AND DISTRIBUTION EXPENSES

Export

<table>
<thead>
<tr>
<th>Note</th>
<th>2016 Rupees</th>
<th>2015 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ocean freight and forwarding</td>
<td>54,743,790</td>
<td>81,440,452</td>
</tr>
<tr>
<td>Export development surcharge</td>
<td>7,711,760</td>
<td>7,989,468</td>
</tr>
<tr>
<td>Export sales promotion</td>
<td>262,703</td>
<td>1,093,154</td>
</tr>
<tr>
<td>Commission</td>
<td>38,674,432</td>
<td>48,294,612</td>
</tr>
<tr>
<td>Others</td>
<td>931,907</td>
<td>2,427,041</td>
</tr>
<tr>
<td>102,324,592</td>
<td>141,244,727</td>
<td></td>
</tr>
</tbody>
</table>

Local

<table>
<thead>
<tr>
<th>Note</th>
<th>2016 Rupees</th>
<th>2015 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inland transportation</td>
<td>1,512,483</td>
<td>1,491,321</td>
</tr>
<tr>
<td>Salaries, wages and benefits</td>
<td>-</td>
<td>115,092</td>
</tr>
<tr>
<td>Commission</td>
<td>22,911,185</td>
<td>19,710,263</td>
</tr>
<tr>
<td>Others</td>
<td>265,920</td>
<td>866,302</td>
</tr>
<tr>
<td>24,689,588</td>
<td>22,182,978</td>
<td></td>
</tr>
<tr>
<td>127,014,180</td>
<td>163,427,705</td>
<td></td>
</tr>
</tbody>
</table>

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Notes to and forming part of financial statements
for the year ended June 30, 2016

<table>
<thead>
<tr>
<th>Note</th>
<th>2016 Rupees</th>
<th>2015 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>26 ADMINISTRATIVE AND GENERAL EXPENSES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Directors' remuneration</td>
<td>14,400,000</td>
<td>14,400,000</td>
</tr>
<tr>
<td>Salaries and benefits</td>
<td>65,750,209</td>
<td>52,463,726</td>
</tr>
<tr>
<td>Traveling, conveyance and entertainment</td>
<td>5,154,102</td>
<td>2,507,231</td>
</tr>
<tr>
<td>Printing and stationery</td>
<td>810,517</td>
<td>1,085,741</td>
</tr>
<tr>
<td>Communication</td>
<td>1,399,374</td>
<td>1,433,578</td>
</tr>
<tr>
<td>Vehicles running and maintenance</td>
<td>4,985,242</td>
<td>5,689,709</td>
</tr>
<tr>
<td>Legal and professional charges</td>
<td>775,014</td>
<td>508,125</td>
</tr>
<tr>
<td>Auditors' remuneration</td>
<td>1,385,000</td>
<td>1,385,000</td>
</tr>
<tr>
<td>Fee and subscription</td>
<td>2,544,926</td>
<td>1,682,994</td>
</tr>
<tr>
<td>Repair and maintenance</td>
<td>86,200</td>
<td>441,760</td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td>8,078,171</td>
<td>10,108,221</td>
</tr>
<tr>
<td>Rent, rates and utilities</td>
<td>9,918,795</td>
<td>10,000,637</td>
</tr>
<tr>
<td>Oracle license and support fee</td>
<td>-</td>
<td>294,141</td>
</tr>
<tr>
<td>Others</td>
<td>1,382,643</td>
<td>518,226</td>
</tr>
<tr>
<td><strong>Total Administrative and General Expenses</strong></td>
<td>116,670,193</td>
<td>102,519,089</td>
</tr>
</tbody>
</table>

26.1 These include charge in respect of employees retirement benefits amounting to Rs. 14,513,082 (2015: Rs. 11,649,653).

26.2 Auditor's remuneration
- Annual statutory audit | 1,200,000 | 1,200,000 |
- Half yearly review | 125,000 | 125,000 |
- Review report under Code of Corporate Governance | 50,000 | 50,000 |
- Out of pocket expenses | 10,000 | 10,000 |
- **Total Auditor's Remuneration** | 1,385,000 | 1,385,000 |

27 OTHER INCOME

**Gain on financial instruments**
- Reversal of impairment on trade debts on recovery | 300,000 | 224,000 |
- Return on bank deposits | 1,071,724 | 1,769,828 |
- **Total Gain on financial instruments** | 1,371,724 | 1,993,828 |

**Other income**
- Gain on disposal of property, plant and equipment | 28,446,098 | 2,512,436 |
- **Total Other Income** | 29,817,822 | 4,506,264 |

28 FINANCE COST

Interest / mark-up on borrowings:
- long term finances | 86,712,322 | 147,198,891 |
- short term borrowings | 62,743,721 | 95,688,027 |
- **Total Finance Cost** | 149,456,043 | 242,886,918 |

Interest on workers’ profit participation fund | 546,018 | 364,665 |
Bank charges and commission | 18,904,145 | 16,938,722 |
- **Total Finance Cost** | 168,906,206 | 260,190,305 |

28.1 Interest/mark-up on borrowings includes interest/mark-up rate subsidy amounting to Rs. nil (2015: Rs. 207,944) recognized as government grant. See note 33.

28.2 Interest/mark-up amounting to Rs. 7,153,375 (2015: nil) was capitalized during the year as part of cost of property, plant and equipment.

28.3 These include letters of credit discounting charges amounting to Rs. 16,601,153 (2015: Rs. 13,967,541).
Notes to and forming part of financial statements for the year ended June 30, 2016

29 OTHER CHARGES

<table>
<thead>
<tr>
<th>Note</th>
<th>2016 Rupees</th>
<th>2015 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workers’ Profit Participation Fund</td>
<td>10.1</td>
<td>7,010,437</td>
</tr>
<tr>
<td>Workers’ Welfare Fund</td>
<td>10.1</td>
<td>2,611,731</td>
</tr>
<tr>
<td>Donations</td>
<td>29.1</td>
<td>1,300,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10,922,168</strong></td>
<td><strong>9,522,724</strong></td>
</tr>
</tbody>
</table>

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

30 CURRENT TAXATION

<table>
<thead>
<tr>
<th>Unit</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current year</td>
<td>30.1</td>
<td>-</td>
</tr>
<tr>
<td>Prior year</td>
<td>(202,404)</td>
<td>(202,404)</td>
</tr>
</tbody>
</table>

30.1 Provision for current tax has been made in accordance with section 18 and section 154 of the Income Tax Ordinance, 2001 ("the Ordinance"). Provision of income tax amounting to Rs. 70,832,246 (2015: Rs. 77,370,470) has been reduced on account of tax credit under Section 65 B of the Ordinance.

30.2 Reconciliation between average effective tax rate and applicable tax rate

<table>
<thead>
<tr>
<th></th>
<th>2016 Rupees</th>
<th>2015 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before taxation</td>
<td>127,440,552</td>
<td>119,076,496</td>
</tr>
<tr>
<td>Provision for taxation</td>
<td>32,502,032</td>
<td>37,075,866</td>
</tr>
<tr>
<td>Average effective tax rate</td>
<td>%</td>
<td>25.50</td>
</tr>
<tr>
<td>Tax effects of:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjustments for prior years</td>
<td>%</td>
<td>0.16</td>
</tr>
<tr>
<td>Income chargeable to tax at different rates</td>
<td>%</td>
<td>(23.58)</td>
</tr>
<tr>
<td>Deferred taxation</td>
<td>%</td>
<td>(25.66)</td>
</tr>
<tr>
<td>Tax credit</td>
<td>%</td>
<td>55.58</td>
</tr>
<tr>
<td>Applicable tax rate</td>
<td>%</td>
<td>32.00</td>
</tr>
</tbody>
</table>

30.3 Assessments upto assessment year 2002-2003 have been finalized under the relevant provisions of the Repealed Income Tax Ordinance, 1979.

30.4 Assessments upto tax year 2015 have been finalized under relevant provisions of Income Tax Ordinance, 2001.

30.5 The Government of Pakistan vide Finance Act 2015 notified a reduced tax rate of 32% for tax year 2016 as compared to 33% applicable to previous year for Companies.

31 DEFERRED TAXATION

<table>
<thead>
<tr>
<th></th>
<th>2016 Rupees</th>
<th>2015 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attributable to origination and reversal of temporary differences</td>
<td>34,382,003</td>
<td>37,061,961</td>
</tr>
<tr>
<td>Attributable to changes in tax rates</td>
<td>(1,677,567)</td>
<td>(1,509,268)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>32,704,436</strong></td>
<td><strong>35,552,693</strong></td>
</tr>
</tbody>
</table>

32 EARNINGS PER SHARE - BASIC AND DILUTED

<table>
<thead>
<tr>
<th></th>
<th>2015 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit attributable to ordinary shareholders</td>
<td>94,938,520</td>
</tr>
<tr>
<td>Weighted average number of ordinary shares outstanding during the year</td>
<td>6,432,000</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>14.76</td>
</tr>
</tbody>
</table>

There is no diluting effect on the basic earnings per share of the Company.
Notes to and forming part of financial statements
for the year ended June 30, 2016

33 GOVERNMENT GRANTS
During the year, the Company recognized Rs. nil (2015: Rs. 207,944) as mark-up rate subsidy which has been accounted for as government grant in accordance with IAS 20 'Government Grants'. The amount has been deducted in reporting interest/mark-up expenses on relevant borrowings.

<table>
<thead>
<tr>
<th>Note</th>
<th>2016 Rupees</th>
<th>2015 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before taxation</td>
<td>127,440,552</td>
<td>119,076,496</td>
</tr>
</tbody>
</table>

34 CASH GENERATED FROM OPERATIONS
Adjustments for non-cash and other items

<table>
<thead>
<tr>
<th>Description</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest / markup on borrowings</td>
<td>149,456,043</td>
<td>242,886,918</td>
</tr>
<tr>
<td>Gain on disposal of property, plant and equipment</td>
<td>(28,446,098)</td>
<td>(2,512,436)</td>
</tr>
<tr>
<td>Provision for employees retirement benefits</td>
<td>41,773,046</td>
<td>33,531,232</td>
</tr>
<tr>
<td>Depreciation</td>
<td>310,122,913</td>
<td>322,725,673</td>
</tr>
<tr>
<td>Total</td>
<td>472,905,904</td>
<td>596,631,387</td>
</tr>
</tbody>
</table>

Changes in working capital

<table>
<thead>
<tr>
<th>Description</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stores, spares and loose tools</td>
<td>2,538,833</td>
<td>14,552,185</td>
</tr>
<tr>
<td>Stock in trade</td>
<td>(405,885,698)</td>
<td>298,360,573</td>
</tr>
<tr>
<td>Trade debts</td>
<td>(67,875,262)</td>
<td>18,358,611</td>
</tr>
<tr>
<td>Advances, deposits, prepayments and other receivables</td>
<td>(42,744,458)</td>
<td>2,459,716</td>
</tr>
<tr>
<td>Sales tax refundable</td>
<td>(130,515,107)</td>
<td>21,230,100</td>
</tr>
<tr>
<td>Long term deposits</td>
<td>-</td>
<td>(3,029,000)</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>(17,059,665)</td>
<td>(54,386,554)</td>
</tr>
<tr>
<td>Long term payables</td>
<td>9,719,681</td>
<td>2,967,167</td>
</tr>
<tr>
<td>Total</td>
<td>(51,475,220)</td>
<td>300,512,798</td>
</tr>
</tbody>
</table>

Cash generated from operations

| Total | 600,346,456 | 715,707,883 |

35 CASH AND CASH EQUIVALENTS

Bank balances | 21 | 65,245,024 | 57,187,026 |
| Total | 65,245,024 | 57,187,026 |

36 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise associated companies 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 key management personnel are limited to payment of short term employee benefits only. The Company in the normal course of business carries out various transactions with associated companies and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an orderly transaction between market participants at the date of transaction.

There are no balances with related parties as at the reporting date. Details of transactions with related parties is as follows:

36.1 Transactions with related parties

<table>
<thead>
<tr>
<th>Nature of relationship</th>
<th>Nature of transactions</th>
<th>2016 Rupees</th>
<th>2015 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Associated companies</td>
<td>Sale of yarn</td>
<td>656,496,915</td>
<td>851,103,734</td>
</tr>
<tr>
<td></td>
<td>Sale of fabric</td>
<td>15,229,460</td>
<td>9,349,181</td>
</tr>
<tr>
<td></td>
<td>Sale of cotton</td>
<td>133,005,385</td>
<td>65,787,172</td>
</tr>
<tr>
<td></td>
<td>Sale of machinery</td>
<td>-</td>
<td>17,000,000</td>
</tr>
<tr>
<td></td>
<td>Sale of store and spares</td>
<td>-</td>
<td>7,100,264</td>
</tr>
<tr>
<td></td>
<td>Purchase of cotton</td>
<td>22,299,405</td>
<td>22,592,032</td>
</tr>
<tr>
<td></td>
<td>Purchase of yarn</td>
<td>172,791,349</td>
<td>295,131,578</td>
</tr>
<tr>
<td></td>
<td>Purchase of fabric</td>
<td>6,594</td>
<td>-</td>
</tr>
</tbody>
</table>

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37 FINANCIAL INSTRUMENTS

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

<table>
<thead>
<tr>
<th>Financial assets</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans and receivables</td>
<td>Rupees</td>
<td>Financial liabilities at amortized cost</td>
</tr>
<tr>
<td>Long term deposits</td>
<td>14,154,095</td>
<td>-</td>
</tr>
<tr>
<td>Trade debts</td>
<td>302,464,788</td>
<td>-</td>
</tr>
<tr>
<td>Security deposits</td>
<td>39,070,113</td>
<td>-</td>
</tr>
<tr>
<td>Bank balances</td>
<td>65,245,024</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>420,934,020</strong></td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial liabilities</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans and receivables</td>
<td>Financial liabilities at amortized cost</td>
<td>Loans and receivables</td>
</tr>
<tr>
<td>Long term finances</td>
<td>-</td>
<td>1,630,325,679</td>
</tr>
<tr>
<td>Short term borrowings</td>
<td>-</td>
<td>1,153,711,954</td>
</tr>
<tr>
<td>Accrued interest/mark-up</td>
<td>-</td>
<td>27,158,358</td>
</tr>
<tr>
<td>Trade creditors</td>
<td>-</td>
<td>153,857,383</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>-</td>
<td>147,866,945</td>
</tr>
<tr>
<td>Unclaimed dividend</td>
<td>-</td>
<td>2,755,727</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,115,676,046</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>420,934,020</strong></td>
<td><strong>3,115,676,046</strong></td>
</tr>
</tbody>
</table>

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 principally arises from loans and receivables. The maximum exposure to credit risk as at the reporting date is as follows:
Notes to and forming part of financial statements for the year ended June 30, 2016

<table>
<thead>
<tr>
<th>Note</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rupees</td>
<td>Rupees</td>
</tr>
<tr>
<td>Loans and receivables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long term deposits</td>
<td>14,154,095</td>
<td>14,154,095</td>
</tr>
<tr>
<td>Trade debts</td>
<td>302,464,788</td>
<td>234,589,526</td>
</tr>
<tr>
<td>Security deposits</td>
<td>39,070,113</td>
<td>29,292,877</td>
</tr>
<tr>
<td>Bank balances</td>
<td>66,245,024</td>
<td>57,187,026</td>
</tr>
<tr>
<td></td>
<td>420,934,020</td>
<td>335,223,524</td>
</tr>
</tbody>
</table>

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:

- Utility companies and regulatory authorities: 14,159,095 (2015: 15,775,773)
- Banking companies and financial institutions: 104,310,137 (2015: 84,858,225)

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 default rates and present ages.

(a) Counterparties with external credit ratings

These include banking companies and financial institutions, which are counterparties to ‘security deposits’ and ‘bank balances’. 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 ‘long term deposits’. Credit risk in respect of 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:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Gross carrying amount</td>
<td>Accumulated Impairment</td>
</tr>
<tr>
<td></td>
<td>Rupees</td>
<td>Rupees</td>
</tr>
<tr>
<td>Neither past due nor impaired</td>
<td>12,075,533</td>
<td>-</td>
</tr>
<tr>
<td>Past due by 0 to 6 months</td>
<td>223,568,970</td>
<td>-</td>
</tr>
<tr>
<td>Past due by 6 months to 1 year</td>
<td>49,305,300</td>
<td>-</td>
</tr>
<tr>
<td>Past due by more than 1 year</td>
<td>48,250,737</td>
<td>30,885,752</td>
</tr>
<tr>
<td></td>
<td>333,200,540</td>
<td>30,885,752</td>
</tr>
</tbody>
</table>

The Company’s one (2015: one) significant customer accounts for Rs.103.47 million (2015: Rs. 96.89 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. These significant 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. Further, trade debts amounting to Rs. 12.075 million (2015: Rs. 81.262 million) secured through letters of credit and thus do not carry any significant credit risk. The Company believes that impairment recognized in respect of trade debts past due is adequate and no further allowance is necessary based on historical default rates.
38.1.4 Collateral held
The Company does not hold any collateral to secure its financial assets with the exception of trade debts, which are partially secured through confirmed letters of credit.

38.1.5 Credit risk management
As mentioned in note 38.1.3 to the financial statements, the Company’s financial assets do not carry significant credit risk, with the exception of trade debts, which are exposed to losses arising from any non-performance by customers. In respect of trade debts, 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/markup payments.

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Carrying amount</td>
<td>Contractual cash flows</td>
</tr>
<tr>
<td></td>
<td>Rupees</td>
<td>Rupees</td>
</tr>
<tr>
<td>Long term finances</td>
<td>1,630,325,679</td>
<td>1,849,973,893</td>
</tr>
<tr>
<td>Short term borrowings</td>
<td>1,153,711,954</td>
<td>1,169,175,949</td>
</tr>
<tr>
<td>Accrued interest/mark-up</td>
<td>27,158,358</td>
<td>27,158,358</td>
</tr>
<tr>
<td>Trade creditors</td>
<td>153,857,383</td>
<td>153,857,383</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>147,866,945</td>
<td>147,866,945</td>
</tr>
<tr>
<td>Unclaimed dividend</td>
<td>2,755,727</td>
<td>2,755,727</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,115,676,046</strong></td>
<td><strong>3,350,788,255</strong></td>
</tr>
</tbody>
</table>

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.
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:

<table>
<thead>
<tr>
<th>Financial assets</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CHF Rupees</td>
<td>JPY Rupees</td>
</tr>
<tr>
<td>Trade debts</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash at bank</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Financial liabilities</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net balance sheet exposure</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

| Foreign currency commitments | (219,042,500) | (31,576,600) | (316,558,019) | (379,641,991) | (946,819,110) |
| Net exposure              | (219,042,500) | (31,576,600) | (316,558,019) | (364,938,722) | (932,115,841) |

(b) Exchange rates applied as at the reporting date

The following spot exchange rates were applied as at the reporting date.

<table>
<thead>
<tr>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets Rupees</td>
<td>Liabilities Rupees</td>
</tr>
<tr>
<td>CHF</td>
<td>-</td>
</tr>
<tr>
<td>JPY</td>
<td>-</td>
</tr>
<tr>
<td>Euro</td>
<td>-</td>
</tr>
<tr>
<td>USD</td>
<td>104.50</td>
</tr>
</tbody>
</table>

(c) Sensitivity analysis

A ten percent appreciation in Pak Rupee against the US $ would have decreased profit for the year by Rs. 3.74 million (2015: Rs. 8.48 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.
Notes to and forming part of financial statements
for the year ended June 30, 2016

(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/mark-up bearing financial instruments**
The effective interest/mark-up rates for interest/mark-up bearing financial instruments are mentioned in relevant notes to the financial statements. The Company’s interest/mark-up bearing financial instruments as at the reporting date are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2016 Rupees</th>
<th>2015 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed rate instruments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets</td>
<td>-</td>
<td>18,917,877</td>
</tr>
<tr>
<td>Financial liabilities</td>
<td>664,658,000</td>
<td>160,222,750</td>
</tr>
<tr>
<td><strong>Variable rate instruments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets</td>
<td>39,065,113</td>
<td>9,700,000</td>
</tr>
<tr>
<td>Financial liabilities</td>
<td>2,119,379,633</td>
<td>1,564,512,965</td>
</tr>
</tbody>
</table>

(b) **Fair value sensitivity analysis for fixed rate instruments**
The Company does not account for fixed rate financial assets and liabilities at fair value through profit or loss.

(c) **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. 21.19 million (2015: Rs. 15.55 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.

(d) **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. The Board of Directors monitors the return on capital and level of dividends to ordinary shareholders. The Company 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:
Notes to and forming part of financial statements
for the year ended June 30, 2016

<table>
<thead>
<tr>
<th>Unit</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total debt</td>
<td>1,630,325,679</td>
<td>1,344,235,715</td>
</tr>
<tr>
<td>Total equity</td>
<td>2,759,050,673</td>
<td>2,678,840,677</td>
</tr>
<tr>
<td>Gearing</td>
<td>%age</td>
<td>%age</td>
</tr>
<tr>
<td></td>
<td>37.14%</td>
<td>33.41%</td>
</tr>
</tbody>
</table>

There were no changes in the Company’s approach to capital management during the year. The Company is not subject to externally imposed capital requirements, except those, related to maintenance of debt covenants, commonly imposed by the providers of debt finance.

40 FAIR VALUE MEASUREMENTS

40.1 Financial Instruments

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.
   None of the assets and liabilities other than financial instruments are measured at fair value.

41 EVENTS AFTER THE REPORTING PERIOD
   The Board of Directors in their meeting held on 27th September 2016 has proposed dividend on ordinary shares at Rs. 5 per ordinary share of Rs. 10 each. The proposed dividend is subject to approval by the shareholders in the forthcoming annual general meeting and has not been included as a liability in the financial statements.

42 RESTRICTION ON TITLE, AND ASSETS MORTGAGED/PLEDGED AS SECURITY

<table>
<thead>
<tr>
<th>Mortgages and charges</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charge over current assets</td>
<td>6,024,000,000</td>
<td>6,024,000,000</td>
</tr>
<tr>
<td>Charge over fixed assets</td>
<td>3,435,900,000</td>
<td>2,735,900,000</td>
</tr>
</tbody>
</table>

43 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES
   The aggregate amount charged to profit or loss in respect of chief executive, directors and executives on account of managerial remuneration, allowances and perquisites, post employment benefits and the number of such directors and executives is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Chief Executive</td>
<td>Directors</td>
</tr>
<tr>
<td></td>
<td>Rupees</td>
<td>Rupees</td>
</tr>
<tr>
<td>Managerial remuneration</td>
<td>4,800,000</td>
<td>9,600,000</td>
</tr>
<tr>
<td>Allowances and perquisites</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Post employment benefits</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>4,800,000</td>
<td>9,600,000</td>
</tr>
<tr>
<td>Number of persons</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Chief Executive</td>
<td>Directors</td>
</tr>
<tr>
<td></td>
<td>Rupees</td>
<td>Rupees</td>
</tr>
<tr>
<td>Managerial remuneration</td>
<td>4,800,000</td>
<td>9,600,000</td>
</tr>
<tr>
<td>Allowances and perquisites</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Post employment benefits</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>4,800,000</td>
<td>9,600,000</td>
</tr>
<tr>
<td>Number of persons</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

ANNUAL REPORT 2016 | 48
44 SEGMENT INFORMATION

44.1 Products and services from which reportable segments derive their revenues

Information reported to the Company’s chief operating decision maker for the purpose of resource allocation and assessment of segment performance is focused on type of goods supplied. The Company’s reportable segments are therefore as follows:

<table>
<thead>
<tr>
<th>Segment</th>
<th>Product</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spinning</td>
<td>Yarn</td>
</tr>
<tr>
<td>Weaving</td>
<td>Fabric</td>
</tr>
<tr>
<td>Power</td>
<td>Electricity</td>
</tr>
</tbody>
</table>

Information regarding Company’s reportable segments is presented below.

44.2 Information about reportable segments

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Spinning</td>
</tr>
<tr>
<td></td>
<td>Rupees</td>
</tr>
<tr>
<td>Revenue from external customers</td>
<td>4,928,928,385</td>
</tr>
<tr>
<td>Intersegment revenues</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation</td>
<td>258,895,295</td>
</tr>
<tr>
<td>Segment results</td>
<td>212,896,842</td>
</tr>
<tr>
<td>Segment assets</td>
<td>4,151,888,656</td>
</tr>
<tr>
<td>Segment liabilities</td>
<td>250,895,217</td>
</tr>
<tr>
<td>Interest income</td>
<td>1,071,724</td>
</tr>
<tr>
<td>Additions to non-current assets</td>
<td>100,547,265</td>
</tr>
<tr>
<td>Disposals of property, plant and equipment</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Spinning</td>
</tr>
<tr>
<td></td>
<td>Rupees</td>
</tr>
<tr>
<td>Revenue from external customers</td>
<td>5,463,670,341</td>
</tr>
<tr>
<td>Intersegment revenues</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation</td>
<td>118,278,382</td>
</tr>
<tr>
<td>Segment results</td>
<td>375,177,881</td>
</tr>
<tr>
<td>Segment assets</td>
<td>3,877,931,030</td>
</tr>
<tr>
<td>Segment liabilities</td>
<td>293,766,976</td>
</tr>
<tr>
<td>Interest income</td>
<td>1,769,628</td>
</tr>
<tr>
<td>Additions to non-current assets</td>
<td>172,684,339</td>
</tr>
<tr>
<td>Disposals of property, plant and equipment</td>
<td>23,121,571</td>
</tr>
</tbody>
</table>

The accounting policies of the reportable segments are the same as the Company’s accounting policies. Segment results represent operating profit earned by the segment. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

44.3 Reconciliations of reportable segment information

44.3.1 Segment revenues

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Spinning</td>
</tr>
<tr>
<td></td>
<td>Rupees</td>
</tr>
<tr>
<td>Total for reportable segments</td>
<td>4,928,928,385</td>
</tr>
<tr>
<td>Inter-segment revenues</td>
<td>-</td>
</tr>
<tr>
<td>Total for the Company</td>
<td>4,928,928,385</td>
</tr>
</tbody>
</table>

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## Notes to and forming part of financial statements for the year ended June 30, 2016

### 44.3.2 Segment assets

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Spinning Rupees</td>
<td>Weaving Rupees</td>
</tr>
<tr>
<td>Total for reportable segments</td>
<td>5,463,670,341</td>
<td>2,159,615,143</td>
</tr>
<tr>
<td>Inter-segment revenues</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total for the Company</td>
<td>5,463,670,341</td>
<td>2,159,615,143</td>
</tr>
</tbody>
</table>

### 44.3.3 Segment liabilities

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Spinning Rupees</td>
<td>Weaving Rupees</td>
</tr>
<tr>
<td>Total for reportable segments</td>
<td>3,877,931,030</td>
<td>788,381,460</td>
</tr>
<tr>
<td>Unallocated assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long term deposits</td>
<td>14,154,095</td>
<td>14,154,095</td>
</tr>
<tr>
<td>Advance income tax/income tax refundable</td>
<td>272,000,389</td>
<td>272,000,389</td>
</tr>
</tbody>
</table>

### 44.3.3 Segment liabilities

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Spinning Rupees</td>
<td>Weaving Rupees</td>
</tr>
<tr>
<td>Total for reportable segments</td>
<td>293,766,976</td>
<td>113,738,397</td>
</tr>
<tr>
<td>Unallocated liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long term finances</td>
<td>53,682,178</td>
<td>53,682,178</td>
</tr>
<tr>
<td>Deferred taxation</td>
<td>380,500,000</td>
<td>380,500,000</td>
</tr>
<tr>
<td>Short term borrowings</td>
<td>30,427,313</td>
<td>30,427,313</td>
</tr>
<tr>
<td>Workers’ Profit Participation Fund</td>
<td>6,481,194</td>
<td>6,481,194</td>
</tr>
<tr>
<td>Workers’ Welfare Fund</td>
<td>7,269,827</td>
<td>7,269,827</td>
</tr>
<tr>
<td>Unclaimed dividend</td>
<td>2,520,822</td>
<td>2,520,822</td>
</tr>
<tr>
<td>Total for the Company</td>
<td>2,282,031,080</td>
<td>2,282,031,080</td>
</tr>
</tbody>
</table>

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Notes to and forming part of financial statements for the year ended June 30, 2016

44.4 Geographical information
The Company’s operations are not distributed geographically.

44.5 Information about significant customers
There is no single significant external customer to whom sales in excess of 10% of the Company’s total sales were made during the year.

45 SHARES IN THE COMPANY HELD BY ASSOCIATED COMPANIES
Faisal Spinning Mills Limited, an associated company, holds 1,189,160 (2015: 1,189,160) ordinary shares of Rs. 10 each in the Company.

46 PLANT CAPACITY AND ACTUAL PRODUCTION

<table>
<thead>
<tr>
<th></th>
<th>Unit</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spinning</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of spindles installed</td>
<td>No.</td>
<td>59,136</td>
<td>59,136</td>
</tr>
<tr>
<td>Plant capacity on the basis of utilization converted into 20s count</td>
<td>Kgs’000</td>
<td>21,636</td>
<td>21,636</td>
</tr>
<tr>
<td>Actual production</td>
<td>Kgs’000</td>
<td>20,980</td>
<td>19,934</td>
</tr>
<tr>
<td>Weaving</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of looms installed</td>
<td>No.</td>
<td>139</td>
<td>139</td>
</tr>
<tr>
<td>Plant capacity on the basis of utilization converted into 50 picks</td>
<td>Mtrs’000</td>
<td>13,313</td>
<td>13,313</td>
</tr>
<tr>
<td>Actual production</td>
<td>Mtrs’000</td>
<td>11,634</td>
<td>11,456</td>
</tr>
</tbody>
</table>

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, picks etc. It would also vary according to the pattern of production adopted in a particular year.

Power

<table>
<thead>
<tr>
<th></th>
<th>Mwhs</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Installed capacity</td>
<td></td>
<td>47,304</td>
<td>47,304</td>
</tr>
<tr>
<td>Power generated</td>
<td></td>
<td>16,872</td>
<td>16,872</td>
</tr>
</tbody>
</table>

Actual power generated is less than the installed capacity because unavailability/loadshedding of natural gas.

47 NUMBER OF EMPLOYEES
Number of persons employed by the Company as at the reporting date are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at the reporting date</td>
<td>1,191</td>
<td>1,152</td>
</tr>
<tr>
<td>Average for the year</td>
<td>1,197</td>
<td>1,121</td>
</tr>
</tbody>
</table>

48 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.

49 DATE OF AUTHORIZATION FOR ISSUE
These financial statements were authorized for issue on 27th September 2016 by the Board of Directors of the Company.

50 GENERAL
Figures have been rounded off to the nearest rupee. Comparative figures have been rearranged and reclassified, where necessary, for the purpose of comparison. However, there were no significant reclassifications during the year.
## Pattern of Shareholding

### As at June 30, 2016

<table>
<thead>
<tr>
<th>Number of Shareholders</th>
<th>Share Holding (From)</th>
<th>Share Holding (To)</th>
<th>Total Shares Held</th>
</tr>
</thead>
<tbody>
<tr>
<td>310</td>
<td>1</td>
<td>100</td>
<td>11,920</td>
</tr>
<tr>
<td>156</td>
<td>101</td>
<td>500</td>
<td>61,623</td>
</tr>
<tr>
<td>30</td>
<td>501</td>
<td>1000</td>
<td>27,820</td>
</tr>
<tr>
<td>38</td>
<td>1001</td>
<td>5000</td>
<td>101,000</td>
</tr>
<tr>
<td>7</td>
<td>5001</td>
<td>10000</td>
<td>46,544</td>
</tr>
<tr>
<td>5</td>
<td>10001</td>
<td>15000</td>
<td>64,585</td>
</tr>
<tr>
<td>38</td>
<td>15001</td>
<td>20000</td>
<td>56,200</td>
</tr>
<tr>
<td>1</td>
<td>20001</td>
<td>25000</td>
<td>20,500</td>
</tr>
<tr>
<td>2</td>
<td>25001</td>
<td>30000</td>
<td>60,000</td>
</tr>
<tr>
<td>3</td>
<td>35001</td>
<td>40000</td>
<td>115,293</td>
</tr>
<tr>
<td>2</td>
<td>40001</td>
<td>45000</td>
<td>82,600</td>
</tr>
<tr>
<td>2</td>
<td>45001</td>
<td>50000</td>
<td>97,500</td>
</tr>
<tr>
<td>1</td>
<td>60001</td>
<td>65000</td>
<td>63,900</td>
</tr>
<tr>
<td>2</td>
<td>65001</td>
<td>70000</td>
<td>134,500</td>
</tr>
<tr>
<td>2</td>
<td>70001</td>
<td>75000</td>
<td>143,530</td>
</tr>
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<td>80,500</td>
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<td>95000</td>
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<td>100000</td>
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<td>105000</td>
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<td>135000</td>
<td>270,500</td>
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<td>165000</td>
<td>163,200</td>
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<td>265001</td>
<td>270000</td>
<td>268,100</td>
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<td>1</td>
<td>280001</td>
<td>285000</td>
<td>282,400</td>
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<td>330001</td>
<td>335000</td>
<td>330,400</td>
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<td>395000</td>
<td>393,900</td>
</tr>
<tr>
<td>2</td>
<td>440001</td>
<td>445000</td>
<td>888,040</td>
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<tr>
<td>1</td>
<td>535001</td>
<td>540000</td>
<td>536,000</td>
</tr>
<tr>
<td>1</td>
<td>1185001</td>
<td>1190000</td>
<td>1,189,160</td>
</tr>
</tbody>
</table>

**Total:** 585

**Total Shares Held:** 6,432,000

*There is no shareholding in the slab not mentioned*
## Shareholder Analysis

<table>
<thead>
<tr>
<th>Sr #</th>
<th>Shareholder Category</th>
<th>Percentage</th>
<th>No. of Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>ASSOCIATED COMPANIES UNDERTAKINGS AND RELATED PARTIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>M/s. Faisal Spinning Mills Limited</td>
<td>18.49%</td>
<td>1,189,160</td>
</tr>
<tr>
<td></td>
<td>Mr. Farrukh Salim</td>
<td>1.41%</td>
<td>91,000</td>
</tr>
<tr>
<td></td>
<td>Mr. Yousuf Salim</td>
<td>1.96%</td>
<td>126,100</td>
</tr>
<tr>
<td></td>
<td>Mr. Saqib Salim</td>
<td>1.47%</td>
<td>94,700</td>
</tr>
<tr>
<td></td>
<td>Mr. Mohammad Qasim</td>
<td>4.17%</td>
<td>268,100</td>
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<tr>
<td></td>
<td>Mr. Faisal Skakeel</td>
<td>8.04%</td>
<td>516,985</td>
</tr>
<tr>
<td></td>
<td>Mrs. Saba Yousuf</td>
<td>1.80%</td>
<td>116,094</td>
</tr>
<tr>
<td></td>
<td>Mrs. Saba Saqib</td>
<td>2.29%</td>
<td>147,494</td>
</tr>
<tr>
<td></td>
<td>Mrs. Sadaf Farrukh</td>
<td>2.35%</td>
<td>151,194</td>
</tr>
<tr>
<td></td>
<td>Mrs. Sumbul Qasim</td>
<td>1.09%</td>
<td>70,285</td>
</tr>
<tr>
<td></td>
<td>Mr. Hamza Skakeel</td>
<td>0.06%</td>
<td>4,000</td>
</tr>
<tr>
<td>2</td>
<td>CEO, DIRECTORS AND THEIR SPOUSES AND MINOR CHILDREN</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Mr. Mohammad Shaheen</td>
<td>1.07%</td>
<td>69,000</td>
</tr>
<tr>
<td></td>
<td>Mr. Mohammad Salim</td>
<td>0.78%</td>
<td>50,000</td>
</tr>
<tr>
<td></td>
<td>Mr. Mohammad Sharif</td>
<td>0.04%</td>
<td>2,500</td>
</tr>
<tr>
<td></td>
<td>Mr. Mohammad Shakeel</td>
<td>0.47%</td>
<td>30,000</td>
</tr>
<tr>
<td></td>
<td>Mr. Khurram Salim</td>
<td>0.99%</td>
<td>63,900</td>
</tr>
<tr>
<td></td>
<td>Mr. Iqbal Mehboob</td>
<td>0.04%</td>
<td>2,500</td>
</tr>
<tr>
<td></td>
<td>Mr. Bilal Sharif</td>
<td>3.58%</td>
<td>230,285</td>
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<tr>
<td></td>
<td>Mr. Mohammad Amin</td>
<td>4.39%</td>
<td>282,400</td>
</tr>
<tr>
<td></td>
<td>Mr. Adil Shaheen</td>
<td>6.91%</td>
<td>444,300</td>
</tr>
<tr>
<td></td>
<td>Mrs. Yasmin Begum</td>
<td>0.65%</td>
<td>42,000</td>
</tr>
<tr>
<td></td>
<td>Mrs. Seema Begum</td>
<td>0.63%</td>
<td>40,600</td>
</tr>
<tr>
<td></td>
<td>Mrs. Nazli Begum</td>
<td>1.02%</td>
<td>65,500</td>
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<td></td>
<td>Mrs. Amna Khurram</td>
<td>2.73%</td>
<td>175,803</td>
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<tr>
<td></td>
<td>Mrs. Samia Bilal</td>
<td>8.33%</td>
<td>536,000</td>
</tr>
<tr>
<td></td>
<td>Mrs. Fatima Amin</td>
<td>5.14%</td>
<td>330,400</td>
</tr>
<tr>
<td></td>
<td>Master Abdullah Bilal</td>
<td>1.53%</td>
<td>98,100</td>
</tr>
<tr>
<td></td>
<td>Master Umer Khurrum</td>
<td>0.04%</td>
<td>2,500</td>
</tr>
<tr>
<td></td>
<td>Master Azaan Bilal</td>
<td>1.53%</td>
<td>98,200</td>
</tr>
<tr>
<td></td>
<td>Master Ali Bilal</td>
<td>1.53%</td>
<td>98,200</td>
</tr>
<tr>
<td>3</td>
<td>BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCE INSTITUTIONS AND INSURANCE COMPANIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>State Life Insurance Corporation Of Pakistan</td>
<td>6.12%</td>
<td>393,900</td>
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<tr>
<td></td>
<td>National Bank Of Pakistan</td>
<td>0.00%</td>
<td>31</td>
</tr>
<tr>
<td>4</td>
<td>JOINT STOCK COMPANIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Shafi (Private) Ltd</td>
<td>0.01%</td>
<td>400</td>
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<tr>
<td></td>
<td>M/S. Mehran Sugar Mills Ltd.</td>
<td>0.00%</td>
<td>200</td>
</tr>
<tr>
<td>5</td>
<td>INDIVIDUAL SHAREHOLDERS</td>
<td>9.25%</td>
<td>594,942</td>
</tr>
<tr>
<td>6</td>
<td>OTHERS COMPANIES</td>
<td>0.08%</td>
<td>5,227</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>100.00%</td>
<td>6,432,000</td>
</tr>
</tbody>
</table>
7 DETAIL OF TRADING IN THE SHARES BY THE DIRECTORS, CEO
COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN

| Shares purchased by Mr. Mohammad Sharif | 0.03 | 2,500 |
| Shares purchased by Mr. Bilal Sharif | 0.07 | 45,000 |
| Shares sold by Mr. Mohammad Sharif | 0.07 | 45,000 |

8 SHAREHOLDERS HOLDING 5% OR MORE

| M/S. Faisal Spinning Mills Ltd | 18.49 | 1,189,160 |
| State Life Insurance Corporation Of Pakistan | 6.12 | 393,900 |
| Mr. Faisal Shakeel | 8.04 | 516,985 |
| Mr. Adil Shakeel | 6.91 | 444,300 |
| Mrs. Samia Bilal | 8.33 | 536,000 |
| Mrs. Fatima Amin | 5.14 | 330,400 |

CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2016

<table>
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<tr>
<th>SR #</th>
<th>CATEGORIES OF SHAREHOLDERS</th>
<th>NUMBERS OF SHAREHOLDERS</th>
<th>SHARES HELD</th>
<th>PERCENTAGE %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Directors Chief Executive Officer their Spouses and minor children</td>
<td>21</td>
<td>2,662,188</td>
<td>41.39</td>
</tr>
<tr>
<td>2</td>
<td>Associated Companies, Undertaking and Related Parties</td>
<td>15</td>
<td>2,775,112</td>
<td>43.15</td>
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<tr>
<td>3</td>
<td>Banks / Financial Institutions</td>
<td>1</td>
<td>31</td>
<td>0.00</td>
</tr>
<tr>
<td>4</td>
<td>Insurance Companies</td>
<td>1</td>
<td>393,900</td>
<td>6.12</td>
</tr>
<tr>
<td>5</td>
<td>General Public / Individuals</td>
<td>541</td>
<td>594,942</td>
<td>9.25</td>
</tr>
<tr>
<td>6</td>
<td>Joint Stock Companies</td>
<td>2</td>
<td>600</td>
<td>0.01</td>
</tr>
<tr>
<td>7</td>
<td>Others Companies</td>
<td>4</td>
<td>5,227</td>
<td>0.08</td>
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<td></td>
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<td>585</td>
<td>6,432,000</td>
<td>100.00</td>
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## Year wise Operating Data

<table>
<thead>
<tr>
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<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Spinning Unit</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spindle installed</td>
<td>59,136</td>
<td>59,136</td>
<td>55,872</td>
<td>47,616</td>
<td>47,616</td>
<td>47,616</td>
</tr>
<tr>
<td>Spindle worked</td>
<td>59,136</td>
<td>59,136</td>
<td>55,872</td>
<td>47,616</td>
<td>47,616</td>
<td>47,616</td>
</tr>
<tr>
<td>Installed capacity after conversion in to 20's count (Kgs)</td>
<td>21,015,867</td>
<td>21,015,867</td>
<td>21,015,867</td>
<td>20,413,000</td>
<td>20,413,000</td>
<td>20,413,000</td>
</tr>
<tr>
<td>Actual production (Kgs)</td>
<td>20,979,751</td>
<td>19,934,197</td>
<td>18,657,200</td>
<td>16,220,000</td>
<td>18,498,000</td>
<td>23,832,744</td>
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<tr>
<td><strong>Weaving Unit</strong></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Air jet looms installed</td>
<td>136</td>
<td>136</td>
<td>136</td>
<td>136</td>
<td>131</td>
<td>131</td>
</tr>
<tr>
<td>Air jet looms worked</td>
<td>136</td>
<td>136</td>
<td>136</td>
<td>136</td>
<td>131</td>
<td>131</td>
</tr>
<tr>
<td>Installed capacity after conversion into 50 picks - (meters)</td>
<td>19,771,000</td>
<td>19,771,000</td>
<td>19,771,000</td>
<td>19,771,000</td>
<td>17,483,076</td>
<td>17,483,076</td>
</tr>
<tr>
<td>Actual production - (meters)</td>
<td>11,634,888</td>
<td>11,456,148</td>
<td>19,735,000</td>
<td>19,735,000</td>
<td>25,059,000</td>
<td>23,245,090</td>
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## Year wise Financial Data

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</thead>
<tbody>
<tr>
<td><strong>Profit and loss account</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Turnover (Net)</td>
<td>6,846,744</td>
<td>7,623,285</td>
<td>7,379,595</td>
<td>5,765,769</td>
<td>5,447,990</td>
<td>6,124,843</td>
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<tr>
<td>Gross profit</td>
<td>521,135</td>
<td>650,230</td>
<td>774,305</td>
<td>819,115</td>
<td>732,112</td>
<td>1,160,396</td>
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<tr>
<td>Operating profit</td>
<td>296,346</td>
<td>379,286</td>
<td>486,438</td>
<td>582,917</td>
<td>476,657</td>
<td>865,809</td>
</tr>
<tr>
<td>Financial expenses</td>
<td>168,906</td>
<td>260,190</td>
<td>257,648</td>
<td>138,293</td>
<td>137,939</td>
<td>192,407</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>127,440</td>
<td>119,076</td>
<td>228,790</td>
<td>444,624</td>
<td>338,718</td>
<td>673,402</td>
</tr>
<tr>
<td>Profit after tax</td>
<td>94,938</td>
<td>82,001</td>
<td>233,536</td>
<td>399,081</td>
<td>283,282</td>
<td>609,605</td>
</tr>
</tbody>
</table>

| **Balance Sheet**    |      |      |      |      |      |      |
| Share Capital        | 64,320 | 64,320 | 64,320 | 64,320 | 64,320 | 64,320 |
| Reserves             | 2,600,000 | 2,550,000 | 2,500,000 | 2,300,000 | 1,900,000 | 1,600,000 |
| Shareholder equity   | 2,759,050 | 2,678,841 | 2,619,025 | 2,421,221 | 2,058,766 | 1,823,724 |
| Long term liabilities| 1,376,316 | 1,063,744 | 1,321,203 | 475,706 | 445,840 | 333,929 |
| Short term loan      | 1,153,712 | 380,500 | 682,904 | 627,290 | 271,863 | 19,638 |
| Current liabilities  | 1,765,146 | 1,038,510 | 1,404,997 | 1,144,986 | 688,449 | 625,012 |
| Current portion of long term loans | 254,009 | 280,492 | 274,746 | 160,272 | 107,836 | 294,837 |
| Fixed assets         | 3,512,679 | 3,052,232 | 3,237,433 | 1,994,405 | 1,734,165 | 1,539,364 |
| Current assets       | 2,593,542 | 1,877,665 | 2,217,505 | 2,147,819 | 1,519,067 | 1,293,004 |

| **Ratios**           |      |      |      |      |      |      |
| **Performance**      |      |      |      |      |      |      |
| Sales growth percentage - Year to Year basis | -10.19% | 3.30% | 27.99% | 5.83% | -11.05% | 88.21% |
| Gross profit (%)     | 7.61% | 8.53% | 10.49% | 14.21% | 13.44% | 18.95% |
| Profit before tax (%)| 1.86% | 1.56% | 3.10% | 7.71% | 6.22% | 10.99% |
| Profit after tax (%) | 1.39% | 1.08% | 3.16% | 6.92% | 5.20% | 9.95% |
| **Leverage**         |      |      |      |      |      |      |
| Gearing ratio        | 1.01 | 0.64 | 0.87 | 0.52 | 0.40 | 0.36 |
| Debt to equity (%)   | 49.88% | 39.71% | 50.45% | 19.66% | 21.66% | 18.31% |
| Interest covering ratio | 1.75 | 1.46 | 1.89 | 4.22 | 3.46 | 4.50 |
| **Liquidity ratio**  |      |      |      |      |      |      |
| Current ratio        | 1.47 | 1.81 | 1.58 | 1.88 | 2.21 | 2.07 |
JamaPunji
Securities and Exchange Commission of Pakistan’s Landmark Initiative for Investor Education

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jamapunji.pk @jamapunji_pk
BLESSED TEXTILES LIMITED

دوارکیئزوکی رپورت

آپن کیئٹے دے مئی 30, 2016 نوں دو دی مالک کے ایک دے رہنے مالک کے اوہنے دی تم تک دیشی شاہری کیپ ہو چیوں دیپ تیمکوئی نوک مکاپکر لئے ہوئے۔

اہمیت کئیں کئیں ہے (آپنے کیئٹے تھا مخصوص فن انریکس)۔

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<td>7,623,285,484</td>
<td>6,846,744,492</td>
</tr>
<tr>
<td>650,230,055</td>
<td>521,135,477</td>
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<td>119,076,496</td>
<td>127,440,552</td>
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<p>| | |</p>
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<tbody>
<tr>
<td>1,523,173</td>
<td>-</td>
</tr>
<tr>
<td>35,552,693</td>
<td>(202,404)</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>37,075,866</th>
<th>32,502,032</th>
</tr>
</thead>
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| 82,000,630 | 94,938,520 |

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<table>
<thead>
<tr>
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<tbody>
<tr>
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<td>-</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>7,047,209</th>
<th>20,605,852</th>
</tr>
</thead>
<tbody>
<tr>
<td>941,894</td>
<td>(3,174,376)</td>
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<table>
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<tr>
<th>6,105,315</th>
<th>17,431,476</th>
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<tbody>
<tr>
<td>75,895,315</td>
<td>112,369,996</td>
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<tr>
<td>54,705,362</td>
<td>64,520,677</td>
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</table>

<table>
<thead>
<tr>
<th>130,600,677</th>
<th>176,890,673</th>
</tr>
</thead>
<tbody>
<tr>
<td>(16,080,000)</td>
<td>(32,160,000)</td>
</tr>
</tbody>
</table>

| 114,520,677 | 144,730,673 |

<table>
<thead>
<tr>
<th>50,000,000</th>
<th>50,000,000</th>
</tr>
</thead>
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<tr>
<td>64,520,677</td>
<td>94,730,673</td>
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<td>12.75</td>
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</thead>
<tbody>
<tr>
<td>موڑکر ٹیکس کریکر (ترم )</td>
<td></td>
</tr>
</tbody>
</table>

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BLESSED TEXTILES LIMITED

At the close of the financial year 2015, the Company had a capital base of Rupees 50.00 million, which increased to Rupees 50.50 million in the current year (2016).

In the context of our operations, it is pleasing to note that as at 30 June 2016, the Company had achieved the following:

- Earnings per Share (EPS) increased from 0.30 rupees (30 June 2015) to 0.49 rupees.
- Total Shareholders' Equity increased from 428.95 rupees (30 June 2015) to 416.64 rupees.
- The Company's profit margins and efficiency ratios have improved significantly.

Graphical representation showing the growth in the Company's performance from 2007 to 2016.

Additional notes:

- The Company achieved a growth rate of 2.75% in sales revenue from 2015 to 2016.
- The Company has invested in state-of-the-art machinery and technology to enhance productivity and efficiency.
- The Company has a strong focus on environmental sustainability and has implemented several initiatives to reduce its carbon footprint.

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BLESSED TEXTILES LIMITED

Due to various factors, the company's performance has been affected. The unprecedented increase in raw material prices, coupled with the unstable foreign exchange rates, has added to the operational challenges. The demand for textile products has witnessed a decline, which has further impacted the company's sales. Despite these challenges, the management team is committed to optimizing operations and exploring new market opportunities to ensure sustainable growth.

In an effort to maintain financial stability, the company has initiated several cost-cutting measures. These include reducing inventory levels, renegotiating supply contracts, and streamlining production processes. The focus remains on quality and customer satisfaction, which are considered the cornerstone of the company's success.

Looking ahead, the company aims to diversify its product line by introducing innovative and eco-friendly textiles. This strategic move is expected to cater to the growing demand for sustainable and environmentally conscious products. The company is also investing in research and development to enhance its competitive edge in the textile industry.

As always, the company values its employees and recognizes their contribution to its success. Efforts are being made to improve working conditions and provide better training opportunities to enhance employee productivity and satisfaction.

In conclusion, while the current year has presented several challenges, the company remains optimistic about its future prospects. With a strong focus on resilience and innovation, Blessed Textiles Limited is poised to emerge stronger in the market, ready to seize new opportunities and overcome any obstacles that may arise.
BLESSED TEXTILES LIMITED

At Blessed Textiles Limited, we are committed to providing the highest quality products to our customers.

Our commitment to quality and innovation is reflected in our use of advanced technologies and materials. We are dedicated to meeting the diverse needs of our customers, whether in the retail or wholesale sectors.

We believe in the importance of sustainability and strive to minimize our environmental impact. Our factories are equipped with energy-efficient technologies and we regularly review our processes to reduce waste and carbon emissions.

We are proud to be a leader in the textile industry and we look forward to continuing our success in the years to come.

Chairman

[Signature]

[Date]

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I/We ____________________________________________________________

of ____________________________________________________________

being a member of BLESSED TEXTILES LIMITED and holder of ____________________________

ordinary share as per Share Register Folio No. ____________________________ and/or CDC Participant

ID No. ___________________________________ and Sub Account No. ____________________________ hereby appoint

Mr./Mrs./Miss __________________________________________________ of ____________________________ or failing

him/her __________________________________________________ of ____________________________ as my / our

proxy to act on my/our behalf at the 29th Annual General Meeting of the Company to be held on

Friday October 28th, 2016 at 4:30 p.m. at Umer House, 23/1, Sector 23, S.M. Farooq

Road, Korangi Industrial Area, Karachi. and/or at any adjournment thereof.

WITNESS

Signature ______________________________________________________

Name __________________________________________________________

Address _________________________________________________________

_______________________________________________________________

CNIC/Passport # ____________________________

(Signature should agree with the specimen signature registered with the Company)

Signed this __________ day of __________ 2016

Notes:

If a member is unable to attend the meeting, they may complete and sign this form and sent it to the

Company Secretary, BLESSED TEXTILES LIMITED, Umer House, 23/1, Sector 23, S.M. Farooq

Road, Korangi Industrial Area, Karachi. so as to reach not less than 48 hours before the time scheduled

for holding the meeting.

(i) The Proxy form shall be witnessed by a person whose name, address and CNIC/Passport number

should be stated on the form.

(ii) Attested copy of CNIC or the Passport of the beneficial owner alongwith the Proxy form should also

be submitted.

(iii) The Proxy nominee shall produce his / her original CNIC or original Passport at the time of the

meeting.

(iv) In case of a Corporate entity, the Board of Directors Resolution/Power of Attorney with specimen

signature should be submitted (unless it has been provided earlier) along with Proxy form to the

Company.
بہت خوشحال ہوں ہمیں کہ ہماری تحقیقی کمپنی کے ساتھ یہ پاکستانی اور راجیک کی تحقیقی کمپنی کے خصوصیات کی تحقیق کو فراہم کیا جائے گا۔

کوئی بھی کمپنی کے ساتھ یہ پاکستانی اور راجیک کی تحقیقی کمپنی کے خصوصیات کی تحقیق کو فراہم کیا جائے گا۔

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REGISTERED OFFICE
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