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COMPANY INFORMATION

BOARD OF DIRECTORS	Anwar Saifullah Khan	**- Chairman/Director**
	Javed Saifullah Khan	- **Director**
	Osman Saifullah Khan	- **Director**
	Jehangir Saifullah Khan	- **Director**
	Hoor Yousafzai	- **Director**
	Assad Saifullah Khan	- **Director**
	Arif Saeed	- **Director**
	Zaheen-ud-Din Qureshi	**- Chief Executive**
AUDIT COMMITTEE	Javed Saifullah Khan	**- Chairman**
	Jehangir Saifullah Khan	**- Member**
	Assad Saifullah Khan	**- Member**
HR & REMUNERATION COMMITTEE	Arif Saeed	**- Chairman**
	Osman Saifullah Khan	**- Member**
	Assad Saifullah Khan	**- Member**
CHIEF FINANCIAL OFFICER	Nouman Ahmad	
COMPANY SECRETARY	Sabir Khan	
HEAD OF INTERNAL AUDIT	Salman Shafiq	

LEGAL ADVISOR

Dr. Pervez Hassan
Hassan & Hassan, Advocates
Salahuddin Saif & Aslam
(Attorney's at law)

AUDITORS

M/s Shinewing Hameed Chaudhri & Co.,
Chartered Accountants
HM House, 7-Bank Square, Lahore

BANKERS

Allied Bank Limited
Askari Bank Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Industrial and Commercial Bank of China Limited
Meezan Bank Limited
National Bank of Pakistan
NIB Bank Limited
Soneri Bank Limited
Summit Bank Limited
The Bank of Punjab
United Bank Limited

HEAD OFFICE

Kashmir Commercial Complex, 3rd Floor
2020 - Blue Area, Islamabad-44000
Telephone : +92-51-2201951-2201856
Fax : +92-51-2822564
E-mail : stm@saifgroup.com

REGISTERED OFFICE

APTMA House, Tehkal Payan,
Jamrud Road, Peshawar
Telephone : +92-91-5843870, 5702941
Fax : +92-91-5840273
E-mail : peshawar@saifgroup.com

SHARES REGISTRAR

M/s Hameed Majeed Associates (Pvt.) Ltd.,
HM House, 7-Bank Square, Lahore
Telephone : +92-42-37235081-37235082
Fax : +92-42-37358817
E-mail : info@hmaconsultants.com

MILLS

Industrial Estate, Gadoon Amazai,
District Sawabi
Telephone : +92-938-270313, 270429
Fax : +92-938-270514
E-mail : stmgdn@saifgroup.com

CYBER

www.saiftextile.com

VISION AND MISSION STATEMENT

VISION

- To attain market leadership through unmatched quality, a diverse and unique product mix, empowered employees, world class systems, and the highest ethical and professional standards.

MISSION

- Give our shareholders a competitive return on their investment through market leadership, sustainable business growth and sound financial management.
- Earn and sustain the trust of our stakeholders through efficient resource management.
- Provide the highest quality products and services consistent with customer needs and continue to earn the respect, confidence and goodwill of our customers and suppliers.
- Foster a culture of trust and openness in order to make professional life at the **Saif Textile Mills Limited** a stimulating and challenging experience for all our people.
- Strive for the continuous development of Pakistan while adding value to the textile sector.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that **27th Annual General Meeting** of the members of **M/s. Saif Textile Mills Limited** will In,shah,Allah be held at registered office of the Company, **APTMA House, Tehkal Payan, Jamrud Road, Peshawar** on **Monday, October 31, 2016** at **12:00 Noon** to transact the following business:

- **ORDINARY BUSINESS:-**

1) To confirm the minutes of the last Annual General Meeting dated October 30, 2015.
2) To receive, consider and adopt Annual Audited Financial Statements for the year ended June 30, 2016 together with the Directors' and Auditors' Reports thereon.
3) To appoint Auditors for the year 2016-2017 and fix their remuneration. The retiring auditors M/s. ShineWing Hameed Chaudhri & Co., Chartered Accountants, being eligible offered themselves for re-appointment.

- **SPECIAL BUSINESS:-**

To consider and approve the following resolution(s), with or without modification, as special resolution for sharing of common expenses, sale and purchase of goods with M/s. Kohat Textile Mills Limited an associated company.

"Resolved that the company be and is hereby authorized to share common expenses which may include but not limited to office rents, administrative salaries, utilities expenses, repair and maintenance and other miscellaneous expenses etc. (collectively the "Administrative Expenses"), in respect of its joint offices.

Further Resolved that chief executive of the company be and is hereby authorized to take all necessary steps to give full effect to the aforesaid resolution."

Resolved Further That the Related Party Transactions of sale and purchase of goods to/from associated companies as disclosed in the note # 46 of the audited financial statements be and are hereby ratified, approved and confirmed.

Further Resolved That the Chief Executive of the company be and is hereby authorized to approve the Related Party Transactions for sale and purchase of goods to/from associated companies on case to case basis.

- **ANY OTHER BUSINESS:-**

To transact any other business with the permission of the Chair.

By order of the Board

Place: Peshawar **(Sabir Khan)**

October 10, 2016 **Company Secretary**

STATEMENT U/S 160(1) (B) OF THE COMPANIES ORDINANCE, 1984

The transactions with associated companies regarding sharing of common expenses and sale and purchase of goods had to be approved by board duly recommended by the audit committee on quarterly basis pursuant to clause (x) of the code of corporate governance.

However, the majority of company directors were interested in these transactions due to their common directorship and holding of shares in the associated companies, the quorum of the directors could not be formed for approval of these transactions pursuant to section 216 of the companies ordinance, 1984, therefore these transactions have to be approved by the shareholders in the general meeting.

The Directors have no personal interest; they are interested in the resolution only to the extent of their common directorship and shareholding in the associated companies.

NOTES:

i. The Share Transfer Books of the Company will remain closed from October 25, 2016 to October 31, 2016 (Both Days Inclusive).

ii. A member entitled to attend and vote at the meeting may appoint another member as his / her proxy to attend and vote on his / her behalf. Proxies in order to be effective must be received at the Registered office of the company **APTMA House, Tehkal Payan, Jamrud Road, Peshawar, Pakistan** duly stamped and signed not less than 48 hours before the time of the meeting.

iii. Members are requested to promptly notify any change in their address, if any, to our Share Registrar/Transfer Agent M/s. Hameed Majeed Associates (Pvt) Limited, HM House, 7-Bank Square, Lahore.

iv. CDC account holders are advised to follow the following guidelines as laid down in circular 1 dated January 26, 2000, issued by the Securities & Exchange Commission of Pakistan.

A. FOR ATTENDING THE MEETING: -

i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in a group account and their registration details are uploaded as per the Regulations, shall authorize his/her identity by showing original Computerized National Identity Card (CNIC) at the time of attending the meeting.

The shareholders registered on CDC are also requested to bring their particulars, I.D. Numbers and account numbers in CDS.

ii. In case of Corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures of the nominees shall be produced (unless it has been provided earlier) at the time of meeting.

B. FOR APPOINTING PROXIES:-

(i) In case of proxy for an individual beneficial owner of shares from CDC, attested copies of beneficial owner's CNIC or Passport, account and participant's I.D. numbers must be deposited along-with the form of proxy. In case of proxy for representative of corporate members from CDC, Board of Directors' resolution and power of attorney and the specimen signature of the nominee must be deposited along-with the form of proxy. The proxy shall produce his/her original CNIC or Passport at the time of meeting.

(ii) In order to be effective, this form of proxy duly completed, stamped, signed and witnessed along-with Power of Attorney, or other instruments (if any), must be deposited at the registered office of the Company.

(iii) If a member appoints more than one proxy and more than one form of proxy are deposited by a member with the company, all such forms of proxy shall be rendered invalid.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Shareholders,

On behalf of Board of Directors, it gives me pleasure to present the 27th Annual Audited Financial statements for the year ended June 30, 2016.

GENERAL MARKET CONDITIONS

The year under review was another depressing year for textiles industry. Cotton prices remained volatile while man-made fiber prices too remained depressed due to sharp decline in the prices of petroleum products. And even though prices have stabilized lately, the spinners had to face inventory losses during the period. The local textile industry continued to face hurdles due to excessive textile imports, slower export demand from China and lack of currency competitiveness. Local industry had to compete with Indian and Chinese suppliers who were heavily subsidized by their respective Governments. Resultantly, country's overall textile exports decline by 7.4 % while yarn exports went down by a massive 31.8 %, putting pressure on the domestic yarn market.

OPERATING RESULTS

The major highlights of your Company's performance are as follows:

TURNOVER

The year saw a top line contraction of 15.7 % owing mainly to depressed yarn prices.

PROFITABILITY

There is a Net Loss before tax of Rs. 45.59 million, almost equal to a net loss before tax of Rs. 54.75 million in the preceding year. Gross margin increased from 8.8% to 9.3%. We would have been hit even harder but due to aggressive marketing efforts and support from the technical team we were able to control the damage.

We invested significantly in increasing our back process capacity to increase the production of value added yarns. However given the overall market conditions, declining exports did not allow us to fully utilize the capacities at projected margins.

FUTURE OUTLOOK

The cost of doing business in current environment is increasing by the day. Government needs to seriously consider withdrawing imposition of GIDC on textile industry and give incentives to the industry to remain competitive in the region. The first quarter of 2016-17 has been better due to improved margins on account of sudden rise in international cotton prices, which has restored some confidence for the revival of the industry.

Continuing the philosophy of product innovation and developments, your Company is now more focused to niche markets and reducing its exposure in commodity yarn markets. Further to this your company is focusing to reduce operational costs of the Company to perform better in current global market conditions.

No report to our shareholders would be complete without the mandatory reference to the uncertain political situation, the energy crisis, and the struggles of doing business in the Khyber Pakthunkhwa province. These seem to be perennial challenges.

PROFIT APPROPRIATION

The Board in its meeting held on October 07, 2016 decided to recommend Nil dividend (2015: Nil).

PATTERN OF SHAREHOLDING

The pattern of shareholding under section 236 (2)(d) of the Companies Ordinance, 1984 and additional information as required by the Code of Corporate Governance is enclosed.

LOSS PER SHARE

Loss per share during the period under report worked out to Rs. 1.86 (2015: Rs 2.07 loss per share)

EXTERNAL AUDITORS

The present auditors, M/s Shine Wing Hameed Chaudhri & Co. Chartered Accountants, retire and being eligible, offer themselves for re-appointment. As suggested by the Audit Committee, the Board recommends their appointment as auditors of the Company to hold office from the conclusion of this Annual General Meeting to be held on October 31, 2016 until conclusion of next Annual General Meeting.

CORPORATE GOVERNANCE

We are pleased to report that your Company has taken necessary steps to comply with the provisions of the Code of Corporate Governance, as incorporated in the listing rules of the Stock Exchanges.

The statement on Corporate Governance and Financial Reporting Frame Work is given below:

- The financial statements prepared by the management of the company present fairly its true state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of accounts have been maintained by the company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation

of financial statements.

- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no doubts upon the Company's ability to continue as a going concern.
- There has been no trading of shares by CEO, Directors, CFO, Company Secretary, their spouses and minor children, during the year other than that disclosed in pattern of share holding.
- There has been no material departure from the best practices of code of corporate governance, as detailed in the listing regulations.
- The key operating and financial data of the Company for last six years is given below:-

	2011	2012	2013	2014	2015	**2016**
			(Rupees in thousand)			
Operating Fixed Assets	2,185,991	2,494,233	2,591,121	3,372,503	3,521,737	**4,604,928**
Net Worth (2012 & 2013 restated)	1,025,553	1,187,843	1,582,599	1,673,610	1,558,120	**1,520,529**
Turnover	7,361,391	6,483,423	7,679,220	7,925,862	7,945,789	**6,697,773**
Gross Profit (2013 restated)	1,339,648	761,459	1,151,545	946,438	701,134	**621,988**
Gross Profit Margin (% age)	18.20	11.74	15.00	11.94	8.82	**9.28**
Net Profit - After Taxation (2013 restated)	607,730	214,142	435,101	158,333	(54,588)	**(49,132)**
Net Profit Margin (% age)	8.26	3.30	5.67	2.00	(0.69)	**(0.73)**

- The board of Directors has adopted a Mission Statement and a Statement of Overall Corporate Strategy.
- Regarding outstanding taxes and levies, please refer note 16 to the annexed audited statements.
- During the year under report four meetings of the Board of Directors were held. The attendance by each Director was as follows:

Name of Director	**Meetings Attended**
Anwar Saifullah Khan	4
Javed Saifullah Khan	4
Osman Saifullah Khan	3
Assad Saifullah Khan	4
Hoor Yousafzai	4
Jehangir Saifullah Khan	3
Arif Saeed	3

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

ACKNOWLEDGEMENT

The Board places on record its appreciation for the support of our bankers and our valued customers. I would also like to highlight the hard work put in by the members of our corporate family.

We are confident they will continue to show the same dedication in the days ahead.

On behalf of the board of Directors

Dated: 7 October, 2016

ZAHEEN UD DIN QURESHI
CHIEF EXECUTIVE

ڈائریکٹر رپورٹ برائے شراکت داران

محترم شراکت داران/حصص یافتگان

میرے لئے یہ امر خوشی کا باعث ہے کہ میں بورڈ آف ڈائریکٹر کی جانب سے 30 جون، 2016 کے اختتامی سال کے لئے ستائیسواں سالانہ آڈٹ مالیاتی سٹیٹمنٹ پیش کر رہا ہوں۔

مارکیٹ کی عمومی حالات:

مذکورہ زیر جائزہ سال ٹیکسٹائل کی صنعت کے لئے ایک اور مایوس کن سال تھا۔ کپاس کی قیمت مستحکم رہی جبکہ انسانی ہاتھ سے بنے ہوئے ریشہ کی قیمت پیٹرولیم مصنوعات میں تیزی سے کمی کی وجہ سے مایوس کن رہی۔ اگر چہ بعض ازاں قیمتیں مستحکم رہیں مگر اسپنروں کو اس مدت میں انوینٹری کی مد میں نقصانات کا سامنا کرنا پڑا۔ مقامی ٹیکسٹائل کی صنعت کو حد سے زائد ٹیکسٹائل کی درآمدات، چین سے برآمدات کی طلب میں سست روی، کرنسی کی مسابقت کی کمی کی وجہ سے مسلسل مشکلات درپیش رہیں۔ مقامی صنعت کو انڈین اور چائنیز سپلائیرز سے مقابلہ کرنا پڑتا تھا جنہیں اپنی متعلقہ حکومتوں سے بہت زیادہ سبسڈی دی گئی۔ اس کے نتیجے میں، ملک کی مجموعی ٹیکسٹائل کی برآمد میں 7.4% کم ہوئی، جبکہ سوت (سوتر) کی برآمدات میں 31.8% کی ایک بڑی کمی واقع ہوئی جس سے گھریلو سوت کی مارکیٹ پر بوجھ پڑا۔

کام کے نتائج:

آپکی کمپنی کی کارکردگی کے اہم امور درج ذیل ہیں:

ٹرن آور (مجموعی کاروباری شرح):

اس سال خاص کر سوت (سوتر) کی کم قیمت کی وجہ سے سب سے زیادہ لائن کنٹریکشن کی شرح 15.7% ہے۔

منافع:

ٹیکس سے پہلے نقصان مبلغ 45.59 ملین روپے تقریباً گزشتہ سال کے ٹیکس سے پہلے نقصان مبلغ 54.75 ملین روپے کے تقریباً برابر ہے۔ مجموعی نقصان کی شرح 8.8% سے 9.3% تک کا اضافہ ہوا۔

ہمیں اس سے بھی زیادہ نقصان ہوسکتا تھا مگر مارکیٹنگ کے لئے بھرپور کوششیں اور تکنیکی ٹیم کے معاونت کی وجہ سے ہم نقصان پر قابو پا سکے۔ ہم نے ویلیو ایڈڈ سوت کی پیداوار میں اضافے کے لئے اپنی بیک پروسس کی صلاحیت کو بڑھانے میں نمایاں سرمایہ کاری کی ہے۔ تاہم مارکیٹ کی مجموعی صورت حال کے تناظر میں، گرتی ہوئی برآمدات نے ہمیں متوقع مارجن کی صلاحیت کو مکمل طور پر استعمال کرنے کی اجازت نہیں دی۔

مستقبل کے نقطہ نظر:

موجودہ حالات میں بزنس کرنے کی لاگت دن بدن بڑھتی جا رہی ہے۔حکومت انتہائی سنجیدگی سے غور کر ٹیکسٹائل کی صنعت پر لگائی جانے والی جی آئی ڈی سی (GIDC) دستبردار ہونے کی ضرورت ہے اور مذکورہ صنعت کا علاقے میں مقابلے کی دوڑ میں رہنے کے لئے ترغیبات دینی چاہیے۔ پہلا سہ ماہی 17-2016 کا بین الاقوامی مارکیٹ میں کپاس کی قیمتوں میں اچانک اضافے کے باعث مارجن میں بہتری کی وجہ سے اچھا جا رہا ہے۔جس نے اس صنعت کو بحال ہونے کے لئے کچھ اعتماد فراہم کی ہے۔

پیداوار کی اختراع اور ترقی کے فلسفے کو جاری رکھتے ہوئے، آپکی کمپنی نے اب مخصوص مارکیٹوں پر زیادہ توجہ مرکوز کی ہے اور سوت (سوتر) کے اجناس کی مارکیٹوں پر اپنی توجہ/نمائش کم کی ہے۔ مزید برآں، آپکی کمپنی موجودہ گلوبل مارکیٹ کی صورت حال میں بہتر کارکردگی کے لئے کمپنی کی آپریشنل لاگت کو کم کرنے میں بھی توجہ مرکوز کیے ہوئے ہے۔

ہمارے شراکت داروں کی کوئی بھی رپورٹ غیر یقینی سیاسی حالات، توانائی کا بحران اور خیبر پختونخوا کے صوبے میں کاروبار کرنے کی کاوش کے اہم حوالہ جات کے بغیر مکمل نہیں ہوگا۔ یہ دیرپا چیلنجز (مشکلات/ مسائل) معلوم ہوتی ہیں۔

منافع کی تخصیص

مذکورہ بورڈ نے اپنے اجلاس منعقدہ 7 اکتوبر، 2016م میں صفر ڈیویڈنڈ کی سفارش کا فیصلہ کیا ہے جو کہ (2015 میں بھی صفر تھا)

شیئر ہولڈنگ کا طریقہ کار

مذکورہ کمپنی کی شیئر ہولڈنگ کا طریقہ کار، کمپنیز آرڈیننس، 1984 کے سیکشن (d)(2)236 کے تحت ہے اور انتظامی نظم و نسق کے ضابطے کے مطابق مطلوبہ اضافی معلومات لف ہے۔

فی شیئر نقصان

تیار شدہ رپورٹ کے مطابق اس مدت کے دوران فی شیئر نقصان مبلغ 1.86 روپے ہے (2015: مبلغ 2.07 روپے فی شیئر نقصان تھا)

ایکسٹرنل (بیرونی) آڈیٹرز:

موجودہ آڈیٹرز میسرز/ شائن ونگ حمید چوہدری اینڈ چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے ہیں اور اس کے اہل ہیں کہ وہ اپنی تعیناتی کے لئے دوبارہ پیشکش کرے۔جیسا کہ آڈٹ کمیٹی نے تجویز پیش کی ہے کہ اگلی سالانہ جنرل اجلاس کے اختتام تک، بورڈ مورخہ 31 اکتوبر 2016 میں ہونے والی سالانہ جنرل اجلاس کے اختتام سے ان کی بطور کمپنی آڈیٹرز آفس میں تعیناتی کے لئے سفارشات کرتی ہے۔

اجتماعی نظم و نسق:

ہمیں یہ رپورٹ پیش کر کے خوشی محسوس ہو رہی ہے کہ آپکی کمپنی سٹاک ایکسچینج کی لسٹنگ کے قوانین میں شامل ہونے کے سلسلہ میں

جتماعی نظم ونسق کے ضابطے کے شرائط پر عمل کرنے کے لئے ضروری اقدامات کر رہی ہے۔

اجتماعی نظم ونسق اور مالیاتی رپورٹنگ فریم ورک کے بارے میں سٹیٹمنٹ درج ذیل دی گئی ہے:

- کمپنی کی انتظامیہ نے مالیاتی سٹیٹمنٹ، امور کی درست حالت، اس کے آپریشن (امور سرانجام دینے) کے نتائج، کیش فلو اور ایکوئٹی میں تبدیلی کے ساتھ شفاف طریقے سے پیش کیا ہے۔
- کمپنی نے اکاؤنٹ کی باقاعدہ بک مرتب کی ہے۔
- مالیاتی سٹیٹمنٹ کی تیاری میں موزوں اکاؤنٹنگ پالیسیوں کو مسلسل لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے کی بنیاد پر لگایا گیا ہے۔
- مالیاتی سٹیٹمنٹ کی تیاری میں پاکستان میں لاگو ہونے والے بین الاقوامی اکاؤنٹنگ کے معیار کی پیروی کی گئی ہے۔
- داخلی کنٹرول کا نظام ڈیزائن کے لحاظ سے مضبوط ہے جس کی مؤثر طریقے سے عمل درآمد اور نگرانی کی جا رہی ہے۔
- اس امر میں کوئی شک وشبہ نہیں کہ کمپنی کی صلاحیت میں ان حالات میں بھی بہتری ہو رہی ہے۔
- اس سال کے دوران سی ای او، ڈائریکٹرز، سی ایف سی، کمپنی سیکریٹری، ان کے بیویاں اور بچوں کے کوئی ٹریڈنگ شیئر نہیں، سوائے وہ جن کا انکشاف شیئر ہولڈنگ کے پیٹرن/نمونے میں کیا گیا ہے۔
- انتظامی نظم ونسق کے ضابطے کے بہترین پریکٹس سے کسی قسم کی کوئی مادی ناکامی نہیں ہوئی، جس کے تفصیل لسٹنگ ریگولیشن میں ہے۔
- کمپنی ہذا کی گزشتہ چھ سالوں کے اہم آپریٹنگ اور مالیاتی اعداد وشمار درج ذیل دی گئی ہیں:

سال کا اختتام	جون 30					
	2011	2012	2013	2014	2015	**2016**
کام کرنے کیلئے مقررہ اثاثہ جات	2,185,991	2,494,233	2,591,121	3,372,503	3,521,737	**4,604,928**
کل مالیت (2012 و 2013 دوبارہ بیان کیا گیا)	1,025,553	1,187,843	1,582,599	1,673,610	1,558,120	**1,520,529**
مجموعی کاروباری حصول	7,361,391	6,483,423	7,679,220	7,925,862	7,945,789	**6,697,773**
مجموعی منافع (2013 دوبارہ بیان کیا گیا)	1,339,648	761,459	1,151,545	946,438	701,134	**621,988**
مجموعی منافع کی شرح (%)	18.20	11.74	15.00	11.94	8.82	**9.28**
منافع/نقصان ٹیکس کے بعد (2013 دوبارہ بیان کیا گیا)	607,730	214,142	435,101	158,333	(54,588)	**(49,132)**
منافع/نقصان ٹیکس کے بعد (%)	8.26	3.30	5.67	2.00	(0.69)	**(0.73)**

- مذکورہ ڈائریکٹرز بورڈ نے ایک مشن سٹیٹمنٹ اور مجموعی نظم ونسق کی حکمت عملی کی سٹیٹمنٹ اختیار کی ہے۔
- بقایا ٹیکس اور جرمانے کے بارے میں برائے مہربانی ضمیمہ کے نوٹ نمبر 16 اور آڈٹ سٹیٹمنٹ ملاحظہ کیجئے۔

حالیہ سال کے دوران بورڈ آف ڈائریکٹرز کے 4 اجلاس منعقد ہوئے, ہر ڈائریکٹر کی حاضری درج ذیل ہے:

ڈائریکٹر کا نام	حاضر ہونے والی اجلاس کی تعداد
انور سیف اللہ خان	04
جاوید سیف اللہ خان	04
عثمان سیف اللہ خان	03
اسد سیف اللہ خان	04
حور یوسف زئی	04
جہانگیر سیف اللہ خان	03
عارف سعید	03

جو ڈائریکٹرز بورڈ ہٰذا کے کسی بھی اجلاس میں شرکت نہ کر سکیں انہیں رخصتی/چھٹی دی گئی ہے۔.

اظہار تشکر

بورڈ ہٰذا ہمارے بینکاروں اور معزز صارفین (کسٹمرز) کی حمایت پر اپنی جانب سے اس امر کی تعریف کرتا ہے. میں اپنے کارپوریٹ فیملی ممبران میں سے جانفشانی سے کام کرنے والوں کی بھی تعریف کرتا ہوں۔

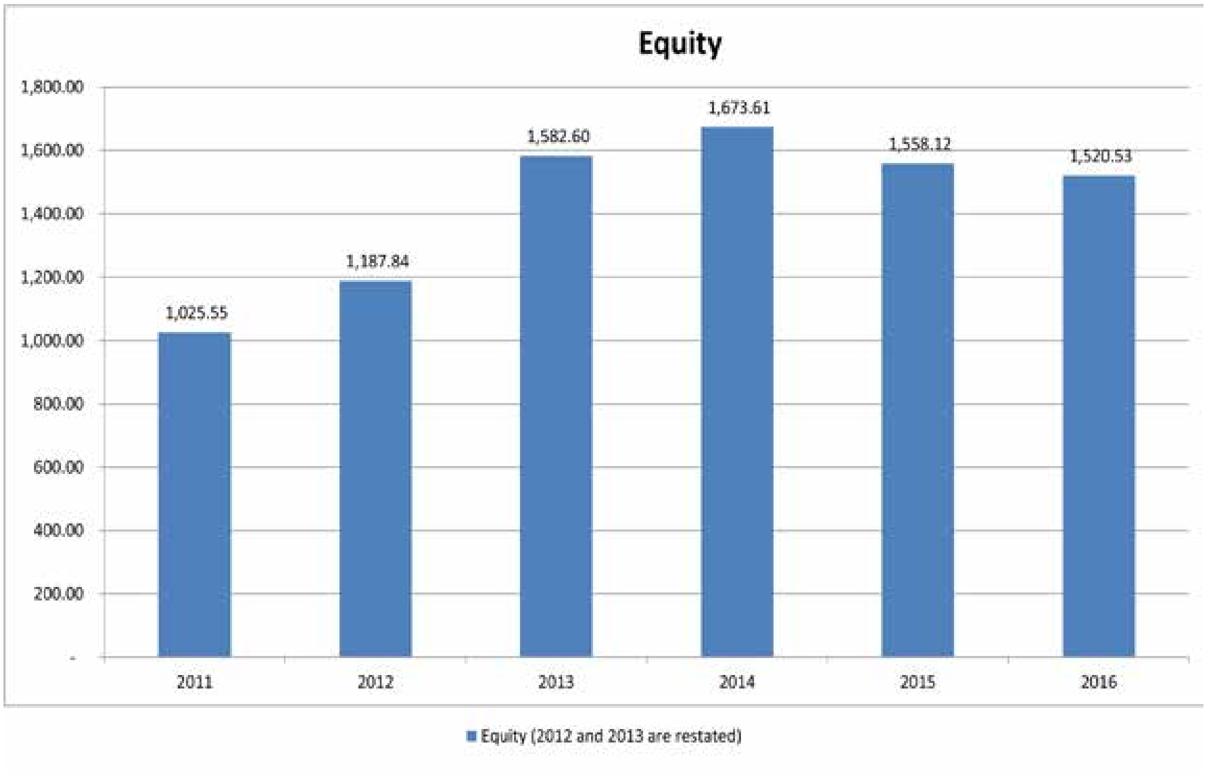
ہمیں یقین ہے کہ وہ آنے والے دنوں میں اسی لگن ومحنت کو جاری وساری رکھیں گے۔

منجانب بورڈ ہٰذا

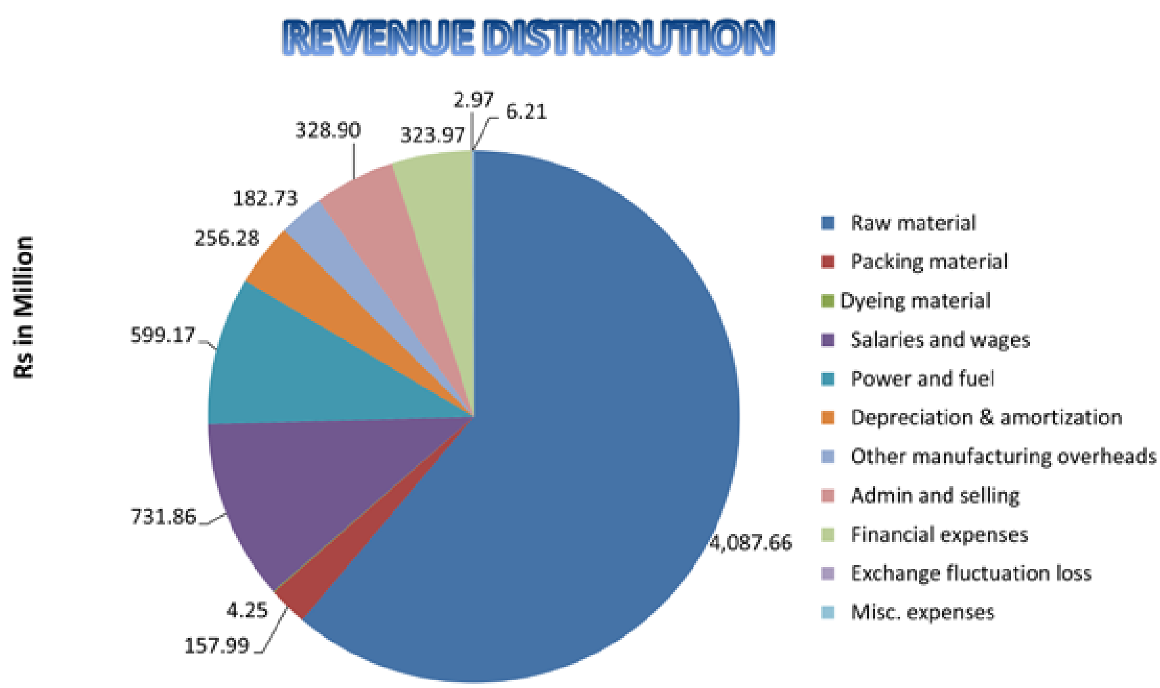
ذھین الدین قریشی

چیف ایگزیکٹو آفیسر

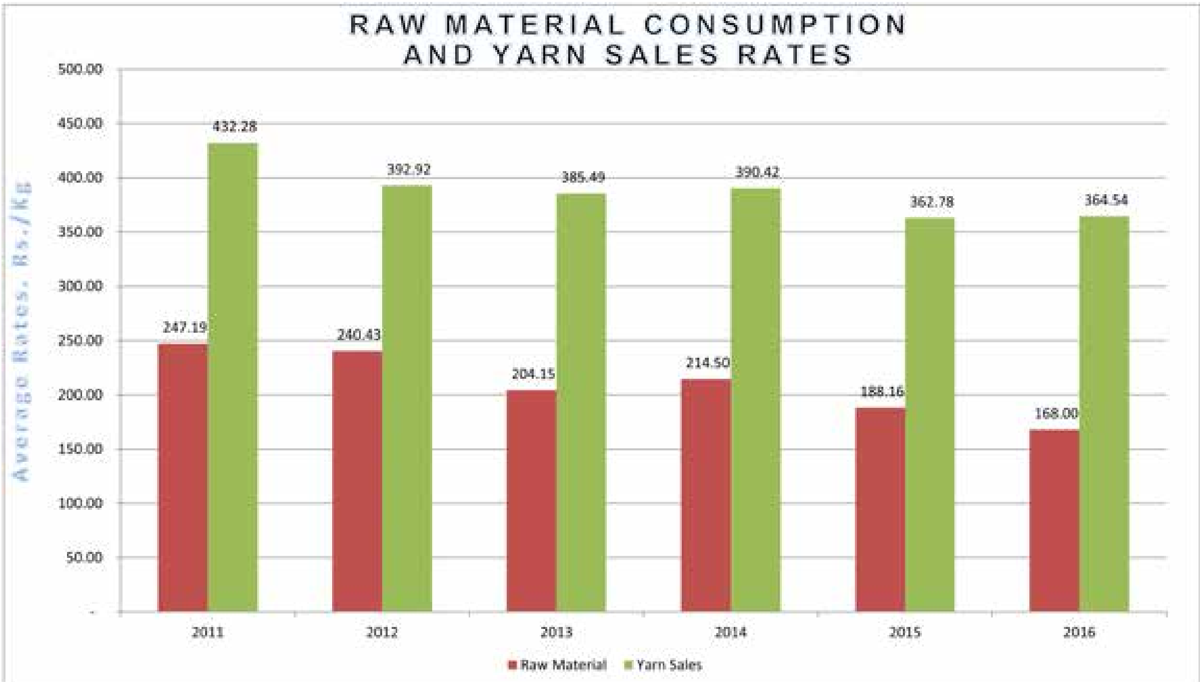
تاریخ: 7 اکتوبر، 2016

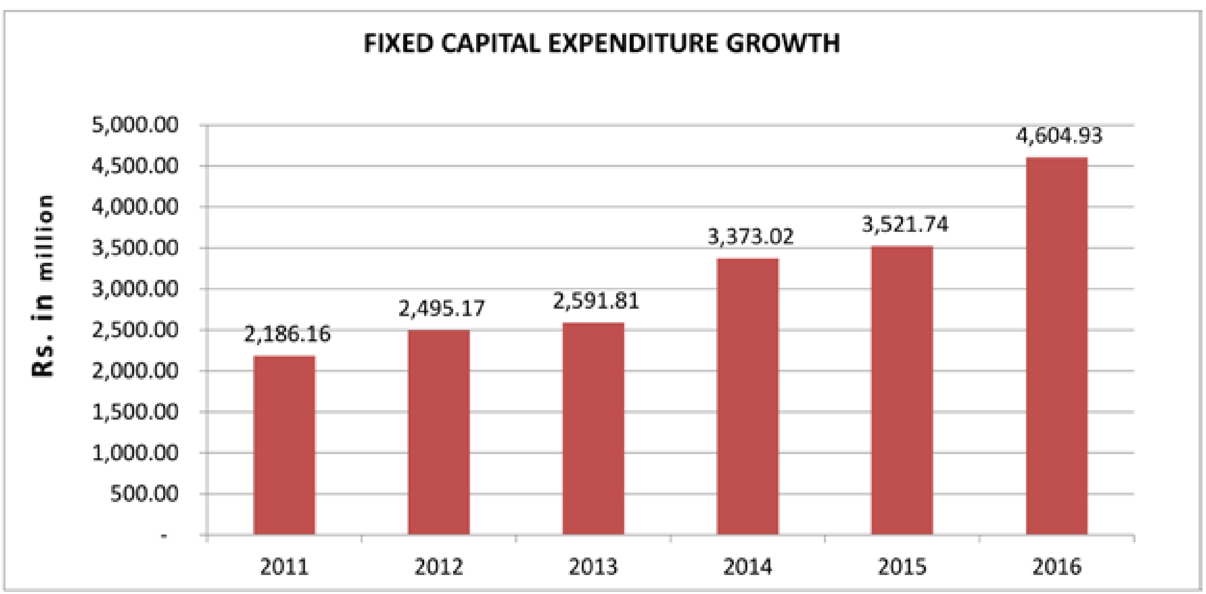


Equity
1,800.00
1,600.00
1,400.00
1,200.00
1,000.00
800.00
600.00
400.00
200.00
-
1,025.55
1,187.84
1,582.60
1,673.61
1,558.12
1,520.53
2011
2012
2013
2014
2015
2016
Equity (2012 and 2013 are restated)



REVENUE DISTRIBUTION
Rs in Million
2.97
6.21
328.90
323.97
182.73
256.28
599.17
731.86
4.25
157.99
4,087.66
Raw material
Packing material
Dyeing material
Salaries and wages
Power and fuel
Depreciation & amortization
Other manufacturing overheads
Admin and selling
Financial expenses
Exchange fluctuation loss
Misc. expenses





CMYK 07-10-2015

PATTERN OF SHAREHOLDING
AS AT 30 JUNE, 2016

No. of Shareholders	Shareholding From	Shareholding To	Total Shares Held	Percentage of Total Capital
371	1 -	100	17,008	0.06
437	101 -	500	119,027	0.45
180	501 -	1000	152,071	0.58
327	1001 -	5000	746,124	2.82
52	5001 -	10000	420,911	1.59
20	10001 -	15000	243,259	0.92
7	15001 -	20000	126,067	0.48
10	20001 -	25000	232,551	0.88
6	25001 -	30000	171,000	0.65
1	30001 -	35000	31,000	0.12
3	35001 -	40000	111,010	0.42
1	40001 -	45000	44,500	0.17
4	45001 -	50000	195,500	0.74
1	55001 -	60000	59,000	0.22
1	60001 -	65000	61,000	0.23
1	65001 -	70000	66,500	0.25
2	70001 -	75000	150,000	0.57
1	90001 -	95000	95,000	0.36
1	95001 -	100000	98,795	0.37
1	105001 -	110000	107,129	0.41
1	110001 -	115000	111,360	0.42
1	120001 -	125000	124,500	0.47
2	125001 -	130000	256,409	0.97
1	140001 -	145000	141,000	0.53
1	145001 -	150000	146,000	0.55
2	180001 -	185000	365,456	1.38
1	215001 -	220000	217,000	0.82
1	285001 -	290000	288,159	1.09
2	295001 -	300000	596,715	2.26
1	305001 -	310000	308,327	1.17
1	350001 -	355000	350,650	1.33
1	600001 -	605000	600,500	2.27
1	720001 -	725000	720,946	2.73
1	795001 -	800000	798,600	3.02
1	800001 -	805000	800,087	3.03
1	1030001 -	1035000	1,031,848	3.91
1	1260001 -	1265000	1,264,000	4.79
1	1945001 -	1950000	1,946,871	7.37
1	13095001 -	13100000	13,097,000	49.59
1,449			**26,412,880**	**100.00**

CATEGORIES OF SHARE HOLDERS

Sr. #	Categories	No. of Shareholders	Shares Held	% age of Capital
1	Directors, Chief Executive Officer, and their spouse and minor children	6	18,500	0.0700
2	Associated Companies, Undertakings and Related Parties	8	13,114,000	49.6500
3	NIT and ICP	3	2,075,549	7.8581
4	Banks, Development Financial Instituations, Non Banking Financial Instituations	7	357,934	1.3551
5	Insurance Companies	1	1,031,848	3.9066
6	Modarbas and Mutual Funds	7	363,940	1.3779
7	General Public (Local)	1,392	7,321,448	27.7192
8	Others	25	2,129,661	8.0631
	TOTAL:	**1,449**	**26,412,880**	**100.0000**

DETAIL OF CATEGORY OF SHAREHOLDERS AS AT 30 JUNE, 2016

Name	Shares Held	% age of Capital
Directors, Chief Executive Officer, and their spouse and minor children		
Mr Anwar Saifullah Khan	2,000	0.0076
Mrs. Hoor Yousuf Zai	500	0.0019
Mr. Assad Saifullah Khan	500	0.0019
Osman Saifullah Khan (05039)	3,500	0.0133
Javed Saifullah Khan	11,000	0.0416
Jehangir Saifullah Khan	1,000	0.0038
	18,500	**0.0700**
Associated Companies, Undertakings and Related Parties		
Gulshan Javed Saifullah Khan	1,500	0.0057
Begum Shireen Iqbal Saifullah	4,000	0.0151
Saif Holdings Ltd.	13,097,000	49.5857
Mr. Asif Saifullah Khan	500	0.0019
Omer Saifullah Khan	1,000	0.0038
Mrs Begum Zeb Saifullah Khan	4,500	0.0170
Mr Humayun Saifullah Khan	2,000	0.0076
Mr Iqbal Saifullah Khan	3,500	0.0133
	13,114,000	**49.6500**
NIT and ICP		
Investment Corp of Pakistan	1,228	0.0046
National Bank of Pakistan	127,450	0.4825
CDC - Trustee National Investment (Unit) Trust	1,946,871	7.3709
	2,075,549	**7.8581**
Banks, Development Financial Instituations, Non Banking Financial Instituations		
Classical Insights Fund LP	297,500	1.1263
Atlas BOT Invesment Bank Ltd.	55	0.0002
Morgan Stanley Trust Co.	100	0.0004
Eastman Consulting (Pvt) Ltd.	50	0.0002
National Bank of Pakistan	1,129	0.0043
The Northern Trust Company	100	0.0004
Acadian Frontier Markets Equity Fund	59,000	0.2234
	357,934	**1.3551**
Insurance Companies		
State Life Insurance Corp. of Pakistan	1,031,848	3.9066
	1,031,848	**3.9066**
Modarbas and Mutual Funds		
Golden Arrow Selected Stocks Fund Limited	217,000	0.8216
CDC - Trustee AKD Opportunity Fund	141,000	0.5338
First Inter Fund Modaraba	65	0.0002

	Name of Shareholders	Shares Held	Percentage
	First I.B.L. Modaraba	977	0.0037
	Crescent Standard Modaraba	14	0.0001
	First UDL Modaraba	4,669	0.0177
	Golden Arrow Selected Stock Fund Limited	215	0.0008
		363,940	**1.3779**
General Public (Local)			
		7,321,448	**27.7192**
Others			
1	Y.S. Securities & Services (Pvt) Ltd.	1,083	0.0041
2	Standard Capital Securities (Pvt) Limited	24,000	0.0909
3	Roomi Enterprises (Pvt) Limited.	1,264,000	4.7855
4	Maple Leaf Capital Limited	1	0.0000
5	Roomi Fabrics Ltd	600,500	2.2735
6	Javed Omer Vohra & Co. Ltd.	8,758	0.0332
7	Taurus Securities Limited	100	0.0004
8	Muhammad Ahmed Nadeem Securities (Smc-Pvt) Limited	105	0.0004
9	Networth Securities Limited	5,000	0.0189
10	Sarfraz Mahmood (Private) Ltd	500	0.0019
11	S.H. Bukhari Securities (Pvt) Limited	500	0.0019
12	International Securities Ltd.	118	0.0004
13	Trustee National Bank of Pakistan Emp Benevolent Fund	6,455	0.0244
14	Seven Star Securities (Pvt.) Ltd.	19,500	0.0738
15	Prudential Securities Limited	26	0.0001
16	International Brands Limited	1,338	0.0051
17	Fikree'S (SMC-Pvt) Ltd.	500	0.0019
18	Dr. Arslan Razaque Securities (Smc-Pvt) Ltd.	210	0.0008
19	Intermarket Securities Limited	10,892	0.0412
20	S.Z. Securities (Private) Limited	1,000	0.0038
21	Pyramid Investments (Pvt) Ltd.	495	0.0019
22	Trustee National Bank of Pakistan Employees Pensio	183,956	0.6965
23	Fortune Securities Limited	200	0.0008
24	BMA Capital Management Ltd.	344	0.0013
25	Khadim Ali Shah Bukhari & Co. Limited	80	0.0003
		2,129,661	**8.0630**
	Grand Total:	**26,412,880**	**100.0000**

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation of Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges 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**
Executive Directors	Osman Saifullah Khan Hoor Yousafzai
Non-Executive Directors	Anwar Saifullah Khan
	Javed Saifullah Khan
	Jehangir Saifullah Khan
	Assad Saifullah Khan
Independent Director	Arif Saeed

The independent director meets the criteria of independence under clause i (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 member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casualvacancy occurred on the board during the year.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along-with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along-with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along-with agenda and working papers, were circulated at-least seven days before the meetings. The minutes of the meetings were appropriately recorded and

circulated.

9. The board arranged in-house training program for its directors during the year. 10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including the remuneration and terms and conditions of employment.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCGand 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 the members of audit committee are non-executive directors.
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; all of them are non-executive directors. Chairman of the committee is independent director.
18. The board has set up an effective internal audit function and the persons involved are 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 the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP..
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFACguidelines 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(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
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 for the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

On behalf of the Board of Directors

ANWAR SAIFULLAH KHAN
CHAIRMAN

Dated: 7 October, 2016

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Saif Textile Mills Limited** (the Company) for the year ended June 30, 2016 to comply with the Code contained in regulation no. 5.19 of Rule Book of the Pakistan Stock Exchanges Limited.

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

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

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

Based on our review, except for the fact that the Composition of Audit Committee, at reporting date, is not in compliance with the requirements of sub-clause (a) of clause 16 of the Code, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2016.

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Engagement Partner:
Osman Hameed Chaudhri

LAHORE;
7 October, 2016

AUDITORS' REPORT TO THE MEMBERS

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

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

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

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

- **(i)** the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

- **(ii)** the expenditure incurred during the year was for the purpose of the Company's business; and

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

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

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

We draw your attention to the note 17.3 to the financial statements which describes the matter regarding non-provisioning of Gas Infrastructure Development Cess. Our opinion is not qualified in respect of this matter.

HAMEED CHAUDHRI & CO.,
Chartered Accountants
Audit Engagement Partner: Osman Hameed Chaudhri

LAHORE;
7 October, 2016

BALANCE SHEET

	Note	2016	2015
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
30,000,000 ordinary shares of Rs.10 each		**300,000**	300,000
Issued, subscribed and paid-up capital	5	**264,129**	264,129
Reserves	6	**265,981**	265,981
Unappropriated profit		**990,419**	1,028,010
		1,520,529	1,558,120
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	7	**720,338**	125,158
NON-CURRENT LIABILITIES			
Sub-ordinated loan	8	**523,500**	508,500
Long term financing	9	**977,872**	936,401
Liabilities against assets subject to finance lease	10	**11,959**	0
Long term deposits	11	**5,542**	3,822
Staff retirement benefits - gratuity	12	**151,966**	159,611
Deferred taxation - net	21	**103,396**	0
		1,774,235	1,608,394
CURRENT LIABILITIES			
Trade and other payables	13	**682,890**	740,185
Accrued mark-up and interest	14	**164,895**	129,980
Short term borrowings	15	**2,767,636**	2,340,107
Current portion of long term financing	16	**398,179**	340,265
		4,013,600	3,550,537
		5,787,835	5,158,931
CONTINGENCIES AND COMMITMENTS	17		
		8,028,702	6,842,209

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

ZAHEEN UD DIN QURESHI
CHIEF EXECUTIVE

ASSAD SAIFULLAH KHAN
DIRECTOR

AS AT 30 JUNE, 2016

	Note	2016	2015
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	18	**4,604,928**	3,521,737
Intangible assets	19	**565**	337
Long term loans	20	**14,950**	19,392
Long term deposits		**9,353**	9,979
Deferred taxation - net	21	**0**	164,972
		4,629,796	3,716,417
CURRENT ASSETS			
Stores, spare parts and loose tools	22	**190,366**	162,285
Stock-in-trade	23	**1,765,510**	1,581,043
Trade debts	24	**758,712**	870,427
Loans and advances	25	**133,186**	94,536
Trade deposits and short term prepayments	26	**1,315**	8,150
Other receivables	27	**24,380**	30,705
Investments	28	**6,147**	5,667
Deposit for shares	29	**0**	0
Taxation - net	30	**321,414**	250,911
Tax refunds due from Government	31	**160,612**	86,254
Cash and bank balances	32	**37,264**	35,814
		3,398,906	3,125,792
		8,028,702	6,842,209

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

ZAHEEN UD DIN QURESHI
CHIEF EXECUTIVE

ASSAD SAIFULLAH KHAN
DIRECTOR

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

	Note	2016	2015
		(Rupees in thousand)	
SALES - NET	33	**6,697,773**	7,945,789
COST OF SALES	34	**(6,075,785)**	(7,244,655)
GROSS PROFIT		**621,988**	701,134
DISTRIBUTION COST	35	**(138,305)**	(168,411)
ADMINISTRATIVE EXPENSES	36	**(208,252)**	(198,575)
OTHER INCOME	37	**12,121**	2,340
OTHER EXPENSES	38	**(6,208)**	(9,395)
PROFIT FROM OPERATIONS		**281,344**	327,093
FINANCE COST	39	**(323,968)**	(369,250)
		(42,624)	(42,157)
EXCHANGE FLUCTUATION LOSS	40	**(2,966)**	(12,595)
(LOSS) / PROFIT BEFORE TAXATION		**(45,590)**	(54,752)
TAXATION	41	**(3,542)**	164
(LOSS) / PROFIT AFTER TAXATION		**(49,132)**	(54,588)
OTHER COMPREHENSIVE INCOME			
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENT TO PROFIT AND LOSS:			
LOSS ON REMEASUREMENT OF STAFF STAFF RETIREMENT BENEFIT OBLIGATION		**5,515**	(3,769)
RELATED DEFERRED TAX		**(1,521)**	859
		3,994	(2,910)
TOTAL COMPREHENSIVE LOSS		**(45,138)**	(57,498)
		(Rupees)	
Loss per share - basic and diluted	42	**(1.86)**	(2.07)

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

ZAHEEN UD DIN QURESHI
CHIEF EXECUTIVE

ASSAD SAIFULLAH KHAN
DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE, 2016

	Note	2016	2015
		(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES	43	**191,205**	356,734
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		**(474,440)**	(388,319)
Sale proceeds of operating fixed assets / insurance claims received		**5,449**	8,493
NET CASH USED IN INVESTING ACTIVITIES		**(468,991)**	(379,826)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term financing - obtained		**275,000**	326,306
- repaid		**(178,101)**	(214,468)
Liabilities against assets subject to finance lease - net		**14,445**	0
Short term borrowings - net		**427,529**	380,444
Finance cost paid		**(259,637)**	(392,198)
Dividend paid		**0**	(66,032)
NET CASH GENERATED FROM FINANCING ACTIVITIES		**279,236**	34,052
NET INCREASE IN CASH AND CASH EQUIVALENTS		**1,450**	10,960
CASH AND CASH EQUIVALENTS - at beginning of the year		**35,814**	24,854
CASH AND CASH EQUIVALENTS - at end of the year		**37,264**	35,814

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

ZAHEEN UD DIN QURESHI
CHIEF EXECUTIVE

ASSAD SAIFULLAH KHAN
DIRECTOR

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

	Share Capital	RESERVES			Unappr-opriated profit	Total Equity
		Capital	Revenue	Sub Total		
	(Rupees in thousand)					
Balance as at July 01, 2014	264,129	115,981	150,000	265,981	1,143,500	1,673,610
Transactions with owners						
Final cash dividend for the year ended June 30, 2014 at the rate of Rs.2.5 per share	0	0	0	0	(66,032)	(66,032)
Total comprehensive income for the year ended June 30, 2015						
Loss for the year	0	0	0	0	(54,588)	(54,588)
Other comprehensive loss	0	0	0	0	(2,910)	(2,910)
	0	0	0	0	(57,498)	(57,498)
Surplus on revaluation of property, plant and equipment realised during the year on account of incremental depreciation - net of deferred taxation	0	0	0	0	8,040	8,040
Balance as at June 30, 2015	264,129	115,981	150,000	265,981	1,028,010	1,558,120
Total comprehensive loss for the year ended June 30, 2016						
Loss for the year	0	0	0	0	(49,132)	(49,132)
Other comprehensive income	0	0	0	0	3,994	3,994
	0	0	0	0	(45,138)	(45,138)
Surplus on revaluation of property, plant and equipment realised during the year on account of incremental depreciation - net of deferred taxation	0	0	0	0	7,547	7,547
Balance as at June 30, 2016	**264,129**	**115,981**	**150,000**	**265,981**	**990,419**	**1,520,529**

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

ZAHEEN UD DIN QURESHI
CHIEF EXECUTIVE

ASSAD SAIFULLAH KHAN
DIRECTOR

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

1. LEGAL STATUS AND NATURE OF BUSINESS

Saif Textile Mills Limited (the Company) is a Public Limited Company incorporated in Pakistan on December 24, 1989 under the Companies Ordinance,1984 and its shares are quoted on Pakistan Stock Exchange. The Company's Mills are located in Industrial Estate, Gadoon Amazai, District Sawabi and the registered office of the Company is located at APTMA House, Tehkal Payan, Jamrud Road, Peshawar.

The Company is principally engaged in manufacture and sale of yarn.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain operating fixed assets which have been included at their revalued amounts and staff retirement benefits (gratuity) stated at their present value.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded to the nearest thousand unless otherwise specified.

2.4 New and amended standards and interpretations

2.4.1 Standards and amendments to approved accounting standards and interpretations effective in the current year and are relevant to the Company's financial reporting

New and amended standards and interpretations mandatory for the first time for the financial year beginning July 01, 2015:

(a) IFRS 13 'Fair value measurement' aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard only affects the disclosures in the Company's financial statements.

2.4.2 Standards, interpretations and amendments to approved accounting standards that are effective but not relevant

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 1, 2015 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

2.4.3 Standards, amendments to approved accounting standards that are not yet effective and have not been early adopted by the Company

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on or after July 01, 2015 and have not been early adopted by the Company:

(a) IFRS 9, 'Financial instruments' is applicable to accounting periods beginning on or after January 01, 2018. IASB has published the complete version of IFRS 9, 'Financial instruments', which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today. The Company has yet to assess the impact of these changes on its financial statements.

(b) IFRS 15, 'Revenue from contracts with customers' is applicable to accounting periods beginning on or after January 01, 2018. The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entity will recognise transitional adjustments in retained earnings on the date of initial application, i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The Company has yet to assess the impact of this standard on its financial statements.

(c) Amendments to IAS 1, 'Presentation of financial statements' on the disclosure initiative are applicable to annual periods beginning on or after January 01, 2016, The amendments are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments provide clarifications on a number of issues, including: Materiality

– an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance. Notes – confirmation that the notes do not need to be presented in a particular order. Other comprehensive income (OCI) arising from investments accounted for under the equity method – the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. According to the transitional provisions, the disclosures in IAS 8 regarding the adoption of new standards / accounting policies are not required for these amendments. These amendments likely to only affects the disclosures in the Company's financial statements.

(d) Amendments to IAS 7, 'Statement of cash flows' are applicable for annual periods beginning on or after January 01, 2017. The amendment requires disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have a material impact on the Company's financial statements.

There are a number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Company and, therefore, have not been presented here.

3. USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. However, such differences are estimated to be insignificant and hence will not affect the true and fair presentation of the financial statements. The assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Judgements made by management in application of the approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in respective policy note. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgements were exercised in application of accounting policies are as follows:

(a) Staff retirement benefits - gratuity (note 4.3)

The present value of this obligation depends on a number of factors that is determined on actuarial basis using a number of assumptions. Any change in these assumptions will impact carrying amount of this obligation. The present value of the obligation and underlying assumptions are stated in note 12.

(b) Provision for taxation (note 4.5)

In making the estimate for income taxes payable by the Company, the management looks at the applicable law and decisions of appellate authorities on certain issues in the past.

(c) Property, plant and equipment (note 4.7)

The Company reviews appropriateness of the rates of depreciation, useful lives and residual values for calculation of depreciation on an on-going basis. Further, where applicable, an estimate of recoverable amount of asset is made if indicators of impairment are identified.

(d) Stores & spares and stock-in-trade (note 4.10 and 4.11)

The Company estimates the net realisable value of stores & spares and stock-in-trade to assess any diminution in the respective carrying values. Net realisable value is determined with reference to estimated selling price less estimated expenditure to make sale.

(e) Provision for impairment of trade debts (note 4.12)

The Company assesses the recoverability of its trade debts if there is objective evidence that the Company will not be able to collect all the amount due according to the original terms. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indications that the trade debt is impaired.

4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

4.1 Borrowings and borrowing cost

Borrowings are recognised initially at fair value.

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of that asset.

4.2 Interest rate and cross currency swaps

In certain cases, the Company uses interest rate and cross currency swaps to hedge its risk associated primarily with mark-up payments and foreign currency fluctuations. The calculation involves use of estimates with regard to mark-up and foreign currency rates, which fluctuate with the market forces.

4.3 Staff retirement benefits - gratuity

The Company operates an un-funded staff retirement gratuity scheme for its eligible employees. Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on June 30, 2016 on the basis of the projected unit credit method by an independent Actuary.

The liability recognised in the balance sheet in respect of staff retirement gratuity scheme is the present value of defined benefit obligation at the end of reporting period. The amount arising as a result of remeasurements are recognised in the balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

4.4 Trade and other payables

Trade and other payables are carried at cost, which is the fair value of consideration to be paid in the future for goods and services received, whether or not billed to the Company.

4.5 Taxation

(a) Current and prior year

Provision for current year's taxation is determined in accordance with the prevailing law of taxation on income enacted or substantively enacted by the end of the reporting period and is based on current rates of taxation being applied on the taxable income for the year, after taking into account tax credits and rebates available, if any, and taxes paid under the Final Tax Regime. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalised during the year.

(b) Deferred

The Company accounts for deferred taxation using the balance sheet liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is recognised for taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is charged or credited to the profit and loss account except for deferred tax arising on surplus on revaluation of property, plant and equipment, which is charged to revaluation surplus.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.6 Dividend and appropriation to reserves

Dividend distribution to the Company's shareholders and appropriation to reserves are recognised in the period in which these are approved.

4.7 Property, plant and equipment

Leasehold land, buildings on leasehold land, plant & machinery, generators, electric installations and air-conditioning equipment are shown at fair value, based on valuations carried-out with sufficient regularity by external independent Valuers, less subsequent amortisation / depreciation. Any accumulated amortisation / depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The remaining property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items. Capital work-in-progress is stated at cost. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when assets are available for use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, 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 repairs and maintenance are charged to income during the financial year in which these are incurred.

Depreciation on operating fixed assets, except leasehold land, is charged to income applying reducing balance method so as to write-off the depreciable amount of an asset over its remaining useful life at the rates stated in note 18.1. Leasehold land is amortised over the lease term using the straight-line method. The assets' residual values and useful lives are reviewed at each financial year-end and adjusted if impact on depreciation is significant.

Depreciation on additions to operating fixed assets is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off.

Gains / losses on disposal of property, plant and equipment are taken to profit and loss account.

4.8 Assets subject to finance lease

Leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are initially recognised at the lower of present value of minimum lease payments under the lease agreements and the fair value of assets. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss.

The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and long-term depending upon the timing of payment.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit over the lease term.

Depreciation on assets subject to finance lease is charged to income at the rate stated in note 18.1 applying reducing balance method to write-off the cost of the asset over its estimated remaining useful life in view of certainty of ownership of assets at the end of lease period.

Depreciation on additions to leased assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed-off.

Finance cost and depreciation on leased assets are currently charged to income.

4.9 Intangible assets - computer software

Computer software is stated at cost less accumulated amortisation. Software cost is only capitalised when it is probable that future economic benefits attributable to the software will flow to the Company and the same is amortised applying the straight-line method at the rate stated in note 19.

4.10 Stores, spare parts and loose tools

Stores, spare parts and loose tools are stated at cost. The cost of inventory is based on moving average cost. Items in transit are stated at cost accumulated upto the balance sheet date. The Company reviews the carrying amount of stores, spare parts and loose tools on a regular basis and provision is made for identified obsolete and slow moving items.

4.11 Stock-in-trade

Basis of valuation are as follows:

Particulars	**Mode of valuation**
Raw materials:	
At mills	- At lower of moving average cost and market value.
In transit	- At cost accumulated to the balance sheet date.
Work-in-process	- At manufacturing cost.
Finished goods	- At lower of cost and net realisable value.
Waste	- At net realisable value.

- Cost in relation to work-in-process and finished goods consists of prime cost and appropriate production overheads. Prime cost is allocated on the basis of moving average cost.

- Provision for obsolete and slow moving stock-in-trade is determined based on the management's assessment regarding their future usability.

- Net realisable value signifies the selling price in the ordinary course of business less cost of completion and cost necessary to be incurred to effect such sale.

4.12 Trade debts and other receivables

Trade debts and other receivables are initially recognised at original invoice amount, which is the fair value of consideration to be received in future and subsequently measured at cost less provision for doubtful debts, if any. Carrying amounts of trade debts and other receivables are assessed at each reporting date and a provision is made for doubtful debts and receivables when collection of the amount is no longer probable. Debts and receivables considered irrecoverable are written-off.

4.13 Financial assets 'at fair value through profit or loss'

Financial assets 'at fair value through profit or loss' are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to profit and loss account in the period in which these arise.

4.14 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of balances with banks.

4.15 Impairment loss

The carrying amounts of the Company's assets are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of provisions for impairment losses. If any indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversals of impairment losses are recognised in the profit and loss account. Reversal of impairment loss is restricted to the original cost of the asset.

4.16 Provisions

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

4.17 Foreign currency transactions

Transactions in foreign currencies are accounted for in Pak Rupees at the exchange rates prevailing on the date of transactions. Assets and liabilities in foreign currencies are translated into Pak Rupees at the exchange rates prevailing on the balance sheet date except where forward exchange rates are booked, which are translated at the contracted rates. Exchange differences, if any, are taken to profit and loss account.

4.18 Financial instruments

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company looses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the balance sheet include deposits, trade debts, other receivables, investments, bank balances, sub-ordinated loan, long term financing, trade & other payables, accrued mark-up & financial charges and short term borrowings. All financial assets and liabilities are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value or cost as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.19 Off-setting of financial assets and liabilities

Financial assets and liabilities are off-set and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

4.20 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

- Local sales through agents are recorded on intimation from agents whereas direct sales are recorded when goods are dispatched to customers.
- Export sales are booked on shipment of goods.
- Rebate on export sales is recorded on ‘accrual basis’.
- Return on bank deposits is accounted for on ‘accrual basis’.
- Dividend income and entitlement of bonus shares are recognised when right to receive such dividend and bonus shares is established.

4.21 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment; however, certain information about the Company's products, as required by the approved accounting standards, is presented in note 47 to these financial statements.

5. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2016	2015		Note	2016	2015
(No. of shares)				(Rupees in thousand)	
17,312,468	17,312,468	ordinary shares of Rs.10 each issued for cash		**173,125**	173,125
9,100,412	9,100,412	ordinary shares of Rs.10 each issued as fully paid bonus shares		**91,004**	91,004
26,412,880	26,412,880			**264,129**	264,129

5.1 Saif Holdings Limited held 13,097,000 shares of the Company as at June 30, 2016 and 2015.

6. RESERVES

	Note	2016	2015
Capital - share premium account	6.1	**115,981**	115,981
Revenue - general reserve		**150,000**	150,000
		265,981	265,981

6.1 Share premium account

Premium received on:		
3,820,780 shares @ Rs.7 per share issued during the year 1992	**26,745**	26,745
2,303,569 shares @ Rs.5 per share issued during the year 1996	**11,518**	11,518
562,019 shares @ Rs.5 per share allotted during the year 1997	**2,810**	2,810
7,500,000 shares @ Rs.10 per share allotted during the year 2007	**75,000**	75,000
	116,073	116,073
Less: preliminary expenses written-off during the year 1992	**92**	92
	115,981	115,981

7. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net

7.1 The Company had revalued its leasehold land, buildings on leasehold land, plant & machinery, generators, electric installations and air conditioning equipment during the financial years ended 2006 and 2009. These fixed assets were revalued by independent Valuers on the basis of market value / depreciated market values.

7.2 The Company, as at June 30, 2016, has again revalued its aforementioned assets. The latest revaluation exercise has been carried-out by M/s Hamid Mukhtar & Co. (Pvt.) Ltd. (Independent Valuers and Consultants) to replace the carrying amounts of these assets with the market value / depreciated market values. The net appraisal surplus arisen on latest revaluation aggregating Rs.870.837 million has been credited to this account to comply with the requirements of section 235 of the Companies Ordinance, 1984. The year-end balance has been arrived at as follows:

	2016	2015
	(Rupees in thousand)	
Opening balance	**125,158**	131,355
Add: surplus arisen on revaluation carried-out during the year	**870,837**	0
Less: related deferred taxation	**(269,959)**	0
	726,036	131,355
Less: transferred to unappropriated profit on account of incremental depreciation for the year net of deferred taxation	**7,547**	8,040
Add: adjustment resulting from reduction in tax rate	**1,849**	1,843
Closing balance	**720,338**	125,158

8. SUB-ORDINATED LOAN - Unsecured

The Company, Aqua Nominees Ltd. - London (ANL) and Habib Bank Ltd., United Bank Ltd., Faysal Bank Ltd., The Bank of Punjab, HSBC Bank Middle East Ltd., Allied Bank Ltd., National Bank of Pakistan, Al Baraka Bank (Pakistan) Ltd., NIB Bank Ltd., Dubai Islamic Bank Pakistan Ltd. and Meezan Bank Ltd. (the Banks) had entered into a sub-ordination agreements whereby ANL, in consideration of the Banks providing finance facilities to the Company, had offered and undertaken to treat 50% of the loan amount of U.S.$ 10 million extended by it to the Company as sub-ordinated loan. Accordingly, an amount of U.S.$ 5 million, extended by ANL to the Company, shall remain sub-ordinate to the finance facilities extended by the Banks to the Company; neither the Company shall make any payments pertaining to the sub-ordinated loan to ANL nor shall ANL make a demand for payments of any amount whatsoever with respect to the sub-ordinated loan unless and until:

- the entire amount of finance facilities extended by the Banks to the Company have been paid in full by the Company and the Banks have notified to ANL of such payments; or

- the Banks otherwise give permission in writing to the Company to make full or part of the payments due under the sub-ordinated loan.

This loan, during the current financial year, carried mark-up at the rates ranging from 1.908% to 2.405% (2015: 1.829% to 1.908%) per annum.

	Note	2016	2015
		(Rupees in thousand)	
9. LONG TERM FINANCING - Secured			
United Bank Limited (UBL)			
- demand finance - I	9.1	**37,500**	45,000
- demand finance - II	9.2	**193,552**	270,973
- demand finance - II	9.3	**200,000**	0
The Bank of Punjab (BoP)			
- term finance - I	9.4	**56,348**	75,130
- term finance - II	9.5	**277,778**	388,889
Habib Bank Limited (HBL)			
- demand finance - I	9.6	**165,691**	231,968
- demand finance - II	9.7	**267,729**	243,000
Soneri Bank Limited (SBL)			
- term finance - I	9.8	**99,967**	21,706
Askari Bank Limited (ABL)			
- diminishing musharkah	9.9	**75,000**	0
		1,373,565	1,276,666
Less: current portion grouped under current liabilities		**395,693**	340,265
		977,872	936,401

9.1 These finances have been obtained from UBL against a demand finance facility of Rs.75 million. The principal balance of this finance facility is repayable in 10 equal half-yearly instalments commenced from December, 2013. This finance facility carries mark-up at the rate of 6-months KIBOR + 200 basis points; effective mark-up rates charged, during the current financial year, ranged from 8.53% and 8.81% (2015: 8.81% and 12.16%) per annum. This finance facility is secured against first registered pari passu hypothecation charge over fixed assets of the Company.

9.2 These finances have been obtained from UBL against a demand finance facility of Rs.300 million. The Bank has disbursed the total amount in eight tranches of different amounts and each tranche is repayable in 16 equal quarterly instalments commenced December, 2014. This finance facility carries mark-up at the rate of 3 months KIBOR + 125 basis points; effective mark-up rates charged, during the current financial year, ranged from 7.34% to 8.13% (2015: 8.13 % to 11.44 %) per annum. This finance facility is secured against first pari passu hypothecation charge on all fixed assets of the Company for Rs.400 million.

9.3 The Company, during the current financial year, obtained a demand finance facility of Rs.200

million from UBL. The principal balance is repayable in 16 equal quarterly installments commencing June, 2017. This finance facility carries mark-up at the rate of 3-month KIBOR + 125 basis points; effective mark-up rate charged, during the current financial year, was 7.60% per annum. This finance facility is secured against joint first pari passu hypothecation charge over all present and future fixed and current assets of the Company for Rs.700 million.

9.4 These finances have been obtained from BoP against a term finance facility of Rs.130 million. The principal balance of this finance facility is repayable in 14 half-yearly instalments commenced from October, 2012. This finance facility carries mark-up at the rate of 6-months KIBOR + 225 basis points; effective mark-up rates charged, during the current financial year, ranged from 8.61% to 10.26% (2015: 10.26% and 12.45%) per annum. This finance facility is secured against first pari passu hypothecation charge over fixed assets of the Company for Rs.174 million

9.5 These finances have been obtained from BoP against a term finance facility of Rs.500 million. The principal balance of this term finance facility is repayable in 9 equal half-yearly instalments commenced from November, 2014. This finance facility carries mark-up at the rate of 6-months KIBOR + 110 basis points; effective mark-up rates charged, during the current financial year, ranged from 7.28% to 7.90% (2015 :9.09% and 11.31%). This finance facility is secured against first pari passu charge over all present and future fixed and current assets of the Company for Rs.667 million.

9.6 These finances have been obtained from HBL against a demand finance facility of Rs.270 million. The principal balance of this finance facility is repayable in 8 half-yearly instalments commenced from April, 2015. This finance facility carries mark-up at the rate of 6-months KIBOR + 110 basis points; effective mark-up rates charged, during the current financial year, ranged from 7.46% to 9.10% (2015 :9.10% and 11.29%) per annum. This finance facility is secured against first pari passu charge over all present and future fixed assets of the Company for Rs.360 million.

9.7 These finances have been obtained from HBL against a demand finance facility of Rs.290 million. The Bank has disbursed the total amount in five tranches of different amounts and each tranche is repayable in 78 equal monthly installments commencing January, 2016. This finance facility carries mark-up at the rate of 1-month KIBOR + 100 basis points; effective mark-up rates charged, during the current financial year, ranged from 7.22% to 7.97% (2015 :7.78%) per annum. This finance facility is secured against joint first pari passu charge over all present and future moveable and immovable fixed and current assets of the Company and a ranking charge for Rs.386.660 million.

9.8 These finances have been obtained from SBL against a term finance facility of Rs.100 million. The principal balance of this term finance facility is repayable in 10 equal half-yearly instalments commencing December, 2016. This finance facility carries mark-up at the rate of 6-months KIBOR + 100 basis points; effective mark-up rate charged, during the current financial year, ranged from 7.51% to 8.05% (2015 :7.88%) per annum. This finance facility is secured against joint pari passu charge over current and fixed assets of the Company for Rs.133.334 million.

9.9 The Company, during the current financial year, obtained a diminishing musharakah finance facility of Rs.75 million from ABL. The principal balance of this finance facility is repayable in 48 equal monthly instalments of Rs. 1.563 million each commencing September, 2016. This finance facility carries profit at the rate of 3-months KIBOR + 90 basis points per annum payable monthly basis; effective profit rates charged, during the current financial year, ranged from 7.04% to 7.91% per annum. This finance facility is secured against first pari passu charge on current and fixed assets of the Company for Rs.100 million.

10. LIABILITIES AGAINST ASSET SUBJECT TO FINANCE LEASE - Secured

Particulars	Upto one year	From one to five years	Total
	(Rupees in thousand)		
Minimum lease payments	3,476	15,509	18,985
Less: finance cost allocated to future periods	990	1,945	2,935
	2,486	13,564	16,050
Less: security deposit adjustable on expiry of lease terms	-	1,605	1,605
Present value of minimum lease payments	2,486	11,959	14,445

10.1 The Company, during June, 2016, entered into finance lease arrangement with NIB Bank Ltd. to acquire a vehicle. The liability under this finance lease arrangement is repayable in 20 quarterly installments commencing July, 2016, and carries mark-up at the rate of 3-months KIBOR + 1.25% per annum.The Company intends to exercise its option to purchase the vehicle upon completion of lease term. The liability is secured against title of the leased vehicle in the name of the bank and post dated cheques of all principal installments.

11. LONG TERM DEPOSITS

These deposits have been received in accordance with the Company's Car Incentive Scheme and against these deposits vehicles have been provided to the employees. These are adjustable after specified periods by transfer of title of vehicles to the respective employees.

12 STAFF RETIREMENT BENEFITS - Gratuity

12.1 The Company's obligation as per the latest actuarial valuation in respect of defined benefit gratuity plan is as follows:

The movement in the present value of defined benefit obligation is as follows:	**2016**	2015
	(Rupees in thousand)	
Balance at beginning of the year	**159,611**	149,619
Current service cost	**26,846**	27,997
Interest cost	**13,492**	18,482
Benefits paid	**(42,468)**	(40,256)
Remeasurement of obligation	**(5,515)**	3,769
Balance at end of the year	**151,966**	159,611
Expense recognised in profit and loss account is as follows:		
Current service cost	**26,846**	27,997
Interest cost	**13,492**	18,482
Charge for the year	**40,338**	46,479
Remeasurement recognised in other comprehensive income		
Experience adjustment	**(5,515)**	3,769
Actuarial assumptions used	**2016**	2015
Discount rate	**7.25%**	9.75%
Expected rate of increase in future salaries	**6.25%**	8.75%
Demographic assumptions		
- Mortality rates (for death in service)	**SLIC (2001-05)**	SLIC (2001-05)
- retirement age	**60 years**	60 years

12.2 Sensitivity analysis for actuarial assumptions:

The calculation of defined benefit obligation is sensitive to assumptions set-out above. The following table summarizes how defined benefit obligation would have increased / decreased as a result of change in respective assumption by one percent.

	Increase in assumptions	Decrease in assumptions
	(Rupees in thousand)	
Discount rate	**142,846**	162,353
Increase in salaries	**162,353**	142,683

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

The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Expected maturity analysis of undiscounted obligation is as follows:

Time in years	(Rupees in thousand)
1	28,156
2	21,954
3	31,705
4	16,272
5	17,475
6 - 10	89,653
11 and onwards	497,268

12.3 Comparison of present value of defined benefit obligation and experience adjustment on obligation for five years is as follows:

	2016	2015	2014	2013	2012
			(Rupees in thousand)		
Present value of defined benefit obligation	**151,966**	159,611	149,619	109,705	89,699
Experience adjustment: (gain) / loss on obligation	**(5,515)**	3,769	13,039	0	5,274

12.4 Based on actuary's advice, the expected contribution for the year ending June 30, 2017 to gratuity plan amounts to Rs.35.780 million.

	Note	2016	2015
		(Rupees in thousand)	
13. TRADE AND OTHER PAYABLES			
Creditors		**285,113**	194,630
Bills payable	13.1	**124,162**	207,522
Due to Associated Companies	13.2	**9,130**	129,699
Accrued expenses		**223,006**	169,755
Workers' welfare fund		**30,522**	30,522
Unclaimed dividends		**7,962**	7,992
Tax deducted at source		**2,995**	65
		682,890	740,185

13.1 These are secured against import documents.

13.2 These balances, arisen in the normal course of business are interest free, are due to the following Associated Companies:

	2016	2015
Mediterranean Textile Company (S.A.E.), Egypt	**8,206**	129,667
Saif Holdings Ltd.	**909**	0
Saif Energy Ltd.	**0**	32
Saif Health Care Ltd.	**15**	0
	9,130	129,699

	Note	2016	2015
14. ACCRUED MARK-UP AND INTEREST			
Sub-ordinated loan		**75,096**	62,452
Long term financing			
- from banking companies		**24,506**	6,185
- others	14.1	**24,765**	24,055
		49,271	30,240
Short term financing		**40,528**	37,288
		164,895	129,980

14.1 This represents mark-up payable on U.S.$ 5 million loan obtained from Aqua Nominees Ltd. - London. The Company has repaid the principal balance of this loan during the financial year ended June 30, 2014.

	Note	2016	2015
15. SHORT TERM BORROWINGS			
Running / cash finances - secured	15.1	**2,767,599**	2,334,675
Temporary bank overdraft - unsecured	15.2	**37**	5,432
		2,767,636	2,340,107

15.1 Short term finance facilities available from various commercial banks under mark-up arrangements aggregate Rs.3.821 billion (2015: Rs.3.983 billion) and are secured against pledge of stocks, charge on fixed and current assets of the Company and lien over underlying export documents. These finance facilities, during the current financial year, carried mark-up at the rates ranging from 6.60% to 10.23% (2015: 1.28% to 11.79%) per annum and are expiring on various dates by May, 2017. Facilities available for opening letters of credit and guarantee from various commercial banks aggregate Rs.2.463 billion (2015: Rs.2.444 billion) of which the amount remained unutilised at the year-end was Rs.2.001 billion (2015: Rs.1.566 billion). These facilities are secured against lien over import documents and charge on fixed assets of the Company and are expiring on various dates by May, 2017.

15.2 These have arisen due to issuance of cheques in excess of balance at bank accounts.

16. CONTINGENCIES AND COMMITMENTS

	Note	**2016**	2015
		(Rupees in thousand)	
Long term financing	9	**395,693**	340,265
Stores held for capital expenditure including in-transit	10	**2,486**	0
		398,179	340,265

17 CONTINGENCIES AND COMMITMENTS

Contingencies

17.1 The Company had imported textile plant & machinery availing exemption from customs duty and sales tax on import thereof under SROs 554(1)/98 and 987(1)/99. In case conditions of the aforementioned SROs are violated, the amounts of customs duty and sales tax exempted aggregating Rs.151.014 million shall be recoverable by the Customs Authorities along with penalties under section 202 of the Customs Act, 1969.

17.2 Guarantees aggregating Rs.187.379 million (2015: Rs.192.698 million) have been issued by banks of the Company to different parties including Government institutions and Sui Northern Gas Pipeline Limited.

17.3 The Company has challenged the Gas Infrastructure Development Cess (GIDC) Act, 2015, by filling a petition before the Peshawar High Court, Peshawar (PHC), challenging the vires and legality of the levy and demand of GIDC. The PHC has granted stay against the charging of GIDC under the said Act and the Respondents were directed to submit their comments. Sui Northern Gas Pipelines Ltd., along with gas bill for the month of June, 2016, has raised GIDC demands aggregating Rs.522.079 million (2015: Rs.267.587 million), which will become payable in case of an adverse judgement by the PHC. The petition before the PHC is pending adjudication.

Based on the advice of the Company's legal counsel, the management strongly feels that there are meritorious grounds to support the Company's stance. Consequently, no provision for the above mentioned amount has been made in these financial statements.

Commitments

17.4 Commitments against irrevocable letters of credit outstanding at the year-end were for Rs.150.515 million (2015: Rs.478.160 million).

17.5 Commitments against capital expenditure other than letters of credit outstanding at the year-end aggregate to Rs.11.456 million (2015: Rs.22.579 million).

18. PROPERTY, PLANT AND EQUIPMENT

	Note	**2016**	2015
		(Rupees in thousand)	
Operating fixed assets	18.1	**4,578,808**	3,189,963
Capital work-in-progress	18.6	**23,800**	40,044
Stores held for capital expenditure including in-transit inventory valuing Rs.Nil (2015: Rs.277.608 million)		**2,320**	291,730
		4,604,928	3,521,737

18.1 FIXED ASSET SCHEDULE

	Owned													Leased vehicles	Total
	Lease hold land	Buildings on leasehold land	Plant & machinery	Generators	Electric installat-ions	Aircondi-tioning equipment	Furniture and fixtures	Office equipment	Telephone installat-ions	Weighing scales	Fire extingui-shing equipment	Gas fittings	Vehicles		
	(Rupees in thousand)														
COST / REVALUATION															
Balance as at July 01, 2014	55,626	504,416	3,571,461	267,693	104,631	117,560	17,650	35,977	3,870	3,017	2,752	1,053	96,062	0	4,781,768
Additions during the year	1,242	91,350	176,027	67,093	1,135	5,489	872	4,060	394	144	395	165	23,216	0	371,582
Disposals during the year	0	0	0	0	0	0	0	(191)	(114)	0	0	0	(17,132)	0	(17,437)
Balance as at June 30, 2015	56,868	595,766	3,747,488	334,786	105,766	123,049	18,522	39,846	4,150	3,161	3,147	1,218	102,146	0	5,135,913
Balance as at July 01, 2015	56,868	595,766	3,747,488	334,786	105,766	123,049	18,522	39,846	4,150	3,161	3,147	1,218	102,146	0	5,135,913
Additions during the year	55,624	53,496	347,925	275,143	50	0	347	3,774	464	0	24	0	25,956	16,816	779,619
Revaluation surplus	140,246	375,058	0	0	0	0	0	0	0	0	0	0	0	0	515,304
Disposals during the year	0	0	0	0	0	0	0	(62)	0	0	0	0	(10,516)	0	(10,578)
Balance as at June 30, 2016	252,738	1,024,320	4,095,413	609,929	105,816	123,049	18,869	43,558	4,614	3,161	3,171	1,218	117,586	16,816	6,420,258
DEPRECIATION															
Balance as at July 01, 2014	5,677	104,072	1,345,106	95,580	62,868	33,885	9,492	15,436	1,831	1,037	1,009	495	47,814	0	1,724,302
Charge for the year	769	21,174	172,150	13,328	3,168	6,499	879	2,179	218	199	193	64	10,820	0	231,640
On disposals during the year	0	0	0	0	0	0	0	(95)	(14)	0	0	0	(9,883)	0	(9,992)
Balance as at June 30, 2015	6,446	125,246	1,517,256	108,908	66,036	40,384	10,371	17,520	2,035	1,236	1,202	559	48,751	0	1,945,950
Balance as at July 01, 2015	6,446	125,246	1,517,256	108,908	66,036	40,384	10,371	17,520	2,035	1,236	1,202	559	48,751	0	1,945,950
Charge for the year	843	24,300	177,562	26,343	2,981	6,200	821	2,433	243	192	196	66	13,569	280	256,029
Elimination against revaluation surplus	(7,289)	(149,546)	(162,955)	8,345	(40,661)	(3,427)	0	0	0	0	0	0	0	0	(355,533)
On disposals during the year	0	0	0	0	0	0	0	(21)	0	0	0	0	(4,975)	0	(4,996)
Balance as at June 30, 2016	0	0	1,531,863	143,596	28,356	43,157	11,192	19,932	2,278	1,428	1,398	625	57,345	280	1,841,450
BOOK VALUE AS AT JUNE 30, 2015	50,422	470,520	2,230,232	225,878	39,730	82,665	8,151	22,326	2,115	1,925	1,945	659	53,395	-	3,189,963
BOOK VALUE AS AT JUNE 30, 2016	252,738	1,024,320	2,563,550	466,333	77,460	79,892	7,677	23,626	2,336	1,733	1,773	593	60,241	16,536	4,578,808
Depreciation rate (%)	0	5	7.5	7.5	7.5	7.5	10	10	10	10	10	10	20	20	

18.2 Revaluation surplus / (deficit) on each class of assets, as a result of latest revaluation as detailed in note 7.2, has been determined as follows:

Particulars	Leasehold land	Buildings on leasehold land	Plant & machinery	Generators	Electric installatio-ns	Air-conditioning equipments	Total
				(Rupees in thousand)			
Cost / revaluation as at June 30, 2016	112,492	649,262	4,095,413	609,929	105,816	123,049	5,695,961
Accumulated depreciation as at June 30, 2016	7,289	149,546	1,694,818	135,251	69,017	46,584	2,102,505
Book value before revaluation adjustments as at June 30, 2016	105,203	499,716	2,400,595	474,678	36,799	76,465	3,593,456
Revalued amounts	252,738	1,024,320	2,563,550	466,333	77,460	79,892	4,464,293
Revaluation surplus / (deficit)	147,535	524,604	162,955	(8,345)	40,661	3,427	870,837

18.3 Had the operating fixed assets been recognised under the cost model, the carrying amounts of each revalued class of operating fixed assets would have been as follows:

	2016	2015
	(Rupees in thousand)	
- leasehold land	**112,828**	58,131
- buildings on leasehold land	**377,709**	342,092
- plant & machinery	**2,345,823**	2,171,018
- generators	**474,676**	225,876
- electric installations	**45,970**	49,643
- air-conditioning equipment	**63,319**	68,453
	3,420,325	2,915,213

18.4 Disposal of operating fixed assets

Asset description	Cost / revaluation	Accumulated depreciation	Net book value	Sale proceeds/ insurance claim	Gain / (loss)	Mode of disposal	Particulars of buyers
	(Rupees in thousand)						
Office equipment							
Laptop	62	21	41	44	3	Negotiation	Saif Holding Ltd. (an Associated Company)
Vehicles							
Toyota Corolla	1,590	768	822	1,556	734	Insurance Claim	EFU General Insurance Ltd.
Toyota Corolla	1,379	1,196	183	183	-	Negotiation	Mr. Latif Yousafzai (ex-employee)
Honda Civic	710	356	354	396	42	Company Policy	Ms. Hoor yousufzai (Director)
Honda Civic	2,523	557	1,966	1,042	(924)	Negotiation	Mr. Ashraf Khalid (ex-employee)
Suzuki Cultus	973	646	327	327	-	- do -	Mr. Aurangzeb (ex-employee)
Suzuki Cultus	851	609	242	256	14	Company Policy	Mr. Saifulah khan (employee)
Suzuki Cultus	1,096	273	823	968	145	Negotiation	Saif Holding Ltd. (an Associated Company)
Toyota Vitz	856	177	679	509	(170)	Negotiation	Ms. Fouzia (ex-employee)
Suzuki Mehran	538	393	145	168	23	Negotiation	Mr. Umer Farooq (employee)
	10,516	**4,975**	**5,541**	**5,405**	**(136)**		
	10,578	**4,996**	**5,582**	**5,449**	**(133)**		

18.5 Depreciation for the year has been apportioned as under:

	2016	2015
	(Rupees in thousand)	
Cost of sales	**238,616**	217,480
Administrative expenses	**17,413**	14,160
	256,029	231,640

18.6 Capital work-in-progress

	2016	2015
Factory buildings	**0**	2,587
Computer software	**10,228**	0
Advance payments		
- land	**0**	1,500
- factory buildings	**9,739**	5,963
- plant & machinery	**3,088**	19,881
- vehicles	**745**	6,019
- computer software	**0**	4,094
	23,800	40,044

19 INTANGIBLE ASSETS - Computer software

	Note	2016	2015
		(Rupees in thousand)	
Cost at beginning of the year		**6,179**	6,179
Add: Addition during the year		**475**	0
		6,654	6,179
Less: amortisation:			
- at beginning of the year		**5,842**	5,666
- charge for the year	19.1	**247**	176
- at end of the year		**6,089**	5,842
Book value as at June 30,		**565**	337

19.1 Amortisation is charged to income applying the straight-line method at the rate of 20% per annum.

20. LONG TERM LOANS - Considered good

	Note	2016	2015
Interest free loans to:			
- executives	20.1	**16,552**	20,845
- employees	20.2	**3,007**	3,258
		19,559	24,103
Less: current portion grouped under current assets		**4,609**	4,711
		14,950	19,392

20.1 (a)

	2016	2015
Balance at beginning of the year	**20,845**	15,063
Add: disbursements	**250**	16,550
	21,095	31,613
Less: recoveries / adjustments	**4,543**	10,768
Balance at end of the year	**16,552**	20,845

(b) These loans have been advanced for construction of house, employees' children educational expenses and for other purposes. These are recoverable in monthly instalments and are adjustable against the gratuity balances of the employees at the end of respective employment terms.

(c) Maximum aggregate amount due from the executives at any month-end during the current financial year was Rs.20.669 million (2015: Rs.23.260 million).

20.2 These loans are recoverable in monthly instalments and are adjustable against the gratuity balances of the respective employees at the end of employment terms.

	Note	2016	2015
		(Rupees in thousand)	
21. DEFERRED TAXATION - net			
The asset for deferred tax comprises of temporary difference relating to:			
Deductible temporary difference:			
- unused tax losses	21.1	**560,879**	560,879
- provision for doubtful deposit for shares		**2,757**	2,554
- staff retirement benefits - gratuity		**41,899**	40,774
- minimum tax recoverable against normal tax charge in future	21.1	**0**	52,099
		605,535	656,306
Taxable temporary difference arising in respect of:			
- accelerated tax depreciation allowances		**420,518**	444,272
- surplus on revaluation of property, plant and equipment		**287,837**	47,062
- lease finances		**576**	0
		708,931	491,334
Net deferred tax (liability) / asset		**(103,396)**	164,972

21.1 Deferred tax asset on unused tax losses and minimum tax paid under section 113 of the Income tax Ordinance, 1984, aggregating Rs.1,502.301 million and Rs.56.904 million respectively has not been recognised based on the uncertainty of availability of future taxable profits.

	2016	2015
22. STORES, SPARE PARTS AND LOOSE TOOLS		
Stores including in-transit inventory valuing Rs.17.931 million (2015: Rs.Nil)	**145,459**	83,460
Spare parts	**35,611**	70,535
Loose tools	**9,296**	8,290
	190,366	162,285
23. STOCK-IN-TRADE		
Raw materials:		
- at mills	**807,453**	704,176
- in transit	**117,180**	357,074
	924,633	1,061,250
Work-in-process	**115,699**	148,790
Finished goods	**725,178**	371,003
	1,765,510	1,581,043

23.1 Stocks include items costing Rs.106.183 million (2015: Rs.334.830) stated at their net realizable values aggregating Rs.76.681 million (2015: Rs.305.514). The amount charged to the profit and loss account in respect of stocks written down to their net realisable values is Rs.29.502 million (2015: Rs.29.316).

23.2 Stock-in-trade inventory valuing Rs.952.918 million (2015: Rs.431.902 million) is pledged with commercial banks as security for short term borrowings (note 15).

	Note	2016	2015
		(Rupees in thousand)	
24. TRADE DEBTS			
Unsecured - considered good			
- local		**616,285**	598,311
Secured			
- export		**142,095**	271,684
- local		**332**	432
		142,427	272,116
		758,712	870,427
25. LOANS AND ADVANCES - Considered good			
Current portion of long term loans	20	**4,609**	4,711
Advances to:			
- executives		**408**	1,363
- employees		**6,147**	3,393
- suppliers		**122,022**	85,069
		133,186	94,536
26. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Containers' security deposits		**0**	7,350
Short term prepayments		**1,315**	800
		1,315	8,150
27. OTHER RECEIVABLES			
Claims receivable		**156**	1,806
Due from Associated Companies	27.1	**554**	1,911
Receivable from Sui Northern Gas Pipelines Ltd.	27.2	**23,331**	23,331
Advances against letters of credit		**339**	3,657
		24,380	30,705

27.1 These balances, arisen in the normal course of business are interest free, are due from the following Associated Companies:

	2016	2015
- Saif Energy Ltd.	**135**	0
- Saif Holdings Ltd.	**0**	21
- Lahore Compost (Pvt.) Ltd.	**308**	1,397
- Saif Power Ltd.	**111**	0
- Saif Healthcare Ltd.	**0**	493
	554	1,911

27.2 This represents excessive gas bills paid, during the financial year ended June 30, 2010 and 2015, under protest against which the Company has filed a complaint with the Oil & Gas Regulatory Authority, Islamabad. Presently, the Company's case is pending with the Regional Detection & Evaluation Committee of Sui Northern Gas Pipelines Ltd. for final decision.

	Note	2016	2015
		(Rupees in thousand)	
28. INVESTMENTS - Quoted (at fair value through profit or loss)			
National Bank of Pakistan			
105,000 (2015: 105,000) ordinary shares of Rs.10 each		**5,585**	6,531
Pakistan Petroleum Ltd.			
500 (2015: 500) ordinary shares of Rs.10 each		**82**	104
		5,667	6,635
Adjustment on remeasurement to fair value - net		**480**	(968)
		6,147	5,667
29. DEPOSIT FOR SHARES			
Security Electric Power Company Ltd. - SEPCL (an Ex - Associated Company)	29.1	**10,000**	10,000
Less: provision for doubtful deposit for shares	29.2	**10,000**	10,000
		0	0

29.1 The Company had deposited Rs.5 million during the financial year ended September 30, 1994 and Rs.5 million during the financial year ended September 30, 1998 with SEPCL for purchase of shares. Shares against these deposits, however, have not been issued so far.

29.2 Full provision against these doubtful deposits was made as the management was of the view that SEPCL had abandoned the project due to IPP crisis and SEPCL utilised this amount in payment of penalty imposed by the Private Power Infrastructure Board (Ministry of Water and Power). The Company had filed a complaint before the Wafaqi Muhtasib for recovery of the said deposit along with penalty. As remote chances of recovery existed, full provision for doubtful deposits for shares was made in the books of account during the financial year ended September 30, 2000.

	Note	2016	2015
30. TAXATION - net			
Balance of advance tax at beginning of the year		**250,911**	229,965
Add: income tax deducted / paid during the year		**75,308**	73,045
		326,219	303,010
Less: provision made during the year	30.2	**4,805**	52,099
Balance of advance tax at end of the year		**321,414**	250,911

30.1 Income tax assessments of the Company have been finalized by the Income Tax Department or deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (the Ordinance) upto the tax year 2015.

30.2 No numeric tax rate reconciliation has been given in these financial statements as provisions made for the current financial years represent tax payable under sections 113 (minimum tax on turnover) and 154 (tax on export proceeds) of the Ordinance after adjusting tax credit under section 65B of the Ordinance.

30.3 Due to location of the mills in the most affected area, the income of the Company was exempt from tax under clause 126F of the second schedule to the Ordinance starting from the tax year 2010. Exemption available under clause 126F was a specific exemption granted by the Federal Board of Revenue (FBR) to the specific areas of Khyber Pakhtunkhwa. The Company filed a writ petition before the Peshawar High Court, Peshawar, praying exemption from levy of minimum tax under section 113 of the Ordinance, who vide its judgment dated July 18, 2012 admitted and allowed the Company's writ petition and directed the concerned authorities to extend the benefit of clause 126F to the Company in the light of clarification given by the FBR. Accordingly, no provision for minimum tax for the financial year ended June 30, 2012 amounted Rs.51.348 million was made in the books of account as well as provisions for minimum tax made during the financial years ended June 30, 2010 and 2011 aggregated Rs.91.344 million were written-back. The Department, against the said order, filed an appeal with the Honorable Supreme Court of Pakistan, which is pending adjudication. An adverse judgment by the Honorable Supreme Court of Pakistan will create a tax liability amounting Rs.142.692 million.

However, the Finance Act, 2015, omitted clause 126F of the Ordinance and has inserted a new sub-clause (xx) of clause (11A) in part IV of the second schedule of the Ordinance wherein exemption from levy of minimum tax under section 113 of the Ordinance has been provided. The amendment would have a retrospective impact being related to tax years 2010, 2011 and 2012.

	Note	**2016**	2015
		(Rupees in thousand)	
31. TAXES REFUNDABLE			
Sales tax refundable		**155,578**	81,220
Minimum tax paid under protest	31.1	**5,034**	5,034
		160,612	86,254

31.1 The Company had made payments aggregating Rs.12.736 million till September 30, 2003 under protest; however, Rs.3.000 million were adjusted against the completed assessment during the financial year ended September 30, 2004. The Company, during the financial year ended June 30, 2008, had received refund of Rs.4.702 million.

	Note	2016	2015
32. BANK BALANCES			
Cash at banks on:			
- current accounts	32.1	**36,214**	35,188
- saving accounts		**1,050**	626
		37,264	35,814

32.1 These include foreign currency balances of U.S.$ 48,964 (2015: U.S.$ 49,050).

	Note	2016	2015
		(Rupees in thousand)	
33. SALES			
Own manufactured goods:			
Local			
- yarn		**5,553,988**	5,866,015
- waste		**30,573**	44,487
- surgical cotton		**53,559**	0
		5,638,120	5,910,502
Export			
- yarn	33.1	**640,573**	1,467,360
- waste		**36,117**	83,129
- surgical cotton		**64,308**	0
		740,998	1,550,489
Trading activities:			
Local			
- yarn		**441,475**	512,214
- raw materials		**78,994**	68,147
- fabric		**20,497**	0
		540,966	580,361
Export - yarn		**0**	40,654
		6,920,084	8,082,006
Processing services		**5,979**	39,730
Less: sales tax		**(228,290)**	(175,947)
		6,697,773	7,945,789

33.1 Included in the preceding year, indirect export amounted Rs.550.000 million.

34. COST OF SALES

	Note	2016	2015
		(Rupees in thousand)	
Raw materials consumed	34.1	**4,087,656**	4,564,963
Salaries, wages and benefits	34.2	**731,861**	683,113
Packing materials consumed		**157,994**	137,275
Dyes and chemical consumed		**4,252**	37,294
Power and fuel		**599,116**	714,098
Repair and maintenance		**130,369**	118,124
Depreciation		**238,616**	217,480
Insurance		**22,636**	17,246
Doubling charges		**0**	23,308
Rent		**7,263**	6,220
Vehicles' running and maintenance		**6,861**	6,015
Travelling and conveyance		**4,293**	4,821
Textile cess		**101**	101
Others		**11,208**	7,160
		6,002,226	6,537,218
Adjustment of work-in-process			
Opening		**148,790**	155,776
Closing		**(115,699)**	(148,790)
		33,091	6,986
Cost of goods manufactured		**6,035,317**	6,544,204
Adjustment of finished goods			
Opening stock		**371,003**	452,052
Purchases		**394,643**	619,402
Closing stock		**(725,178)**	(371,003)
		40,468	700,451
		6,075,785	7,244,655

34.1 Raw materials consumed

	2016	2015
Opening stock	**1,061,250**	877,704
Purchases (for manufacturing)	**3,871,595**	4,679,785
Cost of raw materials sold	**79,114**	66,811
	3,950,709	4,746,596
	5,011,959	5,624,300
Less: closing stock	**924,633**	1,061,250
	4,087,326	4,563,050
Add: cotton cess	**330**	1,913
	4,087,656	4,564,963

34.2 These include Rs.25.203 million (2015: Rs.29.040 million) in respect of staff retirement benefits - gratuity.

	Note	2016	2015
		(Rupees in thousand)	
35. DISTRIBUTION COST			
Staff salaries	35.1	**15,678**	16,688
Travelling		**4,348**	4,734
Communication		**3,517**	4,217
Loading and unloading		**17,789**	16,828
Freight on local yarn sales		**6,400**	9,155
Freight on export yarn sales		**29,536**	38,988
Export expenses		**7,391**	8,887
Insurance		**455**	746
Commission on sales		**47,426**	63,012
Quality claims on sale supplies		**5,765**	5,154
Sizing charges		**0**	2
		138,305	168,411

35.1 These include Rs.3.929 million (2015: Rs.4.527 million) in respect of staff retirement benefits - gratuity.

	Note	2016	2015
36. ADMINISTRATIVE EXPENSES			
Directors' meeting fee		**65**	130
Salaries and benefits	36.1	**131,389**	124,109
Travelling and conveyance:			
- directors		**967**	148
- others		**2,214**	3,691
Rent, rates and taxes		**4,898**	4,602
Entertainment		**2,739**	2,955
Communication		**6,829**	4,508
Printing and stationery		**1,550**	1,776
Electricity, gas and water		**5,306**	4,723
Insurance		**2,937**	3,392
Repair and maintenance		**4,793**	5,009
Vehicles' running and maintenance		**17,143**	16,521
Advertisement		**127**	379
Fees and subscription		**4,550**	5,846
Newspapers and periodicals		**250**	220
Depreciation		**17,413**	14,160
Amortisation		**247**	176
Auditors' remuneration	36.2	**1,510**	1,515
Legal and professional (other than Auditors)		**3,075**	4,458
Others		**250**	257
		208,252	198,575

36.1 These include Rs.11.206 million (2015: Rs.12.992 million) in respect of staff retirement benefits - gratuity.

	Note	2016	2015
		(Rupees in thousand)	
36.2 Auditors' remuneration			
Statutory audit		1,150	1,150
Half yearly review		140	138
Consultancy and certification charges		194	197
Out-of-pocket expenses		26	30
		1,510	1,515

36.3 The Company, during the current financial year, has shared administrative expenses aggregating Rs.13.114 million (2015: Rs.11.489 million) with an Associated Company on account of proportionate expenses of the combined offices at Karachi and Lahore. These expenses have been booked in the respective heads of account.

37. OTHER INCOME

	Note	2016	2015
Sale of scrap - net of sales tax of Rs.1,924 thousand (2015: Rs.124 thousand)		**10,156**	712
Unclaimed payable balances written-back		**642**	0
Gain on sale of operating fixed assets		**0**	1,048
Dividends		**788**	580
Profit on bank deposits		**55**	0
Gain on remeasurement of investments to fair value	28	**480**	0
		12,121	2,340

38. OTHER EXPENSES

	Note	2016	2015
Donations	38.1	**6,075**	8,427
Loss on remeasurement of investment to fair value		**0**	968
Loss on sale of operating fixed assets	18.4	**133**	0
		6,208	9,395

38.1 These include an amount of Rs.5.500 million (2015: Rs.6.200 million), which represents amount donated to Saifullah Foundation for Sustainable Development (a Social Welfare Society) administered by the following directors of the Company:

- Mr. Osman Saifullah Khan
- Mr. Jehangir Saifullah Khan

	Note	2016	2015
		(Rupees in thousand)	
39. FINANCE COST - net			
Mark-up on subordinated loan		**10,755**	9,353
Mark-up on long term financing		**107,167**	121,088
Mark-up on short term borrowings			
- from banking companies		**188,664**	226,108
- from an Associated Company		**0**	179
		188,664	226,287
Interest on workers' (profit) participation fund		**0**	603
Bank and other charges		**17,382**	11,919
		323,968	369,250
40. EXCHANGE FLUCTUATION LOSS - net			
Exchange fluctuation loss / (gain) on:			
- foreign currency financing		**15,000**	14,750
- others - net		**(12,034)**	(2,155)
		2,966	12,595
41. TAXATION			
Current	30	**4,805**	52,099
Deferred			
- relating to temporary differences	21	**(3,112)**	(56,951)
- resulting from reduction in tax rate		**1,849**	4,688
		(1,263)	(52,263)
		3,542	(164)

42. BASIC EARNINGS PER SHARE

	2016	2015
	(Rupees in thousand)	
42.1 Loss per share		
Loss after taxation attributable to ordinary shareholders	**(49,132)**	(54,588)
	(No. of shares)	
Weighted average number of ordinary shares outstanding during the year	**26,412,880**	26,412,880
	(Rupees)	
Loss per share	**(1.86)**	(2.07)

42.2 Diluted

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2016 and June 30, 2015 which would have any effect on the earnings per share if the option to convert is exercised

	2016	2015
	(Rupees in thousand)	
43. CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the year - before taxation	**(45,590)**	(54,752)
Adjustments for non-cash charges and other items:		
Depreciation and amortisation	**256,276**	231,816
Staff retirement benefits - gratuity (net)	**(2,130)**	6,223
Unclaimed payable balances written-back	**(642)**	0
Loss / (gain) on sale of operating fixed assets - net	**133**	(1,048)
Finance cost	**306,586**	356,728
Exchange fluctuation loss on foreign currency loan	**15,000**	14,750
Exchange fluctuation gain (others) - net	**(12,034)**	(2,155)
(Gain) / loss on remeasurement of investments to fair value - net	**(480)**	968
Profit before working capital changes	**517,119**	552,530
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	**(28,081)**	(49,177)
Stock-in-trade	**(184,467)**	(95,511)
Trade debts	**111,715**	(586)
Loans and advances	**(38,650)**	(60,673)
Trade deposits and short term prepayments	**6,835**	4,435
Other receivables	**6,325**	(13,122)
Investments	**0**	(158)
Tax refunds due from Government	**(74,358)**	(19,178)
(Decrease) / increase in trade and other payables	**(56,653)**	119,092
	(257,334)	(114,878)
Cash generated from operating activities	**259,785**	437,652
Income tax paid	**(75,308)**	(73,045)
Long term loans	**4,442**	(7,469)
Long term deposits	**626**	(535)
Long term deposits from employees	**1,660**	131
Net cash generated from operating activities	**191,205**	**356,734**

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

44.1 Financial Risk Factors

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

- market risk
- credit risk; and
- liquidity risk.

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

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Risk management is carried out by a treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as currency risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investment of excess liquidity.

44.2 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 optimising the return. Market risk comprises of three types of risks: currency risk, interest rate risk and price risk.

(a) Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company is exposed to currency risk on financing, import of raw materials, plant & machinery, stores & spares, foreign debtors and claims receivables denominated in Euro, U.S. Dollar and Swiss Frank. The Company's exposure to foreign currency risk for U.S. Dollar, Swiss Frank and Euro are as follows:

	2016			
	Rupees	**U.S. $**	**Euros**	**CHF**
	(Rupees in thousand)			
Sub-ordinated loan	**523,500**	**5,000**	**0**	**0**
Bills payable	**124,162**	**1,175**	**0**	**11**
Due to an Associated Company	**8,206**	**78**	**0**	**0**
	655,868	**6,253**	**0**	**11**
Trade debts	**(142,095)**	**(1,192)**	**0**	**0**
Bank balances	**(5,117)**	**(49)**	**0**	**0**
Gross balance sheet exposure	**508,656**	**5,012**	**0**	**11**
Outstanding letters of credit	**150,515**	**1,405**	**18**	**12**
Net exposure	**659,171**	**6,417**	**18**	**23**

	2015		
	Rupees	U.S. $	Euros
	(Rupees in thousand)		
Sub-ordinated loan	508,500	5,000	0
Short term borrowing	215,991	2,124	0
Bills payable	207,522	2,009	28
Due to an Associated Company	129,667	1,275	0
	1,061,680	10,408	28
Trade debts	(271,684)	(2,677)	0
Other receivables	(1,806)	(18)	0
Bank balances	(4,979)	(49)	0
Gross balance sheet exposure	783,211	7,664	28
Outstanding letters of credit	478,160	4,142	501
Net exposure	1,261,371	11,806	529

The following significant exchange rates have been applied:

	Average rate		Balance sheet date rate	
	2016	2015	**2016**	2015
U.S. Dollar to Rupee	**104.37**	101.50	**104.50/104.70**	101.50/101.70
Euro to Rupee	**115.87**	121.02	**116.08/116.31**	113.57/113.79
CHF to Rupee	**106.51**	107.51	**106.64/106.85**	109.42/109.64

Sensitivity analysis

At June 30, 2016, if Rupee had strengthened by 10% against U.S.$, Euro and CHF with all other variables held constant, loss after taxation for the year would have been lower by the amount shown below mainly as a result of net foreign exchange gains on translation of foreign currency financial liabilities.

	2016	2015
	(Rupees in thousand)	
Effect on profit for the year		
U.S.$ to Rupee	**52,476**	77,942
Euro to Rupee	**0**	319
CHF to Rupee	**118**	0

The weakening of Rupee against U.S. Dollar and Euro would have had an equal but opposite impact on loss / profit after taxation.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. At the reporting date, the interest rate profile of the Company's interest bearing financial instruments is as follows:

	2016	2015	**2016**	2015
	Effective rate		**Carrying amount**	
	%	%	(Rupees in thousand)	
Financial liabilities				
Variable rate instruments				
Sub-ordinated loan	**1.980 to 2.405**	1.829 to 1.908	**523,500**	508,500
Long term financing	**7.04 to 10.26**	7.78 to 12.45	**1,373,565**	1,276,666
Liabilities against assest subject to finance lease	**0**	0	**14,445**	0
Short term borrowings	**6.60 to 10.23**	1.28 to 11.79	**2,767,636**	2,340,107

Fair value sensitivity analysis for fixed 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 or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

At June 30, 2016, if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, loss after taxation for the year would have been Rs.46.791 million (2015: Rs.41.253 million) higher / lower, mainly as a result of higher / lower interest expense on variable rate financial liabilities.

(c) Price risk

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

The Company is exposed to equity securities price risk because of its investments classified as fair value through profit or loss. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the board of directors.

A 10% increase / decrease in market value of equity investments, loss before taxation for the year would have been lower by Rs.615 thousand (2015: Rs.567 thousand).

44.3 Credit risk exposure and concentration of credit risk

Credit risk represents the risk of a loss to the Company if the counter party fails to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the credit worthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk primarily arises from long term deposits, trade debts, trade deposits, investments and balances with banks. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. The management has set a maximum credit period of 30 days to reduce the credit risk. Credit risk on bank balances is limited as the counter parties are banks with reasonably high crediting ratings.

Exposure to credit risk

The maximum exposure to credit risk as at June 30, 2016 along with comparative is tabulated below:

	2016	2015
	(Rupees in thousand)	
Long term deposits	**9,353**	9,979
Trade debts	**758,712**	870,427
Trade deposits	**0**	7,350
Other receivables	**24,380**	30,705
Investments	**6,147**	5,667
Bank balances	**37,264**	35,814
	835,856	959,942

Trade debts exposure by geographic region is as follows:

Domestic	**616,617**	598,743
Export	**142,095**	271,684
	758,712	870,427

The majority of export debts of the Company are situated in Europe, Asia and America.

The ageing of trade debts at the balance sheet date is as follows:

Not yet due	**709,753**	866,649
Past due		
- upto 30 days	**10,680**	796
- more than 30 days	**38,279**	2,982
	758,712	870,427

Based on past experience, the Company's management believes that no impairment loss allowance is necessary in respect of trade debts as debts aggregating Rs.554.492 million have been realised subsequent to the year-end and for other trade debts there are reasonable grounds to believe that the amounts will be realised in short course of time. Further, major export debts are secured through letters of credit.

Investments comprise of share-holdings in listed securities. The management assesses the credit quality ratings of its holdings and diversifies its portfolio accordingly.

44.4 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach for managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

	2016				
	Carrying amount	**Contractual cash flows**	**Less than 1 year**	**Between 1 to 5 years**	**5 years and above**
	(Rupees in thousand)				
Sub-ordinated loan	**523,500**	**573,853**	**12,588**	**25,177**	**536,088**
Long term financing	**1,373,565**	**1,578,216**	**490,048**	**1,028,113**	**60,055**
Liabilities against assets subject to finance lease	**14,445**	**17,380**	**3,476**	**13,904**	**0**
Trade and other payables	**649,373**	**649,373**	**649,373**	**0**	**0**
Accrued mark-up and interest	**164,895**	**164,895**	**164,895**	**0**	**0**
Short term borrowings	**2,767,636**	**2,853,853**	**2,853,853**	**0**	**0**
	5,493,414	**5,837,570**	**4,174,233**	**1,067,194**	**596,143**

	2015				
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	5 years and above
	(Rupees in thousand)				
Sub-ordinated loan	508,500	557,000	9,700	29,100	518,200
Long term financing	1,276,666	1,516,614	425,325	1,000,573	90,716
Trade and other payables	709,598	709,598	709,598	0	0
Accrued mark-up and interest	129,980	129,980	129,980	0	0
Short term borrowings	2,340,107	2,413,938	2,413,938	0	0
	4,964,851	5,327,130	3,688,541	1,029,673	608,916

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest / mark-up rates effective at the respective year-ends. The rates of interest / mark-up have been disclosed in the respective notes to these financial statements.

44.5 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between carrying values and the fair value estimates.

At June 30, 2016, the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

44.6 Financial instruments by category

	Loans and receivables		Financial assets at fair value through profit and loss	
Financial assets as per balance sheet	**2016**	2015	**2016**	2015
	(Rupees in thousand)		**(Rupees in thousand)**	
Long term loans	**14,950**	19,392	**0**	0
Long term deposits	**9,353**	9,979	**0**	0
Trade debts	**758,712**	870,427	**0**	0
Loans and advances	**11,164**	9,467	**0**	0
Trade deposits	**0**	7,350	**0**	0
Other receivables	**24,380**	30,705	**0**	0
Investments	**0**	0	**6,147**	5,667
Bank balances	**37,264**	35,814	**0**	0
	855,823	983,134	**6,147**	5,667

	Financial liabilities measured at amortised cost	
Financial liabilities as per balance sheet	**2016**	2015
	(Rupees in thousand)	
Sub-Ordinated loan	**523,500**	508,500
Long term financing	**1,373,565**	1,276,666
Liabilities against assets subject to finance lease	**14,445**	0
Long term deposits	**5,542**	3,882
Trade and other payables	**682,890**	740,185
Accrued mark-up and interest	**164,895**	129,980
Short term borrowings	**2,767,636**	2,340,107
	5,532,473	4,999,320

45. CAPITAL RISK MANAGEMENT

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business.

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

There was no change to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements except for the maintenance of debt to equity ratio under the financing agreements.

46. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of Associated Companies, directors of the Company, Companies in which directors are interested, key management personnel and close members of the families of the directors. The Company in the normal course of business carries out transactions with various related parties. There were no transactions with key management personnel other than under the terms of employment and remuneration of key management personnel is disclosed in note 47. Amounts due from and to related parties are shown under respective heads of balance sheet. Significant transactions with related parties are as follows:

	2016	2015
	(Rupees in thousand)	
- short term loan - obtained	**0**	200,000
- purchase of fixed assets	**3,846**	3,240
- sale of fixed assets	**1,013**	0
- sale of goods and services	**179,244**	148,955
- purchase of goods and services	**429,543**	559,443
- dividend paid	**0**	29,468

47. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Director		Executives	
	2016	2015	**2016**	2015	**2016**	2015
	(Rupees in thousand)					
Meeting fees	**10**	15	**5**	20	**0**	0
Managerial remuneration	**8,040**	8,040	**5,700**	5,700	**36,731**	28,798
House rent and utilities	**0**	783	**0**	635	**20,202**	15,839
Retirement benefits	**0**	0	**0**	0	**11,045**	17,122
Medical expenses reimbursed	**0**	0	**0**	0	**846**	1,223
	8,050	8,838	**5,705**	6,355	**68,824**	62,982
Number of persons	**1**	1	**1**	1	**15**	10

47.1 Meeting fees of Rs.50 thousand (2015: Rs.95 thousand) were also paid to four (2015: five) non-executive directors during the year.

47.2 Chief executive and some of the executives have also been provided with the Company maintained cars and residential telephones.

48. CAPACITY AND PRODUCTION

48.1 Spinning units

			2016	2015
No. of spindles installed			**100,980**	99,048
Average of spindles shifts installed		Figure in '000	**110,876**	108,457
Average of spindles shifts worked		Figure in '000	**107,313**	105,877
No. of days worked			**366**	365
No. of shifts worked			**1,098**	1,095
Average count			**33.11**	30.37
Actual production	Kgs	Figure in '000	**18,040**	20,678

It is difficult to describe precisely the production capacity in textile spinning industry since it fluctuates widely depending on various factors, such as count of yarn spun, spindles speed, twist per inch and raw materials used, etc. It also varies according to the pattern of production adopted in a particular year.

48.2 Dyeing

Cotton / Fibre Dyeing Unit			**2016**	2015
Total number of days worked			**366**	365
No. of shift worked			**1,098**	1,095
Installed capacity	Kgs	Figure in '000	**2,928**	1,825
Actual production	Kgs	Figure in '000	**1,282**	1,202

49. OPERATING SEGMENT

These financial statements have been prepared on the basis of single reportable segment.

49.1 Yarn sales represent 96% (2015: 97%) of the total sales of the Company.

49.2 89% (2015: 80%) of the Company's sales relate to customers in Pakistan.

49.3 All non-current assets of the Company as at June 30, 2016 are located in Pakistan.v

49.4 The Company does not have any customer having sales of ten percent or more during the year ended June 30, 2015 and 2016.

50. NUMBER OF EMPLOYEES

Number of employees as at June 30,	**2016**	2015
- Permanent	**2,218**	2,297
- Contractual	**25**	25
Average number of employees during the year		
- Permanent	**2,276**	2,206
- Contractual	**25**	25

51. GENERAL

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

ZAHEEN UD DIN QURESHI
CHIEF EXECUTIVE

ASSAD SAIFULLAH KHAN
DIRECTOR

SAIF TEXTILE MILLS LIMITED
FORM OF PROXY

I / We____of_____________________ being a member of Saif Textile Mills Limited hereby appoint Mr./Ms.____ of ____failing whom Mr./Ms.___________________________________ of___________________ as my proxy to attend and act for me, and on my behalf, at the Annual General Meeting of the Company to be held on Monday, October 31, 2016 at 12:00 Noon. at APTMA House, Tehkal Payan, Jamrud Road, Peshawar and any adjournment thereof.

Dated this __________ day of _________ 2016.

Revenue
Stamp
Rs. 5/=

____
Specimen Signature of Proxy

Folio No. ______________________

Participant I.D. No.______________

Sub Account No.________________

____
Signature of Shareholder

Folio No.________________________

Participant I.D. No.______________

Sub Account No.________________

____
Specimen Signature of Alternate Proxy

Folio No.______________________

Participant I.D. No.______________

Sub Account No.__________________

Note:

i) If a member is unable to attend the Meeting, he / she may appoint another member as his / her proxy and send this form to Saif Textile Mills Limited, APTMA House, Tehkal Payan, Jamrud Road, Peshawar to reach not less than 48 hours before the time appointed for holding the meeting.

ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

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

iv) In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

سیف ٹیکسٹائل ملز لمیٹڈ
فارم آف پراکسی

میں/ہم...سکنہ...سیف

ٹیکسٹائل ملز لمیٹڈ کا رکن ہوتے ہوئے بذریعہ ہذا مسمی / مسماۃ / بیگم...سکنہ

.... کوتعینات کرتے ہوئے بطور متبادل مسمی / مسماۃ / بیگم

....سکنہ.. کواپنا پراکسی مقرر کرتا ہوں

جو کہ میری جانب سے میری عدم موجودگی کی صورت میں کمپنی کی سالانہ عمومی اجلاس جو کہ بروز سوموار مورخہ ۳۱ اکتوبر ۲۰۱۶ء کو آپٹا ہاؤس، تہکال پایاں، جمرود روڈ، پشاور میں منعقد ہوگا یا التواء کی صورت میں حاضر ہو کر میری نمائندگی کرے۔

مورخہ..................بروز..................ماہ..................۲۰۱۶ء

....

پراکسی کے دستخط کا نمونہ

فولیو نمبر..............................

شرکت کنندہ کی شناختی کارڈ نمبر..............................

ذیلی اکاؤنٹ نمبر..............................

حصہ دار کا دستخط..	متبادل پراکسی کے دستخط کا نمونہ..............................
فولیو نمبر..	فولیو نمبر..
شرکت کنندہ کی شناختی کارڈ نمبر..............................	شرکت کنندہ کی شناختی کارڈ نمبر..............................
ذیلی اکاؤنٹ نمبر..	ذیلی اکاؤنٹ نمبر..

نوٹ:

(i) اگر کوئی ممبر اجلاس میں حاضر ہونے سے قاصر ہے تو وہ اپنا پراکسی تعینات کرنے کا مجاز ہے اور فارم ہذا کو اجلاس کے انعقاد کے لئے مقررہ وقت سے کم از کم ۴۸ گھنٹے پہلے تک سیف ٹیکسٹائل ملز لمیٹڈ واقع آپٹا ہاؤس، تہکال پایاں، جمرود روڈ، پشاور میں جمع کرادے۔

(ii) مستفید مالکان اور پراکسی کے شناختی کارڈ یا پاسپورٹ کے مصدقہ نقول پراکسی فارم کے ساتھ منسلک ہونا چاہیئے۔

(iii) اجلاس کے وقت پراکسی کو اپنا اصلی شناختی کارڈ یا پاسپورٹ پیش کرنا ہوگا۔

(iv) کمپنی ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ بشمول نمونہء دستخط (بشرطیکہ پہلے سے کمپنی کو فراہم نہ کیا گیا ہو) پراکسی فارم کے ساتھ جمع کرنا ہوگا۔