NAGINA

NAGINA GROUP

Prosperity Weaving Mills Limited

An ISO 9001 : 2008 Certified Company

2017

ANNUAL REPORT

NAGINA
NAGINA GROUP

CONTENTS

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	Non-Executive Director
	Mr. Tariq Zafar Bajwa	Executive Director
MANAGING DIRECTOR (Chief Executive)	Mr. Raza 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	
HEAD OF INTERNAL AUDIT	Mr. Kashif Saleem	
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 26th 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 27, 2017 11:00 a.m. to transact the following business:-

1) To confirm minutes of the Extraordinary General Meeting held on January 26, 2017.

2) To receive, consider and adopt Audited Accounts of the Company for the year ended June 30, 2017 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, 2018 and fix their remuneration.

5) To transact any other ordinary business with the permission of the Chair.

A 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 28, 2017

NOTES:

1) The share transfer books for ordinary shares of the Company will be closed from Saturday, October 21, 2017 to Friday, October 27, 2017 (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 20, 2017 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) In accordance with Section 242 of the Companies Act, 2017, any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholder. Please note that given bank mandate for dividend payments is **MANDATORY** and in order to comply with this regulatory requirement and to avail the facility of direct credit of dividend amount in your bank account, you are requested to please provide the particulars relating to name, folio number, bank account number, IBAN Number, title of account and complete mailing address of the bank 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).

   In case of non-receipt of above information, the dividend shall be withheld.

7) The financial statements for the year ended June 30, 2017 shall be uploaded on the Company's website on or before October 06, 2017.

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) In terms of sub section 1(b) of Section 134 of the Companies Act, 2017, Members can also attend and participate in the AGM through video conference facility, if members residing the vicinity, collectively holding 10% or more shareholding, provide their consent in writing, to participate in the AGM through video conference at least ten (10) days prior to date of AGM.

   After receiving the consent of the members in aggregate 10% or more shareholding, the Company will intimate members regarding venue of video conference facility at least five (5) days before the date of the AGM along with complete information necessary to enable them to access such facility.

10) Members are requested to promptly notify the Company of any change in their registered address.

11) IMPORTANT:

a) Pursuant to the provisions of the Finance Act, 2017, effective July 1, 2017, 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 15%
   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 @15% 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 15%.

   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-holder (s) based on their shareholding proportions, in case of joint accounts.

   In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of principal shareholder and joint-holder(s) in respect of shares held by them 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.

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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:

<table>
<tr><td>a. Total investment approved.</td><td>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)</td></tr>
<tr><td>b. Amount of investment made to date:</td><td>Nil</td></tr>
<tr><td>c. Reason for not having made complete investment so far where resolution required it to be implemented in specified time.</td><td>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 2016-17.</td></tr>
<tr><td>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.</td><td>
<table>
<tr><td></td><td colspan="2">Present Financial Position as on June, 30, 2017</td><td colspan="2">Financial Position at the time of approval as on June 30, 2016</td></tr>
<tr><td></td><td>NCML</td><td>ESML</td><td>NCML</td><td>ESML</td></tr>
<tr><td></td><td colspan="4">Rupees in Millions</td></tr>
<tr><td>Net sales</td><td>5,242.033</td><td>4,868.596</td><td>4,267.869</td><td>4,227.910</td></tr>
<tr><td>Gross profit</td><td>353.294</td><td>316.950</td><td>151.481</td><td>245.286</td></tr>
<tr><td>Profit / (loss) before tax</td><td>110.886</td><td>121.013</td><td>(64.422)</td><td>59.490</td></tr>
<tr><td>Profit / (loss) after tax</td><td>78.428</td><td>77.671</td><td>(92.945)</td><td>71.165</td></tr>
</table>
</td></tr>
</table>

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 OF COMPLIANCE

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

CERTIFICATE OF COMPLIANCE

(Scope Certificate)

CERTIFICATE No: [illegible]-2017
REGISTRATION No: CU [illegible]

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 5.0

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: 31 January 2018

Place and date of issue: Zwolle, 30 January 2017	Stamp of the issuing body	Standard's Logo
Name of authorised person: [illegible] Managing Director [illegible] Certifier		

[illegible]

[illegible]

[illegible]

OEKO-TEX®

CONFIDENCE IN TEXTILES

CERTIFICATE

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 STANDARD 100 by OEKO-TEX® to use the STANDARD 100 by OEKO-TEX® mark, based on our test report [illegible]

OEKO-TEX®

STANDARD 100

for the following articles:

Indigo woven fabric made of 100% cotton and its mixtures with polyester and elastane. Exclusively based on pre-certified material according to STANDARD 100 by OEKO-TEX®.

The results of the inspection made according to STANDARD 100 by OEKO-TEX®, Appendix 4, **product class II** have shown that the above mentioned goods meet the human-ecological requirements of the STANDARD 100 by OEKO-TEX® presently established in Appendix 4 for products with direct contact to skin.

The certified articles fulfil requirements of Annex XVII of REACH (incl. the use of azo colourants, nickel release, 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 STANDARD 100 by OEKO-TEX® mark only in conjunction with products that conform with the sample initially tested. The conformity is verified by audits.

The certificate [illegible] is valid until [illegible]

[illegible], [illegible]

[illegible]

[illegible]

DIRECTORS' REPORT TO THE MEMBERS

The Directors have the honour to present 26th Annual Report of your Company together with Audited Financial Statements and Auditors' Report thereon for the year ended June 30, 2017. Figures for the previous year ended June 30, 2016 are included for comparison.

Financial Results

The year under review has been another challenging year for textile sector in general and weaving segment in particular. Alhamdulillah, despite difficult trading conditions your company managed to remain profitable and posted an after tax profit of Rs. 56,197,546 compared to Rs.39,972,082 during the previous year. Earning per share (EPS) for the year is Rs.3.04 compared to Rs.2.16 for the previous year.

Sales revenue for the year increased by 11.68% over the previous year and stood at Rs.5,820,163,201 compared to Rs.5,211,429,433. Adverse export conditions caused sales mix to tilt towards local market. Cost of sales increased from 93.10% of sales in previous year to 94.79% of sales in current year. this resulted in decrease in gross profit from 6.90% of sales to 5.21% of sales.

Due to higher sales in local market, distribution cost for the year decreased from 1.95% of sales during previous year to 1.59% of sales during current year. Inflationary impact caused increase in administrative expenses from 1.26% of sales to 1.29% of sales. Other operating expenses increased by 17.90% over the previous year.

Other income significantly increased and stood at Rs.38,002,598 compared to Rs.2,085,855 because of two main reasons. Firstly, this increase was due to dividend earnings through investment portfolio in listed equity securities. Secondly reversal of workers welfare fund (WWF) provision amounting to Rs. 17,637,907 made on the basis of accounting profit from year 2011 to 2016. This reversal was incorporated after the decision of the Hon'ble Supreme Court which has declared the changes made in WWF Ordinance through Finance Act 2008 as ultra vires and void ab-initio.

Due to better utilization of working capital lines and intensive negotiation with banks, finance cost has reduced by 8.46% over the previous year.

Capital Assets Investment

During the year under review, in line with strategic plans for improvement in the production capacity/ capability and to cater the needs of both domestic and international markets, your Company has invested Rs.781,601,356 in the Expansion, Balancing, Modernization, Replacement (BMR) of building, plant and machinery and related assets.

Future Prospects and Outlook

Overall fabric market is under distress. Lower demand from global markets is making it difficult to sell our products at reasonable margins. Because of this situation our export sales are in decline. Looking ahead, we see financial year 2017-18 to be another challenging year for the weaving sector. Rising costs especially in wages, administration and government taxes are unwelcome burdens on the company. It is hoped that the government will continue the export package for the current year 2017-18. The export package is essential to help the Pakistan textile industry and your company to face the competition from regional countries.

Exchange rate of Pak Rupee to USD has remained stable throughout the year. Regional competitors through mechanism of currency devaluation and internal subsidies are in a better position to offer their products at lower rates. We feel that measures such as rationalizing the currency exchange rates, zero rating of exports, lowering energy costs and timely tax refunds are required to support the industry.

Dividend

The Board of Directors have recommended cash dividend @20% i.e. Rs. 2/= per ordinary share for the year ended June 30, 2017. The dividend will amount to Rs.36,960,000.

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 at 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 (IFRS), as applicable in Pakistan, have been followed in the preparation of financial statements and any departures therefrom has been adequately disclosed and explained.

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, 2017 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.

x) During 2016-2017, 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:

Transferor		Transferee		No. of Shares	Nature of Transaction
Name	Designation	Name	Designation		
Mr. Shahzada Ellahi Shaikh	Director	Mr. Haroon Ellahi Shaikh	Director	500,000	Transferred through gift
Mr. Shahzada Ellahi Shaikh	Director	Mr. Omer Ellahi Shaikh	-	500,000	
Mr. Shaukat Ellahi Shaikh	Director	Mr. Raza Ellahi Shaikh	Director / CEO	1,000,000	
Mr. Shafqat Ellahi Shaikh	Director	Mr. Amin Ellahi Shaikh	Director	1,000,000	
Mr. Shaikh Enam Ellahi (Late)	Director / Chairman	Mr. Shafqat Ellahi Shaikh	CEO / Director	51,850	Due to death of Joint Investor Account holder, survivor received the shares.
Mr. Shafqat Ellahi Shaikh	Director	Mr. Shaukat Ellahi Shaikh	Director	17,284	Transferred through gift
Mr. Shafqat Ellahi Shaikh	Director	Mr. Shahzada Ellahi Shaikh	Director	17,283	
Mr. Shaikh Enam Ellahi (Late)	Director / Chairman	Mr. Shahzada Ellahi Shaikh	Director	73,562	Shares transferred under inheritance
Mr. Shaikh Enam Ellahi (Late)	Director / Chairman	Mr. Shaukat Ellahi Shaikh	Director	73,562	
Mr. Shaikh Enam Ellahi (Late)	Director / Chairman	Mr. Shafqat Ellahi Shaikh	Director	73,563	

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, Chartered Accountants, the statutory external auditors of the Company.

Shareholding Pattern

The shareholding pattern as at June 30, 2017 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. Shahzada Ellahi Shaikh	3
2	Mr. Javaid Bashir Sheikh	4
3	Mr. Shaukat Ellahi Shaikh	4
4	Mr. Shafqat Ellahi Shaikh	4
5	Mr. Hasan Ahmed	4
6	Mr. Raza Ellahi Shaikh, Mg. Director	2
7	Mr. Amin Ellahi Shaikh	4
8	Mr. Haroon Shahzada Ellahi Shaikh	4
9	Mr. Tariq Zafar Bajwa	4

Leave of absence was granted to the 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. Amin Ellahi Shaikh	3
3	Mr. Haroon Shahzada Ellahi Shaikh	4

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

Executive Committee Meetings

During the year, two (2) meetings of Executive Committee of the Board were held. Attendance by each Director is as follows:

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

Human Resource and Remuneration (HR&R) Committee Meetings

During the year, two (2) 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	2
2	Mr. Shafqat Ellahi Shaikh	2
3	Mr. Tariq Zafar Bajwa	2

Director's Training Program

The Company has complied with the requirements of regulation 5.19.7 of PSX Rule Book.

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 FY 17/18. The Audit Committee has 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

Raza Ellahi Shaikh
Mg. Director (Chief Executive)

Lahore September 28, 2017

ممبران کے لئے ڈائریکٹرز کی رپورٹ

ڈائریکٹرز 30 جون 2017 کو مختتمہ سال کے لئے کمپنی کی 26 ویں سالانہ رپورٹ معہ نظر ثانی شدہ مالیاتی حسابات اور اس پر آڈیٹر کی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہی ہے۔ 30 جون 2016 کو ختم ہونے والے گزشتہ سال کے اعداد و شمار بھی موازنہ کے لئے شامل کئے گئے ہیں۔

مالیاتی کارکردگی

زیر جائزہ سال عام طور پر ٹیکسٹائل سیکٹر اور خاص طور پر ویونگ سیگمنٹ کے لئے ایک اور مشکل سال رہا ہے۔ الحمدللہ، مشکل ٹریڈنگ حالات کے باوجود آپ کی کمپنی منافع بخش رہنے میں کامیاب رہی اور پچھلے سال کے دوران 39,972,082 روپے کے مقابلے میں 56,197,546 روپے بعد از ٹیکس منافع کمایا ہے۔ زیر جائزہ سال کے لئے فی شیئر آمدنی (EPS) گزشتہ سال کے دوران 2.16 روپے کے مقابلے 3.04 روپے ہے۔

اس سال کے لئے فروخت کی آمدن گذشتہ سال سے 5,211,429,433 روپے کے مقابلے میں 5,820,163,201 روپے رہی، جوکہ 11.68 فیصد کا اضافہ ظاہر کر رہی ہے۔ منفی برآمد کے حالات سیلز مکس میں مقامی مارکیٹ کے بڑھنے کی وجہ ہیں۔ فروخت کی لاگت گزشتہ سال کی فروخت کی 93.10 فیصد سے اس سال فروخت کی 94.79 فیصد تک زیادہ ہوئی۔ جس کے نتیجہ میں مجموعی منافع گذشتہ سال میں فروخت کے 6.90 فیصد کے مقابلے میں اس سال فروخت کا 5.21 فیصد کم واقع ہوا ہے۔

مقامی مارکیٹ میں اعلیٰ فروخت کے باعث تقسیم کے اخراجات گذشتہ سال میں فروخت کے 1.95 فی صد کے مقابلے اس سال فروخت کا 1.59 فی صد تک کم ہوئے ہیں۔ افراط زر کے اثرات کی وجہ سے انتظامی اخراجات فروخت کے 1.26 فیصد سے فروخت کے 1.29 فیصد تک زیادہ ہو گئے۔ دیگر آپریٹنگ اخراجات پچھلے سال سے 17.9% بڑھے۔

دیگر آمدنی دو اہم وجوہات کے باعث گزشتہ سال 2,085,855 روپے کے مقابلے 38,002,598 روپے تک نمایاں طور پر زیادہ ہوئی۔ پہلی، یہ اضافہ لسٹڈ ایکوئٹی سیکورٹیز میں انویسٹمنٹ پورٹ فولیو کے ذریعے ڈیویڈینڈ آمدن کی وجہ سے تھا۔ دوسری، ورکرز ویلفیئر فنڈ (WWF) سے 17,637,907 روپے کی رقم کی واپسی جو منافع کی بنیاد پر سال 2011 تا 2016 تک حاصل ہوئی۔ یہ رقم کی واپسی معزز عدالت عظمیٰ کے فیصلے کے بعد ریکارڈ کی گئی جس نے فنانس ایکٹ 2008 کے ذریعے WWF آرڈیننس میں تبدیلیوں کو غیر آئینی قرار دیا

ورکنگ کیپیٹل لائنوں کے بہتر استعمال اور بینکوں کے ساتھ پُر زور گفت و شنید کے باعث مالیاتی اخراجات گزشتہ سال سے 8.46 فیصد کم ہوئے ہیں۔

طویل مدتی اثاثوں کی سرمایہ کاری

زیر جائزہ سال کے دوران کمپنی نے، پیداواری صلاحیت / اہلیت کو بہتر بنانے اور ملکی اور بین الاقوامی ضروریات کو پورا کرنے کے لئے کلیدی منصوبوں کے مطابق کمپنی کی عمارت، پلانٹ، مشینری اور دیگر اثاثوں کی توسیع / توازن / جدت اور تبدیلی (BMR) میں 781,601,356 روپے کی سرمایہ کاری کی ہے۔

مستقبل کے امکانات اور نقطہ نظر

مجموعی طور پر فیبرک مارکیٹ مشکل دور سے گذر رہی ہے۔ عالمی مارکیٹ میں کم طلب ہماری مصنوعات کو مناسب منافع پر فروخت کرنا مشکل بنا رہی ہے۔ اس صورت حال کی وجہ سے ہماری برآمد کی فروخت میں کمی ہوئی ہے۔ آگے، ہم مالی سال 2018 کو ویونگ سیکٹر کے لئے ایک اور مشکل سال دیکھتے ہیں۔ خاص طور پر اجرت، انتظامی اور حکومتی ٹیکس کی مد میں بڑھتے ہوئے اخراجات کمپنی پر ناگزیر بوجھ ہیں۔ امید ہے کہ حکومت موجودہ سال 18-2017 کے لئے برآمد پیکج جاری رکھے گی۔ علاقائی ممالک سے مقابلہ کا سامنا کرنے کے لئے پاکستانی ٹیکسٹائل صنعت کی مدد کے لئے برآمد پیکج ضروری ہے۔

سال بھر میں پاکستانی روپے کے زر مبادلہ کی شرح امریکی ڈالر کے مقابلے مستحکم رہی ہے۔ کرنسی کی تشخیص کے میکانزم اور اندرونی اعانات کے ذریعے علاقائی حریف اپنی مصنوعات کو کم شرح پر پیش کرنے کی بہتر پوزیشن میں ہیں۔ ہم محسوس کرتے ہیں کہ کرنسی کے تبادلے کی شرح کو استدلال کرنے، برآمدات کی زیرو ریٹنگ، بجلی کی لاگتوں میں کمی اور بروقت ٹیکس رقوم کی واپسی جیسے اقدامات کرنے کی ضرورت ہے۔

منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 30 جون 2017 مختتمہ سال کے لئے نقد منافع منقسمہ بشرح 20 فیصد یعنی 2 روپے فی عام شیئرز کی ادائیگی کی سفارش کی ہے۔ منافع منقسمہ کی رقم 36,960,000 روپے تک ہوگی۔

آئی ایس او 9001: 2008 سرٹیفیکیشن

کمپنی کوالٹی کے اعلی معیارات پر کام جاری رکھتی ہے اور 16 نومبر 2012 سے 20 مئی 2018 تک کی مدت کے لئے سرٹیفیکیشن کا حالیہ 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 کمیونٹیز جو ہمارے کاروبار سے بلواسطہ یا بلاواسطہ طور پر متاثر ہو رہی ہے کی بہتری کے لئے مسلسل کوشاں رہتی ہے۔ ہماری CSR پالیسی کے مطابق انتظامیہ نے فیکٹری ورکرز کے بچوں اور ارد گرد 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 ان 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 ہین۔ 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 کا مظاہرہ کیا جاتا 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:

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

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

iii) 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۔

iv) 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۔

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

vi) کمپنی کے رواں دواں رہنے کی صلاحیت پر کوئی قابل ذکر شکوک وشبہات نہیں ہیں۔

vii) گزشتہ چھ سال کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا منسلک ہے۔

viii) ٹیکس، ڈیوٹیز، لیویز اور چارجز کی مد میں کوئی قانونی ادائیگی واجب الادا نہیں ہے جو 30 جون 2017 کو بقایا ہوں، سوائے ان کے جن کو مالی حسابات میں ظاہر کیا گیا ہے؛

ix) 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۔

۔2016-2017 کو 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 کے:

منتقل کنندہ		وصول کنندہ		حصص کی تعداد	ٹرانزیکشنز کی نوعیت
جناب شہزادہ الٰہی شیخ	ڈائریکٹر	جناب ہارون شہزادہ الٰہی شیخ	ڈائریکٹر	500,000	بذریعہ گفٹ منتقلی
جناب شہزادہ الٰہی شیخ	ڈائریکٹر	جناب عمر الٰہی شیخ	-	500,000	
جناب شوکت الٰہی شیخ	ڈائریکٹر	جناب رضا الٰہی شیخ	ڈائریکٹر / سی ای او	1,000,000	
جناب شفقت الٰہی شیخ	ڈائریکٹر	جناب امین الٰہی شیخ	ڈائریکٹر	1,000,000	
جناب شیخ انعام الٰہی (مرحوم)	ڈائریکٹر / چیئرمین	جناب شفقت الٰہی شیخ	سی ای او / ڈائریکٹر	51,850	جوائنٹ انویسٹرا کاؤنٹ ہولڈر کے انتقال کے باعث پس ماندہ کو حصص کی وصولی
جناب شفقت الٰہی شیخ	ڈائریکٹر	جناب شوکت الٰہی شیخ	ڈائریکٹر	17,284	بذریعہ گفٹ منتقلی
جناب شفقت الٰہی شیخ	ڈائریکٹر	جناب شہزادہ الٰہی شیخ	ڈائریکٹر	17,283	
جناب شیخ انعام الٰہی (مرحوم)	ڈائریکٹر / چیئرمین	جناب شہزادہ الٰہی شیخ	ڈائریکٹر	73,562	وراثت کے تحت حصص کی منتقلی
جناب شیخ انعام الٰہی (مرحوم)	ڈائریکٹر / چیئرمین	جناب شوکت الٰہی شیخ	ڈائریکٹر	73,562	
جناب شیخ انعام الٰہی (مرحوم)	ڈائریکٹر / چیئرمین	جناب شفقت الٰہی شیخ	ڈائریکٹر	73,563	

متعلقہ پارٹیز

متعلقہ پارٹیوں کے درمیان لین دین بازار کے مطابق قیمتیں مقرر کر کے کیا گیا۔ کمپنی پاکستان میں سٹاک ایکسچینج 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 نشاندہی کے میسرز ڈیلوئٹ یوسف عادل، چارٹرڈ اکاؤنٹنٹس نے کیا ہے جو کہ کمپنی کے بیرونی آڈیٹرز ہیں۔

ترتیب حصص داری

30 جون 2017 کے مطابق تقسیم عام حصص داری کی معلومات کارپوریٹ گورننس کے ضابطہ 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 ریمنریشن (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 (4) اجلاس منعقد ہوئے حاضری کی پوزیشن حسب ذیل تھی:-

نمبر شمار	نام ڈائریکٹر	تعداد حاضری
1	جناب شہزادہ الٰہی شیخ	3
2	جناب جاوید بشیر شیخ	4
3	جناب شوکت الٰہی شیخ	4
4	جناب شفقت الٰہی شیخ	4
5	جناب حسن احمد	4
6	جناب رضا الٰہی شیخ مینجنگ ڈائریکٹر	2
7	جناب امین الٰہی شیخ	4
8	جناب ہارون شہزادہ الٰہی شیخ	4
9	جناب طارق ظفر باجوہ	4

ڈائریکٹرز جو بورڈ کے کسی اجلاس میں نہیں آسکتے 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 امین الٰہی شیخ	3
3	جناب ہارون شہزادہ الٰہی شیخ	4

ڈائریکٹرز جو آڈٹ کمیٹی کے کسی اجلاس میں نہیں آسکتے تھے کو غیر موجودگی کی رخصت عطا کی گئی۔

ایگزیکٹو کمیٹی کے اجلاس

زیر جائزہ سال کے دوران، ایگزیکٹو کمیٹی کے دو (2) اجلاس منعقد ہوئے، حاضری کی پوزیشن حسب ذیل تھی:-

نمبر شمار	نام ڈائریکٹر	تعداد حاضری
1	جناب شہزادہ الٰہی شیخ	2
2	جناب شوکت الٰہی شیخ	2
3	جناب شفقت الٰہی شیخ	2
4	جناب ہارون شہزادہ الٰہی شیخ	2

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• ہیومن ریسورس اینڈ ریمنریشن (R&HR) کمیٹی کے اجلاس

زیر جائزہ سال کے دوران، ہیومن ریسورس & ریمنریشن (R&HR) کمیٹی کے دو(2) اجلاس منعقد ہوئے، حاضری کی پوزیشن حسب ذیل تھی:۔

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

ڈائریکٹرز کی تربیت کے پروگرام

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

محاسب کی تقرری

میسرز ڈیلوئٹ یوسف عادل، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے کی بناء پر سال 2017-18 کے لیے بطور آڈیٹر دوبارہ تقرری کے لئے خود کو پیش کرتے ہیں۔ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز 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۔ ڈائریکٹرز بینکرز اور دیگر حصہ داروں کا بھی کمپنی کی مسلسل حمایت پر شکریہ ادا کرتے ہیں۔

منجانب بورڈ

رضا الٰہی شیخ

مینجنگ ڈائریکٹر (چیف ایگزیکٹو)

لاہور: 28 ستمبر 2017

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2017

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. Tariq Zafar Bajwa Mr. Raza Ellahi Shaikh
Non-Executive Directors	Mr. Shaukat Ellahi Shaikh Mr. Javaid Bashir Sheikh Mr. Shahzada Ellahi Shaikh Mr. Shafqat Ellahi Shaikh Mr. Amin Ellahi Shaikh Mr. Haroon Shahzada Ellahi Shaikh

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 NBFI or, being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.

4. During the financial year 2016-17, a casual vacancy occurred on the Board on September 20, 2016 and filled up by the board on September 29, 2016.

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.

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, seven (7) Directors have obtained certification under Directors' Training Program (DTP) and one (1) Director is exempted. In addition, CEO has also obtained certification under DTP. 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. The staff is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.

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

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

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

23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

24. 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 28, 2017

SHAREHOLDERS' INFORMATION

Annual General Meeting

The 26th 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 27, 2017 at 11:00 a.m.

Eligible shareholders are encouraged to participate and vote.

Ownership

On June 30, 2017, the Company has 577 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 28, 2017, payment of final cash dividend at the rate of Rs. 2/= per share i.e.20% for the year ended June 30, 2017.

MANDATORY PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE:

In accordance with Section 242 of the Companies Act, 2017, any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholder. Please note that given bank mandate for dividend payments is **MANDATORY** and in order to comply with this regulatory requirement and to avail the facility of direct credit of dividend amount in your bank account, you are requested to please provide the following particulars 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).

Detail of Bank Mandate	
Name of Shareholder	
Folio No. / CDC Account No.	
Cell Number of Shareholder	
Landline Number of Shareholder	
E-mail address	
Title of Bank Account of shareholder	
International Bank Account Number (IBAN) **“Mandatory”**	PK_________________________ (24 digits) (kindly provide your accurate IBAN after consulting with your respective bank branch, in case of any error or omission in given IBAN, the company will not be held responsible in any manner for any loss or delay in your cash dividend payment).
Bank’s Name	
Branch Name and Address	
Branch Code	
CNIC No. (copy attached)	
NTN (in case of Corporate Entity)	

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

____
Signature of the Shareholder

In case of non-receipt of above information, the dividend shall be withheld.

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, 2017 with effect from July 1, 2017, 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 @15%
(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), with-holding tax will be determined separately on "Filer/ Non-Filer" status of Principal shareholder as well as joint-holder (s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of principal shareholder and joint-holder(s) in respect of shares held by them 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.

Zakat Declaration (Form CZ-50)

The Shareholders claiming exemption from deduction of Zakat are advised to submit their Zakat Declaration Form CZ-50 under Zakat and Usher Ordinance, 1980 & Rule 4 of Zakat (Deduction & Refund Rules), 1981 to our Share Registrar, M/s Hameed Majeed Associates (Pvt.) Limited, 1st Floor, H.M. House, 7-Bank Square, Lahore. The Shareholders while sending the Zakat Declarations must quote company name and their respective Folio Nos and /or CDC A/c Nos.

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 & Dividend

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 unclaimed shares / unpaid dividend 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 28, 2017 has approved the increase in remuneration of Mr. Shahzada Ellahi Shaikh, Chairman and Mr. Raza Ellahi Shaikh, Mg. Director effective from July 1, 2017 as under:

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

Description	Present Remuneration	Remuneration After Increase
Remuneration	Rs.497,462/= per month inclusive of 10% medical allowance.	**Rs.572,081/= 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**

b) Remuneration of Mr. Raza Ellahi Shaikh, Mg. Director.

Description	Present Remuneration	Remuneration After Increase
Remuneration	Rs.497,462/= per month inclusive of 10% medical allowance.	**Rs.572,081/= 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 28, 2017

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PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2017
CUIN (INCORPORATION NUMBER) 0025740

No. of Shareholders	Shareholding From	Shareholding To	Total Shares Held
198	1	100	3,507
132	101	500	41,447
66	501	1,000	60,344
106	1,001	5,000	285,218
32	5,001	10,000	252,770
15	10,001	15,000	190,411
3	15,001	20,000	56,300
3	20,001	25,000	65,878
2	25,001	30,000	53,395
-	30,001	35,000	-
1	35,001	40,000	40,000
-	40,001	45,000	-
1	45,001	50,000	45,500
4	50,001	55,000	203,669
-	55,001	80,000	-
1	80,001	85,000	84,591
-	85,001	115,000	-
1	115,001	120,000	115,500
-	120,001	140,000	-
1	140,001	145,000	141,500
-	145,001	350,000	-
1	350,001	355,000	352,000
-	355,001	390,000	-
1	390,001	395,000	392,500
-	395,001	695,000	-
1	695,001	700,000	700,000
1	700,001	705,000	700,500
-	705,001	1,395,000	-
2	1,395,001	1,400,000	2,800,000
-	1,400,001	1,675,000	-
1	1,675,001	1,680,000	1,678,242
-	1,680,001	2,120,000	-
2	2,120,001	2,125,000	4,240,315
-	2,125,001	2,135,000	-
1	2,135,001	2,140,000	2,138,646
-	2,140,001	3,745,000	-
1	3,745,001	3,750,000	3,747,415
			90,352
577	**Total:-**		**18,480,000**

Categories of Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer, and their Spouse and Minor Children.	9,909,063	53.62
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	10,126,376	54.80
General Public		
a. Local	2,408,127	13.03
b. Foreign	253	0.00
Others (Joint Stock Companies etc.)	494,813	2.68

Note:-

M/s. Nagina Cotton Mils Ltd., had distributed 8,415,000 ordinary shares of M/s. Prosperity Weaving Mills Ltd., among its members, out of which 90,352 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".

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INFORMATION UNDER CLAUSE XVI (J) OF THE CODE OF CORPORATE GOVERNANCE AS AT JUNE 30, 2017

S #		Name	Shares Held	Percentage
1)		***Associated Companies, Undertaking and Related Parties***		
	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)		***Mutual Funds***		
	i)	GOLDEN ARROW SELECTED STOCKS FUND LIMITED	**84,591**	**0.46**
3)		***Directors, Chief Executive Officer and their Spouse and Minor Children***		
	i)	MR. SHAHZADA ELLAHI SHAIKH	2,120,219	11.47
	ii)	MR. SHAUKAT ELLAHI SHAIKH	2,138,646	11.57
	iii)	MR. SHAFQAT ELLAHI SHAIKH	2,120,096	11.47
	iv)	MRS. HUMERA SHAHZADA ELLAHI SHEIKH	2,934	0.02
	v)	MRS. MONA SHAUKAT SHAIKH	2,934	0.02
	vi)	MRS. SHAISTA SHAFQAT SHAIKH	2,934	0.02
	vii)	MR. RAZA ELLAHI SHAIKH	1,400,000	7.58
	viii)	MR. AMIN ELLAHI SHAIKH	1,400,000	7.58
	ix)	MR. HAROON SHAHZADA ELLAHI SHAIKH	700,500	3.79
	x)	MR. JAVAID BASHIR SHEIKH	500	-
	xi)	MRS. MEHREEN SAADAT	19,300	0.10
	xii)	MR. HASAN AHMED	500	-
	xiii)	MR. TARIQ ZAFAR BAJWA	500	-
			9,909,063	**53.62**
4)		***Executives***	**412**	**-**
5)		***Public Sector Companies and Corporations***	**352,069**	**1.91**
6)		***Banks, Development Financial Institutions, Non Banking Financial Institutions, Insurance Companies, Takaful, Modarabas and Pension Funds.***	**3,801**	**0.02**
7)		***Shareholders Holding Five Percent or More Voting Rights***		
	i)	MR. RAZA ELLAHI SHAIKH	1,400,000	7.58
	ii)	MR. AMIN ELLAHI SHAIKH	1,400,000	7.58
	iii)	ARH (PVT) LIMITED	1,678,242	9.08
	iv)	MR. SHAFQAT ELLAHI SHAIKH	2,120,096	11.47
	v)	MR. SHAHZADA ELLAHI SHAIKH	2,120,219	11.47
	vi)	MR. SHAUKAT ELLAHI SHAIKH	2,138,646	11.57
	vii)	ELLAHI INTERNATIONAL (PVT) LTD	3,747,415	20.28

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KEY FINANCIAL INFORMATION

		YEAR ENDED 30TH JUNE					
		2017	2016	2015	2014 (restated)	2013 (restated)	2012
Sales	Rs.'000	5,820,163	5,211,429	5,811,482	6,346,901	6,600,175	5,382,234
Gross profit	Rs.'000	303,179	359,653	318,755	480,701	668,706	374,694
Operating profit	Rs.'000	160,420	183,708	138,410	303,650	480,814	215,237
Profit / (loss) before tax	Rs.'000	58,496	72,362	31,188	243,114	397,872	108,170
Profit / (loss) after tax	Rs.'000	56,198	39,972	60,831	182,417	344,776	77,524
Share capital - paid up	Rs.'000	184,800	184,800	184,800	184,800	184,800	184,800
Shareholders' equity	Rs.'000	912,611	901,373	893,366	925,937	857,020	560,827
Total assets	Rs.'000	4,298,635	2,940,709	2,789,119	2,299,116	1,773,379	1,651,554
Earning per share - pre tax	Rs.	3.17	3.92	1.69	13.16	21.53	5.85
Earnings per share - after tax	Rs.	3.04	2.16	3.29	9.87	18.66	4.20
Dividend per share	Rs.	2.00	1.75	1.50	5.00	6.00	2.50
Market value per share as on 30 June	Rs.	28.61	30.50	32.85	41.00	31.00	9.37
Gross profit to sales	%	5.21	6.90	5.48	7.57	10.13	6.96
Operating profit to sales	%	2.76	3.53	2.38	4.78	7.28	4.00
Profit / (loss) before tax to sales	%	1.01	1.39	0.54	3.83	6.03	2.01
Profit / (loss) after tax to sales	%	0.97	0.77	1.05	2.87	5.22	1.44
Current ratio		1.26:1	1.54:1	1.72:1	1.40:1	1.55:1	1.05:1
Total debt ratio	%	77.48	67.46	65.98	58.11	49.58	63.79
Debt equity ratio	%	65.26	57.10	58.90	42.70	25.01	41.87

FINANCIAL STATEMENTS

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants
134-A, Abubakar Block
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Pakistan

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Prosperity Weaving Mills Limited (the Company) for the year ended June 30, 2017 to comply with regulations of the Pakistan Stock Exchange where the Company is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2017.

Deloitte Yousuf Adil
Chartered Accountants

Engagement Partner:
Rana M. Usman Khan

Lahore
Dated: 28 September, 2017

Deloitte Touche Tohmatsu Limited

Deloitte.

Deloitte Yousuf Adil
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Pakistan

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Prosperity Weaving Mills Limited** (the Company) as at June 30, 2017 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, 2017 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and

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

Deloitte Yousuf Adil
Chartered Accountants

Engagement Partner:
Rana M. Usman Khan

Date: September 28, 2017
Place: Lahore

NAGINA
NAGINA GROUP

BALANCE SHEET
AS AT JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
20,000,000 (2016: 20,000,000) ordinary shares of Rs. 10 each		**200,000,000**	200,000,000
Issued, subscribed and paid up capital	4	**184,800,000**	184,800,000
Capital reserves	5	**8,532,746**	17,180,505
Accumulated profit		**719,278,598**	699,392,255
Total equity		**912,611,344**	901,372,760
SURPLUS ON REVALUATION OF LAND	6	**55,564,634**	55,564,634
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term finances	7	**1,616,753,424**	1,128,495,966
Employees retirement benefits	8	**83,825,666**	72,014,971
Deferred taxation	9	**22,739,398**	20,833,428
		1,723,318,488	1,221,344,365
CURRENT LIABILITIES			
Trade and other payables	10	**409,960,059**	296,945,454
Accrued interest / mark-up	11	**26,616,488**	23,681,463
Short term borrowings	12	**968,807,297**	296,697,018
Current portion of long term finances	7	**201,756,712**	145,102,827
		1,607,140,556	762,426,762
TOTAL LIABILITIES		**3,330,459,044**	1,983,771,127
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		**4,298,635,022**	2,940,708,521

The annexed notes from 1 to 43 form an integral part of these financial statements.

Lahore: September 28, 2017

Shahzada Ellahi Shaikh
Director

BALANCE SHEET
AS AT JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	14	2,258,307,569	1,747,990,597
Long term deposits	15	15,039,000	15,039,000
CURRENT ASSETS			
Stores, spare parts and loose tools	16	41,019,980	47,481,702
Stock-in-trade	17	385,948,672	297,162,407
Trade debts	18	632,444,734	283,067,622
Advances	19	58,398,118	50,546,135
Short term prepayments	20	1,774,557	7,591,665
Other receivables	21	38,702,922	1,669,089
Sales tax refundable	22	145,042,143	124,202,738
Short term investments	23	549,149,576	119,964,290
Advance income tax - net	24	157,554,473	127,896,255
Cash and bank balances	25	15,253,278	118,097,021
		2,025,288,453	1,177,678,924
TOTAL ASSETS		4,298,635,022	2,940,708,521

The annexed notes from 1 to 43 form an integral part of these financial statements.

Raza Ellahi Shaikh
Mg. Director (Chief Executive)

NAGINA
NAGINA GROUP

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
Sales - net	26	5,820,163,201	5,211,429,433
Cost of sales	27	(5,516,984,658)	(4,851,776,074)
Gross profit		303,178,543	359,653,359
Distribution cost	28	(92,747,178)	(101,645,875)
Administrative expenses	29	(75,081,091)	(65,415,833)
Other operating expenses	30	(12,932,566)	(10,969,322)
		(180,760,835)	(178,031,030)
		122,417,708	181,622,329
Other income	31	38,002,598	2,085,855
Operating profit		160,420,306	183,708,184
Finance cost	32	(101,924,034)	(111,346,424)
Profit before taxation		58,496,272	72,361,760
Provision for taxation	33	(2,298,726)	(32,389,678)
Profit after taxation		56,197,546	39,972,082
Other comprehensive income			
Items that will not be reclassified subsequently to profit and loss:			
Remeasurement of post retirement benefits obligation		(4,363,959)	(5,338,526)
Related tax impact		392,756	513,032
Items that may be reclassified subsequently to profit and loss:			
Unrealized (loss)/gain on remeasurement of short term investments		(8,647,759)	641,998
Related tax impact		-	(61,493)
Other comprehensive loss		(12,618,962)	(4,244,989)
Total comprehensive income for the year		43,578,584	35,727,093
Earnings per share - basic and diluted	34	3.04	2.16

The annexed notes from 1 to 43 form an integral part of these financial statements.

Lahore: September 28, 2017

Shahzada Ellahi Shaikh
Director

Raza Ellahi Shaikh
Mg. Director (Chief Executive)

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	40	(24,500,416)	274,883,445
Employee benefits paid		(13,762,797)	(9,298,727)
Finance cost paid		(98,989,009)	(114,513,294)
Income taxes paid		(29,658,218)	(40,134,696)
Net cash (used) / generated from operating activities		(166,910,440)	110,936,728
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(774,757,349)	(65,351,530)
Purchase of intangible assets		-	(1,139,229)
Proceeds from disposal of property, plant and equipment		72,159,208	22,188,500
Purchase of short term investments		(444,147,625)	(159,322,292)
Proceeds from sale of short term investments		7,845,228	126,425,329
Dividend Income		18,106,153	1,742,500
Net cash used in investing activities		(1,120,794,385)	(75,456,722)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances obtained		690,365,676	-
Repayment of long term finances		(145,454,333)	(86,297,597)
Short term borrowings - net		672,110,279	190,514,515
Dividend paid		(32,160,540)	(27,544,344)
Net cash from financing activities		1,184,861,082	76,672,574
Net (decrease) / increase in cash and cash equivalents		(102,843,743)	112,152,580
Cash and cash equivalents at beginning of the year		118,097,021	5,944,441
Cash and cash equivalents at end of the year		15,253,278	118,097,021

The annexed notes from 1 to 43 form an integral part of these financial statements.

Lahore: September 28, 2017

Shahzada Ellahi Shaikh
Director

Raza Ellahi Shaikh
Mg. Director (Chief Executive)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2017

	Issued, subscribed and paid up capital	Capital reserves		Accumulated profit	Total
		Amalgamation reserve	Fair value reserve		
	------ Rupees ------				
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 / (loss) - 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
Comprehensive income					
Profit after taxation	-	-	-	56,197,546	56,197,546
Other comprehensive (loss) - net of tax	-	-	(8,647,759)	(3,971,203)	(12,618,962)
Total comprehensive (loss) / income for the year	-	-	(8,647,759)	52,226,343	43,578,584
Transactions with owners					
Final dividend @ 17.5% i.e. Rs. 1.75 per share	-	-	-	(32,340,000)	(32,340,000)
Balance at June 30, 2017	**184,800,000**	**16,600,000**	**(8,067,254)**	**719,278,598**	**912,611,344**

The annexed notes from 1 to 43 form an integral part of these financial statements.

Lahore: September 28, 2017

Shahzada Ellahi Shaikh
Director

Raza Ellahi Shaikh
Mg. Director (Chief Executive)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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.

Revised Adoption of new and revised laws, standards and interpretations

During the year, the Companies Act, 2017 (the new Companies Act) was enacted and promulgated by the SECP on May 30, 2017. However, SECP has notified through Circular No. 17 of July 20, 2017 that companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, the Company shall prepare the financial statements for periods closing after June 30, 2017 in accordance with the provisions of the new Companies Act. The Company is currently in process of determining impact, if any, on future financial statements due to implementation of the new Companies Act.

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, 2017

2.1.1.1 The following standards, amendments and interpretations are effective for the year ended June 30, 2017. 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.

	Effective from accounting period beginning on or after:
Amendments to IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures' - Investment Entities: Applying the consolidation exception	January 01, 2016
Amendments to IFRS 11 'Joint Arrangements' - Accounting for acquisitions of interests in joint operations	January 01, 2016
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure initiative	January 01, 2016
Amendments to IAS 16 'Property Plant and Equipment' and IAS 38 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortization	January 01, 2016
Amendments to IAS 16 'Property Plant and Equipment' and IAS 41 'Agriculture' - Measurement of bearer plants	January 01, 2016

Amendments to IAS 27 'Separate Financial Statements' - Equity method in separate financial statements	January 01, 2016

Certain annual improvements have also been made to a number of IFRSs.

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 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
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 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 from accounting period beginning on or after a date to be determined. Earlier application is permitted.
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 40 'Investment Property': Clarification on transfers of property to or from investment property	Effective from accounting period beginning on or after January 01, 2018. Earlier application is permitted.
IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	Effective from accounting period beginning on or after January 01, 2018. Earlier application is permitted.
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	Effective from accounting period beginning on or after January 01, 2019

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
- IFRS 17 Insurance Contracts

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 on-going 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, if any, 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

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and balances with banks.

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, 2017.

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.

			Note	**2017 Rupees**	2016 Rupees

4 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2017	2016			
Number of shares				
		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:

	2017	2016
	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

		2017 Rupees	2016 Rupees
Amalgamation reserve	**5.1**	**16,600,000**	16,600,000
Fair value reserve	**5.2**	**(8,067,254)**	580,505
		8,532,746	17,180,505

5.1 This represents reserve arising on merger of Ellahi Electric Company Limited into Prosperity Weaving Mills Limited on 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.

5.2 This represents unrealized loss on remeasurement of short term available for sale investments at fair value.

6 SURPLUS ON REVALUATION OF LAND	Note	**2017 Rupees**	2016 Rupees
Balance at end of the year	**14.4**	**55,564,634**	55,564,634

7 LONG TERM FINANCES

	Note	2017 Rupees	2016 Rupees
From banking companies - secured	7.1	**1,818,510,136**	1,273,598,793
Less: current portion		**201,756,712**	145,102,827
		1,616,753,424	1,128,495,966

7.1 From banking companies - secured

	Name of Institution	Limit 2017	Limit 2016	Outstanding amount 2017	Outstanding amount 2016	Other terms and conditions: Security	Other terms and conditions: Arrangement, repayment and mark-up
		Rupees	Rupees	Rupees	Rupees		
7.1.1	Askari Bank Limited	**71,018,100**	71,018,100	**54,877,625**	67,790,005	Joint pari passu hypothecation charge of Rs. 805.2 million over all present and future fixed assets of the Company with 25% margin.	This facility has been converted to long term finance facility (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. The loan is repayable in 22 quarterly installments, with a 18 months grace period, commenced from May 25, 2016. The loan carries mark-up rate of 6.50% (2016: 9.00%) per annum payable quarterly. Rate of mark-up has been reduced to 6.5% w.e.f. April 01, 2017.
7.1.2	Askari Bank Limited	**113,000,000**	113,000,000	**30,531,638**	38,164,546	Joint pari passu hypothecation charge of Rs. 805.2 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 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% (2016: 3 months KIBOR plus 1.00%) per annum payable quarterly.

	Name of Institution	Limit		Outstanding amount		Other terms and conditions	
		2017	2016	2017	2016	Security	Arrangement, repayment and mark-up
		Rupees					
7.1.3	Askari Bank Limited	**291,666,430**	291,666,430	**282,551,853**	291,666,429	Joint pari passu hypothecation charge of Rs. 805.2 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 scheme. The loan is repayable in 32 quarterly installments, with a 24 months grace period, commenced from June 5, 2017. The loan carries mark-up rate of 6.50% (2016: 6.50%) per annum payable quarterly.
7.1.4	Askari Bank Limited	**93,333,481**	93,333,481	**87,500,139**	93,333,481	Joint pari passu hypothecation charge of Rs. 805.2 million over all present and future fixed assets (plant and machinery) of the Company with 25% margin.	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. The loan is repayable in 32 quarterly installments with 24 months grace period, commenced from February 12, 2017. The loan carries mark-up rate of 3 months KIBOR plus 1.00% (2016: 3 months KIBOR plus 1.00%) per annum payable quarterly.

	Name of Institution	Limit		Outstanding amount		Other terms and conditions	
						Security	Arrangement, repayment and mark-up
		2017	2016	**2017**	2016		
		Rupees					
7.1.5	Askari Bank Limited	**114,853,889**	114,853,889	**111,264,705**	114,853,889	Joint pari passu hypothecation charge of Rs. 805.2 million over all present and future fixed assets (plant and machinery) of the Company with 25% margin.	This facility has been obtained against a sanctioned limit of Rs. 115 million. The loan is repayable in 32 quarterly installments with 24 months grace period, commenced from May 27, 2017. The loan carries mark-up rate of 3 months KIBOR plus 1.00% (2016: 3 months KIBOR plus 1.00%) per annum payable quarterly.
7.1.6	Habib Bank Limited	**322,772,452**	322,772,452	**234,743,602**	293,429,502	Joint 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. 605 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. The 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 6.5% (2016: 8%) per annum payable quarterly. Rate of mark-up has been reduced to 6.5% w.e.f. November 01, 2016.

	Name of Institution	Limit		Outstanding amount		Other terms and conditions	
						Security	Arrangement, repayment and mark-up
		2017	2016	**2017**	2016		
		Rupees					
7.1.7	Habib Bank Limited	**109,701,408**	109,701,408	**64,823,556**	84,769,268	Joint 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. 605 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. 200 million out of which Rs. 109.70 million have been converted into LTFF scheme of State Bank of Pakistan. The loan is repayable in 22 Installments with a 7 months grace period, commenced from April 7, 2015. The loan carries mark-up rate of 6.5% (2016: 8%) per annum payable quarterly. Rate of mark-up has been reduced to 6.5% w.e.f. November 01, 2016.
7.1.8	Habib Bank Limited	**200,000,000**	200,000,000	**53,358,263**	69,776,187	Joint pari passu charge of Rs. 605 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.	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. The loan is 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% (2016: 3 months KIBOR plus 1.35%) per annum payable quarterly.

	Name of Institution	Limit		Outstanding amount		Other terms and conditions — Security	Other terms and conditions — Arrangement, repayment and mark-up
		2017	2016	**2017**	2016		
		Rupees					
7.1.9	Habib Bank Limited	**350,000,000**	350,000,000	**19,801,852**	24,752,316	Joint pari passu charge of Rs. 605 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.	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. The loan is repayable in 22 equal quarterly installments with 18 months grace period, commenced from February 13, 2016. The loan carries mark-up rate of 3 months KIBOR plus 1% (2016: 3 months KIBOR plus 1%) per annum payable quarterly.
7.1.10	Habib Bank Limited	**140,000,000**	140,000,000	**-**	1,575,993	Joint pari passu charge of Rs. 605 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.	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. The loan is repayable in 20 equal quarterly installments commenced from April 18, 2012. The loan carries mark-up rate of 6 months KIBOR plus 2.00% (2016: 6 months KIBOR plus 2.00%) per annum payable quarterly.

	Name of Institution	Limit		Outstanding amount		Other terms and conditions: Security	Other terms and conditions: Arrangement, repayment and mark-up
		2017	2016	**2017**	2016		
7.1.11	Habib Bank Limited	**50,000,000**	50,000,000	**1,111,111**	5,555,555	Joint pari passu charge over fixed assets of the company with 25% margin, excluding power generation plant amounting to Rs. 605 million and personal guarantees of sponsor directors of the Company.	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. The loan is repayable in 18 equal 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% (2016: 6 months KIBOR plus 1.75%) per annum payable quarterly.
7.1.12	United Bank Limited	**187,931,622**	187,931,622	**187,931,622**	187,931,622	Joint pari passu charge amounting to Rs. 1,184.333 million by way of equitable mortgage over fixed assets (land, buildings & machinery) of the Company with 25% margin.	This facility has been converted to LTFF scheme of State Bank of Pakistan. Total loan sanctioned was Rs. 187.935 million out of which Rs. 187.931 million have been converted into LTFF scheme of State Bank of Pakistan. The loan is repayable in 32 quarterly installments commencing from November 10, 2017. The loan carries mark-up rate of 3.50% (2016: 3.50%) per annum payable quarterly.

	Name of Institution	Limit 2017	Limit 2016	Outstanding amount 2017	Outstanding amount 2016	Other terms and conditions: Security	Other terms and conditions: Arrangement, repayment and mark-up
		Rupees					
7.1.13	United Bank Limited	700,000,000	-	**30,475,886**	-	Joint pari passu charge amounting to Rs. 1,184.333 million by way of equitable mortgage over fixed assets (land, buildings & machinery) of the Company with 25% margin.	This facility has been obtained against sanctioned limit of Rs. 700 million. The loan is repayable in 32 equal quarterly installments commencing from October 19, 2019 with grace period of 24 months. The loan carries mark up at the rate of 1 month KIBOR +100bps payable quarterly in arrears.
7.1.14	United Bank Limited	660,000,000	-	**659,538,284**	-	Joint pari passu charge amounting to Rs. 1,184.333 million by way of equitable mortgage over fixed assets (land, buildings & machinery) of the Company with 25% margin.	This facility has been obtained against sanctioned limit of Rs. 660 million. The loan is repayable in 32 quarterly installments in arrears commencing from April 18, 2019 with grace period of 24 months. The loan carries mark up at SBP's rate+50 bps.
				1,818,510,136	**1,273,598,793**		

7.2 These facilities carry effective mark-up rate ranging from 2.50% to 9.00% (2016: 3.50% to 9.00%) 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, 2017.

		2017 Rupees	2016 Rupees
8.1	**Amounts recognized in the balance sheet are as follows:**		
	Present value of defined benefit obligation as at June 30	**83,825,666**	72,014,971
8.2	**Movement in liability:**		
	Net liability at the beginning of the year	**72,014,971**	55,949,255
	Charge for the year	**21,209,533**	20,025,917
	Benefits paid during the year	**(13,762,797)**	(9,298,727)
	Remeasurement changes chargeable to other comprehensive income	**4,363,959**	5,338,526
	Net liability at the end of the year	**83,825,666**	72,014,971
8.3	**Movement in the present value of defined benefit obligation is as follows:**		
	Present value of defined benefit obligation as at July 01	**72,014,971**	55,949,255
	Current service cost	**16,487,349**	15,024,178
	Interest cost	**4,722,184**	5,001,739
	Benefits paid	**(13,762,797)**	(9,298,727)
	Remeasurements:		
	Actuarial losses from changes in demographic assumptions	**-**	4,448,919
	Actuarial (gains) / losses from changes in financial assumptions	**176,945**	(771,193)
	Experience adjustments	**4,187,014**	1,660,800
	Present value of defined benefit obligation as at June 30	**83,825,666**	72,014,971
8.4	**Expense recognized in profit and loss account is as follows:**		
	Current service cost	**16,487,349**	15,024,178
	Interest cost	**4,722,184**	5,001,739
		21,209,533	20,025,917
8.5	**Charge for the year has been allocated as follows:**		
	Cost of sales	**15,003,467**	14,347,486
	Administrative expenses	**6,206,066**	5,678,431
		21,209,533	20,025,917
8.6	**Total remeasurement chargeable to other comprehensive income:**		
	Remeasurement of defined benefit obligation:		
	Actuarial losses from changes in demographic assumptions	**-**	4,448,919
	Actuarial (gains)/ losses from changes in financial assumptions	**176,945**	(771,193)
	Experience adjustment	**4,187,014**	1,660,800
		4,363,959	5,338,526

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

	2017	2016
Discount rate	**7.75%**	7.25%
Expected rate of salary increase	**5.75%**	5.25%
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%	78,231,750	90,275,751
Salary growth rate	1%	90,590,486	77,852,002

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 recognized within the balance sheet.

8.9 The expected contribution to defined benefit obligation for the year ending June 30, 2018 is Rs. 26.022 million.

	2017	**2016**
	Rupees	Rupees

9 DEFERRED TAXATION

The liability for deferred taxation comprises timing differences relating to:

Taxable temporary differences		
Accelerated tax depreciation	**105,961,863**	61,871,723
Short term investments	**-**	61,493
Deductible temporary differences		
Provision for employee benefits	**(11,461,582)**	(6,897,918)
Short term investments	**(856,683)**	-
Tax credits		
Tax credits under section 113 / 65B	**(70,904,200)**	(34,201,870)
	22,739,398	**20,833,428**

9.1 Movement in temporary differences for the year

	Taxable temporary differences		***Deductible temporary differences***		**Tax credits under section 113 / 65B**	**Total**
	Accelerated tax depreciation	*Short term Investments*	*Provision for employees benefits*	*Short term Investments*		
	Rupees					
Balance as at July 1, 2015	45,192,536	-	(3,733,297)	-	(47,170,126)	(5,710,887)
Recognized in Profit and Loss Account	16,679,187	-	(2,651,589)	-	12,968,256	26,995,854
Recognized in Other Comprehensive Income	-	61,493	(513,032)	-	-	(451,539)
Balance as at June 30, 2016	61,871,723	61,493	(6,897,918)	-	(34,201,870)	20,833,428
Recognized in Profit and Loss Account	44,090,140	-	(4,170,908)	(918,176)	(36,702,330)	2,298,726
Recognized in Other Comprehensive Income	-	(61,493)	(392,756)	61,493	-	(392,756)
Balance as at June 30, 2017	105,961,863	-	(11,461,582)	(856,683)	(70,904,200)	22,739,398

	Note	2017 Rupees	2016 Rupees

10 TRADE AND OTHER PAYABLES

	Note	2017 Rupees	2016 Rupees
Creditors		**131,294,857**	70,123,912
Accrued liabilities		**199,270,702**	165,896,268
Workers' Profit Participation Fund	10.1	**2,974,071**	3,917,314
Workers' Welfare Fund		**-**	18,638,131
Advance from customers		**30,457,467**	16,435,919
Unclaimed dividend		**4,383,812**	4,204,352
Retention money		**1,593,196**	144,525
Withholding tax payable		**1,086,035**	1,178,078
Others		**38,899,919**	16,406,955
		409,960,059	296,945,454

10.1 Workers' Profit Participation Fund

	Note	2017 Rupees	2016 Rupees
Balance as at beginning of year		**3,917,314**	1,871,853
Interest on funds utilized in the Company's business	10.1.1	**297,219**	154,620
		4,214,533	2,026,473
Paid during the year		**(4,214,533)**	(2,026,473)
		-	-
Allocation for the year	30	**2,974,071**	3,917,314
Balance as at end of year		**2,974,071**	3,917,314

10.1.1 Interest on Workers' Profit Participation Fund has been provided @ 13.13% (2016:11.25%) per annum.

11 ACCRUED INTEREST / MARK-UP

	Note	2017 Rupees	2016 Rupees
Long term finances		**22,085,638**	22,073,521
Short term borrowings		**4,530,850**	1,607,942
		26,616,488	23,681,463

12 SHORT TERM BORROWINGS

From banking companies:

	Note	2017 Rupees	2016 Rupees
Financing against packing credit - foreign currency	12.2	**618,176,166**	89,833,405
Running finance	12.3	**247,553,155**	155,782,550
Book overdraft	12.4	**103,077,976**	51,081,063
		968,807,297	296,697,018

12.1 The aggregate un-availed short term borrowing facilities amount to Rs. 1,249 millions (2016: Rs.1,869 millions).

12.2 These foreign currency facilities amounting to US$ 5,887,391 (2016: US$ 858,008) have been obtained from various commercial banks for working capital requirements; carrying markup rate ranging from 1% to 2.25% (2016: 0.9% to 2.25%) per annum. These facilities expire on various dates by December 15, 2017.

12.3 These facilities have been obtained from various commercial banks for working capital requirements; carrying mark-up ranging from 6.24% to 6.87% (2016:6.54% to 8.01 %) per annum. These facilities expire on various dates by May 31, 2018.

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. 2,425 millions (2016: Rs.3,693 millions) and first pari passu charge of Rs. 3,117 millions (2016: Rs.1,921 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	2017 Rupees	2016 Rupees
13.1.2	Guarantees issued by banks in favor of Government departments on behalf of the Company in the normal course of business		**117,868,405**	108,503,845
	Post dated cheques	13.1.2.1	**1,970,777,553**	1,131,655,479
			2,088,645,958	1,240,159,324

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

13.2 Commitments

		Note	2017 Rupees	2016 Rupees
	Irrevocable letters of credit for:			
	Capital expenditures		**-**	675,655,698
	Non-capital expenditures		**13,354,541**	16,372,282
			13,354,541	692,027,980
	Operating lease:			
	Payable within one year		**728,750**	561,667
	Payable later than one year but not later than five years		**221,833**	-
			950,583	561,667
			14,305,124	692,589,647
14	**FIXED ASSETS**			
	Property, plant and equipment			
	Operating fixed assets	14.1	**2,228,549,491**	1,710,209,818
	Capital work in progress	14.5	**25,141,525**	31,985,532
			2,253,691,016	1,742,195,350
	Intangible assets	14.6	**4,616,553**	5,795,247
			2,258,307,569	1,747,990,597

14.1 Operating fixed assets - as at June 30, 2017

Description	COST / REVALUED AMOUNT			DEPRECIATION			Net book value as at June 30, 2017	Annual rate of depreciation
	As at July 01, 2016	Additions / (disposals)	As at June 30, 2017	As at July 01, 2016	For the year / (on disposals)	As at June 30, 2017		
	Rupees							
Owned								
Freehold land (note 14.4)	57,772,000	-	57,772,000	-	-	-	57,772,000	-
Buildings on freehold land								
- Factory	226,416,554	17,422,317	243,838,871	108,502,344	12,225,809	120,728,153	123,110,718	10%
- Residential	102,494,134	9,199,637	111,693,771	43,549,609	6,202,275	49,751,884	61,941,887	10%
Buildings on leasehold land	22,391,752	-	22,391,752	17,437,284	495,446	17,932,730	4,459,022	10%
Plant and machinery	2,570,166,417	733,343,329	2,991,194,116	1,176,955,458	154,163,904	1,089,737,287	1,901,456,829	10%
	-	(312,315,630)	-	-	(241,382,075)	-	-	
Electric installation	75,947,691	-	75,947,691	39,835,174	3,611,250	43,446,424	32,501,267	10%
Factory equipment	9,238,518	-	9,238,518	4,147,521	509,097	4,656,618	4,581,900	10%
Furniture and fixture	6,810,924	508,274	7,319,198	4,300,221	267,890	4,568,111	2,751,087	10%
Office equipment	8,729,474	749,575	9,479,049	4,965,378	403,914	5,369,292	4,109,757	10%
Arms and ammunition	328,774	-	328,774	162,799	16,597	179,396	149,378	10%
Vehicles	55,271,180	20,378,224	57,542,711	25,501,812	6,256,208	21,827,065	35,715,646	20%
	-	(18,106,693)	-	-	(9,930,955)	-	-	
	3,135,567,418	781,601,356	3,586,746,451	1,425,357,600	184,152,390	1,358,196,960	2,228,549,491	
		(330,422,323)			(251,313,030)			

NAGINA
NAGINA GROUP

14.1.1 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 / (disposals)	As at June 30, 2016	As at July 01, 2015	For the year / (on disposals)	As at June 30, 2016		
	Rupees							
Owned								
Freehold land (note 14.4)	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)			

14.2 Disposal of property, plant and equipment

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain/ (Loss)	Mode of disposal	Particulars of buyer
	----	----	Rupees	----	----		
Plant and machinery							
48 Looms	168,966,953	123,107,280	45,859,673	45,360,000	(499,673)	Negotiations	Bismillah Textiles Limited
18 Looms	28,438,455	23,563,268	4,875,187	1,800,000	(3,075,187)	Negotiations	Zaina Iinternational
24 Looms	37,917,939	31,742,702	6,175,237	2,400,000	(3,775,237)	Negotiations	Kamran & Company
16 Looms	42,889,562	32,243,464	10,646,098	5,454,544	(5,191,554)	Negotiations	Ahmed Industries
8 Looms, Folding & Rolling Machines	6,255,000	5,254,196	1,000,804	1,093,500	92,696	Negotiations	Muhammad Faraz Mazhar
Overhead Cleaners, Frames, Knotting Machines	6,810,376	6,189,919	620,457	167,500	(452,957)	Negotiations	Zaina International
Chiller with Auxiliaries	18,950,611	17,367,996	1,582,615	670,927	(911,688)	Negotiations	Nasir Mahmood
Miscellaneous Store & Spares (Beam Trucks)	1,043,368	956,226	87,142	83,868	(3,274)	Negotiations	Nasir Mahmood
Miscellaneous Store & Spares (Knotting Frames)	1,043,366	957,024	86,342	83,869	(2,473)	Negotiations	Nasir Mahmood
	312,315,630	241,382,075	70,933,555	57,114,208	(13,819,347)		
Vehicles							
LEC-13-2785 Porsche	15,657,773	8,496,482	7,161,291	13,500,000	6,338,709	Negotiations	Afshan Muggo
LEA-3146 Suzuki Swift	1,224,460	697,728	526,732	660,000	133,268	Negotiations	Hammad Javed
LEA-3144 Suzuki Swift	1,224,460	736,745	487,715	885,000	397,285	Negotiations	Afaq Zaim
	18,106,693	9,930,955	8,175,738	15,045,000	6,869,262		
2017	**330,422,323**	**251,313,030**	**79,109,293**	**72,159,208**	**(6,950,085)**		
2016	152,628,406	127,566,303	25,062,103	22,188,500	(2,873,603)		

	Note	2017 Rupees	2016 Rupees
14.3 The depreciation charge for the year has been allocated as follows:			
Cost of sales	**27**	**177,207,788**	178,866,764
Administrative expenses	**29**	**6,944,602**	6,925,555
		184,152,390	185,792,319

14.4 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, 2017 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**

	2017 Rupees	2016 Rupees
Had there been no revaluation, the carrying value of the freehold land would have been	2,207,366	2,207,366
14.5 Capital work in progress		
Plant and machinery	**24,336,619**	7,063,062
Advances for plant and machinery	**-**	16,544,794
Advances for building on freehold land	**804,906**	7,519,411
Building under construction	**-**	858,265
	25,141,525	31,985,532

14.6 Intangible assets

This represents computer software and ERP system.

	Note	2017 Rupees	2016 Rupees
Cost			
As at July 01		**5,893,472**	-
Additions		**-**	5,893,472
Deletions		**-**	-
As at June 30		**5,893,472**	5,893,472
Accumulated amortization			
As at July 01		**98,225**	-
Amortization during the year	**14.6.1**	**1,178,694**	98,225
Deletions		**-**	-
As at June 30		**1,276,919**	98,225
		4,616,553	5,795,247

14.6.1 The amortization has been charged to administrative expenses.

			2017 Rupees	2016 Rupees
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		**31,463,429**	37,113,042
	Sizing material		**9,556,551**	10,368,660
			41,019,980	47,481,702
17	**STOCK-IN-TRADE**			
	Raw material:			
	- at mills	**27**	**128,812,965**	109,948,599
	- in-transit		**-**	8,415,235
			128,812,965	118,363,834
	Work-in-process	**27**	**70,882,274**	67,448,521
	Finished goods	**27**	**186,253,433**	111,350,052
			385,948,672	297,162,407
18	**TRADE DEBTS**			
	Considered good:			
	Local - unsecured		**189,105,287**	130,957,345
	Foreign - secured	**18.1**	**443,339,447**	152,110,277
			632,444,734	283,067,622

18.1 These are secured through letters of credit.

19	**ADVANCES**			
	Advances - considered good			
	Suppliers - unsecured		**33,630,599**	47,536,476
	Staff - secured	**19.1**	**6,513,282**	864,105
	Letters of credit	**19.2**	**18,254,237**	2,145,554
			58,398,118	50,546,135

19.1 These are interest free advances to employees, other than executives, 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	2017 Rupees	2016 Rupees
20	**SHORT TERM PREPAYMENTS**			
	Prepaid insurance		**1,312,556**	7,156,231
	Prepaid rent		**231,918**	201,664
	Prepaid guarantee commission		**230,083**	233,770
			1,774,557	7,591,665
21	**OTHER RECEIVABLES**			
	Export rebate receivable		**38,702,922**	1,608,980
	Sundry receivables		**-**	60,109
			38,702,922	1,669,089

22 SALES TAX REFUNDABLE

This represents accumulated differences of input tax on purchases and output tax payable.

23 SHORT TERM INVESTMENTS

		Market Value		Cost	
		2017	2016	**2017**	2016
Available for sale:		**…………Rupees…………**		…………Rupees…………	
Equity investments	**23.1**	**521,505,484**	119,964,290	**525,415,033**	119,322,292
NAFA Stock Fund		**27,644,092**	-	**31,740,304**	-
		549,149,576	119,964,290	**557,155,337**	119,322,292

23.1 Equity investments include investments with market value of Rs. 141,593,195 (2016: Nil) held in Specially Managed Accounts maintained with and managed by NAFA.

		Note	2017 Rupees	2016 Rupees
24	**ADVANCE INCOME TAX - NET**			
	Balance at beginning of the year		**127,896,255**	93,155,383
	Paid during the year		**29,658,218**	40,134,696
			157,554,473	133,290,079
	Provision for taxation - net		**-**	(5,393,824)
	Balance at end of the year		**157,554,473**	127,896,255
25	**CASH AND BANK BALANCES**			
	Cash in hand		**1,421,445**	2,356,916
	Cash at banks;			
	- Current accounts	**25.1**	**13,831,833**	15,740,105
	- Term Deposit Receipt (TDR)		**-**	100,000,000
			15,253,278	118,097,021

25.1 Cash at banks include current accounts in local currency amounted to Rs. 12,456,176 (2016: 15,740,105) and foreign currency amounted to Rs. 1,375,657 (2016: Nil)

26	SALES - NET	Note	Local 2017	Export 2017	Total 2017	Total 2016
			Rupees			
	Cloth		**3,670,049,161**	**2,066,709,749**	**5,736,758,910**	5,254,585,763
	Yarn		**33,577**	**-**	**33,577**	661,453
	Waste		**39,309,868**	**-**	**39,309,868**	33,735,545
			3,709,392,606	**2,066,709,749**	**5,776,102,355**	5,288,982,761
	Less : Sales tax					
	Cloth		**-**	**-**	**-**	(76,447,317)
	Yarn		**-**	**-**	**-**	(19,266)
	Waste		**(994,892)**	**-**	**(994,892)**	(1,693,438)
	Add: Export rebate		**-**	**45,055,738**	**45,055,738**	606,693
			3,708,397,714	**2,111,765,487**	**5,820,163,201**	5,211,429,433

27	COST OF SALES	Note	2017 Rupees	2016 Rupees
	Raw material consumed	27.1	**4,398,028,740**	3,787,784,241
	Fuel and power		**448,907,799**	326,416,784
	Salaries, wages and benefits	27.2	**329,442,371**	285,114,652
	Stores and spares consumed		**78,626,298**	61,004,852
	Sizing material consumed		**114,517,414**	107,362,629
	Depreciation	14.3	**177,207,788**	178,866,764
	Packing material consumed		**23,419,184**	21,090,624
	Insurance		**8,511,146**	8,979,769
	Repairs and maintenance		**1,778,469**	1,866,337
	Electricity duty		**3,328,858**	2,849,920
	Vehicles running and maintenance		**4,810,118**	4,998,525
	Traveling and conveyance		**563,477**	471,268
	Lease rentals-land	27.3	**302,496**	302,504
	Entertainment		**1,072,225**	940,491
	Fee and subscription		**560,883**	196,500
	Others		**4,016,650**	3,731,406
			5,595,093,916	4,791,977,266
	Work-in-process:			
	At beginning of the year		**67,448,521**	67,507,067
	At end of the year	17	**(70,882,274)**	(67,448,521)
			(3,433,753)	58,546
	Cost of goods manufactured		**5,591,660,163**	4,792,035,812
	Finished goods:			
	At beginning of the year		**111,350,052**	170,422,416
	Purchased during the year		**227,876**	667,898
	At end of the year	17	**(186,253,433)**	(111,350,052)
			(74,675,505)	59,740,262
			5,516,984,658	4,851,776,074

		Note	2017 Rupees	2016 Rupees
27.1	**Raw material consumed**			
	At beginning of the year		**118,363,834**	106,113,487
	Purchases - net		**4,408,477,871**	3,800,034,588
			4,526,841,705	3,906,148,075
	At end of the year	17	**(128,812,965)**	(118,363,834)
			4,398,028,740	3,787,784,241

27.2 Staff salaries, wages and benefits include employee retirement benefits amounting to Rs. 15,003,467 (2016: Rs. 14,347,486).

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, 2017 and ending on February 28, 2019 against annual rental of Rs. 302,496 (2016: 302,504).

		Note	2017 Rupees	2016 Rupees
28	**DISTRIBUTION COST**			
	Export			
	Ocean freight and forwarding		**14,753,807**	10,222,875
	Transportation and octroi		**6,525,116**	12,592,723
	Export development surcharge		**4,993,502**	6,299,280
	Commission		**25,083,193**	34,003,907
	Travelling expenses foreign		**5,797,969**	7,827,325
	Others		**7,584,388**	9,887,056
			64,737,975	80,833,166
	Local			
	Freight, handling and transportation		**2,609,347**	2,888,760
	Commission		**25,123,213**	16,787,171
	Others		**276,643**	1,136,778
			28,009,203	20,812,709
			92,747,178	101,645,875
29	**ADMINISTRATIVE EXPENSES**			
	Staff salaries and benefits	29.1	**42,009,147**	35,850,312
	Directors' remuneration		**6,549,867**	5,988,995
	Vehicles running and maintenance		**3,682,836**	2,602,839
	Depreciation	14.3	**6,944,602**	6,925,555
	Amortization	14.6.1	**1,178,694**	98,225
	Insurance		**2,744,034**	2,383,631
	Telephone, telex and postage		**1,150,469**	1,125,961
	Electricity		**2,636,287**	2,418,074
	Fee and subscription		**2,150,592**	2,432,379
	Auditors' remuneration	29.2	**1,285,000**	1,285,000
	Printing and stationery		**1,009,726**	1,048,732
	Legal and professional charges		**1,641,939**	1,286,004
	Lease rentals	29.3	**756,000**	690,000
	Repairs and maintenance		**58,222**	51,256
	Directors' meeting fee		**420,000**	405,000
	Advertising		**154,394**	75,092
	Others		**709,282**	748,778
			75,081,091	65,415,833

29.1 Staff salaries and benefits include employee retirement benefits amounting to Rs. 6,206,066 (2016: Rs. 5,678,431).

		Note	2017 Rupees	2016 Rupees
29.2	**Auditors' remuneration**			
	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
			1,285,000	1,285,000

29.3 The Company has obtained an office space from Nagina Cotton Mills (a related party) against rental of Rs. 756,000 per annum, payable quarterly.

		Note	2017 Rupees	2016 Rupees
30	**OTHER OPERATING EXPENSES**			
	Workers' Profit Participation Fund	10.1	**2,974,071**	3,917,314
	Workers' Welfare Fund		**-**	2,067,209
	Donations	30.1	**600,000**	400,000
	Exchange loss	30.2	**1,528,238**	970,334
	Loss on forward contracts		**-**	740,862
	Loss on sale of property, plant and equipment	14.2	**6,950,085**	2,873,603
	NAFA fund charges		**880,172**	-
			12,932,566	10,969,322

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.

		Note	2017 Rupees	2016 Rupees
31	**OTHER INCOME**			
	Income from financial assets			
	Gain on sale of short term investments		**1,530,648**	173,829
	Profit on TDR		**45,082**	169,526
	Dividend income	31.1	**18,106,153**	1,742,500
	Gain on forward contracts		**682,808**	-
	Workers' Welfare Fund	31.2	**17,637,907**	-
			38,002,598	2,085,855

31.1 Dividend income includes dividend amounted to Rs. 1,696,485 (2016: Nil) on equity investments held in Specially Managed Accounts maintained with NAFA.

31.2 Through Finance Act, 2008 an amendment was made in section 4(5) of the Workers' Welfare Fund Ordinance 1971 (WWF Ordinance) whereby WWF liability was made applicable at 2% of the higher of the profit before taxation as per the accounts or declared income as per the return. In the year 2011, the Lahore High Court struck down the aforementioned amendments to the WWF Ordinance. The Supreme Court has declared the changes made in WWF Ordinance through Finance Act 2008 as ultra vires and void abinitio. The amount includes reversal of excess provisioning made on the basis of accounting profit from year 2011 till 2016.

		2017 Rupees	2016 Rupees
32	**FINANCE COST**		
	Mark-up on:		
	Long term finances from banking companies	**81,761,742**	93,580,940
	Short term borrowings	**11,738,033**	7,699,468
	Workers' Profit Participation Fund	**297,219**	154,620
		93,796,994	101,435,028
	Bank charges and commission	**8,127,040**	9,911,396
		101,924,034	111,346,424

			2017	2016
33	**PROVISION FOR TAXATION**		**Rupees**	Rupees
	Current		**-**	6,290,770
	Prior		**-**	(896,946)
			-	5,393,824
	Deferred	9.1	**2,298,726**	26,995,854
			2,298,726	32,389,678

		2017	2016
		---------------- %	----------------
33.1	**Numerical reconciliation between the average effective tax rate and applicable tax rate**		
	Applicable tax rate	**31.00**	32.00
	Tax effects of amounts that are:		
	Effect of change in statutory rate change	**(3.00)**	(2.00)
	Effect of tax paid on NTR admissible, inadmissible	**3.00**	0.00
	Effect of temporary difference and tax credits	**(32.00)**	16.00
	Effect of income chargeable at different tax rates	**5.00**	-
	Adjustments of prior years	**-**	(1.00)
	Average effective tax rate	**4.00**	45.00

33.2 The income tax assessments of the Company upto and including tax year 2016 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 favor 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 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 favor of the Company.

33.5 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 favor of the Company.

		2017	2016
34	**EARNINGS PER SHARE - BASIC AND DILUTED**		

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

	2017	2016
Profit after taxation for the year **- (Rupees)**	**56,197,546**	39,972,082
Number of shares outstanding	**18,480,000**	18,480,000
Earnings per share - Basic **- (Rupees)**	**3.04**	2.16

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

35 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive	**Director**	**Executives**	**Chief Executive**	**Director**	**Executives**
	………………2017………………..…			**………………2016………………..…**		
	Rupees	**Rupees**	**Rupees**	Rupees	Rupees	Rupees
Remuneration	**3,979,696**	**5,969,544**	**6,016,000**	-	5,426,856	8,923,904
Utilities	**-**	**580,323**	**-**	-	562,139	-
Gratuity	**594,725**	**-**	**1,493,096**	-	-	1,469,518
Other allowances	**1,989,848**	**-**	**3,008,000**	-	-	4,461,952
	6,564,269	**6,549,867**	**10,517,096**	-	5,988,995	14,855,374
Number of persons	**1**	**1**	**5**	-	1	6

35.1 In addition to above, the Directors have been provided with Company maintained cars.

35.2 In addition to above, 2 (2016: 2) Non Executive directors were paid aggregate meeting fee of Rs. 420,000 (2016: Rs.405,000).

36 DIVIDEND

In respect of current year, the board of directors proposed to pay cash dividend @ Rs. 2/= (2016: Rs. 1.75) 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, 2017 are as follows:

		Credit Rating	
Bank Name	**Rating Agency**	**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	A1+	AAA
Meezan Bank Limited	JCR-VIS	A1+	AA
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	2017 Rupees	2016 Rupees
Long term deposits	15	**15,039,000**	15,039,000
Trade debts	18	**632,444,734**	283,067,622
Advances	19.1	**6,513,282**	864,105
Other receivables	21	**38,702,922**	60,109
Bank balances	25	**13,831,833**	115,740,105
Short term investments	23	**549,149,576**	119,964,290
		706,531,771	414,770,941

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	**632,444,734**	283,067,622

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	**632,444,734**	283,067,622

Ageing analysis of trade debts subject to credit risk

1 to 90 days	**189,105,287**	130,658,381
91 to 180 days	**-**	1,385
180 days and above	**-**	297,579
	189,105,287	130,957,345

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	
	2017 Rupees	2016 Rupees
Trade and other payables		
Maturity upto one year	**375,442,486**	273,211,931
Short term borrowings		
Maturity upto one year	**968,807,297**	296,697,018
Long term finances		
Maturity upto one year	**201,756,712**	145,102,827
Maturity after one year and upto five years	**337,591,248**	794,039,383
Maturity after five years	**1,279,162,176**	334,456,583
	3,162,759,919	1,843,507,742

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;

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:

	2017 USD	2016 USD
Short term borrowings	**(5,887,392)**	(858,008)
Trade debts	**4,230,338**	1,452,820
	(1,657,054)	594,812

The following significant exchange rates have been applied:

	Average rate		Reporting date mid spot rate	
	2017 Rupees	2016 Rupees	**2017 Rupees**	2016 Rupees
USD 1	**104.75**	104.44	**104.90**	104.60

Commitments outstanding at year end amounted to USD 77,653 (2016: USD 301,069) and EUR 43,291 (2016: EUR 5,678,060) 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. 8,691,248 (2016: Rs. 2,974,060) 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:

	2017	2016	**2017**	2016
Fixed rate instruments	-------------%	-------------	------------- Rupees	-------------
Financial liabilities				
Long term finances	6.50%	9.00%	**54,877,625**	67,790,005
	6.50%	6.50%	**282,551,853**	291,666,429
	6.50%	8.00%	**64,823,556**	84,769,268
	6.50%	8.00%	**234,743,602**	293,429,502
	3.50%	3.50%	**187,931,622**	187,931,622
	2.50%	Nil	**659,538,284**	-
			1,484,466,542	925,586,826

Floating rate instruments	**2017**	**2016**	**2017**	**2016**
	-------------%	-------------	------------- Rupees	-------------
Financial liabilities				
Long term finances		7.04% to 8.15%	**334,043,594**	348,011,967
Short term borrowings		0.9% to 8.01%	**968,807,297**	296,697,018
			1,302,850,891	644,708,985

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	Decrease / (increase) of profit
	Points	Rupees
2017	+ (-) 200	**26,057,018**
2016		12,894,180

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. 549,149,576.

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 as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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, 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
	Rs			
Financial assets - at fair value				
Available for sale				
Equity Investments	**521,505,484**	**-**	**-**	**521,505,484**
NAFA Stock Fund	**27,644,092**		**-**	**27,644,092**
	549,149,576	**-**	**-**	**549,149,576**

	June 30, 2016			
	Level 1	Level 2	Level 3	Total
	Rs			
Financial assets - at fair value				
Available for sale				
Equity Investments	119,964,290	-	-	119,964,290
	119,964,290	-	-	119,964,290

At 30 June, 2017, 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 bene?ts 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.

	2017 Rupees	2016 Rupees
Total borrowings	**2,787,317,433**	1,570,295,811
Cash and bank balance	**(15,253,278)**	(118,097,021)
Net debt	**2,772,064,155**	1,452,198,790
Total equity including surplus on revaluation of land	**968,175,978**	956,937,394
Total capital	**3,740,240,133**	2,409,136,184
Gearing ratio	**74.11%**	60.28%

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	**2017 Rupees**	2016 Rupees
Associated company	Purchase of goods and services	**748,140,472**	1,166,975,531
	Sale of goods and services	**196,927**	183,439
	Dividend paid	**9,763,745**	8,368,925
	Rent expense	**1,088,750**	992,500
Key management personnel	Payment of dividend to directors and their close family members	**18,565,860**	15,913,595

39 PLANT CAPACITY AND ACTUAL PRODUCTION

	2017	**2016**
Weaving		
Air Jet Looms installed	**324**	276
Installed capacity at 50 Picks (meters)	**61,297,951**	58,452,807
Actual production (meters)	**48,527,789**	49,210,318
Actual production after conversion into 50 Picks (meters)	**64,901,475**	62,587,068

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

40 CASH GENERATED FROM OPERATIONS

	2017 Rupees	**2016** Rupees
Profit before taxation	**58,496,272**	72,361,760
Adjustments for:		
Depreciation of property, plant and equipment	**184,152,390**	185,792,319
Amortization of intangible assets	**1,178,694**	98,225
Provision for employee benefits	**21,209,533**	20,025,917
Dividend Income	**(18,106,153)**	(1,742,500)
Loss on disposal of property, plant and equipment	**6,950,085**	2,873,603
Gain on sale of short term investments	**(1,530,648)**	(173,829)
Finance cost	**101,924,034**	111,346,424
	295,777,935	318,220,159
	354,274,207	390,581,919
Changes in working capital		
(Increase) / decrease in:		
Stores, spare parts and loose tools	**6,461,722**	4,577,259
Stock-in-trade	**(88,786,265)**	46,880,563
Trade debts	**(349,377,112)**	(110,452,425)
Advances	**(7,851,983)**	(23,235,933)
Short-term prepayments	**5,817,108**	(5,927,655)
Other receivables	**(37,033,833)**	499,560
Sales tax refundable	**(20,839,405)**	(33,497,498)
	(491,609,768)	(121,156,129)
Increase in:		
Trade and other payables	**112,835,145**	5,457,655
Cash used in operations	**(24,500,416)**	274,883,445

		2017 Rupees	2016 Rupees
41	**NUMBER OF EMPLOYEES**		
	Average number of employees during the year	**1,151**	1,052
	Number of employees as at June 30,	**1,209**	1,047

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 28 September, 2017.

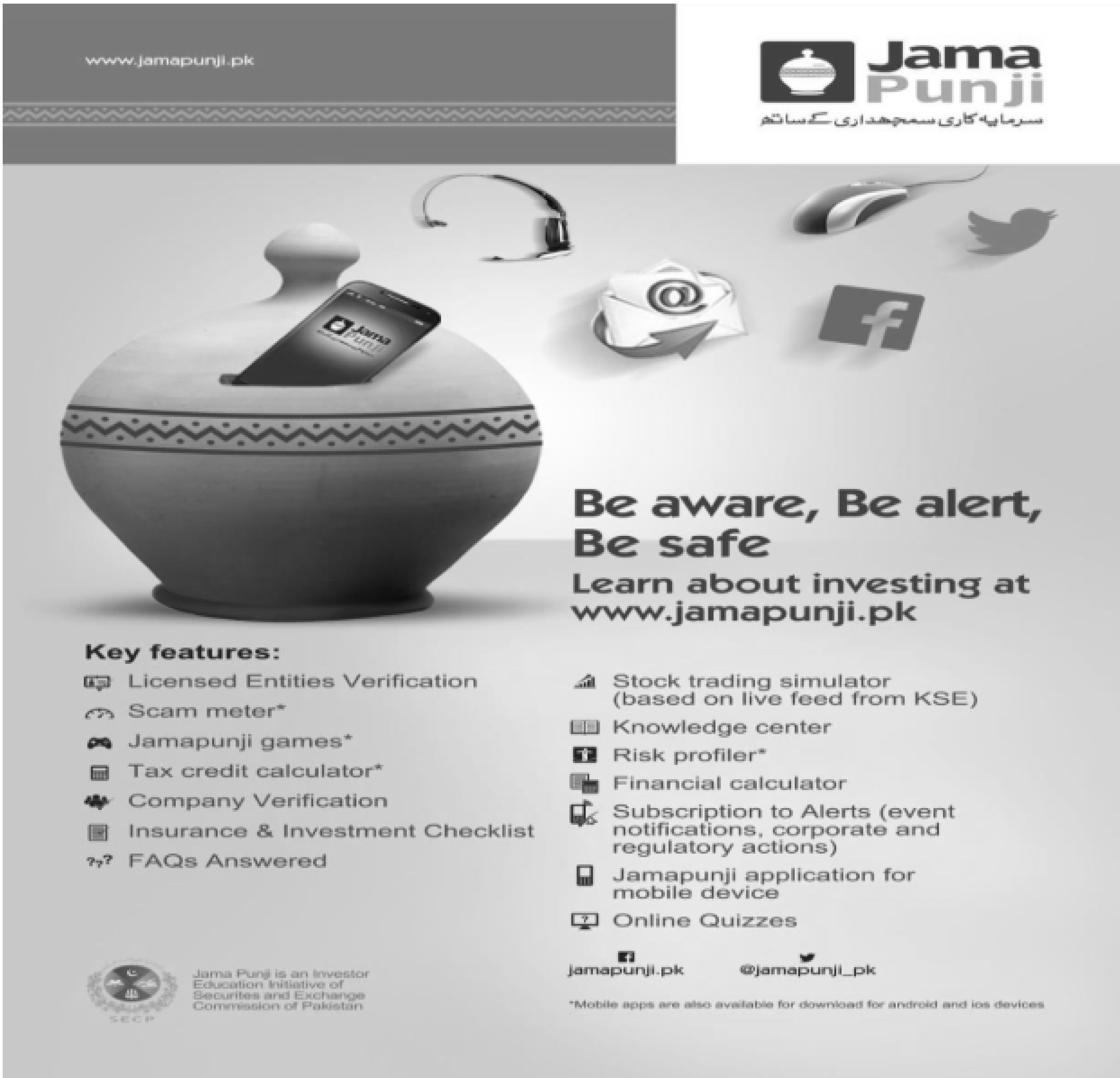
43 GENERAL

The figures have been rounded off to the nearest Rupee.

Lahore: September 28, 2017

Shahzada Ellahi Shaikh
Director

Raza Ellahi Shaikh
Mg. Director (Chief Executive)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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 26th Annual General Meeting of the Company to be held on October 27, 2017 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 _________________ 2017.

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.

[illegible]