



Annual Report | 2016



Prosperity Weaving Mills Limited
An ISO 9001 : 2008 Certified Company

Mr. Shaikh Enam Ellahi
(1926 - 2016)



Shaikh Enam Ellahi our illustrious chairman passed away on September 20, 2016.

إِنَّا لِلّٰهِ وَإِنَّا إِلَيْهِ رَاجِعُونَ

Enam Sahib lived a disciplined and principled life based on hard work and honest dealings. He lived his life based on a philosophy inspired by his deep religious beliefs and a strict moral code. He was an optimist and believed that the future will be better. His entrepreneurial skills were legendary and he took calculated risks to forge ahead. He displayed great administrative, organisational and leadership skills throughout his life. As a visionary, he was able to anticipate the turn of events. These qualities earned him the respect of the community while enabling him to become a very successful person. He was extremely concerned about the less fortunate and gave freely to help them. He leaves behind a grateful family, respectful colleagues in the NAGINA GROUP and an admiring community.

May ALLAH the Almighty grant Shaikh Enam Ellahi a place in JANAT UL FIRDOUS. Ameen

CONTENTS

Company Information	04
Notice of Annual General Meeting	05
Vision and Mission Statement	09
Directors' Report to the Members	13
Statement of Compliance with the Code of Corporate Governance	23
Shareholders' Information	26
Notice u/s 218 of the Companies Ordinance, 1984	29
Pattern of Shareholding	30
Key Financial Information	32
Auditors' Review Report to the Members on Statement of Compliance with the Code of Corporate Governance	33
Auditors' Report to the Members	34
Balance Sheet	36
Profit and Loss Account	38
Cash Flow Statement	39
Statement of Changes in Equity	40
Notes to the Financial Statements	41
Form of Proxy	83

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Shahzada Ellahi Shaikh	Non-Executive Director / Chairman
Mr. Hasan Ahmed	Independent Non Executive Director
Mr. Javaid Bashir Sheikh	Non-Executive Director
Mr. Shafqat Ellahi Shaikh	Non-Executive Director
Mr. Amin Ellahi Shaikh	Non-Executive Director
Mr. Haroon Shahzada Ellahi Shaikh	Non-Executive Director
Mr. Shaukat Ellahi Shaikh	Executive Director
Mr. Tariq Zafar Bajwa	Executive Director

MANAGING DIRECTOR (Chief Executive) Mr. Shaukat Ellahi Shaikh

AUDIT COMMITTEE

Mr. Hasan Ahmed	Chairman
Mr. Amin Ellahi Shaikh	Member
Mr. Haroon Shahzada Ellahi Shaikh	Member
Mr. Syed Mohsin Gilani	Secretary

HUMAN RESOURCE & REMUNERATION (HR & R) COMMITTEE

Mr. Haroon Shahzada Ellahi Shaikh	Chairman
Mr. Shafqat Ellahi Shaikh	Member
Mr. Tariq Zafar Bajwa	Member
Mr. Muhammad Azam	Secretary

EXECUTIVE COMMITTEE

Mr. Shaukat Ellahi Shaikh	Chairman
Mr. Shahzada Ellahi Shaikh	Member
Mr. Shafqat Ellahi Shaikh	Member
Mr. Haroon Shahzada Ellahi Shaikh	Member
Mr. Muhammad Azam	Secretary

CORPORATE SECRETARY

Mr. Syed Mohsin Gilani

CHIEF FINANCIAL OFFICER (CFO)

Mr. Muhammad Tariq Sheikh

AUDITORS

Messrs Deloitte Yousuf Adil
Chartered Accountants

CORPORATE ADVISORS

Bandial & Associates

LEAD BANKERS

Albaraka Bank (Pakistan) Ltd.
Allied Bank Ltd.
Askari Bank Ltd.
Bank Alfalah Ltd.
Faysal Bank Ltd.
Habib Bank Ltd.
Meezan Bank Ltd.
MCB Bank Ltd.
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Ltd.
The Bank of Punjab
United Bank Ltd.

REGISTERED OFFICE

Nagina House
91-B-1, M.M. Alam Road
Gulberg-III, Lahore-54660

WEB REFERENCE

www.nagina.com

SHARES REGISTRAR

M/s Hameed Majeed Associates (Pvt.) Ltd.
1st Floor, H.M. House
7-Bank Square, Lahore
Phone # 042-37235081-2
Fax # 042-37358817

MILLS

13.5 K.M
Sheikhupura Sharaqpur Road
Sheikhupura

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 25th Annual General Meeting of members of PROSPERITY WEAVING MILLS LTD. will be held at the Registered Office of the Company, situated at Nagina House, 91-B-1, M.M. Alam Road, Gulberg-III, Lahore-54660 on Friday, October 28, 2016 11:00 a.m. to transact the following business:-

A. Ordinary Business

- 1) To confirm minutes of the Annual General Meeting held on October 28, 2015.
- 2) To receive, consider and adopt Audited Accounts of the Company for the year ended June 30, 2016 together with the Directors' and Auditors' reports thereon.
- 3) To approve and declare final dividend as recommended by the Board of Directors.
- 4) To appoint Auditors for the year ending June 30, 2017 and fix their remuneration.
- 5) To transact any other ordinary business with the permission of the Chair.

B. Special Business

- 1) To discuss, consider, approve and, if thought fit, pass the following special resolutions with or without modification(s):

- a) **RESOLVED** that, subject to obtaining the requisite permissions and clearances, the insertion of the following new Article 53A, appearing after the existing Article 53, in the Articles of Association of the Company be and is hereby approved.

53A The Company shall comply with the provisions and requirements prescribed under the applicable laws with respect to the use of electronic voting by its members at general meetings. The same shall be deemed to be incorporated in this Article notwithstanding the other provisions of these Articles of Association including anything contradictory herein. Members may be allowed to appoint members as well as non-members as proxies for purposes of electronic voting to the extent permitted under the applicable laws.

FURTHER RESOLVED that the Company Secretary be and is hereby authorized to take or cause to be taken any and all actions necessary and incidental for the purposes of altering the Articles of Association of the Company, and make necessary filings and complete legal formalities as may be required to implement the aforesaid resolution.

- b) **RESOLVED** that transmission of annual audited accounts to the shareholders in soft form i.e. CD/DVD/USB as notified by Securities & Exchange Commission of Pakistan vide its SRO No. 470(I)/2016 dated May 31, 2016 or in hard copy be and is hereby approved.

A statement under Section 160(1) (b) of the Companies Ordinance, 1984, along with the statement required under the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012 is annexed.

By Order of the Board



Syed Mohsin Gilani
Corporate Secretary

Lahore: September 29, 2016

NOTES:

- 1) The share transfer books for ordinary shares of the Company will be closed from Saturday, October 22, 2016 to Friday, October 28, 2016 (both days inclusive). Valid transfer(s) received in order by our Share Registrar, M/s Hameed Majeed Associates (Pvt.) Limited, H.M. House, 7-Bank Square, Lahore by the close of business on Friday, October 21, 2016 will be in time to be passed for payment of dividend to the transferee(s).
- 2) A member entitled to attend and vote at the General Meeting is entitled to appoint another member as proxy. Proxies, in order to be effective, must be received at the Company's registered office not less than forty eight (48) hours before the time of meeting. Members through CDC appointing proxies must attach attested copy of their Computerised National Identity Card (CNIC) with the proxy form.
- 3) The shareholders through CDC, who wish to attend the Annual General Meeting are requested to please bring, original CNIC with copy thereof, duly attested by their bankers, account number and participant I.D number for identification purpose.
- 4) In case of corporate entity, certified copy of the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form of the Company.
- 5) Members who have not submitted copy of valid CNIC are once again advised to submit the same without further delay to ensure compliance with the Securities and Exchange Commission of Pakistan (SECP) Notification S.R.O. 275(I)/2016 dated March 31, 2016 read with Notification S.R.O. 19(I)/2014 dated January 10, 2014 and Notification S.R.O. 831(I)/2012 dated July 5, 2012.

Henceforth, issuance of dividend warrant(s) will be subject to submission of CNIC (individuals) / NTN (corporate entities) by shareholders.

- 6) SECP has taken new initiative to make the process of payment of cash dividend to shareholders more efficient through e – Dividend mechanism where shareholders can get amount of dividend credited to their respective bank accounts electronically without delay. In order to avail this benefit the members are encouraged to provide dividend mandates (i.e. bank detail for deposit of dividend). The e-Dividend Mandate forms are available with the Company Secretary.
- 7) The financial statements for the year ended June 30, 2016 shall be uploaded on the Company's website on or before October 7, 2016.
- 8) Pursuant to SECP Notification S.R.O 787(I)/ 2014 dated September 8, 2014, members may inform the Company to receive the Audited Financial Statements and notices through e-mail by submitting Standard Request Form available on Company's website.
- 9) Members are requested to promptly notify the Company of any change in their registered address.

10)IMPORTANT:

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

- i) Rate of tax deduction for filer of income tax return 12.5%
- ii) Rate of tax deduction 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 Tax Payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to immediately make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @20% instead of 12.5%.

Further, according to clarification received from Federal Board of Revenue (FBR), withholding tax will be determined separately on "Filer/ Non-Filer" status of principal shareholder as well as joint-holders (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 to our Share Registrar, in writing, within 10 days of this notice, otherwise it will be assumed that the shares are equally held by principal shareholder and joint holder(s).

- b) Shareholders are requested to provide CNIC/NTN, e-Dividend information and change of address to (i) respective Central Depository System (CDS) Participant and (ii) in case of physical securities to the Company's Share Registrar M/s. Hameed Majeed Associates (Pvt) Ltd., H.M. House, 7-Bank Square, Lahore.

STATEMENT OF MATERIAL FACTS UNDER SECTION 160(1) (B) OF THE COMPANIES ORDINANCE, 1984 REGARDING SPECIAL BUSINESS

This statement sets out the material facts concerning the special business, given in agenda item No.1 (a) and (b) of Special Business:

a) Amendments in the Articles of Association:

The amendments to the Articles of Association of the Company are being carried out in order to give effect to the requirements of newly announced Companies (E-voting) Regulations, 2016 by the Securities and Exchange Commission of Pakistan. The detail of amendments proposed in the Articles of Association is part of the resolution mentioned in the Notice.

b) Dissemination of information regarding Annual Audited Accounts to the shareholder through CD/DVD/USB

In order to implement SECP directions with respect to transmit / circulate information such as annual audited accounts through CD/DVD/USB or in hard copies, resolution is part of the notice for concurrence of shareholders to adopt the newly inducted mode of transmission.

The Directors are not interested, directly or indirectly, in the above business except to the extent of their investment as has been detailed in the pattern of shareholding annexed to the Directors' Report.

STATEMENT AS REQUIRED UNDER THE COMPANIES (INVESTMENT IN ASSOCIATED COMPANIES OR ASSOCIATED UNDERTAKINGS) REGULATIONS, 2012.

Members had approved a special resolution u/s 208 of the Companies Ordinance, 1984 on October 28, 2015. The Company has not made any investment under the resolution. Following is the status:

a. Total investment approved.	Rs.75,000,000/= (Rupees seventy five million only) to each of the following associated company: i) Nagina Cotton Mills Ltd. (NCML) ii) Ellcot Spinning Mills Ltd. (ESML)				
b. Amount of investment made to date:	Nil				
c. Reason for not having made complete investment so far where resolution required it to be implemented in specified time.	Due to better cash flows, the associated companies did not need funds envisaged u/s 208 of the Companies Ordinance, 1984. Therefore, no investment transaction took place during the year 2015-16.				
d. Material change in Financial Statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company.	Present Financial Position as on June, 30, 2016		Financial Position at the time of approval as on June 30, 2015		
	NCML	ESML	NCML	ESML	
	Rupees in Millions				
	Net sales	4,267.869	4,227.910	4,208.114	4,588.788
	Gross profit	151.481	245.286	389.233	291.992
	Profit / (loss) before tax	(64.422)	59.490	148.032	90.206
	Profit / (loss) after tax	(92.945)	71.165	133.689	54.299

Vision:

To be the market leader by being the best and providing the best.

Mission:

Being one of the leading manufacturers of high quality greige fabric for apparel and home furnishing, we are committed to high quality product and customer satisfaction.

Our mission is to continually improve our products and services for our worldwide customers and to provide a better return to our shareholders.

We believe in keeping our production facilities equipped with the modern technologies by continuous upgrading to be competitive in the markets.

We strive towards building long-term and better relationship with our suppliers.

We care for our employees by providing them a healthy and safe working environment and opportunity for growth through learning and experience.

We do have a social responsibility towards our community in which we operate and we are committed to safety, health and environment in all our operations.

CERTIFICATE



Instituto Tecnológico Textil
Plaza Emilio Sala, 1-1ª
E-03001 Alcoy (Alicante)

Institute of the International Association for Research and Testing in the Field of Textile Ecology (IOF&O-TEXT)

The company

PROSPERITY WEAVING MILLS LTD.

**Nagina House, 91-B-1,
M.M. Alam Road, Gulberg III
54660 Lahore, PAKISTAN**

is granted authorisation according to Oeko-Tex® Standard 100 to use the Oeko-Tex® mark, based on our test report **2016OK0676**



**Tested for harmful substances
according to Oeko-Tex® Standard 100**

2011PK0110

AITEX

for the following articles:

Greige woven fabric made of 100% cotton and its mixtures with polyester and elastane. Exclusively based on pre-certified material according to Oeko-Tex® Standard 100.

The results of the inspection made according to Oeko-Tex® Standard 100, product class 1 have shown that the above mentioned goods meet the human-ecological requirements of the standard presently established for baby articles.

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

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

This authorisation is valid until 31.07.2017

Alcoy, 30.06.2016

Silvia Devesa Valencia
Innovation Assistant Manager



Isabel Soriano Sarrio
Chief of Innovation Area





Control Union Certifications
P.O. Box 161, 8000 AD Zwolle, The Netherlands
<http://www.controlunion.com>
tel.: +31(0)38-4260100

CERTIFICATE OF COMPLIANCE
(Scope Certificate)

CERTIFICATE No: CU809299GOTS-01.2016
REGISTRATION No: CU 809299

Control Union Certifications declares that

Nagina Group
91-B-1, M.M. Alam Road,
Gulberg III,
Lahore 54660
PAKISTAN

has been inspected and assessed according to the
Global Organic Textile Standard (GOTS)
version 4.0

and that products of the categories as mentioned below (and further specified in the annex)
comply with this standard:

Fabrics, Yarns

Processing steps / activities carried out under responsibility of the above mentioned company
(by the operations as detailed in the annex) for certified products

Exporting, Spinning, Weaving

This certificate is Valid until: 21 January 2017

Place and date of issue:
Colombo-07, 26 January 2016

Stamp of the issuing body

Standard's Logo

Name of authorised person


On behalf of the Managing Director
Mr. K.W.D.T. De Silva
Certifier



This Certificate of Compliance provides no proof that any goods delivered by its holder are GOTS certified. Proof of GOTS certification of goods delivered is provided by a valid Transaction Certificate (TC) covering them.

The issuing body can withdraw this certificate before it expires if the declared compliance is no longer guaranteed.

Accredited by: Dutch Accreditation Council (RVA), Accreditation No: C 412



Control Union Certifications
P.O. Box 161, 8000 AD Zwolle, The Netherlands
<http://www.controlunion.com>
tel.: +31(0)38-4260100

CERTIFICATE OF COMPLIANCE

(Scope Certificate)

CERTIFICATE No: CU809299OCS-01.2016
REGISTRATION No: CU 809299

Control Union Certifications declares that

Nagina Group
91-B-1, M.M. Alam Road,
Gulberg III,
Lahore 54660
PAKISTAN

has been inspected and assessed according to the

Organic Content Standard (OCS-NL)

Version 1.0

Organic Content Standard 100

Organic Content Standard Blended

and that products of the categories as mentioned below (and further specified in the annex) comply with this standard:

Fabrics, Yarns

Processing steps / activities carried out under responsibility of the above mentioned company (by the operations as detailed in the annex) for certified products

Exporting, Spinning, Weaving

This certificate is Valid until: 23 January 2017

Place and date of issue:
Columbo-07, 26 January 2016

Stamp of the issuing body

Standard's Logo

Name of authorised person

On behalf of the Managing Director
Mr. K.W.D.T. De Silva
Certifier



This certificate cannot be used as a transaction certificate.

The issuing body can withdraw this certificate before it expires if the declared compliance is no longer guaranteed.

DIRECTORS' REPORT TO THE MEMBERS

The Directors have the honour to present 25th Annual Report of your Company together with Audited Financial Statements and Auditors' Report thereon for the year ended June 30, 2016. Figures for the previous year ended June 30, 2015 are included for comparison.

Company Performance

Alhamdulillah, your Company has been able to maintain profitable results. After tax profit for the year under review is Rs.39,972,082 compared to Rs.60,830,729 during the previous year. Earning per share (EPS) for the year is Rs.2.16 compared to Rs.3.29 for the last year.

Sales revenue for the year stood at Rs.5,211,429,433 compared to Rs.5,811,481,540 showing decrease of 10.33% over the corresponding year 2014-15. Cost of sales decreased from 94.52% of sales last year to 93.10% of sales this year. Gross profit for the current year is 6.90% of sales compared to 5.48% of last year.

Distribution cost for the year is 1.95 % of sales compared to 1.99% of sales during the corresponding year. Administrative expenses increased from 1.07% of sales to 1.26% of sales due to inflationary impact of rising wages and salaries. Other operating expenses increased compared to previous year mainly due to increase in provision for WPPF and WWF.

Finance costs increased to Rs. 111,346,424 (2.14% of sales) compared to Rs.107,221,443 (1.84% of sales) during the corresponding financial year of 2014-15. The increase in finance cost is mainly due to additional long term loans obtained for BMR purposes.

Capital Assets Investment

During the year your Company invested Rs.35,559,229 in the Expansion, Balancing, Modernization, Replacement (BMR) of building, plant and machinery and related assets.

Dividend

The Directors have pleasure to recommend payment of cash dividend @ 17.50 % i.e. Rs. 1.75 per ordinary share. The dividend will amount to Rs. 32,340,000.

Future Prospects and Outlook

Textile sector in general and weaving sector in particular is going through difficult times. Lower global demand of greige fabric is forcing us to sell at lower margins. Exchange rate of Pak Rupee to USD has remained stable throughout the year. Regional competitors have been devaluing their currencies against the US Dollar. The weakness in the currencies of our regional competitors has made it difficult to compete with them.

This fact is evident from the falling exports of the country. Already textile exports has declined by 7.40% in the fiscal year 2016 compared to 2015. We expect that our Government will extend its support to industry in order to boost exports of the country. We feel that measures such as rationalizing the currency exchange rates, zero rating of exports, lowering energy costs, supplying uninterrupted energy to the industry, timely refunds of sales and income taxes and lowering interest rates are required to support the industry.

The company is going through BMR/ expansion programme the value of which is around Rs. 700 Million. By virtue of this plan 112 new wider width looms would be installed. However, some of the older looms will be scrapped.

Your management is cognisant of the challenges ahead and taking all possible steps so as to control costs, develop new markets and introduce new products.

ISO 9001: 2008 Certification

The Company continues to operate at high standards of quality and had obtained latest version of certification for the period from November 16, 2012 to May 20, 2018. The quality control certification helps to build up trust of new and old customers.

Corporate Social Responsibility (CSR)

The Company strongly believes in the integration of Corporate Social Responsibility into its business, and has consistently worked for the uplift of communities that are influenced directly or indirectly by our business. In line with our CSR policy, management helped in developing a school in the factory site to impart preliminary level education for children of factory workers as well as for the nearby community.

Environment, Health and Safety: The Company maintains safe working conditions avoiding the risk to the health of employees and public at large. The management has maintained safe environment in all its operations throughout the year and is constantly upgrading their safety and living facilities.

Safety is a matter of concern for machinery as well as the employees working at plant. Fire extinguishers and other fire safety equipments have been placed at sites as well as registered and head office of the Company. Regular drills are performed to ensure efficiency of fire safety equipments.

Compliance with the Code of Corporate Governance

The “Statement of Compliance with the Code of Corporate Governance (CCG)” is annexed.

Corporate Governance & Financial Reporting Framework

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

- i) The financial statements prepared by the management of the Company present fair state of Company's operations, cash flows and changes in equity.
- ii) Proper books of account of the Company have been maintained.
- iii) Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based upon reasonable and prudent judgment.
- iv) International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements.

- v) The system of internal control is sound in design and has been effectively implemented and monitored.
- vi) There are no doubts upon the Company's ability to continue as a going concern.
- vii) Key operating and financial data for the last six years is annexed.
- viii) There are no statutory payments on account of taxes, duties, levies and charges that are outstanding as on June 30, 2016 except for those disclosed in the financial statements.
- ix) No adverse material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which this balance sheet relates and the date of the Director's Report.
- xi) During 2015-2016, no trade in the shares of the Company carried out by the Directors, CEO, CFO, Company Secretary and their spouses and minor children except the following shares, totalling to 600,000 shares, which were transferred as gift by Directors:

Name of Transferor	Designation	Name of Transferee	No. of Shares
Mr. Shahzada Ellahi Shaikh	Director	Mr. Haroon Shahzada Ellahi Shaikh	100,000
Mr. Shahzada Ellahi Shaikh	Director	Mr. Omer Ellahi Shaikh	100,000
Mr. Shaukat Ellahi Shaikh	CEO / Director	Mr. Raza Ellahi Shaikh	200,000
Mr. Shafqat Ellahi Shaikh	Director	Mr. Amin Ellahi Shaikh	200,000

Related Parties

The transactions between the related parties were carried out at an arm's length basis. The Company has fully complied with the best practices of the transfer pricing as contained in the listing regulation of Pakistan Stock Exchange Ltd.

Financial Statements Audit

Financial statements of the Company have been audited without any qualification by Messrs. Deloitte Yousuf Adil, (Formerly: M. Yousuf Adil Saleem & Co.), Chartered Accountants, the statutory external auditors of the Company.

Shareholding Pattern

The shareholding pattern as at June 30, 2016 including the information under the Code of Corporate Governance, for ordinary shares, is annexed.

Notice u/s 218 of the Companies Ordinance, 1984

Notice u/s 218 of the Companies Ordinance, 1984 is annexed.

Committees of the Board

The Board of Directors of the Company in compliance with the Code of Corporate Governance and Articles of Association of the Company has established following Committees. The names of the members of the Committees are given in the Company information.

- Audit Committee
- Human Resource & Remuneration (HR&R) Committee
- Executive Committee

Board of Directors' Meetings

During the year, four (4) meetings of the Board of Directors were held. Attendance by each Director is as follows:-

Sr. No.	Name of Director	Attendance
1	Mr. Shaikh Enam Ellahi	4
2	Mr. Javaid Bashir Sheikh	4
3	Mr. Shahzada Ellahi Shaikh	4
4	Mr. Shaukat Ellahi Shaikh	4
5	Mr. Shafqat Ellahi Shaikh	2
6	Mr. Hasan Ahmed	4
7	Mr. Haroon Shahzada Ellahi Shaikh	4
8	Mr. Tairq Zafar Bajwa	4

Leave of absence was granted to Director who could not attend any of the Board meetings.

Audit Committee Meetings

During the year, four (4) meetings of Audit Committee of the Board were held. Attendance by each Director is as follows:

Sr. No.	Name of Director	Attendance
1	Mr. Hasan Ahmed	4
2	Mr. Shaikh Enam Ellahi	4
3	Mr. Haroon Shahzada Ellahi Shaikh	4

Executive Committee Meetings

During the year, five (5) meetings of Executive Committee of the Board were held. Attendance by each Director is as follows:

Sr. No.	Name of Director	Attendance
1	Mr. Shaikh Enam Ellahi	5
2	Mr. Shahzada Ellahi Shaikh	5
3	Mr. Shaukat Ellahi Shaikh	2
4	Mr. Shafqat Ellahi Shaikh	5

Leave of absence was granted to Director who could not attend any of the Executive Committee meetings.

Human Resource and Remuneration (HR&R) Committee Meetings

During the year, one (1) meeting of HR & R Committee of the Board was held. Attendance by each Director is as follows:

Sr. No.	Name of Director	Attendance
1	Mr. Haroon Shahzada Ellahi Shaikh	1
2	Mr. Shafqat Ellahi Shaikh	1
3	Tariq Zafar Bajwa	1

Director's Training Program

The Company has complied with the requirements of regulation 5.19.7 of PSX rule book. Mr. Javaid Bashir Sheikh, Director of the Company has taken certification of the Director's Training Programs during the year.

Appointment of Auditors

Messrs Deloitte Yousuf Adil, Chartered Accountants are due to retire and being eligible, offer themselves for re-appointment as Auditors for the year 2016-17. The Audit Committee and Board of Directors have recommended for re-appointment of present Auditors.

Acknowledgment

Continued diligence and devotion of the staff and workers of the Company and good human relations at all levels deserve acknowledgement. The Directors also wish to place on record their thanks to the bankers and other stakeholders for their continued support to the Company.

On behalf of the Board



Shaukat Ellahi Shaikh
Mg. Director (Chief Executive)

Lahore: September 29, 2016

ممبران کے لئے مجلس نظام کی رپورٹ

مجلس نظام 30 جون 2016 کو تختہ سال کے لئے کمپنی کی 25 ویں سالانہ رپورٹ معہ نظر ثانی شدہ مالیاتی حسابات اور اس پرائیویٹ کی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہی ہے۔ 30 جون 2015 کو ختم ہونے والے گزشتہ سال کے اعداد و شمار بھی موازنہ کے لئے شامل کئے گئے ہیں۔

کمپنی کی کارکردگی

الحمد للہ کمپنی منافع بخش نتائج کو برقرار رکھنے کے قابل رہی ہے۔ کمپنی نے گزشتہ سال بعد از ٹیکس منافع 60,830,729 روپے کے مقابلے زیر جائزہ سال کے لئے بعد از ٹیکس منافع 39,972,082 روپے کمایا ہے۔ زیر جائزہ سال کے لئے فی حصص آمدنی (EPS) گزشتہ سال کے دوران 3.29 روپے کے مقابلے 2.16 روپے رہی۔

سال کے لئے فروخت کی آمدن 5,211,429,433 روپے رہی جو کہ گزشتہ سال کی فروخت 5,811,481,540 روپے کے مقابلے میں 10.33 فیصد کم رہی۔ لاگت فروخت جو کہ گزشتہ سال کی فروخت کے 94.52 فیصد کے مقابلے میں فروخت کے 93.10 فیصد پر رہی۔ موجودہ سال کے لئے مجموعی منافع گزشتہ سال کے 5.48 فیصد کے مقابلے میں فروخت کا 6.90 فیصد رہا ہے۔ فروخت کے اخراجات گزشتہ سال میں فروخت کے 1.99 فی صد کے مقابلے اس سال فروخت کا 1.95 فی صد ہیں۔ اجرتوں اور تنخواہوں میں اضافہ سے افراط زر کے اثرات کی وجہ سے انتظامی اخراجات میں فروخت کے 1.07 فیصد سے فروخت کے 1.26 فیصد تک زیادہ ہو گئے۔ دیگر آپریٹنگ اخراجات بنیادی طور پر ورکرز پرافٹ پارٹنشیپشن فنڈ اور ورکرز ویلفیئر فنڈ کیلئے پروویڈنٹ میں اضافہ کے باعث گزشتہ سال کے مقابلے میں زیادہ ہوئے۔

بینکاری لاگت گزشتہ مالی سال 2014-15 کے دوران 107,221,443 روپے (فروخت کا 1.84 فیصد) کے مقابلے 111,346,424 روپے (فروخت کا 2.14 فیصد) تک بڑھ گئی۔ بینکاری لاگت میں اضافے کی بنیادی وجہ (BMR) کے مقاصد کے لیے طویل مدتی قرضہ ہیں۔

طویل مدتی اثاثوں کی سرمایہ کاری

سال کے دوران کمپنی نے (BMR)، پلانٹ اور مشینری اور دیگر اثاثوں کی توسیع/توازن اور جدت میں 35,559,229 روپے کی سرمایہ کاری کی ہے۔

منافع منقسمہ

ڈائریکٹرز کو نقد منافع منقسمہ بشر 17.50 یعنی 1.75 روپے فی عام شیئر کی ادائیگی کی سفارش کرتے ہوئے خوشی ہو رہی ہے۔ منافع منقسمہ کی رقم 32,340,000 روپے تک ہوگی۔

مستقبل کے امکانات اور نقطہ نظر

عام طور پر ٹیکسٹائل کی صنعت اور خاص طور پر پونگ کا شعبہ مشکل ادوار سے گزر رہا ہے۔ greige فیکٹری کی کم عالمی طلب ہمیں کم مارجنز پر فروخت کرنے کے لئے مجبور کر رہی ہے۔ ڈالر اور پاکستانی روپے کے تبادلے کی شرح پورا سال مستحکم رہی۔ ہمارے علاقائی حریف مقابلہ میں رہنے کے لئے اپنی کرنسی کی قدر کو گرا رہے ہیں۔ یہ حقیقت ملکی برآمدات کے گرنے سے عیاں ہے۔ پہلے ہی ٹیکسٹائل برآمدات سال 2015 کے مقابلے مالی سال 2016 میں 7.40 فیصد تک کم ہو گئی ہیں۔

ہم امید کرتے ہیں کہ ہماری حکومت ملک کی برآمدات کو بڑھانے کی مدد میں صنعت کے لئے اپنی مدد کو وسیع دے گی۔ حالات کی بہتری کے لئے ہم محسوس کرتے ہیں کہ کرنسی کے تبادلے کی شرح کو جدید حالات کے مطابق تبدیل کیا جائے، برآمدات کی زیورینٹنگ، بجلی کی لاگتوں میں کمی، صنعتوں کو توانائی کی بلا تعطل فراہمی، سبز ٹیکس، اکٹم ٹیکس اور کسٹم ڈیوٹی ریفرنڈ کی واپسی اور شرح سود کی کمی جیسے اقدامات کرنے کی ضرورت ہے۔

کمپنی BMR/ توسیع پروگرام سے گزر رہی ہے جس کی لاگت تقریباً 700 ملین روپے ہے۔ اس منصوبہ کے تحت 112 نئی زیادہ چوڑائی والی لومز نصب کی جائیں گی۔ تاہم، چند پرانی لومز بیکار ہو جائیں گی۔ تاہم، انتظامیہ صورتحال سے واقف ہے اور لاگتوں پر کنٹرول، نئی منڈیوں کی دریافت اور نئی مصنوعات متعارف کروانے جیسے تمام ممکن اقدامات اٹھا رہی ہے۔

آئی ایس او 9001:2008 سرٹیفیکیشن

کمپنی کوالٹی کے اعلیٰ معیارات پر کام جاری رکھتی ہے اور 16 نومبر 2012 سے 20 مئی 2018 تک کی مدت کے لئے سرٹیفیکیشن کا تجدیدی ورژن حاصل کر چکی ہے۔ کوالٹی کنٹرول سرٹیفیکیشن سے نئے اور پرانے گاہکوں کا اعتماد حاصل کرنے میں مدد ملتی ہے۔

کارپوریٹ سماجی ذمہ داری

کمپنی اپنے کاروبار میں کارپوریٹ سماجی ذمہ داری کے انضمام پر پختہ یقین رکھتی ہے، اور جید مسلسل سے معاشرتی بہتری جو کہ بلا واسطہ اور بلا واسطہ ہمارے کاروبار سے تعلق ہو کیلئے کوشش ہے۔ ہماری CSR پالیسی کے مطابق انتظامیہ نے فیکٹری ورکرز کے بچوں اور ارد گرد کی کمیونٹی کے لئے ابتدائی سطح کی تعلیم فراہم کرنے کے لئے فیکٹری سائٹ میں ایک سکول کی ترقی میں مدد کی ہے۔

ماحول، صحت اور تحفظ

کمپنی اپنے ملازمین اور عوام کی صحت کے لئے خطرات سے بچنے کے لئے محفوظ کام کے حالات کو برقرار رکھتی ہے۔ انتظامیہ نے سال بھر اپنی تمام کارروائیوں میں محفوظ ماحول کو برقرار رکھا ہے اور مسلسل ملازمین کی حفاظت اور زندگی کی سہولیات کو بہتر بنا رہی ہے۔

مشینری اور ان پر کام کرنے والے ملازمین کا تحفظ کمپنی کی ترجیحات ہیں۔ آگ بجھانے والے آلات اور آگ سے بچاؤ کا دیگر ساز و سامان کمپنی کی سائٹس کے ساتھ ساتھ اس کے رجسٹرڈ اور صدر دفتر میں رکھا گیا ہے۔ آگ سے بچاؤ کے ساز و سامان کی کارکردگی کو یقینی بنانے کے لئے باقاعدہ مشق کی جاتی ہے۔

کارپوریٹ گورننس کے ضابطہ کی تعمیل

"کارپوریٹ گورننس (CCG) کے ضابطہ کی تعمیل کا بیان" منسلک ہے۔

کارپوریٹ گورننس اور عمومی مالیاتی رپورٹنگ کا طریقہ کار

کارپوریٹ گورننس کے ضابطہ کے مطابق، ڈائریکٹرز بخوشی بیان کرتے ہیں:

۱۔ کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔

۲۔ کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔

۳۔ مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔

۴۔ مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے، اور کسی بھی انحراف کا موزوں انکشاف اور وضاحت کی گئی ہے۔

۵۔ اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔

۶۔ کمپنی کے رواں دواں رہنے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔

۷۔ گزشتہ چھ سال کا کلیدی آپریشننگ اور مالیاتی شماریات منسلک ہیں۔

۸۔ ٹیکس، ڈیویڈنڈ، لیویز اور چارجز کی مد میں کوئی قانونی ادائیگی واجب الادا نہیں ہے جو 30 جون 2016 کو بقایا ہوں، سوائے ان کے جن کا مالی حسابات میں ظاہر کیا گیا ہے؛

۹۔ مالی سال کے اختتام سے اب تک، کمپنی مالی حالت کو متاثر کرنے والی کوئی منفی مادی تبدیلیاں اور وعدے جن کا تعلق اس بیلنس شیٹ سے ہو وقوع پذیر نہیں ہوئے ہیں۔

۱۰۔ 2015-2016 کے دوران کمپنی کے حصص میں اس کے ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری اور ان کے ازواج اور نابالغ بچوں کی طرف سے کوئی تجارت نہیں کی گئی سوائے درج ذیل کل 600,000 حصص، جو ڈائریکٹرز کی طرف سے بطور تحفہ منتقل کئے گئے تھے۔

نام منتقل کنندہ	عہدہ	نام وصول کنندہ	حصص کی تعداد
جناب شہزادہ الہی شیخ	ڈائریکٹر	جناب ہارون شہزادہ الہی شیخ	100,000
جناب شہزادہ الہی شیخ	ڈائریکٹر	جناب عمر الہی شیخ	100,000
جناب شہزادہ الہی شیخ	سی ای او / ڈائریکٹر	جناب رضا الہی شیخ	200,000
جناب شفقت الہی شیخ	ڈائریکٹر	جناب امین الہی شیخ	200,000

متعلقہ پارٹیز

متعلقہ پارٹیوں کے درمیان لین دین بازار کے مطابق قیمتیں مقرر کر کے کیا گیا۔ کمپنی پاکستان میں سٹاک ایکسچینجر کی لسٹنگ کے ضابطے میں موجود منتقلی قیمتوں کے تعین کے بہترین طریقوں پر عمل پیرا ہے۔

مالیاتی حسابات کا آڈٹ

کمپنی کے مالی حسابات کا آڈٹ بغیر کسی بے ضابطگی کی نشان دہی کے میسرز ڈیلوئٹ یوسف عادل، چارٹرڈ اکاؤنٹنٹس، نے کیا ہے، جو کہ کمپنی کے بیرونی ایڈیٹر ہیں۔

تقسیم حصص داری

30 جون 2016 کے مطابق تقسیم عام حصص داری کی معلومات کارپوریٹ گورننس کے ضابطے کے تحت منسلک ہے۔

کمپنیز آرڈیننس 1984 کی دفعہ 218 کے تحت نوٹس

کمپنیز آرڈیننس 1984 کی دفعہ 218 کے تحت نوٹس منسلک ہے۔

بورڈ کی کمیٹیاں

کارپوریٹ گورننس کے ضابطہ اور کمپنی کے آرٹیکلز آف ایسوسی ایشن کے مطابق بورڈ آف ڈائریکٹرز نے مندرجہ ذیل کمیٹیاں تشکیل دی ہیں:

• آڈٹ کمیٹی

• ہیومن ریسورس اینڈ ریلیمنٹیشن (HR&R) کمیٹی

• ایگزیکٹو کمیٹی

مندرجہ بالا کمیٹیوں کے ارکان کے نام کمپنی کی معلومات میں دیئے گئے ہیں۔

بورڈ آف ڈائریکٹرز کے اجلاس

زیر جائزہ سال کے دوران، بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے، حاضری کی پوزیشن حسب ذیل تھی:-

نمبر شمار	نام ڈائریکٹر	تعداد حاضری
1	جناب شیخ انعام الہی	4
2	جناب جاوید بشیر شیخ	4
3	جناب شہزادہ الہی شیخ	4
4	جناب شوکت الہی شیخ	4
5	جناب شفقت الہی شیخ	2
6	جناب حسن احمد	4
7	جناب ہارون شہزادہ الہی شیخ	4
8	جناب طارق ظفر باجوہ	4

ڈائریکٹر جو بورڈ کے کسی اجلاس میں نہیں آ سکتے تھے کو غیر موجودگی کی رخصت عطا کی گئی۔

آڈٹ کمیٹی کے اجلاس

زیر جائزہ سال کے دوران، آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے، حاضری کی پوزیشن حسب ذیل تھی:-

نمبر شمار	نام ڈائریکٹر	تعداد حاضری
1	جناب حسن احمد	4
2	جناب شیخ انعام الہی	4
3	جناب ہارون شہزادہ الہی شیخ	4

ایگزیکٹو کمیٹی کے اجلاس

زیر جائزہ سال کے دوران، ایگزیکٹو کمیٹی کے پانچ (5) اجلاس منعقد ہوئے، حاضری کی پوزیشن حسب ذیل تھی:-

نمبر شمار	نام ڈائریکٹر	تعداد حاضری
1	جناب شیخ انعام الہی	5
2	جناب شہزادہ الہی شیخ	5
3	جناب شوکت الہی شیخ	2
4	جناب شفقت الہی شیخ	5

ڈائریکٹر جو بورڈ کے کسی اجلاس میں نہیں آ سکتے تھے کو غیر موجودگی کی رخصت عطا کی گئی۔

ہیومن ریسورس اینڈ ریمیزیشن (R&HR) کمیٹی کے اجلاس

زیر جائزہ سال کے دوران، ہیومن ریسورس اینڈ ریمیزیشن (R&HR) کمیٹی کا ایک اجلاس منعقد ہوا، حاضری کی پوزیشن حسب ذیل تھی:-

نمبر شمار	نام ڈائریکٹر	تعداد حاضری
1	جناب ہارون شہزادہ الہی شیخ	1
2	جناب شفقت الہی شیخ	1
3	جناب طارق ظفر باجوہ	1

ڈائریکٹر کی تربیت کے پروگرام

کمپنی نے PSX رول بک کے قوانین 5.19.7 کے ضابطے پر عمل کیا ہے۔

کمپنی کے ڈائریکٹر جناب جاوید بشیر شیخ نے سال کے دوران ڈائریکٹر کی ٹریننگ پروگرامز کی سرٹیفیکیشن حاصل کی ہے۔

آڈیٹر کی تقرری

میسرز ڈیلوئٹ یوسف عادل، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے کی بناء پر سال 2016-17 کے لئے بطور آڈیٹر دوبارہ تقرری کے لئے خود کو پیش کرتے ہیں۔ آڈٹ کمیٹی اور مجلس نفعاء نے موجودہ آڈیٹر کی دوبارہ تعیناتی کے لئے سفارش کی ہے۔

اعتراف

کمپنی کے عملے اور کارکنوں کی مسلسل محنت اور جذبہ اور تمام سطحوں پر اچھے تعلقات کا اعتراف کرتے ہیں۔ ڈائریکٹر ڈینکر ز اور دیگر حصہ داروں کا بھی کمپنی کی مسلسل حمایت پر شکریہ ادا کرتے ہیں۔

منجانب بورڈ


شوکت الہی شیخ

مینیجنگ ڈائریکٹر (چیف ایگزیکٹو)

لاہور: 29 ستمبر 2016

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2016

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Chapter 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 CCG in the following manner:

1. The Company encourages representation of Independent Non-Executive Directors and Directors representing minority interests on its Board of Directors. At present the Board includes:

Category	Names
Independent Director	Mr. Hasan Ahmed
Executive Directors	Mr. Shaukat Ellahi Shaikh Mr. Tariq Zafar Bajwa
Non-Executive Directors	Mr. Shaikh Enam Ellahi* Mr. Javaid Bashir Sheikh Mr. Shahzada Ellahi Shaikh Mr. Shafqat Ellahi Shaikh Mr. Haroon Shahzada Ellahi Shaikh

*Mr. Shaikh Enam Ellahi has passed away on September 20, 2016.

The Independent Director meets the criteria of Independence under clause 5.19.1.(b) of the CCG.

2. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company.
3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs 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 financial year 2015-16.
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 in line with Articles of Association of the Company.

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. In accordance with the criteria specified in Code of Corporate Governance, six (6) Directors have obtained certification under Directors' Training Program (DTP) and one (1) Director is exempted. All the Directors are fully conversant with their duties and responsibilities as Directors, they were further apprised through presentations during the year.
10. No new appointment of CFO and Company Secretary has been made during the year. However, Head of Internal Audit has been appointed and the remuneration and terms and conditions of his employment were approved by the Board.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. 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 CCG.
15. The Board has formed an Audit Committee. It comprises three members, all members 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 CCG. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises three members, of whom two 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 CCG have been complied with.

on behalf of the Board



SHAUKAT ELLAHI SHAIKH
Mg. Director (Chief Executive)

Lahore: September 29, 2016

SHAREHOLDERS' INFORMATION

Annual General Meeting

25th Annual General Meeting of PROSPERITY WEAVING MILLS LTD. will be held at the Registered Office of the Company, Nagina House, 91-B-1, M.M. Alam Road, Gulberg-III, Lahore-54660 on Friday, October 28, 2016 at 11:00 a.m.

Eligible shareholders are encouraged to participate and vote.

Ownership

On June 30, 2016, the Company has 631 Shareholders.

Web Reference

The Company maintains a functional website. Annual, half-yearly and quarterly reports are regularly posted at the Company's website: www.nagina.com

Dividend

The Board of Directors have recommended in their meeting held on September 29, 2016, payment of final cash dividend at the rate of Rs.1.75 per share i.e. 17.50% for the year ended June 30, 2016.

Dividend Mandate (Optional)

Securities and Exchange Commission of Pakistan has taken new initiative to make the process of payment of cash dividend to shareholders more efficient through e – Dividend mechanism, where shareholders can get amount of dividend credited to their respective bank accounts electronically without delay. By opting this mechanism, there will be instant credit of dividend and no chance of dividend warrants getting lost in the post, undelivered or delivered to the wrong address etc.

In order to avail this benefit, the members are encouraged to provide dividend mandates by sending the mandate information on the following format, directly to the Company's Share Registrar in case of physical shareholders and directly to the relevant Participant / CDC Investor Account Service in case of maintaining shareholding under Central Depository System (CDS).

<i>Detail of Bank Mandate</i>	
Title of Bank Account	
Bank Account Number	
Bank's Name	
Branch Name and Address	
Branch Code	
Cell Number of Shareholder / Transferee	
Landline Number of Shareholder / Transferee, if any	

It is stated that the above-mentioned information is correct, that I will intimate the changes in the above-mentioned information to the Company and the concerned Share Registrar as soon as these occur.

Signature of the Shareholder

Requirement of CNIC Number / National Tax Number (NTN) Certificate.

As has already notified from time to time, the Securities and Exchange Commission of Pakistan (SECP), vide Notification SRO 275(I)/2016 dated March 31, 2016 read with Notification SRO 19(I)/2014 dated January 10, 2014 and Notification SRO 831(I)/2012 dated July 5, 2012 required that dividend warrants should bear Computerized National Identity Card (CNIC) number of the registered member.

Members who have not yet submitted copy of their valid Computerized National Identity Card (CNIC) / National Tax Number (NTN) Certificate (in case of Corporate Entity) are requested to submit the same at the earliest.

Copy of CNIC/NTN may be sent directly to the Share Registrar:

M/s Hameed Majeed Associates (Pvt.) Limited,
1st Floor, H.M. House,
7-Bank Square,
Lahore
Ph # (+92-42) 37235081-82
Fax # (+92-42) 37358817

Henceforth, issuance of dividend warrant(s) will be subject to submission of CNIC (individuals)/ NTN (corporate entities) by shareholders.

Deduction of Income Tax from Dividend under Section 150 of the Income Tax Ordinance, 2001 ("Income Tax Ordinance").

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

- (a) Rate of tax deduction for filer of income tax returns @12.5%
- (b) Rate of tax deduction for non-filer of income tax returns @20%

All shareholders of the Company who hold shares in physical form are therefore requested to send a valid copy of their CNIC (individuals) and NTN (Corporate entities) certificate to the Company's Share Registrar M/s. Hameed Majeed Associates (Pvt) Ltd. to allow the Company to ascertain the status of the shareholder.

Shareholders of the Company who hold shares in scrip-less form on Central Depository System (CDS) of Central Depository Company of Pakistan Ltd (CDC) are requested to send valid copies of their CNIC (individuals) and NTN (Corporate entities) certificate to their CDC Participants / CDC Investor Account Services.

Where the required documents are not submitted, the Company will be constrained to treat the non-complying shareholders as a non-filer thereby attracting a higher rate of withholding tax.

Further, according to clarification received from Federal Board of Revenue (FBR), withholding tax will be determined separately on "Filer/ Non-Filer" status of principal shareholder as well as joint-holders (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 to our Share Registrar, in writing, within 10 days of this notice, otherwise it will be assumed that the shares are equally held by principal shareholder and joint holder(s).

Requirement of Valid Tax Exemption Certificate for Claiming Exemption from Withholding Tax.

As per FBR Circulars C.No.1(29)WHT/2006 dated 30 June 2010 and C.No. 1(43)DG(WHT)/2008-Vol.II-66417-R dated 12 May 2015, the valid exemption certificate is mandatory to claim exemption of withholding tax U/S 150 of the Income Tax Ordinance, 2001 (tax on dividend amount) where the statutory exemption under Clause 47B of Part-IV of Second Schedule is available. The shareholders who fall in the category mentioned in above clause and want to avail exemption U/S 150 of the Ordinance, must provide valid Tax Exemption Certificate to our Share Registrar before book closure otherwise tax will be deducted on dividend as per applicable rates.

Electronic Transmission of Audited Financial Statements and Notice of Annual General Meeting (Notice) Through E-Mail (Optional)

Pursuant to SECP notification S.R.O 787(I)/ 2014 dated September 8, 2014, members, who hold shares in physical form, may inform the Company or Company's Share Registrar M/s. Hameed Majeed Associates (Pvt) Ltd., and who hold shares in scrip-less form on Central Depository System (CDS) of Central Depository Company of Pakistan Ltd (CDC) may inform their CDC Participants / CDC Investor Account Services, to receive the Audited Financial Statements and notices through e-mail by submitting Standard Request Form as given below:

REQUEST FORM FOR ELECTRONIC TRANSMISSION OF AUDITED FINANCIAL STATEMENTS AND NOTICE THROUGH E-MAIL

In terms of SECP notification SRO 787(I)/2014 dated September 8, 2014, I, _____ hereby give my consent for electronic transmission of Audited Financial Statements and Notice through e-mail. My e-mail address is _____.

I undertake that by sending the Audited Financial Statements and Notice through e-mail, by the Company, the Company shall be considered compliant with relevant requirements of sections 50, 158 and 233 of the Companies Ordinance, 1984.

It is stated that the above mentioned e-mail address is correct, that I will intimate the changes in the above mentioned e-mail address to the Company and the Share Registrar as soon as these occur.

Signature of the Shareholder.

Please send the above request form at the following address:

The Secretary,
Prosperity Weaving Mills Ltd., Nagina House, 91-B-1, M.M. Alam Road, Gulberg-III, Lahore-54660.
e-mail address: mohsin.gilani@nagina.com

or

M/s. Hameed Majeed Associates (Pvt.) Ltd.
1st Floor, H.M. House, 7-Bank Square, Lahore.
e-mail address: shares@hmaconsultants.com

Investor Relations Contact

Mr. Syed Mohsin Gilani, Corporate Secretary
Email: mohsin.gilani@nagina.com, Ph # (+92-42) 35756270, Fax: (+92-42) 35711856

Delivery of the Unclaimed / Undelivered Shares

Members are requested to contact the Registered Office of the Company or the Share Registrar, M/s. Hameed Majeed Associates (Pvt) Ltd., 1st Floor, H.M. House, 7-Bank Square, Lahore., for collection of their shares which they have not received due to any reasons.

To: All members of the Company

NOTICE UNDER SECTION 218 OF THE COMPANIES ORDINANCE, 1984

In pursuance of Section 218 of the Companies Ordinance, 1984, the members of the Company are hereby informed that upon recommendation of Human Resource and Remuneration (HR&R) Committee, Board of Directors in their meeting held on September 29, 2016 has approved the increase in remuneration of Mr. Shahzada Ellahi Shaikh effective from July 1, 2016 as under:

Remuneration of Mr. Shahzada Ellahi Shaikh, Chairman of the Board.

Description	Present Remuneration	Remuneration After Increase
Remuneration	Rs. 452,238/= per month inclusive of 10% medical allowance.	Rs.497,462/= per month inclusive of 10% medical allowance.
Other Benefits		
Transport	Two company maintained cars with drivers	No Change
Utilities	Actual cost of utilities, i.e. gas, electricity and water at his residences and telecommunication facilities	No Change
Leave Fare Assistance (LFA)	Leave passage for self and family.	No Change



Syed Mohsin Gilani
Corporate Secretary

Lahore: September 29, 2016

**PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2016
CUIN (INCORPORATION NUMBER) 0025740**

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
209	1	100	4,130
148	101	500	48,675
74	501	1000	67,869
118	1001	5000	307,151
35	5001	10000	270,960
16	10001	15000	203,910
4	15001	20000	76,300
3	20001	25000	66,000
3	25001	30000	80,773
2	30001	35000	65,500
0	35001	40000	-
1	40001	45000	40,043
1	45001	50000	45,500
3	50001	55000	153,626
0	55001	80000	-
1	80001	85000	84,591
0	85001	140000	-
1	140001	145000	141,500
0	145001	195000	-
1	195001	200000	200,000
1	200001	205000	200,500
0	205001	270000	-
1	270001	275000	272,537
0	275001	350000	-
1	350001	355000	352,000
0	355001	375000	-
1	375001	380000	376,000
0	380001	395000	-
2	395001	400000	800,000
0	400001	1675000	-
1	1675001	1680000	1,678,242
0	1680001	3025000	-
2	3025001	3030000	6,058,624
0	3030001	3045000	-
1	3045001	3050000	3,047,800
0	3050001	3745000	-
1	3745001	3750000	3,747,415
			90,354
631	Total:-		18,480,000

Categories of Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer, and their Spouse and Minor Children.	9,609,063	51.98
Associated Companies, Undertakings and Related Parties	5,579,283	30.20
NIT and ICP	Nil	Nil
Banks, Development Finance Institutions, Non Banking Finance Institutions.	3,870	0.02
Insurance Companies	Nil	Nil
Modarabas and Mutual Funds	84,591	0.46
Shareholders Holding 10% or more	12,853,839	69.56
General Public		
a. Local	2,849,830	15.42
b. Foreign	-	0.00
Others (Joint Stock Companies etc.)	353,363	1.91

Note:-

M/s. Nagina Cotton Mills Ltd., had distributed 8,415,000 ordinary shares of M/s. Prosperity Weaving Mills Ltd., among its members, out of which 90,354 ordinary shares have yet to be transferred by the members of M/s. Nagina Cotton Mills Ltd., These shares have been shown under the head of "General Public".

INFORMATION UNDER CLAUSE XVI (J) OF THE CODE OF CORPORATE GOVERNANCE AS AT JUNE 30, 2016

Sr. No.	Name	Shares Held	Percentage
1)	<u>Associated Companies, Undertaking and Related Parties</u>		
i)	ELLAHI INTERNATIONAL (PVT) LTD.	3,747,415	20.28
ii)	ARH (PVT) LTD,	1,678,242	9.08
iii)	HAROON OMER (PVT) LTD.	50,857	0.28
iv)	MONELL (PVT) LTD.	51,907	0.28
v)	ICARO (PVT) LTD.	50,862	0.28
		5,579,283	30.20
2)	<u>Mutual Funds</u>		
i)	GOLDEN ARROW SELECTED STOCKS FUND LIMITED	84,591	0.46
3)	<u>Directors, Chief Executive Officer and their Spouse and Minor Children</u>		
i)	MR. SHAIKH ENAM ELLAHI	272,537	1.47
ii)	MR. SHAHZADA ELLAHI SHAIKH	3,029,374	16.39
iii)	MR. SHAUKAT ELLAHI SHAIKH	3,047,800	16.49
iv)	MR. SHAFQAT ELLAHI SHAIKH	3,029,250	16.39
v)	MRS. HUMERA SHAHZADA ELLAHI SHEIKH	2,934	0.02
vi)	MRS. MONA SHAUKAT SHAIKH	2,934	0.02
vii)	MRS. SHAISTA SHAFQAT SHAIKH	2,934	0.02
viii)	MR. HAROON SHAHZADA ELLAHI SHAIKH	200,500	1.08
ix)	MR. JAVAID BASHIR SHEIKH	500	-
x)	MRS. MEHREEN SAADAT	19,300	0.10
xi)	MR. HASAN AHMED	500	-
xii)	MR. TARIQ ZAFAR BAJWA	500	-
		9,609,063	51.98
4)	<u>Executives</u>	400,412	-
5)	<u>Public Sector Companies and Corporations</u>	352,069	1.91
6)	<u>Banks, Development Financial Institutions, Non Banking Financial Institutions, Insurance Companies, Takaful, Modarabas and Pension Funds.</u>	3,801	0.02
7)	<u>Shareholders Holding Five Percent or More Voting Rights</u>		
i)	ARH (PVT) LTD,	1,678,242	9.08
ii)	MR. SHAHZADA ELLAHI SHAIKH	3,029,374	16.39
iii)	MR. SHAFQAT ELLAHI SHAIKH	3,029,250	16.39
iv)	MR. SHAUKAT ELLAHI SHAIKH	3,047,800	16.49
v)	ELLAHI INTERNATIONAL (PVT) LTD.	3,747,415	20.28

KEY FINANCIAL INFORMATION

YEAR ENDED 30TH JUNE					
2016	2015	2014 (restated)	2013 (restated)	2012	2011

Sales	Rs.'000	5,211,429	5,811,482	6,346,901	6,600,175	5,382,234	5,952,133
Gross profit	Rs.'000	359,653	318,755	480,701	668,706	374,694	483,539
Operating profit	Rs.'000	183,708	138,410	303,650	480,814	215,237	319,500
Profit / (loss) before tax	Rs.'000	72,362	31,188	243,114	397,872	108,170	201,098
Profit / (loss) after tax	Rs.'000	39,972	60,831	182,417	344,776	77,524	138,606
Share capital - paid up	Rs.'000	184,800	184,800	184,800	184,800	184,800	184,800
Shareholders' equity	Rs.'000	901,373	893,366	925,937	857,020	560,827	547,983
Total assets	Rs.'000	2,940,709	2,789,119	2,299,116	1,773,379	1,651,554	1,575,976
Earning per share - pre tax	Rs.	3.92	1.69	13.16	21.53	5.85	10.88
Earnings per share - after tax	Rs.	2.16	3.29	9.87	18.66	4.20	7.50
Dividend per share	Rs.	1.75	1.50	5.00	6.00	2.50	3.50
Market value per share as on 30 June	Rs.	30.50	32.85	41.00	31.00	9.37	14.05
Gross profit to sales	%	6.90	5.48	7.57	10.13	6.96	8.12
Operating profit to sales	%	3.53	2.38	4.78	7.28	4.00	5.37
Profit / (loss) before tax to sales	%	1.39	0.54	3.83	6.03	2.01	3.38
Profit / (loss) after tax to sales	%	0.77	1.05	2.87	5.22	1.44	2.33
Current ratio		1.54:1	1.72:1	1.40:1	1.55:1	1.05:1	1.42:1
Total debt ratio	%	67.46	65.98	58.11	49.58	63.79	62.87
Debt equity ratio	%	57.10	58.90	42.70	25.01	41.87	53.87

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

We have reviewed the Statement of Compliance (the Statement) with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors (the Board) of **PROSPERITY WEAVING MILLS LIMITED** (the Company), for the year ended June 30, 2016, to comply with the Code contained in the regulations of the Pakistan Stock Exchange where the Company is listed.

The responsibility for compliance with the Code is that of the Board of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal controls covers all risks and controls, or to form an opinion on the effectiveness of such 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 for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail at arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of related part transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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

Deloitte Yousuf Adil
Chartered Accountants

Engagement Partner:
Rana M Usman Khan

Date: September 29, 2016
Place: Lahore

AUDITORS' REPORT TO THE MEMBERS

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

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

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

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) In our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion, and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming parts thereof conform with the 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, 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 Central Zakat Fund established under section 7 of that Ordinance.

Deloitte Yousuf Adil
Chartered Accountants

Engagement Partner:
Rana M Usman Khan

Date: September 29, 2016
Place: Lahore

BALANCE SHEET

AS AT JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital 20,000,000 (2015: 20,000,000) ordinary shares of Rs. 10 each		<u>200,000,000</u>	<u>200,000,000</u>
Issued, subscribed and paid up capital	4	184,800,000	184,800,000
Capital reserves	5	17,180,505	16,600,000
Accumulated profit		699,392,255	691,965,667
Total equity		<u>901,372,760</u>	<u>893,365,667</u>
SURPLUS ON REVALUATION OF LAND	6	55,564,634	55,564,634
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term finances	7	1,128,495,966	1,273,602,342
Employees retirement benefits	8	72,014,971	55,949,255
Deferred taxation	9	20,833,428	-
		<u>1,221,344,365</u>	<u>1,329,551,597</u>
CURRENT LIABILITIES			
Trade and other payables	10	296,945,454	291,312,143
Accrued interest / mark-up	11	23,681,463	26,848,333
Short term borrowings	12	296,697,018	106,182,503
Current portion of long term finances	7	145,102,827	86,294,048
		<u>762,426,762</u>	<u>510,637,027</u>
TOTAL LIABILITIES		<u>1,983,771,127</u>	<u>1,840,188,624</u>
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		<u>2,940,708,521</u>	<u>2,789,118,925</u>

The annexed notes from 1 to 44 form an integral part of these financial statements.

Lahore: September 29, 2016


Haroon Shahzada Ellahi Shaikh
 Director

BALANCE SHEET

AS AT JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	14	1,747,990,597	1,892,452,485
Long term deposits	15	15,039,000	15,039,000
Deferred taxation	9	-	5,710,887
CURRENT ASSETS			
Stores, spare parts and loose tools	16	47,481,702	52,058,961
Stock-in-trade	17	297,162,407	344,042,970
Trade debts	18	283,067,622	172,615,197
Advances	19	50,546,135	27,310,202
Short term prepayments	20	7,591,665	1,664,010
Other receivables	21	1,669,089	2,168,649
Sales tax refundable	22	124,202,738	90,705,240
Short term investments	23	119,964,290	86,251,500
Advance income tax - net	24	127,896,255	93,155,383
Cash and bank balances	25	118,097,021	5,944,441
		1,177,678,924	875,916,553
TOTAL ASSETS		<u>2,940,708,521</u>	<u>2,789,118,925</u>

The annexed notes from 1 to 44 form an integral part of these financial statements.


Shaukat Ellahi Shaikh
 Mg. Director (Chief Executive)

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

	Note	2016 Rupees	2015 Rupees
Sales - net	26	5,211,429,433	5,811,481,540
Cost of sales	27	(4,851,776,074)	(5,492,726,297)
Gross profit		359,653,359	318,755,243
Distribution cost	28	(101,645,875)	(115,699,231)
Administrative expenses	29	(65,415,833)	(62,184,872)
Other operating expenses	30	(10,969,322)	(7,191,012)
		(178,031,030)	(185,075,115)
		181,622,329	133,680,128
Other income	31	2,085,855	4,729,747
Operating profit		183,708,184	138,409,875
Finance cost	32	(111,346,424)	(107,221,443)
Profit before taxation		72,361,760	31,188,432
Provision for taxation	33	(32,389,678)	29,642,297
Profit after taxation		39,972,082	60,830,729
Other comprehensive income			
Items that will not be reclassified subsequently to profit and loss:			
Remeasurement of post retirement benefits obligation		(5,338,526)	(1,073,609)
Related tax impact		513,032	71,638
Items that may be reclassified subsequently to profit and loss:			
Unrealized gain on remeasurement of AFS investments		641,998	-
Related tax impact		(61,493)	-
Other comprehensive income		(4,244,989)	(1,001,971)
Total comprehensive income for the year		35,727,093	59,828,758
Earnings per share - basic and diluted	34	2.16	3.29

The annexed notes from 1 to 44 form an integral part of these financial statements.


Haroon Shahzada Ellahi Shaikh
Director


Shaukat Ellahi Shaikh
Mg. Director (Chief Executive)

Lahore: September 29, 2016

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	40	276,625,945	513,098,919
Employee benefits paid		(9,298,727)	(16,681,795)
Finance cost paid		(114,513,294)	(94,882,940)
Income taxes paid		(40,134,696)	(57,207,926)
Net cash generated from operating activities		112,679,228	344,326,258
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(65,351,530)	(644,726,042)
Purchase of intangible assets		(1,139,229)	(351,800)
Proceeds from disposal of property, plant and equipment		22,188,500	8,968,000
Purchase of short term investments		(159,322,292)	(767,214,388)
Proceeds from sale of short term investments		126,425,329	684,422,309
Net cash used in investing activities		(77,199,222)	(718,901,921)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances obtained		-	847,296,109
Repayment of long term finances		(86,297,597)	(204,991,999)
Short term borrowings - net		190,514,515	(201,022,330)
Dividend paid		(27,544,344)	(91,800,928)
Net cash from financing activities		76,672,574	349,480,852
Net increase / (decrease) in cash and cash equivalents		112,152,580	(25,094,811)
Cash and cash equivalents at beginning of the year		5,944,441	31,039,252
Cash and cash equivalents at end of the year		118,097,021	5,944,441

The annexed notes from 1 to 44 form an integral part of these financial statements.



Haroon Shahzada Ellahi Shaikh
Director



Shaukat Ellahi Shaikh
Mg. Director (Chief Executive)

Lahore: September 29, 2016

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

	Issued, subscribed and paid up capital	Capital reserves		Accumulated profit	Total
		Amalgamation reserve	Fair value reserve		
----- Rupees -----					
Balance at June 30, 2014	184,800,000	16,600,000	-	724,536,909	925,936,909
Comprehensive income					
Profit after taxation	-	-	-	60,830,729	60,830,729
Other comprehensive income - net of tax	-	-	-	(1,001,971)	(1,001,971)
Total comprehensive income for the year	-	-	-	59,828,758	59,828,758
Transactions with owners					
Final dividend @ 50% i.e. Rs. 5 per share	-	-	-	(92,400,000)	(92,400,000)
Balance at June 30, 2015	184,800,000	16,600,000	-	691,965,667	893,365,667
Comprehensive income					
Profit after taxation	-	-	-	39,972,082	39,972,082
Other comprehensive income - net of tax	-	-	580,505	(4,825,494)	(4,244,989)
Total comprehensive income for the year	-	-	580,505	35,146,588	35,727,093
Transactions with owners					
Final dividend @ 15% i.e. Rs. 1.5 per share	-	-	-	(27,720,000)	(27,720,000)
Balance at June 30, 2016	184,800,000	16,600,000	580,505	699,392,255	901,372,760

The annexed notes from 1 to 44 form an integral part of these financial statements.



Haroon Shahzada Ellahi Shaikh
Director



Shaukat Ellahi Shaikh
Mg. Director (Chief Executive)

Lahore: September 29, 2016

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

1 LEGAL STATUS AND OPERATIONS

- 1.1 Prosperity Weaving Mills Limited ("the Company") was incorporated in Pakistan on November 20, 1991 as a public limited company under the Companies Ordinance, 1984. The registered office of the Company is situated at Nagina House, 91-B-1, M.M.Alam Road, Gulberg-III, Lahore. The Company is currently listed on Pakistan Stock Exchange Limited. The principal activity of the Company is manufacturing and sale of woven cloth. The Mill is located at District Sheikhupura in the Province of Punjab.
- 1.2 These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the provisions of the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance, 1984 or the directives issued by the SECP differ with the requirements of the IFRS, the requirements of the Companies Ordinance, 1984, and the said directives shall take precedence.

2.1 STANDARDS, INTERPRETATION AND AMENDMENT ADOPTED DURING THE YEAR

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

2.1.1 *New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2016*

- 2.1.1.1 The following standards, amendments and interpretations are effective for the year ended June 30, 2016. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

IFRS 12 – Disclosure of Interests in Other Entities	Effective from accounting period beginning on or after January 01, 2015
---	---

IFRS 13 – Fair Value Measurement	Effective from accounting period beginning on or after January 01, 2015
----------------------------------	---

2.1.2 *New accounting standards / amendments and IFRS interpretations that are not yet effective*

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

Amendments to IAS 16 and IAS 38 Clarification of acceptable methods of depreciation and amortization	Effective from accounting period beginning on or after January 01, 2016
---	---

Amendments to IAS 27 'Separate Financial Statements' - Equity method in separate financial statements	Effective from accounting period beginning on or after January 01, 2016
---	---

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture

Effective date is deferred indefinitely. Earlier adoption is permitted.

Amendments to IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures' - Investment Entities: Applying the consolidation exception

Effective from accounting period beginning on or after January 01, 2016

Amendments to IFRS 11 'Joint Arrangements' - Accounting for acquisitions of interests in joint operations

Effective from accounting period beginning on or after January 01, 2016

Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure initiative

Effective from accounting period beginning on or after January 01, 2016

Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative

Effective from accounting period beginning on or after January 01, 2017

Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses

Effective from accounting period beginning on or after January 01, 2017

Amendments to IAS 16 'Property Plant and Equipment' and IAS 38 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortization

Effective from accounting period beginning on or after January 01, 2016

Amendments to IAS 16 'Property Plant and Equipment' and IAS 41 'Agriculture' - Measurement of bearer plants

Effective from accounting period beginning on or after January 01, 2016

Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions

Effective from accounting period beginning on or after January 01, 2018

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

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

2.2 SIGNIFICANT ESTIMATES

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, incomes and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised, if the revision affects only that period, or in the period of revision and future periods, if the revision affects both current and future periods.

Significant areas requiring the use of management estimates in these financial statements relate to the revaluation of certain item of property, plant and equipment, useful life of depreciable assets, employee retirement benefits, provision for doubtful receivables and taxation. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 ACCOUNTING CONVENTION

These financial statements have been prepared under historical cost convention modified by:

- revaluation of land;
- financial instruments at fair value; and
- recognition of certain employee retirement benefits at present value.

3.2 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and impairment in value, if any. Freehold land is stated at revalued amount. Capital work-in-progress and stores held for capital expenditure are stated at cost. Cost also includes borrowing cost; wherever applicable.

Assets' residual values, if significant and their useful lives are reviewed and adjusted, if appropriate at each balance sheet date. When significant parts of an item of property, plant and equipment have different useful lives, they are recognized as separate items of property, plant and equipment.

Subsequent costs are recognized as part of asset, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred. Depreciation is charged to profit and loss account applying the reducing balance method over its estimated useful life at the rates specified in note 14.1 to the financial statements.

Depreciation on additions to property, plant and equipment is charged from the month in which property, plant and equipment is available for use while no depreciation is charged for the month in which property, plant and equipment is disposed off.

Surplus arising on revaluation of property, plant and equipment is credited to surplus on revaluation of property, plant and equipment. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related property, plant and equipment during the year is transferred by the Company to its accumulated profit.

Gain or loss on disposal of property, plant and equipment, if any, is recognized in the profit and loss account for the year.

All costs connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when these assets are available for use.

3.3 ASSETS SUBJECT TO FINANCE LEASE

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

3.4 INTANGIBLE ASSETS

Intangible assets are stated at cost less accumulated amortisation and impairment in value. Intangible assets are amortised over a period of five years using straight line method. Amortisation on additions during the year is charged from the month in which an asset is acquired or capitalised.

3.5 STORES, SPARE PARTS AND LOOSE TOOLS

These are valued at the cost, determined on moving weighted average basis less allowance for obsolete and slow moving items. Items in transit are valued at invoice values plus other charges incurred thereon.

3.6 STOCK-IN-TRADE

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

Raw material	Moving weighted average
Work-in-process	Average manufacturing cost
Finished goods	Average manufacturing cost
Waste	Net realizable value

Raw material in transit is stated at invoice value plus other charges paid thereon up to the balance sheet date.

Average manufacturing cost in relation to work-in-process and finished goods consists of direct material, labour and a proportion of manufacturing overheads based on normal capacity.

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.

3.7 IMPAIRMENT OF NON FINANCIAL ASSETS

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

Where impairment loss subsequently reverses, the carrying amount of the assets is increased to the revised recoverable amount but limited to the extent of carrying amount that would have been determined had no impairment loss been recognized in prior periods. Reversal of impairment loss is recognized as income.

3.8 FINANCIAL INSTRUMENTS

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

Financial instruments are initially recorded at fair value on the date of acquisition or date of contract and are re-measured to fair value at subsequent reporting dates.

The gain or loss relating to financial instruments is recognized immediately in the profit and loss account.

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

3.9 INVESTMENTS

At fair value through profit or loss

These include investments designated at fair value through profit or loss at inception. These are initially measured at fair value and changes on re-measurement are taken to profit and loss account.

3.9.1 Available for sale financial assets

Investments intended to be held for an indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rates or equity prices are classified as available for sale. After initial recognition, investments which are classified as available for sale are measured at fair value. Gains or losses on available for sale investments are recognized directly in other comprehensive income until the investment is sold, derecognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in other comprehensive income is included in profit and loss account. These are categorized as follows:

Quoted

For investments that are actively traded in organized capital markets, fair value is determined by reference to stock exchange quoted market bids at the close of business on the balance sheet date.

Un-quoted

Investments in unquoted equity instruments are stated at cost less any identified impairment losses.

3.9.2 Held-to-maturity

Held-to-maturity investments are initially recognized at acquisition cost, which includes transaction cost associated with the investment. Subsequently these are measured at amortized cost using the effective interest rate method, less any impairment loss recognized to reflect irrevocable amounts.

3.10 IMPAIRMENT OF FINANCIAL ASSETS

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

3.11 OFF SETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

3.12 TRADE DEBTS AND OTHER RECEIVABLES

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

3.13 CASH AND CASH EQUIVALENTS

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

3.14 TRADE AND OTHER PAYABLES

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

3.15 EMPLOYEE RETIREMENT BENEFITS

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its permanent employees who have completed minimum qualifying period of service as defined under the respective scheme. Provisions are made annually to cover the obligation under the schemes on the basis of actuarial valuation and are charged to profit and loss account for the year. The assumptions are determined by independent actuary.

The amount recognized in the balance sheet represents the present value of defined benefit obligations using the projected unit credit actuarial valuation method. Actuarial gains/ losses arising from the actuarial valuation are recognized immediately and are presented in other comprehensive income. The latest actuarial valuation was carried as at June 30, 2016.

Details of the schemes are given in note 8 to these financial statements.

The Company provides for compensated absences of its employees on un-availed balance of leaves in the period in which the leaves are earned.

3.16 PROVISIONS

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

3.17 REVENUE RECOGNITION

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

- Sales of goods are recognized when goods are delivered and title has been passed.
- Export rebate is recognized on accrual basis at the time of making the export sales.
- Profit on saving accounts is accrued on a time proportionate basis, by reference to the principal outstanding and at the effective profit rate applicable.

3.18 BORROWINGS

Loans and borrowings are initially recorded at the proceeds received. In subsequent periods, borrowings are stated at amortized cost using the effective yield method. Finance cost is accounted for on an accrual basis and are included in mark-up accrued on loans to the extent of amount remaining unpaid, if any.

3.19 LEASES

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

3.20 BORROWING COSTS

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

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

3.21 TAXATION

CURRENT

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, rebates and exemptions available, if any, or minimum taxation as per Income Tax Ordinance, 2001. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

DEFERRED

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

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to be applied to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statements, except in the case of items credited or charged to equity in that case it is included in equity.

3.22 FOREIGN CURRENCIES

Transactions in currencies other than Pak Rupees are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included in profit and loss for the year.

3.23 DIVIDEND DISTRIBUTION

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

3.24 RELATED PARTY TRANSACTIONS

Related parties from the Company's perspective comprise, associated undertakings, key management personnel (including chief executive and directors) and post employment benefit plan. The Company in the normal course of business carries out transactions with various related parties and continues to have a policy whereby all such transactions are carried out on permissible basis and agreed terms.

3.25 EARNINGS PER SHARE

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

4 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2016	2015	2016	2015
Number of shares		Rupees	Rupees
Ordinary shares of Rs. 10 each			
9,600,000	9,600,000 - fully paid in cash	96,000,000	96,000,000
8,880,000	8,880,000 - issued as bonus shares	88,800,000	88,800,000
18,480,000	18,480,000	184,800,000	184,800,000

4.1 There is no movement during the year in issued, subscribed and paid-up capital.

4.2 The Company has one class of ordinary shares which carry no right to fixed income.

4.3 Following shares are held by associates of the Company as at balance sheet date:

	2016	2015
	Number of ordinary shares of	
	Rs. 10 each	
Ellahi International (Private) Limited	3,747,415	3,747,415
ARH (Private) Limited	1,678,242	1,678,242
Monell (Private) Limited	51,907	51,907
ICARO (Private) Limited	50,862	50,862
Haroon Omer (Private) Limited	50,857	50,857
	5,579,283	5,579,283

5 CAPITAL RESERVES

This includes amalgamation reserve aggregating to Rs. 16,600,000 (2015: Rs. 16,600,000) which represents the difference between book value of shares held by the Company in Ellahi Electric Company Limited as at September 30, 2001 and breakup value of such shares, the value at which net assets and liabilities of Power Unit 3 of Ellahi Electric Company Limited were merged into Prosperity Weaving Mills Limited, at that date.

6	SURPLUS ON REVALUATION OF LAND	Note	2016 Rupees	2015 Rupees
	Balance at end of the year	14.3	55,564,634	55,564,634

7	LONG TERM FINANCES			Note	Rupees		Rupees
					1,273,598,793	1,359,896,390	
	From banking companies - secured				145,102,827	86,294,048	
	Less: current portion				1,128,495,966	1,273,602,342	

7.1	From banking companies - secured		Name of institution	Limit		Outstanding amount		Security	Other terms and conditions		Arrangement, repayment and mark-up
	2016	2015		2016	2015	2016	2015				
7.1.1	Askari Bank Ltd.	54,263,000	54,263,000	-	4,521,913	-	4,521,913	Exclusive charges of Rs. 60 million on gas power generator and first pari passu registered hypothecation charge of Rs. 175 million over all present and future fixed and floating assets of the Company with 25% margin.	ranking charges of Rs. 60 million on gas power generator and first pari passu registered hypothecation charge of Rs. 175 million over all present and future fixed and floating assets of the Company with 25% margin.	This facility has been converted to LTFF scheme of State Bank of Pakistan. The loan was repayable in twelve equal half yearly installments, commenced from January 4, 2010. The loan carries mark-up rate of 7.00% (2015: 7.00%) per annum payable quarterly.	
7.1.2	Askari Bank Ltd.	71,018,100	71,018,100	67,790,005	71,018,100	67,790,005	71,018,100	First pari passu hypothecation charge of Rs. 175 million over all present and future fixed assets of the Company with 25% margin.	First pari passu hypothecation charge of Rs. 175 million over all present and future fixed assets of the Company with 25% margin.	This facility has been converted to LTFF scheme of State Bank of Pakistan. Total Loan sanctioned was Rs.113 million out of which Rs. 71.02 million have been converted into LTFF scheme of State Bank of Pakistan. Loan is repayable in 22 quarterly installments, with a 18 months grace period, commenced	

Name of institution	Limit		Outstanding amount		Security		Other terms and conditions Arrangement, repayment and mark-up	
	2016	2015	2016	2015				
7.1.3 Askari Bank Ltd.	113,000,000	113,000,000	38,164,546	41,981,000	First pari passu hypothecation charge of Rs. 175 million over all present and future fixed assets of the Company with 25% margin.		This facility has been obtained against a sanctioned limit of Rs. 113 million to finance project cost out of which Rs. 71.02 million have been converted into LTFF scheme of State Bank of Pakistan. The loan is repayable in 22 equal quarterly installments with 18 months grace period, commenced from February 12, 2016. The loan carries mark-up rate of 3 months KIBOR plus 1.00% (2015: 3 months KIBOR plus 1.00%) per annum payable quarterly.	from May 25, 2016. The loan carries mark-up rate of 9.00% (2015: 9.00%) per annum payable quarterly.
7.1.4 Askari Bank Ltd.	291,666,430	291,666,430	291,666,429	291,666,429	First pari passu hypothecation charge of Rs. 667 million over all present and future fixed assets of the Company with 25% margin.		This facility has been converted to LTFF scheme of State Bank of Pakistan. Total Loan sanctioned was Rs. 385 million out of which Rs. 291.66 million have been converted into LTFF SBP scheme. Loan is repayable in 32 quarterly	

Name of institution	Limit		Outstanding amount		Security	Other terms and conditions ----- Arrangement, repayment and mark-up
	2016		2015			
	2016	2015	2016	2015		
7.1.5 Askari Bank Ltd.	93,333,481	93,333,481	93,333,481	93,333,481	First pari passu hypothecation charge of Rs. 667 million over all present and future fixed assets (plant and machinery) of the Company with 25% margin.	installments, with a 24 months grace period, commencing from June 5, 2017. The loan carries mark-up rate of 6.50% (2015: 6.50%) per annum payable quarterly. This facility has been obtained against a sanctioned limit of Rs. 385 million out of which Rs. 291.66 million have been converted into LTFF scheme of State Bank of Pakistan. Repayable in 32 quarterly installments with 24 months grace period, commencing from February 12, 2017. The loan carries mark-up rate of 3 months KIBOR plus 1.00% (2015: 3 months KIBOR plus 1.00%) per annum payable quarterly.
7.1.6 Askari Bank Ltd.	114,853,889	114,853,889	114,853,889	114,853,889	First pari passu hypothecation charge of Rs. 667 million over all present and future fixed assets (plant and	This facility has been obtained against a sanctioned limit of Rs. 115 million. Repayable in 32 quarterly installments with 24 months grace period, commencing from May 27,

Name of institution	Limit		Outstanding amount		Security	Other terms and conditions ----- Arrangement, repayment and mark-up
	2016	2015	2016	2015		
7.1.7 Habib Bank Limited	322,772,452	322,772,452	293,429,502	322,772,452	First pari passu charge on all present and future fixed assets of the Company with 25% margin, excluding power generation plant to the extent of Rs. 852 million and personal guarantees of sponsor directors of the Company.	This facility has been converted to LTFF scheme of State Bank of Pakistan. Total loan sanctioned was Rs. 350 million out of which Rs. 322.77 million have been converted into LTFF scheme of State Bank of Pakistan. Loan is repayable in 22 quarterly installments with a 18 month grace period commenced from February 13, 2016. The loan carries mark-up rate of 8% (2015: 8%) per annum payable quarterly.
7.1.8 Habib Bank Limited	109,701,408	109,701,408	84,769,268	104,714,980	First pari passu charge on all present and future fixed assets of the Company with 25% of margin, excluding power generation plant to the extent of Rs. 852 million	This facility has been converted to LTFF scheme of State Bank of Pakistan. Total loan sanctioned was Rs. 200 million out of which Rs. 109.70 million have been converted into LTFF scheme of State Bank of Pakistan. Loan is repayable in 22

Name of institution	Limit		Outstanding amount		Other terms and conditions Arrangement, repayment and mark-up	
	2016	2015	2016	2015	Security	
7.1.9 Habib Bank Limited	200,000,000	200,000,000	69,776,187	86,194,111	First pari passu charge of Rs. 852 million over all present and future fixed assets (including land, plant & machinery) of the company with 25% margin and personal guarantees of sponsor directors of the Company.	Installments with a 7 months grace period, commenced from April 7, 2015. The loan carries mark-up rate of 8% (2015: 8%) per annum payable quarterly.
					This facility has been obtained against a sanctioned limit of Rs. 200 million out of which Rs. 109.70 million have been converted into LTFF scheme of State Bank of Pakistan. Repayable in 22 equal quarterly installments with 18 months grace period, commenced from April 7, 2015. The loan carries mark-up rate of 3 months KIBOR plus 1.35% (2015: 3 months KIBOR plus 1.35%) per annum payable quarterly.	
7.1.10 Habib Bank Limited	350,000,000	350,000,000	24,752,316	27,227,548	First pari passu charge of Rs. 852 million over all present and future fixed assets (including land, plant & machinery) of the Company with 25% margin	This facility has been obtained against a sanctioned limit of Rs. 350 million out of which Rs. 322.77 million have been converted into LTFF scheme of State Bank of Pakistan. Repayable in 22 equal

Name of institution	Limit		Outstanding amount		Other terms and conditions	
	2016	2015	2016	2015	Security	Arrangement, repayment and mark-up
7.1.11 Habib Bank Limited	140,000,000	140,000,000	1,575,993	3,677,317	First pari passu charge of Rs. 692 million over all present and future fixed assets (land, buildings, plant & machinery) of the Company with 25% margin, excluding power generation plant and personal guarantees of sponsor directors of the Company.	and personal guarantees of sponsor directors of the Company. quarterly installments with 18 months grace period, commenced from February 13, 2016. The loan carries mark-up rate of 3 months KIBOR plus 1% (2015: 3 months KIBOR plus 1%) per annum payable quarterly. Total loan sanctioned was Rs. 140 million out of which 40.53 and 39.08 million have been converted into LTFF scheme of State Bank of Pakistan. Repayable in 20 equal quarterly installments commenced from April 18, 2012. The loan carries mark-up rate of 6 months KIBOR plus 2.00% (2015: 6 months KIBOR plus 2.00%) per annum payable quarterly.
7.1.12 Habib Bank Limited	50,000,000	50,000,000	5,555,555	9,999,999	First pari passu charge over fixed assets of the company with 25% margin, excluding power generation plant amounting to Rs. 852	This facility has been obtained against a sanctioned limit of Rs. 50 million out of which Rs. 20 million have been converted into LTFF scheme of State Bank of Pakistan. Repayable in equal 18

Name of institution	Limit		Outstanding amount		Other terms and conditions	
	2016	2015	2016	2015	Security	Arrangement, repayment and mark-up
7.1.13 United Bank Limited	187,935,171	187,935,171	-	187,935,171	First pari pasu charge amounting to Rs. 250.67 million by way of equitable mortgage over fixed assets (land, buildings & machinery) of the Company with 25% margin.	million and personal guarantees of sponsor directors of the Company. quarterly installments with 6 months grace period, commenced from October 10, 2014. The loan carries mark-up rate of 6 months KIBOR plus 1.75% (2015: 6 months KIBOR plus 1.75%) per annum payable quarterly.
7.1.14 United Bank Limited	187,931,622	187,931,622	187,931,622	-	First pari pasu charge amounting to Rs. 250.67 million by way of equitable mortgage over fixed assets (land, buildings & machinery) of the Company with 25% margin.	This facility has been obtained against a sanctioned limit of Rs. 188 million. Repayable in 22 quarterly installments commencing from February 15, 2017. The loan carries mark-up rate of 3 months KIBOR plus 1% (2015: 3 months KIBOR plus 1%) per annum payable quarterly.
7.2			1,273,598,793 1,359,896,390		These facilities carry effective mark-up rate ranging from 3.50% to 9.00% (2015: 6.50% to 12.17%) per annum.	

8 EMPLOYEES RETIREMENT BENEFITS

The Company has a defined benefit plan comprising an un-funded gratuity scheme for its permanent employees. Latest valuation has been conducted as at June 30, 2016.

	2016	2015
	Rupees	Rupees
8.1 Amounts recognised in the balance sheet are as follows:		
Present value of defined benefit obligation as at June 30,	<u>72,014,971</u>	<u>55,949,255</u>
8.2 Movement in liability:		
Net liability at the beginning of the year	55,949,255	51,444,502
Charge for the year	20,025,917	20,112,939
Benefits paid during the year	(9,298,727)	(16,681,795)
Remeasurement changes chargeable to other comprehensive income	5,338,526	1,073,609
Net liability at the end of the year	<u>72,014,971</u>	<u>55,949,255</u>
8.3 Movement in the present value of defined benefit obligation is as follows:		
Present value of defined benefit obligation as at July 01,	55,949,255	51,444,502
Current service cost	15,024,178	14,293,952
Past service cost	-	-
Interest cost	5,001,739	5,818,987
Benefits paid	(9,298,727)	(16,681,795)
Remeasurements:		
Actuarial (gains) / losses from changes in demographic assumptions	4,448,919	-
Actuarial (gains) / losses from changes in financial assumptions	(771,193)	-
Experience adjustments	1,660,800	1,073,609
Present value of defined benefit obligation as at June 30,	<u>72,014,971</u>	<u>55,949,255</u>
8.4 Expense recognised in profit and loss account is as follows:		
Current service cost	15,024,178	14,293,952
Past service cost	-	-
Interest cost	5,001,739	5,818,987
	<u>20,025,917</u>	<u>20,112,939</u>
8.5 Charge for the year has been allocated as follows:		
Cost of sales	14,347,486	15,223,484
Administrative expenses	5,678,431	4,889,455
	<u>20,025,917</u>	<u>20,112,939</u>
8.6 Total remeasurement chargeable to other comprehensive income:		
Remeasurement of defined benefit obligation:		
Actuarial (gains)/ losses from changes in demographic assumptions	4,448,919	-
Actuarial (gains)/ losses from changes in Financial assumptions	(771,193)	-
Experience adjustment	1,660,800	1,073,609
	<u>5,338,526</u>	<u>1,073,609</u>

- 8.7 Projected unit credit method, based on the following significant assumptions, is used for valuation of gratuity:

	2016	2015
Discount rate	7.25%	9.75%
Expected rate of salary increase	5.25%	7.75%
Average retirement age of employee	60 years	60 years

8.8 Sensitivity analysis

	Defined benefit obligation		
	Changes in assumptions	Increase in assumption	Decrease in assumption
		Rupees	Rupees
Discount rate	1%	67,249,916	77,521,162
Salary growth rate	1%	77,799,832	66,916,445

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

- 8.9 The expected contribution to defined benefit obligation for the year ending June 30, 2017 is Rs. 21.114 million.

	2016 Rupees	2015 Rupees
9 DEFERRED TAXATION		
The liability for deferred taxation comprises timing differences relating to:		
Taxable temporary differences		
Accelerated tax depreciation	61,871,723	45,192,536
Short term investments	61,493	-
Deductible temporary differences		
Provision for employee benefits	(6,897,918)	(3,733,297)
Tax credits		
Tax credits under section 113 / 65B	(34,201,870)	(47,170,126)
	20,833,428	(5,710,887)

9.1 Movement in temporary differences for the year

	Taxable temporary differences	Deductible temporary differences	Tax credit under sections 65B / 113	Total
	<i>Accelerated tax depreciation</i>	<i>AFS Assets Provision for employee benefits</i>		
		<i>----- Rupees -----</i>		
Balance as at July 1, 2014	27,114,287	- (3,836,698)	-	23,277,589
Recognised in Profit and Loss Account	18,078,249	- 175,039	(47,170,126)	(28,916,838)
Recognised in Other Comprehensive Income	-	- (71,638)	-	(71,638)
Balance as at June 30, 2015	<u>45,192,536</u>	<u>(3,733,297)</u>	<u>(47,170,126)</u>	<u>(5,710,887)</u>
Recognised in Profit and Loss Account	16,679,187	- (2,651,589)	12,968,256	26,995,854
Recognised in Other Comprehensive Income	-	61,493 (513,032)	-	(451,539)
Balance as at June 30, 2016	<u>61,871,723</u>	<u>61,493 (6,897,918)</u>	<u>(34,201,870)</u>	<u>20,833,428</u>

	Note	2016 Rupees	2015 Rupees
10 TRADE AND OTHER PAYABLES			
Creditors		70,123,912	47,708,334
Accrued liabilities		165,896,268	182,039,683
Workers' Profit Participation Fund	10.1	3,917,314	1,871,853
Workers' Welfare Fund		18,638,131	16,570,922
Advance from customers		16,435,919	9,153,342
Unclaimed dividend		4,204,352	4,028,696
Retention money		144,525	214,016
Withholding tax payable		1,178,078	554,191
Others		16,406,955	29,171,106
		<u>296,945,454</u>	<u>291,312,143</u>
10.1 Workers' Profit Participation Fund			
Balance as at beginning of year		1,871,853	13,045,000
Interest on funds utilized in the Company's business	10.1.1	154,620	1,715,507
		<u>2,026,473</u>	<u>14,760,507</u>
Paid during the year		<u>(2,026,473)</u>	<u>(14,760,507)</u>
		-	-
Allocation for the year	30	3,917,314	1,871,853
Balance as at end of year		<u>3,917,314</u>	<u>1,871,853</u>
10.1.1	Interest on Workers' Profit Participation Fund has been provided @11.25% (2015:37.5%) per annum.		
11 ACCRUED INTEREST / MARK-UP			
Long term finances		22,073,521	25,502,937
Short term borrowings		1,607,942	1,345,396
		<u>23,681,463</u>	<u>26,848,333</u>
12 SHORT TERM BORROWINGS			
From banking companies:			
Financing against packing credit - foreign currency	12.2	89,833,405	31,107,746
Running finance	12.3	155,782,550	13,718,094
Book overdraft	12.4	51,081,063	61,356,663
		<u>296,697,018</u>	<u>106,182,503</u>

- 12.1** The aggregate un-availed short term borrowing facilities amount to Rs.1,869 millions (2015: Rs.1,563 millions).
- 12.2** These foreign currency facilities amounting to US\$ 858,008(2015: US\$ 305,878) have been obtained from various commercial banks for working capital requirements; carrying markup rate ranging from 0.9% to 2.25% (2015: 0.75% to 3.33%) per annum. These facilities expire on various dates by March 31, 2017.
- 12.3** These facilities have been obtained from various commercial banks for working capital requirements; carrying mark-up ranging from 6.54% to 8.01 % (2015: 7.31% to 11.87%) per annum. These facilities expire on various dates by March 31, 2017.
- 12.4** This represents booked overdraft due to cheques issued by the Company in excess of balance with banks which will be presented for payment in subsequent period.
- 12.5** Short term borrowings are secured against ranking charge of Rs. 3,693 millions (2015: Rs.3,181 millions) and first pari passu charge of Rs. 1,921 millions (2015: Rs. 2,253 millions) on all present and future current assets of the Company.

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

- 13.1.1** For contingencies relating to tax matters, please refer to note 33.2 to note 33.6 to the financial statements.

	Note	2016 Rupees	2015 Rupees
13.1.2 Guarantees issued by banks in favour of Government departments on behalf of the Company in the normal course of business		108,503,845	106,503,845
Post dated cheques	13.1.2.1	1,131,655,479	896,741,180
		1,240,159,324	1,003,245,025

- 13.1.2.1** These represent post dated cheques issued to Collector of Customs and Sui Northern Gas Pipelines Limited.

	Note	2016 Rupees	2015 Rupees
13.2 Commitments			
Irrevocable letters of credit for:			
Capital expenditures		675,655,698	-
Non-capital expenditures		16,372,282	66,477,200
		692,027,980	66,477,200
Operating lease:			
Payable within one year		561,667	632,500
Payable later than one year but not later than five years		-	201,667
		561,667	834,167
		692,589,647	67,311,367

14 FIXED ASSETS

Property, plant and equipment

Operating fixed assets	14.1	1,710,209,818	1,885,505,011
Capital work in progress	14.5	31,985,532	2,193,231
		1,742,195,350	1,887,698,242
Intangible assets	14.6	5,795,247	-
Advances for Intangible Assets		-	4,754,243
		1,747,990,597	1,892,452,485

14.1 Operating fixed assets - as at June 30, 2016

Description	----- COST / REVALUED AMOUNT -----			----- DEPRECIATION -----			Net book value as at June 30, 2016	Annual rate of depreciation
	As at July 01, 2015	Additions / revaluation increase / (disposals)	As at June 30, 2016	As at July 01, 2015	For the year / (on disposals)	As at June 30, 2016		
Owned								
Freehold land (note 14.3)	57,772,000	-	57,772,000	-	-	-	57,772,000	-
Buildings on freehold land								
- Factory	225,545,345	871,209	226,416,554	95,418,194	13,084,150	108,502,344	117,914,210	10%
- Residential	84,153,789	18,340,345	102,494,134	38,357,465	5,192,144	43,549,609	58,944,525	10%
Buildings on leasehold land	22,391,752	-	22,391,752	16,886,787	550,497	17,437,284	4,954,468	10%
Plant and machinery	2,710,701,154	4,082,825	2,570,166,417	1,144,594,462	155,557,779	1,176,955,458	1,393,210,959	10%
		(144,617,562)			(123,196,783)			
Electric installation	75,947,691	-	75,947,691	35,822,672	4,012,502	39,835,174	36,112,517	10%
Factory equipment	8,003,518	1,235,000	9,238,518	3,677,826	469,695	4,147,521	5,090,997	10%
Furniture and fixture	6,733,424	77,500	6,810,924	4,029,148	271,073	4,300,221	2,510,703	10%
Office equipment	8,276,474	453,000	8,729,474	4,561,506	403,872	4,965,378	3,764,096	10%
Arms and ammunition	328,774	-	328,774	144,357	18,442	162,799	165,975	10%
Vehicles	52,782,674	10,499,350	55,271,180	23,639,167	6,232,165	25,501,812	29,769,368	20%
		(8,010,844)			(4,369,520)			
	3,252,636,595	35,559,229	3,135,567,418	1,367,131,584	185,792,319	1,425,357,600	1,710,209,818	
		(152,628,406)			(127,566,303)			

14.1.1 Operating fixed assets - as at June 30, 2015

Description	----- COST / REVALUED AMOUNT -----				----- DEPRECIATION -----			Net book value as at June 30, 2015	Annual rate of depreciation
	As at July 01, 2014	Additions / revaluation / (disposals)	As at June 30, 2015	As at July 01, 2014	For the year / (on disposals)	As at June 30, 2015			
	----- Rupees -----								
Owned									
Freehold land (note 14.3)	39,390,000	18,382,000	57,772,000	-	-	-	57,772,000	-	-
Buildings on freehold land									
Factory	124,759,834	100,785,511	225,545,345	83,986,345	11,431,849	95,418,194	130,127,151	10%	10%
Residential	50,174,702	33,979,087	84,153,789	36,728,521	1,628,944	38,357,465	45,796,324	10%	10%
Buildings on leasehold land	22,391,752	-	22,391,752	16,275,124	611,663	16,886,787	5,504,965	10%	10%
Plant and machinery	1,759,558,132	1,054,796,058 (103,653,036)	2,710,701,154	1,107,951,808	129,187,866 (92,545,212)	1,144,594,462	1,566,106,692	10%	10%
Electric installation	68,694,033	7,253,658	75,947,691	31,767,317	4,055,355	35,822,672	40,125,019	10%	10%
Factory equipment	8,003,518	-	8,003,518	3,197,192	480,634	3,677,826	4,325,692	10%	10%
Furniture and fixture	5,642,374	1,091,050	6,733,424	3,809,863	219,285	4,029,148	2,704,276	10%	10%
Office equipment	7,117,736	1,158,738	8,276,474	4,186,439	375,067	4,561,506	3,714,968	10%	10%
Arms and ammunition	328,774	-	328,774	123,866	20,491	144,357	184,417	10%	10%
Vehicles	51,843,155	4,335,707 (3,396,188)	52,782,674	18,832,558	6,855,824 (2,049,215)	23,639,167	29,143,507	20%	20%
	2,137,904,010	1,221,781,809 (107,049,224)	3,252,636,595	1,306,859,033	154,866,978 (94,594,427)	1,367,131,584	1,885,505,011		

14.1.1.1 Plant and machinery include borrowing cost capitalised during the year amounting to Rs. 25,101,932.

14.2	The depreciation charge for the year has been allocated as follows:	Note	2016	2015
	Cost of sales	27	Rupees	Rupees
	Administrative expenses	29	178,866,764	147,396,311
			6,925,555	7,470,667
			185,792,319	154,866,978

14.3 The Company follows the revaluation model for its Land. Fair value measurement as at June 30, 2015 was performed by "Hamid Mukhtar & Co (Private) Limited", an independent valuers not connected with the Company as at May 04, 2015. The value of the freehold land is ascertained according to the local market value. No revaluation has been conducted in current year.

Details of the Company's assets and information about fair value hierarchy as at June 30, 2016 are as follows.

	Level 1	Level 2	Level 3	Total
		Rupees		
Land	-	57,772,000	-	57,772,000
Total	-	57,772,000	-	57,772,000

2016	2015
Rupees	Rupees
2,207,366	2,207,366

Had there been no revaluation, the carrying value of the freehold land would have been

14.4 Disposal of property, plant and equipment

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain/ (Loss)	Mode of disposal	Particulars of buyer
Plant and machinery							
WARPING, SIZING MACHINE	42,440,893	36,002,911	6,437,982	4,525,000	(1,912,982)	Negotiations	Zaina International
30 LOOMS 1992-93	43,188,765	36,832,853	6,355,912	6,150,000	(205,912)	Negotiations	Zaina International
24 LOOMS 1992-93	34,551,012	29,509,742	5,041,270	4,920,000	(121,270)	Negotiations	Zaina International
6 LOOMS	8,637,751	7,810,729	827,022	1,000,000	172,978	Negotiations	Zaina International
10 LOOMS	15,799,141	13,040,548	2,758,593	1,230,000	(1,528,593)	Negotiations	Zaina International
	144,617,562	123,196,783	21,420,779	17,825,000	(3,595,779)		
Vehicles							
HONDA CIVIC - LE-13-109	2,413,077	1,114,055	1,299,022	1,500,000	200,978	Negotiations	M Hussain Akram
SUZUKI ALTO - LEP-7523	685,907	490,073	195,834	308,000	112,166	Negotiations	Ghulam Dastgeer
MASTER HIGHLAND - LES-3963	1,242,493	549,630	692,863	727,500	34,637	Negotiations	Muhammad Shahbaz
SUZUKI CULTUS - LEA-9835	944,885	613,797	331,088	338,000	6,912	Negotiations	Ghulam Dastgeer
HONDA CITY - LE-3149	1,549,475	793,440	756,035	965,000	208,965	Negotiations	Ch. Imtiaz Ahmed
SUZUKI SWIFT - LE-11-285	1,107,252	767,167	340,085	500,000	159,915	Negotiations	Sh. Naveed Ahmed
	7,943,089	4,328,162	3,614,927	4,338,500	723,573		
MOTORCYCLES							
HONDA CD-70 - LEW-9833	67,755	41,358	26,397	25,000	(1,397)	Negotiations	Asghar Masih
2016	152,628,406	127,566,303	25,062,103	22,188,500	(2,873,603)		
2015	107,049,224	94,594,427	12,454,797	8,968,000	(3,486,797)		

	Note	2016 Rupees	2015 Rupees
14.5 Capital work in progress			
Plant and machinery		7,063,062	-
Advances for plant and machinery		16,544,794	-
Advances for building on freehold land		7,519,411	-
Building under construction		858,265	1,054,002
Others		-	1,139,229
		31,985,532	2,193,231
14.6 Intangible assets			
This represents computer software and ERP system.			
Cost			
As at July 01		-	-
Additions		5,893,472	-
Deletions		-	-
As at June 30		5,893,472	-
Accumulated amortisation			
As at July 01		-	-
Amortisation during the year	14.6.1	98,225	-
Deletions		-	-
As at June 30		98,225	-
		5,795,247	-
14.6.1	The amortisation has been charged to administrative expenses.		
15 LONG TERM DEPOSITS			
Balance at beginning of the year	15.1	15,039,000	15,039,000
Add : Additions during the year		-	-
Balance at end of the year		15,039,000	15,039,000
15.1	These include interest free refundable security deposits given to various organizations.		
16 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores, spare parts and loose tools		37,113,042	45,297,893
Sizing material		10,368,660	6,761,068
		47,481,702	52,058,961
17 STOCK-IN-TRADE			
Raw material:			
- at mills	27	109,948,599	106,113,487
- in-transit		8,415,235	-
		118,363,834	106,113,487
Work-in-process	27	67,448,521	67,507,067
Finished goods	27	111,350,052	170,422,416
		297,162,407	344,042,970

	Note	2016 Rupees	2015 Rupees
18 TRADE DEBTS			
Considered good:			
Local - unsecured		130,957,345	66,381,117
Foreign - secured	18.1	152,110,277	106,234,080
		<u>283,067,622</u>	<u>172,615,197</u>
18.1 These are secured through letters of credit.			
19 ADVANCES			
Advances - considered good			
Suppliers - unsecured		47,536,476	26,211,058
Staff - secured	19.1	864,105	936,573
Letters of credit	19.2	2,145,554	162,571
		<u>50,546,135</u>	<u>27,310,202</u>
19.1 These are interest free advances to employees, other than executives, against salaries and repayable within one to six months.			
19.2 These include expenses incurred in respect of letters of credit for spare parts and raw material.			
	Note	2016 Rupees	2015 Rupees
20 SHORT TERM PREPAYMENTS			
Prepaid insurance		7,156,231	1,186,323
Prepaid rent		201,664	201,668
Prepaid guarantee commission		233,770	276,019
		<u>7,591,665</u>	<u>1,664,010</u>
21 OTHER RECEIVABLES			
Export rebate receivable		1,608,980	1,793,270
Sundry receivables		60,109	375,379
		<u>1,669,089</u>	<u>2,168,649</u>
22 SALES TAX REFUNDABLE			
This represents accumulated differences of input tax on purchases and output tax payable.			
23 SHORT TERM INVESTMENTS			
At fair value through profit or loss	23.1	-	86,251,500
Available for sale	23.2	119,964,290	-
		<u>119,964,290</u>	<u>86,251,500</u>

23.1 At fair value through profit or loss - mutual funds units

2016	2015	Company	Market Value		Cost	
			2016	2015	2016	2015
-	352,488	Alfalsh GHP Money Market Fund	-	35,537,331	-	35,508,145
-	1,445,422	NAFA Money Market Fund	-	15,025,594	-	15,025,377
-	356,532	MCB Cash Management Optimizer	-	35,688,575	-	35,659,161
			-	86,251,500	-	86,192,683
Adjustment arising from remeasurement to fair value					-	58,817
					-	86,251,500

23.2 Available for sale investments - listed equity securities

2016	2015	Company	Market Value		Cost	
			2016	2015	2016	2015
150,000	-	Pakistan Petroleum Limited	23,257,500	-	24,032,800	-
25,000	-	Oil & Gas Development Company Limited	3,451,750	-	4,208,620	-
100,000	-	United Bank Limited	17,692,000	-	14,561,554	-
100,000	-	Fatima Fertilizer Company Limited	3,394,000	-	3,869,336	-
200,000	-	Bank ALHabib Limited	8,624,000	-	8,012,520	-
985,500	-	Engro Fertilizer Limited	63,545,040	-	64,637,462	-
			119,964,290	-	119,322,292	-
Adjustment arising from remeasurement to fair value					641,998	-
					119,964,290	-

24 ADVANCE INCOME TAX - NET

Note

Balance at beginning of the year
Paid during the year

2016 Rupees	2015 Rupees
93,155,383	35,221,998
40,134,696	57,207,926
133,290,079	92,429,924
(5,393,824)	725,459
127,896,255	93,155,383

Provision for taxation - net
Balance at end of the year

25 CASH AND BANK BALANCES

Cash in hand
Cash at banks;
- Current accounts
- Term Deposit Receipt (TDR)

25.1

2016	2015
2,356,916	373,235
15,740,105	5,571,206
100,000,000	-
118,097,021	5,944,441

25.1 Cash and Bank includes Term deposit Receipt maintained with Askari Bank Limited amounting to Rs. 100 million for the period of one week having markup of 5.5% per annum.

26	SALES - NET	Note			2016	2015
			Local	Export	Total	Total
----- Rupees -----						
	Cloth	26.1	2,624,698,531	2,629,887,232	5,254,585,763	5,844,960,265
	Yarn		661,453	-	661,453	166,372
	Waste		33,735,545	-	33,735,545	38,483,273
			2,659,095,529	2,629,887,232	5,288,982,761	5,883,609,910
	Less : Sales tax					
	Cloth		(76,447,317)	-	(76,447,317)	(71,393,522)
	Yarn		(19,266)	-	(19,266)	(3,262)
	Waste		(1,693,438)	-	(1,693,438)	(1,666,404)
	Add: Export rebate		-	606,693	606,693	934,818
			2,580,935,508	2,630,493,925	5,211,429,433	5,811,481,540

26.1 Cloth export sales includes indirect exports amounting to Rs.Nil (2015: Rs.1,050,605,300).

27	COST OF SALES	Note	2016	2015
			Rupees	Rupees
	Raw material consumed	27.1	3,787,784,241	4,268,921,145
	Fuel and power		326,416,784	537,777,042
	Salaries, wages and benefits	27.2	285,114,652	288,782,423
	Stores and spares consumed		61,004,852	57,819,176
	Sizing material consumed		107,362,629	105,376,945
	Depreciation	14.2	178,866,764	147,396,311
	Packing material consumed		21,090,624	21,582,166
	Insurance		8,979,769	8,232,637
	Repairs and maintenance		1,866,337	7,000,887
	Electricity duty		2,849,920	2,330,097
	Vehicles running and maintenance		4,998,525	4,719,678
	Traveling and conveyance		471,268	539,197
	Lease rentals-land	27.3	302,504	284,168
	Entertainment		940,491	1,009,445
	Fee and subscription		196,500	251,118
	Others		3,731,406	4,630,544
			<u>4,791,977,266</u>	<u>5,456,652,979</u>
	Work-in-process:			
	At beginning of the year		67,507,067	75,367,952
	At end of the year	17	(67,448,521)	(67,507,067)
			<u>58,546</u>	<u>7,860,885</u>
	Cost of goods manufactured		<u>4,792,035,812</u>	<u>5,464,513,864</u>
	Finished goods:			
	At beginning of the year		170,422,416	196,906,966
	Purchased during the year		667,898	1,727,883
	At end of the year	17	(111,350,052)	(170,422,416)
			<u>59,740,262</u>	<u>28,212,433</u>
			<u>4,851,776,074</u>	<u>5,492,726,297</u>

		2016 Rupees	2015 Rupees
27.1 Raw material consumed	Note		
At beginning of the year		106,113,487	115,500,999
Purchases - net		<u>3,800,034,588</u>	<u>4,259,533,633</u>
		3,906,148,075	4,375,034,632
At end of the year	17	<u>(118,363,834)</u>	<u>(106,113,487)</u>
		<u>3,787,784,241</u>	<u>4,268,921,145</u>
27.2	Staff salaries, wages and benefits include employee retirement benefits amounting to Rs.14,347,486 (2015: Rs.15,223,484).		
27.3	The Company has obtained land under operating lease arrangement from Nagina Cotton Mills Limited, ("a related party") for two years starting from March 01, 2015 and ending on February 28, 2017 against annual rental of Rs. 302,500 (2015: 302,500).		
28 DISTRIBUTION COST			
Export			
Ocean freight and forwarding		10,222,875	25,782,116
Transportation and octroi		12,592,723	16,452,800
Export development surcharge		6,299,280	8,535,443
Commission		34,003,907	30,102,282
Travelling expenses foreign		7,827,325	8,262,665
Others		9,887,056	11,235,074
		80,833,166	100,370,380
Local			
Freight, handling and transportation		2,888,760	1,931,200
Commission		16,787,171	13,064,852
Others		1,136,778	332,799
		20,812,709	15,328,851
		<u>101,645,875</u>	<u>115,699,231</u>
29 ADMINISTRATIVE EXPENSES			
Staff salaries and benefits	29.1	35,850,312	31,742,739
Directors' remuneration		5,988,995	5,257,350
Vehicles running and maintenance		2,602,839	3,613,905
Depreciation	14.2	6,925,555	7,470,667
Amortisation	14.6.1	98,225	-
Insurance		2,383,631	2,462,229
Telephone, telex and postage		1,125,961	1,856,657
Electricity		2,418,074	2,950,732
Fee and subscription		2,432,379	1,293,433
Auditors' remuneration	29.2	1,285,000	1,285,000
Printing and stationery		1,048,732	822,423
Legal and professional charges		1,286,004	1,708,000
Lease rentals	29.3	690,000	630,000
Repairs and maintenance		51,256	280,200
Directors' meeting fee		405,000	330,000
Advertising		75,092	103,087
Others		748,778	378,450
		<u>65,415,833</u>	<u>62,184,872</u>
29.1	Staff salaries and benefits include employee retirement benefits amounting to Rs. 5,678,431 (2015: Rs. 4,889,455).		

		2016 Rupees	2015 Rupees
29.2 Auditors' remuneration	Note		
Annual statutory audit		1,000,000	1,000,000
Half yearly review		125,000	125,000
Review report on Code of Corporate Governance		85,000	85,000
Out of pocket expenses		75,000	75,000
		<u>1,285,000</u>	<u>1,285,000</u>
29.3	The Company has obtained an office space from Nagina Cotton Mills (a related party) against rental of Rs. 690,000 per annum, payable quarterly.		
30 OTHER OPERATING EXPENSES			
Workers' Profit Participation Fund	10.1	3,917,314	1,871,853
Workers' Welfare Fund		2,067,209	636,499
Donations	30.1	400,000	-
Exchange loss	30.2	970,334	1,195,863
Loss on forward contracts		740,862	-
Loss on sale of property, plant and equipment	14.4	2,873,603	3,486,797
		<u>10,969,322</u>	<u>7,191,012</u>
30.1	No director or his spouse had any interest in the donees.		
30.2	This represents exchange loss on revaluation of debtors and US (\$) loans obtained under short term financing.		
31 OTHER INCOME			
Income from financial assets			
Gain on sale of short term investments		173,829	3,459,421
Gain on forward contracts		-	1,270,326
Profit on TDR	25.1	169,526	-
Dividend income	31.1	1,742,500	-
		<u>2,085,855</u>	<u>4,729,747</u>
31.1	Breakup of dividend income is as follows:		
Pakistan Petroleum Limited		937,500	-
Oil & Gas Development Company Limited		105,000	-
United Bank Limited		700,000	-
		<u>1,742,500</u>	<u>-</u>
32 FINANCE COST			
Mark-up on:			
Long term finances from banking companies		93,580,940	81,293,343
Short term borrowings		7,699,468	9,627,587
Workers' Profit Participation Fund		154,620	1,715,507
		<u>101,435,028</u>	<u>92,636,437</u>
Bank charges and commission		9,911,396	14,585,006
		<u>111,346,424</u>	<u>107,221,443</u>
33 PROVISION FOR TAXATION			
Current		6,290,770	-
Prior		(896,946)	(725,459)
		<u>5,393,824</u>	<u>(725,459)</u>
Deferred	9.1	26,995,854	(28,916,838)
		<u>32,389,678</u>	<u>(29,642,297)</u>

	2016	2015
	----- % -----	
33.1 Numerical reconciliation between the average effective tax rate and applicable tax		
Applicable tax rate	32.00	33.00
Tax effects of amounts that are:		
Temporary difference	53.00	58.28
Effect of change in statutory rate change	(2.00)	(2.26)
Effect of tax credits and income chargeable at different tax rates	(37.00)	(181.73)
Adjustments of prior years	(1.00)	(2.33)
Average effective tax rate	45.00	(95.04)

33.2 The income tax assessments of the Company upto and including tax year 2015 have been completed by the concerned income tax authorities or are deemed to have been so completed under the provisions of section 120 of the Income Tax Ordinance, 2001 ('Ordinance'), except for the amendments and other proceedings mentioned below:

33.3 Tax year 2008

The Additional Commissioner Inland Revenue ('ACIR') initiated proceedings under section 122(5A) of the Ordinance through notice dated January 9, 2014 wherein intentions were shown to amend the assessment under section 120 of the Ordinance on the basis of certain issues stated therein. The proceedings were finalized through order dated March 31, 2014 where the ACIR accepted Company's contentions on all issues except for the issue of 'allocation of expenses', mark-up on loans from directors and allocation of interest on swap transactions. The ACIR did not raise any demand in view of available prior year refunds. However the Company filed an appeal with the Commissioner Inland Revenue (Appeals) ['CIR(A)'] against the order and the appeal was decided in favor of the Company on the grounds of time limitation, through the appellate order dated October 30, 2014. The department has appealed against the aforementioned order with the Appellate Tribunal Inland Revenue, however due to the order of the Honorable Supreme Court in the matter of Civil Petition no. 1306 of 2014, the Company's stance stands vindicated, and accordingly management is confident that the ultimate outcome of this case will be in favour of the Company.

33.4 For Tax Year 2003

The Company's case was selected for audit by the department for tax year 2003 in terms of section 177 of the Income Tax Ordinance ('Ordinance') vide letter dated November 13, 2006. The audit proceedings concluded by the department through order dated September 29, 2008 passed under section 122(1)/122(5) of the Ordinance, raising a tax demand of Rs. 13,543,537 by making certain disallowances / additions out of the profit and loss account. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) ['CIR(A)'] against this order. However, the CIR(A), through order, dated June 13, 2009 partially allowed relief to the Company. Both the Company and the department filed the appeals before the Appellate Tribunal Inland Revenue ('ATIR').

The department has, however, given the effect of the above referred appellate order through order dated September 30, 2009, reducing the impugned demand to Rs. 5,388,661. No provision has been made in these financial statements as the management, based on the opinion of tax advisor, is confident that the ultimate outcome of this case will be in favour of the Company.

33.5 For Tax Year 2004 and 2005

The Additional Commissioner inland revenue ('ACIR'), Audit Division - B, Large Tax payers unit, Lahore had earlier finalised proceedings under section 122 (5A) of the ordinance thorough order dated June 10, 2010 by working out taxable income at Rs. 1,999,685 and tax refundable at Rs. 2,239,067. The Commissioner Inland Revenue (Appeals) ['CIR (A)'] through appellate order dated June 13, 2009 settled all issues in favor of the Company agitated through the aforementioned amendment order except for treatment of export rebate. Accordingly the Company and the Department filed appeals against the CIR (A)'s order before Appellate Tribunal Inland Revenue ('ATIR').

Similarly, the ACIR through order dated May 3, 2011, had amended the Company's assessment for tax year 2005 and as a result the taxable income has been determined at Rs. 3,862,046 and tax refundable amounting to Rs. 1,262,056 has been determined to the credit of Company. The CIR (A) through his appellate order dated February 14, 2012 had settled all issues in favor of the Company, however the Inland Revenue Authorities had assailed the aforementioned appellate order with the ATIR on the issue of charging minimum tax over and above taxes paid under the Final tax Regime.

The ATIR decided departmental and Companys' appeals in respect of both tax years in favor of the Company through a consolidated appellate order dated September 28, 2015. Accordingly, the position of the income tax assessments has returned to the original position for both tax years.

33.6 For Transitional Tax Year 2005

The deemed assessment was amended by the Additional Commissioner Inland Revenue, Audit Division - A, Large Taxpayers Unit, Lahore, through order dated May 3, 2011, under section 122(5A) of the Ordinance. As a result, the taxable income was determined at Rs. 3,347,682 and tax payable at Rs. 1,174,826. The tax demand raised through the aforementioned order has been adjusted by the department against tax refund available from tax year 2007 through adjustment memo dated July 14, 2011.

The Company has filed an appeal against the above referred order before CIR(A) which is pending for adjudication. No provision has been made in these financial statements as the management is confident that the ultimate outcome of this case will be in favour of the Company.

34 EARNINGS PER SHARE - BASIC AND DILUTED 2016 2015

The calculation of the basic earnings per share is based on the following data:

Profit after taxation for the year - (Rupees)	39,972,082	60,830,729
Number of shares outstanding	18,480,000	18,480,000
Earnings per share - Basic- (Rupees)	2.16	3.29

There is no dilutive effect on the basic earnings per share of the Company.

35 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Director		Executives	
	2016	2015	2016	2015
	Rupees	Rupees	Rupees	Rupees
Remuneration	5,426,856	4,719,000	8,923,904	7,517,394
Utilities	562,139	513,350	-	-
Gratuity	-	-	1,469,518	1,183,167
Other allowances	-	-	4,461,952	3,758,697
	5,988,995	5,232,350	14,855,374	12,459,258
Number of persons	1	1	6	6

- 35.1** In addition to above, the Directors have been provided with free use of the Company maintained cars.
- 35.2** In addition to above, 2 (2015: 2) Non Executive directors were paid aggregate meeting fee of Rs. 405,000 (2015: Rs.355,000).
- 35.3** No remuneration has been paid to Chief Executive.

36 DIVIDEND

In respect of current year, the board of directors proposed to pay cash dividend @ Rs.1.75 (2015: Rs. 1.5) per ordinary share of Rs. 10 each. This dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting and has not been included as a liability in these financial statements.

37 FINANCIAL RISK MANAGEMENT

Credit risk
Liquidity risk
Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

37.1 Credit risk and concentration of credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

The Company is exposed to credit risk from its operating activities primarily for local trade debts, sundry receivables and other financial assets.

The Company does not hold collateral as security.

The Company's credit risk exposures are categorized under the following headings:

37.1.1 Counterparties

The Company conducts the following major types of the transactions with the counterparties:

Trade debts

Trade debts are essentially due from local customers against sale of cloth and from foreign customers against supply of cloth and the Company does not expect these counterparties to fail to meet their obligations. The majority of sales to the Company's customers are made on specific terms. Customer credit risk is managed subject to the Company's established policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit evaluation. Outstanding customer receivables are regularly monitored and any shipments to foreign customers are generally covered by letters of credit or other form of security.

Banks and investments

The Company limits its exposure to credit risk by only investing in highly liquid securities and only with counterparties that have a good credit rating. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations. The names and credit ratings of major banks, where the Company maintains bank balances as at June 30, 2016 are as follows:

Bank Name	Rating Agency	Credit Rating	
		Short Term	Long Term
Allied Bank Limited	PACRA	A1+	AA+
Askari Bank Limited	PACRA	A1+	AA+
Bank Alfalah Limited	PACRA	A1+	AA
Albaraka Bank (Pakistan) Limited	PACRA	A1	A
Habib Bank Limited	JCR-VIS	AAA	A1+
Meezan Bank Limited	JCR-VIS	AA	A1+
National Bank of Pakistan	PACRA	A1+	AAA
Standard Chartered Bank Limited	PACRA	A1+	AAA
United Bank Limited	JCR-VIS	A1+	AAA
Samba Bank Limited	JCR-VIS	A-1	AA
The Bank of Punjab	PACRA	A1+	AA-
MCB Bank Limited	PACRA	A1+	AAA
NIB Bank Limited	PACRA	A1+	AA-

37.1.2 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	2016 Rupees	2015 Rupees
Long term deposits	15	15,039,000	15,039,000
Trade debts	18	283,067,622	172,615,197
Advances	19.1	864,105	936,573
Other receivables	21	60,109	375,379
Bank balances	25	115,740,105	5,571,206
		414,770,941	194,537,355

Geographically there is no concentration of credit risk.

The maximum exposure to credit risk for trade debts at the reporting date by type of customer was:

Cloth	283,067,622	172,615,197
-------	--------------------	-------------

There is no single significant customer in the trade debts of the Company.

The maximum exposure to credit risk for trade debts at the reporting date by type of product was:

Textile	283,067,622	172,615,197
---------	--------------------	-------------

Ageing analysis of trade debts subject to credit risk

1 to 90 days	130,658,381	66,345,443
91 to 180 days	1,385	23,567
180 days and above	297,579	12,107
	130,957,345	66,381,117

37.1.3 Impairment losses

Based on age analysis, relationship with customers and past experience the management does not expect any party to fail to meet their obligations. The management believes that trade debts are considered good and hence no impairment allowance is required in this regard.

37.2 Liquidity risk management

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

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Included in note 12.1 to these financial statements is a listing of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

37.2.1 Liquidity and interest risk table

The following table detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities under long term financing agreements based on the earliest date on which the Company can be required to pay.

Fair values of all other financial assets and liabilities approximate their fair values.

For effective markup rate please see note 7.2, 12.2 and note 12.3 to these financial statements.

Carrying amount and contractual cash flows of trade and other financial liabilities are approximately same.

	Carrying amount	
	2016	2015
	Rupees	Rupees
Trade and other payables		
Maturity upto one year	273,211,931	272,315,177
Short term borrowings		
Maturity upto one year	296,697,018	106,182,503
Long term finances		
Maturity upto one year	145,102,827	86,294,048
Maturity after one year and upto five years	794,039,383	814,890,086
Maturity after five years	334,456,583	458,712,256
	1,843,507,742	1,738,394,070

37.3 Market risk

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

37.3.1 Foreign currency risk management

Pak Rupee (PKR) is the functional currency of the Company and as a result currency exposure arise from transactions and balances in currencies other than PKR. The Company's potential currency exposure comprise;

- Transactional exposure in respect of non functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Company are periodically restated to PKR equivalent, and the associated gain or loss is taken to the profit and loss account. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

- Transactional exposure in respect of non functional currency expenditure and revenues

Certain operating and capital expenditure is incurred by the Company in currencies other than the functional currency. Certain sales revenue is earned in currencies other than the functional currency of the Company. These currency risks are managed as a part of overall risk management strategy.

Exposure to foreign currency risk

The Company's net exposure to foreign currency risk was as follows based on notional amounts:

	2016 USD	2015 USD
Short term borrowings	(858,008)	(305,878)
Trade debts	1,452,820	1,039,130
	<u>594,812</u>	<u>733,252</u>

The following significant exchange rates have been applied:

	Average rate		Reporting date mid spot rate	
	2016 Rupees	2015 Rupees	2016 Rupees	2015 Rupees
USD 1	104.44	101.31	104.60	101.78

Commitments outstanding at year end amounted to USD 301,069 (2015: USD 586,921), EUR 5,678,060 (2015: EUR 38,242) and JPY Nil (2015: JPY 2,965,760) relating to letter of credits for import of stores, spare parts and raw material.

Sensitivity analysis

At June 30 if Rupee had weakened/ strengthened by 5% against US dollar with all other variables held constant, the Company's profit for the year would have decreased/ increased by Rs 2,974,060 (2015: Rs. 3,731,519) mainly as a result of foreign exchange gains/ losses on foreign currency transactions.

37.3.2 Interest rate risk

The interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. Sensitivity to interest rate risk arises from mismatches of financial assets and liabilities that mature in a given period.

Profile

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

<u>Fixed rate instruments</u>	2016	2015	2016	2015
	-----%	-----	----- Rupees	-----
Financial assets	-	-	-	-
Financial liabilities				
Long term finances	7.00%	7.00%	-	4,521,913
	9.00%	9.00%	67,790,005	71,018,100
	6.50%	6.50%	291,666,429	291,666,429
	8.00%	8.00%	84,769,268	104,714,980
	8.00%	8.00%	293,429,502	322,772,452
	3.50%	0.00%	187,931,622	-
			(925,586,826)	(794,693,874)
<u>Floating rate instruments</u>	2016	2015	2016	2015
	-----%	-----	----- Rupees	-----
Financial assets				
Bank balances	-	-	-	-
Financial liabilities				
Long term finances	7.35% to 9.04%	8.08% to 12.17%	348,011,967	565,202,516
Short term borrowings	0.9% to 8.01%	0.75% to 11.87%	296,697,018	106,182,500
	0.75% to 11.87%	0.75% to 11.43%	(644,708,985)	(671,385,016)

Fair value sensitivity analysis for fix rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit and loss account.

Fair value sensitivity analysis for floating rate instruments

The following table demonstrates the sensitivity to a reasonably possible change in floating interest rates, with all other variables held constant, of the Company's profit before tax (through the impact on floating rate borrowings).

	Increase / (decrease) in basis points Points	Decrease / (increase) of profit Rupees
2016		12,894,180
2015	+ (-) 200	13,427,700

37.3.3 Equity price risk management

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

At the balance sheet date, the exposure to unlisted equity securities at fair value was Rs. Nil.

At the balance sheet date, the exposure to listed equity securities at fair value was Rs. 119,964,290.

37.3.4 Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk, currency risk or equity price), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to commodity price risk since it has a diverse portfolio of commodity suppliers.

37.4 Determination of fair values

Fair value of financial instruments

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

The financial instrument, if any, that are not traded in active market are carried at cost and are tested for impairment according to IAS 39.

The carrying amount less impairment provision, if any, of trade receivables and payables and financial liabilities are assumed to approximate to their fair values.

37.5 Fair value hierarchy

Financial instruments are carried at fair value, by valuation method. The different levels have been defined as follows:

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

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

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

The Following table presents the Funds / Company's financial assets which are carried at fair value:

June 30, 2016			
Level 1	Level 2	Level 3	Total
Rs			
Financial assets - at fair value through profit or loss	-	-	-
Financial assets - at fair value Available for sale			
- Listed equity securities	119,964,290	-	119,964,290
	119,964,290	-	119,964,290
June 30, 2015			
Level 1	Level 2	Level 3	Total
Rs			
Financial assets - at fair value through profit or loss	86,251,500	-	86,251,500
Financial assets - at fair value Available for sale			
- Listed equity securities	-	-	-
	86,251,500	-	86,251,500

At 30 June, 2016, the Company holds short term investments where the company has used Level 1 inputs for the measurement of fair values and there is no transfer between levels.

37.6 CAPITAL RISK MANAGEMENT

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, appropriation of amounts to capital reserves or/and issue new shares.

	2016 Rupees	2015 Rupees
Total borrowings	1,570,295,811	1,466,078,890
Cash and bank balance	(118,097,021)	(5,944,441)
Net debt	1,452,198,790	1,460,134,449
Total equity including surplus on revaluation of land	956,937,394	948,930,301
Total capital	2,409,136,184	2,409,064,750
Gearing ratio	60.28%	60.61%

38 TRANSACTIONS WITH RELATED PARTIES

Related parties from the Company's perspective comprise, associated undertakings, key management personnel (including chief executive and directors) and post employment benefit plan. The Company in the normal course of business carries out transactions with various related parties and continues to have a policy whereby all such transactions are carried out on permissible basis and agreed terms.

Amounts due from and to related parties are shown under receivables and payables, if any, and remuneration of directors and key management personnel is disclosed in note 35.

Other significant transactions with related parties are as follows:

Nature of relation	Nature of transactions	2016 Rupees	2015 Rupees
Associated company	Purchase of goods and services	1,166,975,531	1,419,438,397
	Sale of goods and services	183,439	255,797
	Dividend paid	8,368,925	27,896,415
	Rent expense	992,500	932,500
Key management personnel	Payment of dividend to directors and their close family members	15,913,595	53,045,315

39 PLANT CAPACITY AND ACTUAL PRODUCTION**2016****2015****Weaving**

Air Jet Looms installed	276	276
Installed capacity at 50 Picks (meters)	58,452,807	58,452,807
Actual production (meters)	49,210,318	52,660,243
Actual production after conversion into 50 Picks (meters)	62,587,068	67,158,849

The difference between installed capacity and actual production is in normal course of business.

40 CASH GENERATED FROM OPERATIONS**2016
Rupees****2015
Rupees**

Profit before taxation	72,361,760	31,188,432
------------------------	-------------------	------------

Adjustments for:

Depreciation of property, plant and equipment

185,792,319 154,866,978

Amortisation of intangible assets

98,225 -

Provision for employee benefits

20,025,917 20,112,939

Loss on disposal of property, plant and equipment

2,873,603 3,486,797

Gain on sale of short term investments

(173,829) (3,459,421)

Finance cost

111,346,424 107,221,443**319,962,659** 282,228,736**392,324,419** 313,417,168

Changes in working capital

(Increase) / decrease in:

Stores, spare parts and loose tools

4,577,259 1,555,941

Stock-in-trade

46,880,563 43,732,947

Trade debts

(110,452,425) 72,533,408

Advances

(23,235,933) (6,656,277)

Short-term prepayments

(5,927,655) (113,985)

Other receivables

499,560 (791,120)

Sales tax

(33,497,498) 20,675,046**(121,156,129)** 130,935,960

Increase in:

Trade and other payables

5,457,655 68,745,791

Cash generated from operations

276,625,945 513,098,919**41 NUMBER OF EMPLOYEES**

Average number of employees during the year

1,052 1,177

Number of employees as at June 30,

1,047 1,076**42 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements have been approved by the board of directors of the Company and authorized for issue on September 29, 2016.

43 CORRESPONDING FIGURES

Corresponding figures have been rearranged / regrouped, wherever necessary, for the purpose of comparison. Significant reclassification made are as follows.

From	To	Reason	Amount
Travelling and conveyance (administrative expenses)	Export - travelling expenses foreign (distribution cost)	For better presentation	8,262,665
Travelling and Conveyance (administrative expenses)	Local - others (distribution cost)	For better presentation	265,309

44 GENERAL

The figures have been rounded off to the nearest Rupee.



Haroon Shahzada Ellahi Shaikh
Director



Shaukat Ellahi Shaikh
Mg. Director (Chief Executive)

Lahore: September 29, 2016

www.jamapunji.pk



**Jama
Punji**
سرمایہ کاری سمجھداری کے ساتھ



**Be aware, Be alert,
Be safe**

**Learn about investing at
www.jamapunji.pk**

Key features:

- Licensed Entities Verification
- Scam meter*
- Jamapunji games*
- Tax credit calculator*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered

- Stock trading simulator
(based on live feed from KSE)
- Knowledge center
- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

jamapunji.pk @jamapunji_pk

*Mobile apps are also available for download for android and ios devices

NOTES

This image shows a full page of white paper with horizontal dashed lines, typical of primary-ruled notebook paper. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

FORM OF PROXY

The Secretary,
PROSPERITY WEAVING MILLS LTD.
 Nagina House
 91-B-1, M.M. Alam Road,
 Gulberg-III,
 Lahore-54660.

I/We _____ of _____ being member(s) of **PROSPERITY WEAVING MILLS LTD.**, and holder of _____ Ordinary Shares as per Share Register Folio No. _____ (In case of Central Depository System Account Holder A/c No. _____ Participant I.D. No. _____) hereby appoint _____ of _____ who is member of the Company as per Register Folio No. _____ (In case of Central Depository System Account Holder A/c No. _____ Participant I.D. No. _____) or failing him/her _____ of _____ who is member of the Company as per Register Folio No. _____ (In case of Central Depository System Account Holder A/c No. _____ Participant I.D. No. _____) as my/our proxy to vote for me/us and on my/our behalf at the 25th Annual General Meeting of the Company to be held on October 28, 2016 and at any adjournment thereof.

affix
 Rs. 5/=
 Revenue
 Stamp

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

Signed at _____ this the _____ day of _____ 2016.

NOTES:

1. If a member is unable to attend the meeting, he/she may sign this form and send it to the Secretary so as to reach him not less than 48 hours before the time of holding the meeting.
2. Members through CDC appointing proxies must attach attested copy of their Computerized National Identity Card (CNIC) with the proxy form.
3. The Shareholders through CDC, who wish to attend the Annual General Meeting are requested to please bring, original Computerized Identity Card with copy thereof duly attested by their Bankers, Account Number and Participant I.D Number for identification purpose.
4. In case of corporate entity, certified copy of the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form of the Company.

پراکسی فارم (مختار نامہ)

سیکرٹری

پراسپیئرٹی ویونگ ملز لمیٹڈ

گلین ہاؤس، B-91، ایم ایم ورلڈ

گلبرگ III، لاہور 54660

میں / ہم

ساکن

بحیثیت رکن پراسپیئرٹی ویونگ ملز لمیٹڈ اور حامل عام حصص بمطابق شیئر رجسٹر فولیو نمبر

(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر پارٹیشن (شرکت) آئی ڈی نمبر) (

بذریعہ

محترم / محترمہ ساکن

جو کمپنی کا ممبر ہے بمطابق شیئر رجسٹر فولیو نمبر

(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر پارٹیشن (شرکت) آئی ڈی نمبر) (

یا اسکی غیر موجودگی میں محترم / محترمہ ساکن

جو کمپنی کا ممبر ہے بمطابق شیئر رجسٹر فولیو نمبر

(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر پارٹیشن (شرکت) آئی ڈی نمبر) (

مورخہ 28 اکتوبر 2016ء کو منعقد ہونے والے کمپنی کے 25 ویں سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے، تقریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا / ہمارا بطور مختار

(پراکسی) مقرر کرتا ہوں / کرتے ہیں۔

دستخط..... آج بروز..... بتاریخ..... 2016ء

5 روپے کارسیدی ٹکٹ

چسپاں کریں

دستخط کمپنی کے ہاں رجسٹرڈ نمونہ دستخطوں کے

مطابق ہونے چاہئیں

نوٹ:

- 1- اگر ایک ممبر اجلاس میں شرکت کے قابل نہیں ہے تو وہ اس فارم پر دستخط کرے اور سیکرٹری کو اس طور ارسال کر دے کہ اجلاس کے انعقاد کے وقت سے کم از کم 48 گھنٹے قبل پہنچ جانا چاہئے۔
- 2- سی ڈی سی کے ذریعے حصص یافتگان پراکسیز تقرر کرتے ہوئے پراکسی فارم کے ہمراہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ کی مصدقہ کاپی منسلک کریں۔
- 3- سی ڈی سی کے ذریعے حصص یافتگان جو سالانہ اجلاس میں شرکت کرنا چاہتے ہوں سے التماس ہے کہ شناخت کے مقصد کے لئے اصل کمپیوٹرائزڈ قومی شناختی کارڈ بمعہ اپنے بینکرز سے اسکی مصدقہ کاپی، اکاؤنٹ نمبر اور پارٹیشن آئی ڈی نمبر ہمراہ لائیں۔
- 4- کارپوریٹ اینٹیٹی کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ کی مصدقہ کاپی مع نمونہ دستخط (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (مختار نامہ) کے ہمراہ کمپنی میں جمع کرانا ہو گا۔