Contents

BOARD OF DIRECTORS	Mr. Muneer Nawaz	Chairman
	Mr. M. Naeem	Chief Executive
	Mr. Mahmood Nawaz	
	Mr. Saleem Zamindar (NIT)	
	Mr. Sohail Habib	
	Mr. Toqueer Nawaz	
	Mrs. Sadia Mohammad	
	Mr. Muhammad Usman Khalid	
	Lt. Col. (Retd.) R.D. Shams	
COMPANY SECRETARY	Mr. Jamil Ahmad Butt, FCMA	
AUDIT COMMITTEE OF THE BOARD	Mr. Toqueer Nawaz	Chairman
	Mr. Muneer Nawaz	Member
	Mr. Saleem Zamindar	Member
	Mr. Jamil Ahmad Butt, FCMA	Secretary
HUMAN RESOURCE AND REMUNERATION COMMITTE OF THE BOARD	Mr. Muner Nawaz	Chairman
	Mr. M. Naeem	
	Mr. Muhammad Usman Khalid	
AUDITORS	Deloitte Yousuf Adil. Chartered Accountants. Cavish Court, A-35, Block 7 & 8 KCHS, Shahrah-e-Faisal, Karachi 75350.	
BANKS	Bank Alfalah Limited Meezan Bank Ltd. The Bank of Punjab MCB Bank Limited Faysal Bank Limited Habib Bank Limited Standard Chartered Bank (Pakistan) Limited United Bank Limited Bank Al-Habib Limited	
LEGAL ADVISOR	Mr. Ras Tariq Chaudhary 30-Mall Mansion The Mall Lahore.	
HEAD OFFICE	Shahnawaz Building, 19-Dockyard Road, West Wharf, Karachi-74000 Ph: 32313934-8, 32312834, 32310973 Fax: 32205723, 32310623 Website: www.shahtaj.com	
REGISTERED OFFICE	27-C Abdalian Co-oporetive Hosing Society, Lahore, Ph: (042) 35313891-92, 35301596-99 Fax: (042) 35301594	
MARKETING OFFICE	27-C Abdalian Co-oporetive Hosing Society, Lahore, Ph: (042) 35313891-92, 35301596-99 Fax: (042) 35301594	
FACTORY	46 K.M. Lahore/Multan Road Chunian Industrial Estate Bhai Pheru, Distt. Kasur, Punjab. Ph: (049) 4540430-32, 4540133, 4540234 Fax: (049) 4540031	
SHARE REGISTRAR	Jwaffs Registrar Services (Pvt.) Ltd. Suite # 407,408, 4th Floor, Al-Ameera Centre, Shahrah-e-Iraq, Near Passport Office, Saddar Karachi. Tel: 35662023-24 Fax: 35221192	

To,

All the Shareholders,

Notice is hereby given to all the shareholders of SHAHTAJ TEXTILE LIMITED that the 27th Annual General Meeting of the Company will be held on Monday, the 31st October 2016, at 11:30 A.M at PC Hotel, Shahrah-e-Quaid-e-Azam, Lahore to transact the following business:

Ordinary Business

1. To confirm the minutes of Annual General Meeting held on 31st October, 2015.

2. To consider and adopt audited Financial Statements of the Company for the year ended June 30, 2016 together with Auditors' and Directors' Reports thereon.

3. To approve a cash Dividend @ 45% i.e. Rs.4.50 per share for the year ended June 30, 2016 as recommended by the Directors.

4. To appoint Auditors of the Company for the year 2016-2017 and to fix their remuneration. The present Auditors M/s. Deloitte Yousuf Adil, Chartered Accountants, being eligible, have offered themselves for reappointment.

Special Business

5. To authorize the Compay, subject to the approval of the Securities and Exchange Commission of Pakistan, to transmit its quarterly accounts by placing the same on the Company's website instead of circulating by post to the Shareholders, through the following ordinary resolutions:

   RESOLVED THAT subject to all prior necessary approvals as stipulated by the regulatory authorities, the Company be and is hereby authorized to transmit its quarterly accounts by placing the same on the Company's website instead of circulating by post to the Shareholders.

   FURTHER RESOLVED that the Company Secretary be and is hereby authorised to do all necessary acts, deeds and things in connection therewith and ancillary thereto as may be required or expedient to give effect to the spirit and intent of the above resolution.

6. To incorporate mandatory E-voting provisions in the Articles of Association of the Company through following resolutions as Special Resolutions.

   'RESOLVED that the Articles of Association of the Company be amended by inserting two new Articles No. 60A and 60B after Article No. 60.

   60A In case of E-voting both members and non-members can be appointed as proxy through an instrument of proxy as prescribed in option No.2 of Schedule II of SRO 43 (I)/2016 dated 22nd January, 2016 being SECP Notification of Companies (E-voting) Regulations, 2016.

   60B All other provisions and requirements for E-voting as prescribed by SRO 43 (I)/2016 dated 22nd January, 2016 being SECP Notification to Companies (E-voting) Regulations, 2016 and any subsequent amendments thereto shall be deemed to be incorporated in these Articles of Associations irrespective of the other provisions of these Article and notwithstanding anything contrary therein.

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

By Order of the Board

(JAMIL AHMAD BUTT)
Company Secretary

Karachi: September 27, 2016

Notes:

1. The share transfer books of the Company will remain closed from 22nd October to 5th November 2016, (both days inclusive).

2. Members holding shares physically and Holders of Accounts and Sub-accounts for Company's shares in Central Depository Company of Pakistan Limited, who wish to attend this Annual General Meeting may do so by identifying themselves through their original CNIC/Passport and providing a copy thereof.

3. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote. Proxies in order to be effective must be received at the Company's Registered Office not less than 48 hours before the meeting and must be duly stamped, signed and witnessed.

4. Submission of Copies of CNIC

The Securitas and Exchange Commission of Pakistan (SECP) vide its SRO 779 (I)/2011 dated August 18, 2011, SRO 831 (I)/2012 dated July 5, 2012 and SRO 19 (I)/2014 dated January 10, 2014 has made it mandatory that the dividend warrants should bear the Computerised National Identity Card Number (CNIC) of the registered member or authorised person, except in the case of minor(s) and corporate members. Therefore individual members or their authorised representatives who have not yet provided a copy of their valid CNICs to the Company/Shares Registrar are requested to provide the same at their earliest to avoid any inconvenience. In case of non-receipts of copy of valid CNIC (unless it has been provided earlier) the Company will be constrained to withhold dispatch of dividend warrant to such Shareholder as per SECP directives.

5. Deduction of Income Tax

As per the provisions of Section 150 of the Income Tax Ordinance, 2001 ("Ordinance") different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. The Current withholding tax rates are as under:

(a)	For Filers of Income Tax Return:	12.50%
(b)	For Non-Filers of Income Tax Return:	20.00%

All the shareholders whose names are not entered into the Active Tax-payers list (ATL) provided on the website of the Federal Board of Revenue ("FBR"), despite the fact that they are Filers, are advised to make sure that their names are entered into ATL before the date of issuance of Dividend Warrants, otherwise tax on their Dividend will be deducted @ 20% instead of @ 12.50%.

The Corporate Shareholders having CDC account are required to have their National Tax Number (NTN) updated with their respective Participants, whereas corporate physical shareholders should send a copy of their NTN certificates to the Company or Company's Share Registrar and Share Transfer Agent , M/s. JWAFFS REGISTRAR SERVICES (PVT) LIMITED.

The shareholders while sending NTN or NTN certificates, as case may be, must quote Company name and their respective Folio Numbers.

As per FBR's clarification, the valid Exemption Certificate under Section 159 of the Ordinance is mandatory to claim exemption of withholding tax under Clause 47B of Part-IV of Second Schedule to the Ordinance. Those who fall in the category mentioned in above Clause must provide valid Tax Exemption Certificate to our Shares Registrar; otherwise tax will be deducted on dividend amount as per rates prescribed in Section 150 of the Ordinance.

For shareholders holding their shares jointly, as per the clarification issued by the FBR, withholding tax will be determined separately on 'Filer / Non-Filer' status of Principal shareholder as well as Joint-holder(s) based on their shareholding proportions. All shareholders who hold shares jointly are therefore requested to provide shareholding proportions of Principal Shareholder and Joint-holder(s) in respect of shares held by them to the Registrar and Shares Transfer Agent in writing as follows:

Folio / CDC Account No.	Total Shares	Principal Shareholder		Joint Shareholder(s)	
		Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

Statement of material facts under Section 160 (1) (b) of the Companies Ordinance, 1984:

Agenda Item No. 5

The Securities and Exchange Commission of Pakistan (SECP) vide circular No. 19 of 2004 has allowed listed companies to place their quarterly accounts to their Website instead of sending the same by post. Directors of the Company have considered it and recommended the shareholders to give their consent to adopt this change. It will facilitate prompt disclosure of the information to the shareholders as well as saving some costs, associated with printing and dispatch of the accounts by post.

The Company however will supply printed copies of accounts to the shareholders on demand at their registered address free of cost.

Agenda Item No. 6

The Securities and Exchange Commission of Pakistan (SECP) has issued Companies (E-Voting) Regulations, 2016 which are effective with immediate effect.

To give effect to these regulations Company has to amend its Articles of Association by way of inserting 2 new clauses as mentioned in Agenda Item No. 6. These amendments will pave way for moving ahead to fully implement these regulations, ultimately extending E-voting right to members.

OUR VISION:

To attain leadership position in the textile sector in Pakistan.

OUR MISSION:

To make the name of Shahtaj synonymous with Quality by striving for the highest level of efficiency, productivity, profitability, customers satisfaction, congenial employees relations and profit sharing with shareholders.

OVERALL CORPORATE STRATEGY:

To develop and market products in the high-end of the textile sector through effective utilization of men, material and machines by encouraging, supporting and rewarding the employees, eliminating any waste, reducing costs aiming at establishing SHAHTAJ TEXTILE LIMITED as the most trusted, efficient and successful name among all stake-holders.

1. The directors will ensure implementation of Company's corporate strategy, keeping in view Company's vision and mission and complying with is Memorandum and Articles of Association.

2. They will provide due guidance and discharge their duties to the best of their ability.

3. They will attend meetings of Board of Directors, Audit Committee of the Board, any other Committee and General Meeting of Company.

4. They will disclose their interest in any contract and appointments of the company officers and ownership of company shares and any changes therein.

5. They will not engage in any business competing with the company's business.

6. They will not allow contribution by the company to any political party or for any political purpose to any individual or body.

7. They will ensure maintenance and upkeep of company property, other assets and its record.

8. They will strictly observe all laws of land in running of the company affairs.

9. All company employees will perform their duties faithfully, truly and to the best of their judgment, skill and ability according to company rules and policies.

10. Company employees will not divulge any information about the company or otherwise which comes to their knowledge during the course of employment to any person not connected therein either with in the company or outside.

11. Company employees will not involve in any indiscipline, misbehavior or misconduct, dishonesty, theft or fraud.

12. They will refrain from making commitments on behalf of the company beyond their delegated authority or detrimental to the interest of the company.

13. They will not engage directly or indirectly without the permission of the company in any other business or paid occupation while in the service of the company.

14. They will not give or take bribes or any illegal gratifications.

15. They will be punctual in attendance.

Directors are pleased to present the 27th Annual Report of the Company for the Financial Year ended June 30, 2016.

Financial Results and Prospects

By the Grace of Allah the Company performed well during the year and earned a profit after tax of Rs.98.858 million with an EPS of 10.23. Although the turnover reduced by 4.13% due to slow down in the textile market and lower production during first quarter due to closure of mill for necessary maintenance, Company was able to achieve higher profit due to slight increase in selling prices during second half of the financial year and savings in production and other costs. Financial cost decreased due to drop in interest rates. Real and sustainable change however will occur with the increase in demand in the market.

Abnormal increase in energy cost is weighing heavily on the textile industry. After injection of RLNG in the distribution network, the gas price is now benchmarked at RLNG cost which has gone up about 31% during April to August 2016. Consequently, the production cost is currently increasing making the textile industry uncompetitive in the export market, causing pressure on prices.

Company is continuing with its BMR and expansion programme. Sampling machine is already in operation while the new Overhead cleaners have arrived and will be commissioned in the second quarter. L/cs for replacing 22 looms, sizing machine and additional new compressor have also been established. These machines are expected to be operational by the end of third quarter. These additions and BMR will further improve the capacity and efficiency of the mill and in turn its financial results

Hoping for betterment in market conditions, Company as always will be continuing to make efforts to achieve still higher level of efficiency and cost control.

Dividend

To share the profits with the shareholder, Directors are pleased to recommend a 45% cash dividend for this year. This payment is 44% of after tax profit of the Company for the year 2015-16. A sum of Rs. 50 million is proposed to be transferred to general reserve.

Code of Corporate Governance

Company is cognizant of all requirements of Code of Corporate Governance and is complying with the same. A Review Report by external auditors on Statement of Compliance is annexed.

Corporate and Financial Reporting Statements

a. The financial statements, prepared by the management present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

b. Proper books of accounts have been maintained.

c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

d. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.

e. The system of internal control is sound in design and has been effectively implemented and monitored.

f. There are no significant doubts upon the company's ability to continue as a going concern.

g. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.

Six Years Review

Key operating and financial data and ratios of the company for the last six years are annexed.

Meeting of Board of Directors

During the year 4 meetings of the Board were held and were attended as follows:

Name of Director	Number of Meetings attended
Mr. Muneer Nawaz	3
Mr. M. Naeem	3
Mr. Mahmood Nawaz	3
Mr. Saleem Zamindar	4
Mr. Sohail Habib	2
Mr. Toqueer Nawaz	4
Mrs. Sadia Muhammad	3
Mr. Muhammad Usman Khalid	3
LT. Col. (Retd) Rashiduddin Shams	3

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

During the year four meetings of the Audit Committee of the Board of Directors were held and attended as under:

Mr. Toqueer Nawaz	4
Mr. Muneer Nawaz	3
Mr. Saleem Zamindar	4

Leave of absence was granted to Director who could not attend the meeting.

During the year one meeting of Human Resource and Remuneration Committee of the Board was held and was attended by the following members:

Mr. M. Naeem
Mr. Muhammad Usman Khalid

Leave of absence was granted to Director who could not attend the meeting.

Pattern of Shareholding

The pattern of shareholding as on 30th June, 2016 listing the required details, is annexed.

Trading of Shareholding

During the year under review, no shares of the Company were traded by Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, their spouses and minor children.

Auditors

The Audit Committee of the Board has recommended the appointment of present Auditors, M/s. Deloitte Yousuf Adil., Chartered Accountants, as Auditors of the Company for the year 2016-2017. Board agrees to this recommendation.

Appreciation

Directors acknowledge with thanks the hard work put in by all the employees of the Company.

for and on behalf of the Board of Directors

(M. NAEEM)
Chief Executive

Karachi: September 27, 2016

ڈائریکٹرز مسرت کے ساتھ جون 2016 کو ختم ہونے والے مالی سال پر کمپنی کی ستائیسویں سالانہ رپورٹ پیش کرتے ہیں۔

مالی حسابات اور امکانات:

الحمد اللہ دورانِ سال کمپنی کی کارکردگی بہتر رہی اور بعد از ٹیکس منافع 98.858 ملین روپے رہا یعنی 10.23 روپے فی حصہ۔ اگرچہ ٹیکسٹائل کے شعبہ میں مندی اور پہلی سہ ماہی میں ضروری مرمت کی غرض سے مل کی بندش کی وجہ سے پیداوار میں کمی کی وجہ سے زرِ فروخت میں 4.13% کی کمی ہوئی، لیکن مالی سال کی دوسری سہ ماہی کے دوران قیمتِ فروخت میں معمولی اضافہ اور پیداواری لاگت اور دیگر اخراجات میں بچت کی وجہ سے کمپنی زیادہ منافع کمانے کے قابل رہی۔ شرح سود میں کمی کی وجہ سے مالیاتی اخراجات بھی کم ہوئے۔ تاہم حقیقی اور پائیدار تبدیلی مارکیٹ میں مانگ میں اضافہ کے بعد ہی ممکن ہوگی۔

توانائی کی قیمت میں غیر معمولی اضافہ ٹیکسٹائل کی صنعت کے لئے بھاری پڑ رہا ہے۔ توانائی کی تقسیم کے نیٹ ورک میں آر ایل این جی (RLNG) کی شمولیت کے بعد گیس کی قیمت اب آر ایل این جی کی لاگت کے مطابق ہوگئی ہے جس کی وجہ سے اپریل تا اگست 2016 کے دوران قیمت میں 31 فیصد اضافہ ہوا ہے۔ پیداواری لاگت میں اس اضافہ کی وجہ سے اب ٹیکسٹائل کی صنعت کو برآمدی منڈی میں غیر متوازن مقابلہ کا سامنا ہے جس کے سبب قیمتیں دباؤ کا شکار ہیں۔

کمپنی کا بی ایم آر (BMR) اور توسیع کا پروگرام جاری ہے۔ نمونہ جات بنانے کی مشین پہلے سے ہی کام کر رہی ہے جبکہ نئے اوور ہیڈ کلینرز پہنچ چکے ہیں اور امسال دوسری سہ ماہی میں کام کا آغاز کر دیں گے۔ 22 عدد پرانی لومز اور سائزنگ مشین کی تبدیلی اور اضافی کمپریسر کے لئے ایل سیز بھی کھل چکی ہیں۔ اُمید ہے کہ یہ مشینیں تیسری سہ ماہی کے اختتام تک کام کرنے کے قابل ہو جائیں گی۔ اس اضافہ اور بی ایم آر سے مِل کی صلاحیت اور کارکردگی میں مزید بہتری آئے گی جس سے مالیاتی نتائج بھی اور بہتر ہو جائیں گے۔

مارکیٹ کے حالات میں بہتری کی اُمید کے ساتھ ، کمپنی ہمیشہ کی طرح اور بھی بہتر کارکردگی اور لاگت میں کمی کے لئے اپنی کوششیں جاری رکھے گی۔

ڈیویڈنڈ

منافع میں حصص داران کو شریک کرنے کی غرض سے ،ڈائریکٹرز نے اِس سال 45 فیصد نقد ڈیویڈنڈ کی سفارش کی ہے۔ یہ ادائیگی سال 16-2015 کے منافع بعد از ٹیکس کا 44 فیصد ہے۔ 50 ملین کی رقم جنرل ریزرو میں منتقل کرنے کی تجویز ہے۔

کمپنیوں کو چلانے کا طریقہ کار (کوڈ آف کارپوریٹ گورنینس)

کمپنی ان تمام ضروریات سے آگاہ ہے جو کمپنیوں کو چلانے کے طریقِ کار (کوڈ آف کارپوریٹ گورنینس) میں مذکور ہیں اور اِن کی پابندی کر رہی ہے۔ تعمیل کے تصدیقی بیان پر مشتمل بیرونی آڈیٹرز کی طرف سے جاری کی گئی ایک جائزہ رپورٹ لف ھذا ہے۔

کارپوریٹ اور مالیاتی رپورٹس پر مشتمل بیانات

ا۔ انتظامیہ کی تیار کردہ یہ مالیاتی رپورٹس، آپریشنز کے نتائج، حصولِ زر اور استعمال نیز ایکویٹی میں ہونے والی تبدیلیوں کی درست عکاسی کرتی ہیں۔

ب۔ حسابی کتب مناسب طور پر رکھی گئی ہیں۔

پ۔ مالیاتی گوشواروں کی تیاری میں حسبِ سابق اکاؤنٹس کے درست اُصولوں کو اختیار کیا گیا ہے اور حسابی اندازوں کی بنیاد معقول اور محتاط ہے۔

ت۔ حسابات کی تیاری میں اُن بین الاقوامی معیاروں کی، جن کا نفاذ پاکستان میں ہو چکا ہے ، پیروی کی گئی ہے اور کسی بھی انحراف کو واضح طور پر ظاہر کیا گیا ہے۔

ٹ۔ اندرونی کنٹرول کا نظام بلحاظِ ساخت مکمل ہے اور اِس پر عملدرآمد اور نگرانی موثر ہے۔

ث۔ کمپنی کے چلتے رہنے کی صلاحیت ہر قسم کے شک وشبہ سے بالا ہے۔

ج۔ لسٹنگ ریگولیشنز میں کارپوریٹ کوڈ آف گورنینس کے بہترین طریقوں، پر عملدرآمد میں کوئی قابلِ ذکر انحراف نہیں ہوا ہے۔

چھ سالہ جائزہ

گزشتہ چھ سال کے کلیدی آپریٹنگ اور مالی اعداد و شمار اور تناسب کی تفصیل منسلک ہے۔

بورڈ آف ڈائریکٹرز کی میٹنگز

دورانِ سال بورڈ آف ڈائریکٹرز کی چار میٹنگز منعقد ہوئیں، جن کی حاضری درج ذیل رہی:

ڈائریکٹر کا نام	تعداد میٹنگز جن میں شرکت کی
جناب منیر نواز	3
جناب ایم۔ نعیم	3
جناب محمود نواز	3
جناب سلیم زمیندار	4
جناب سہیل حبیب	2
جناب توقیر نواز	4
محترمہ سعدیہ محمد	3
جناب محمد عثمان خالد	3
لیفٹیننٹ کرنل(ر) رشید الدین شمس	3

جو ڈائریکٹرز میٹنگ میں شرکت نہیں کر سکے اُن کی رخصت کی درخواست منظور کی گئی۔

دورانِ سال بورڈ آف ڈائریکٹرز کی آڈٹ کمیٹی کی چار میٹنگز کا انعقاد ہوا، جن کی حاضری درج ذیل رہی:

جناب توقیر نواز	4
جناب منیر نواز	3
جناب سلیم زمیندار	4

جو ڈائریکٹر میٹنگ میں شرکت نہیں کر سکے اُن کی رخصت کی درخواست منظور کی گئی۔

دورانِ سال بورڈ آف ڈائریکٹرز کی ہیومن ریسورس اینڈ ریمینیوریشن (ایچ آر اینڈ آر) کمیٹی کی ایک میٹنگ منعقد ہوئی، جس میں درج ذیل ممبر حاضر ہوئے:

جناب ایم۔ نعیم

جناب محمد عثمان خالد

جو ڈائریکٹر میٹنگ میں شرکت نہیں کر سکے اُن کی رخصت کی درخواست منظور کی گئی۔

حصہ داروں کی تفصیل (پیٹرن آف شیئرز ہولڈرز)

مالی سال 30 جون 2016 کے اختتام پر قواعد کے مطابق درکار حصہ داران کی فہرست منسلک ہے۔

کمپنی کے حصص کی خرید و فروخت

دورانِ سال کمپنی کے ڈائریکٹرز، چیف ایگزیکٹو، چیف فنانشل آفیسر، کمپنی سکریٹری، اُن کی بیگمات اور نابالغ بچوں نے کمپنی کے حصص کی کوئی خرید و فرخت نہیں کی۔

آڈیٹر

بورڈ کی آڈٹ کمیٹی نے موجودہ آڈیٹر میسرز ڈیلائٹ یوسف عادل، چارٹرڈ اکاؤنٹنٹ کی مالی سال 17-2016 میں بطور آڈیٹر تقرری کی سفارش کی ہے۔ بورڈ اس سفارش سے متفق ہے۔

حوصلہ افزائی

ڈائریکٹرز کمپنی کے تمام ملازمین کی انتھک محنت کا شکر گزاری کے ساتھ اعتراف کرتے ہیں۔

برائے اور از طرف بورڈ آف ڈائریکٹرز

(ایم۔ نعیم)
چیف ایگزیکٹو آفیسر

کراچی
27 ستمبر 2016

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented by the Board of Directors (the Board) of Shahtaj Textile Limited (the Company) to comply with the Code of Corporate Governance contained in listing regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors on its Board of Directors. At present the Board includes:.

Category	Names
Independent Directors	Mr. Saleem Zamindar (NIT)
	Mr. Sohail Habib
Executive Directors	Mr. Muhammad Naeem
	Lt. Col(Retd.) Rashiduddin Shams
Non-Executive Directors	Mr. Muneer Nawaz
	Mr. Mahmood Nawaz
	Mr. Toqueer Nawaz
	Mrs. Sadia Muhammad
	Mr. Muhammad Usman Khalid

   The independent directors meet the criteria of independence under para 5.19.1 (b) of the Code.

2. The directors 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. There has been no casual vacancy in the Board during the year under review.

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 of 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 the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated and at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The directors are conversant with the relevant laws applicable to the company, its policies and procedures and provisions of memorandum and articles of association and are aware of their duties and responsibilities. Four directors of the Company have minimum of 14 years of education and 15 years of experience on the board of a listed company and therefore are exempt from director's training program. Further, four directors have completed the Director's Training Program from Pakistan Institute of Corporate Governance (PICG).

10. The Board has approved the appointment and terms of employement of Chief Financial Officer and Head of Internal Audit during the year .There was no new appointment of Company Secretary during the year.

11. The Directors' report for the year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.

13. The directors, Chief Executive Officer and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholdings.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an audit Committee. It comprises of three members, all of whom are non-executive directors including the chairman of the committee.

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

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

18. The board has outsourced the internal audit function to a firm of Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company. The Company has also appointed a head of internal audit to act as a coordinator between the firm providing internal audit services and the board.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, 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 Institute of Chartered Accountants of Pakistan.

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

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

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

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

for and on behalf of the Board of Directors

(M. NAEEM)
Chief Executive

Muneer Nawaz
(Muneer Nawaz)
Chairman

Karachi: September 27, 2016

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 **Shahtaj Textile Limited** for the year ended June 30, 2016 to comply with the requirements of the regulations of Pakistan Stock Exchange where the Company is listed.

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

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

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

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

Chartered Accountants

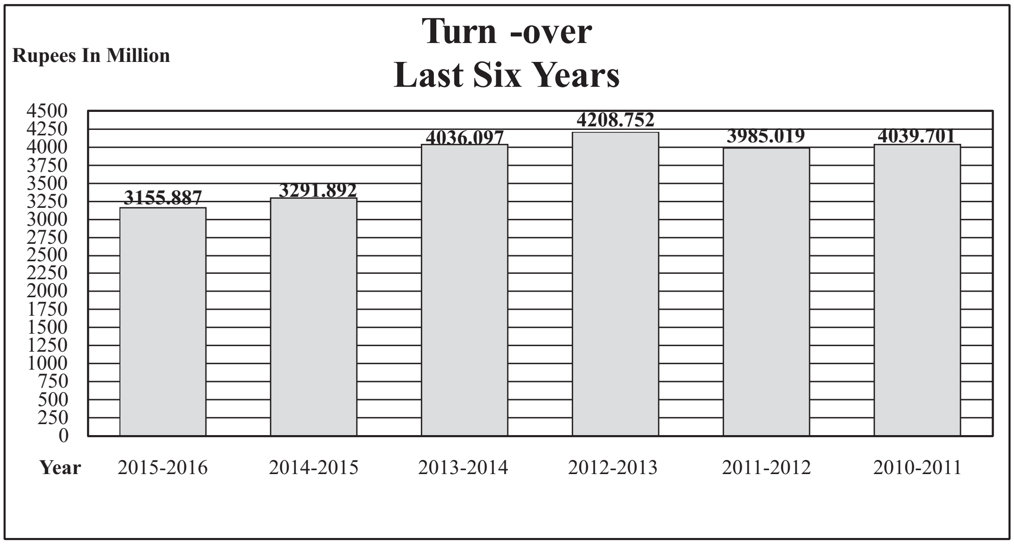
Deloitte Yousuf Adil

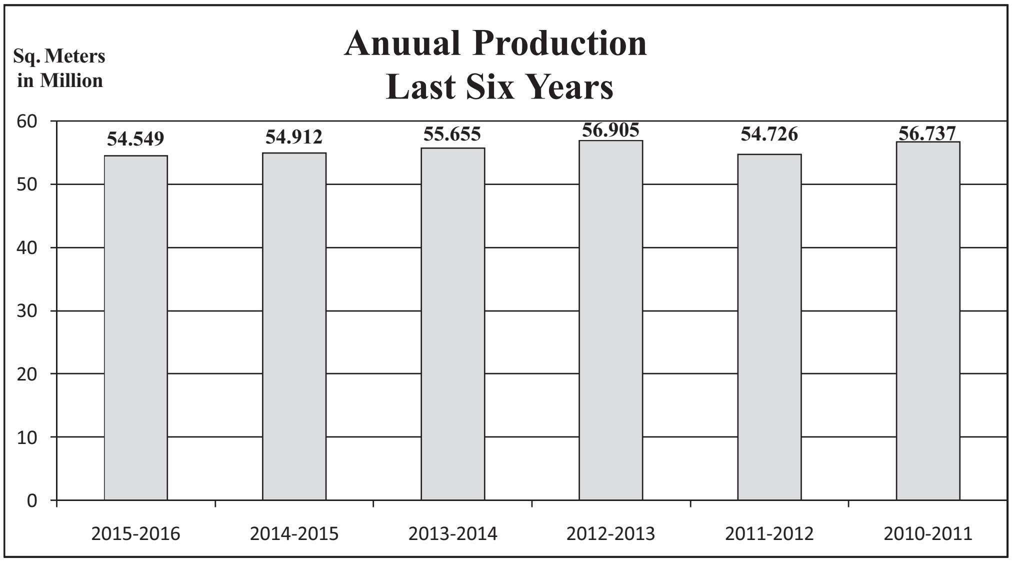
Karachi: September 27, 2016

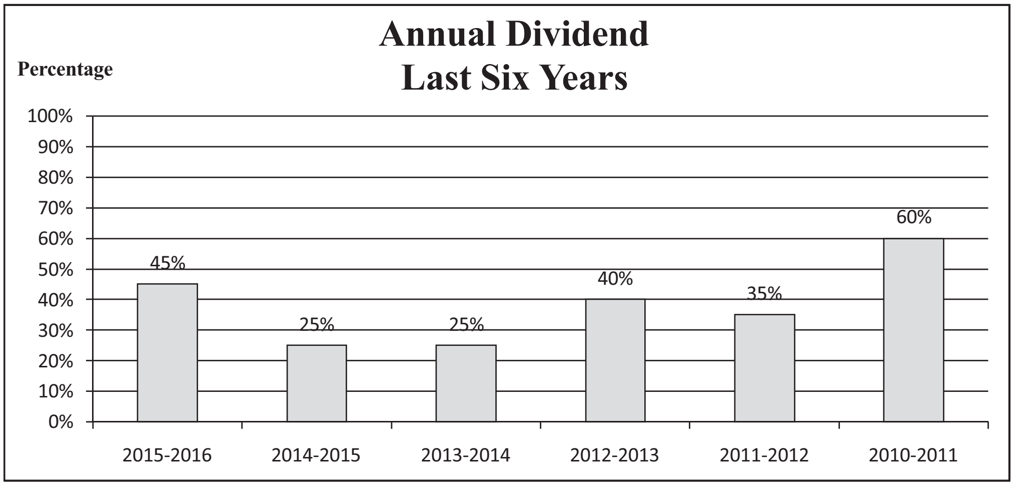
	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011

All figures are in Million Rupees other than where percentages and ratio sign appear.

PROFIT & LOSS ACCOUNT						
Net turnover	3155.887	3291.892	4036.097	4208.752	3985.019	4039.701
Gross profit	325.129	309.329	292.339	432.924	332.672	443.376
Operating profit	159.625	130.673	129.669	243.336	212.857	344.522
Profit before tax	116.513	74.289	73.010	146.441	91.596	234.480
Profit after tax	98.858	58.244	71.177	112.897	87.280	204.734
Earnings per share (Rs.)	10.23	6.03	7.37	11.69	9.04	21.19
Cash dividend	45%	25%	25%	40%	35%	60%
Dividend payment ratio	44%	41.5%	34%	34%	38%	28%
Cash distribution per share in Rupees	4.50	2.50	2.50	4.00	3.50	6.00
BALANCE SHEET						
Shareholders funds	96.600	96.600	96.600	96.600	96.600	96.600
Reserves	793.853	722.403	676.173	624.725	540.186	504.861
Property plant and equipment	799.161	858.610	987.473	995.632	884.750	859.041
Long term liabilities	82.276	171.029	159.893	201.717	336.986	457.044
Net current assets / liabilities	243.724	198.150	210.529	208.141	198.173	336.047
INVESTORS INFORMATION						
Gross profit ratio	10.30%	9.40%	7.24%	10.29%	8.84%	10.97%
Profit before tax ratio	3.69%	2.26%	1.81%	3.49%	2.30%	5.80%
Inventory turnover ratio	10.33	9.15	7.60	7.13	12.60	9.47
Fixed asset turnover ratio	3.95	3.83	4.09	4.22	4.50	4.70
Return on equity	11.10%	7.11%	9.21%	15.65%	13.71%	34.04%
Debt equity ratio	9:92	17:83	17:83	22:78	35:65	43:51
Current ratio	1.43:1	1.35:1	1.36:1	1.37:1	1.27:1	1.42:1
Interest cover ratio	3.70	2.32	2.29	2.51	1.76	4.03
STATEMENT OF VALUE ADDED DISTRIBUTION						
Employees remuneration	246.061	237.970	211.584	190.649	159.379	137.811
Government as taxes	72,302	82.847	84.761	33.543	4.316	29.746
Shareholders as dividends	43.470	24.150	24.150	38.640	33.810	57.960
Retained with in business	55.388	34.094	47.027	74.258	53.470	146.774
Financial charges to providers of finance	43.112	56.384	56.659	96.895	121.261	110.042


Turn -over
Last Six Years
Rupees In Million
4500
4250
4000
3750
3500
3250
3000
2750
2500
2250
2000
1750
1500
1250
1000
750
500
250
0
3155.887
3291.892
4036.097
4208.752
3985.019
4039.701
Year
2015-2016
2014-2015
2013-2014
2012-2013
2011-2012
2010-2011


Anuual Production
Last Six Years
Sq. Meters
in Million
60
50
40
30
20
10
0
54.549
54.912
55.655
56.905
54.726
56.737
2015-2016
2014-2015
2013-2014
2012-2013
2011-2012
2010-2011


Annual Dividend
Last Six Years
Percentage
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
45%
25%
25%
40%
35%
60%
2015-2016
2014-2015
2013-2014
2012-2013
2011-2012
2010-2011

Pattern of shares held by shareholders as at June 30, 2016 is as under:

Serial Number	NUMBER OF SHARE HOLDERS	SHARE HOLDING FROM		TO	TOTAL SHARES HELD
1	246	1	-	100	11,062
2	147	101	-	500	52,178
3	559	501	-	1000	326,607
4	74	1001	-	5000	142,971
5	25	5001	-	10000	168,232
6	9	10001	-	15000	106,700
7	5	15001	-	20000	90,100
8	3	20001	-	25000	68,500
9	1	25001	-	30000	26,012
10	1	30001	-	35000	30,600
11	1	40001	-	45000	43,493
12	2	45001	-	50000	99,585
13	2	50001	-	55000	105,750
14	1	70001	-	75000	70,400
15	2	90001	-	95000	188,500
16	1	100001	-	105000	103,068
17	2	110001	-	115000	227,500
18	1	115001	-	120000	118,000
19	1	200001	-	205000	202,016
20	1	270001	-	275000	271,584
21	1	285001	-	290000	289,655
22	2	290001	-	295000	589,141
23	1	310001	-	315000	311,904
24	1	335001	-	340000	335,200
25	1	350001	-	355000	352,243
26	1	395001	-	400000	396,750
27	1	475001	-	480000	475,726
28	1	505001	-	510000	506,000
29	1	525001	-	530000	529,670
30	1	655001	-	660000	657,782
31	1	780001	-	785000	780,500
32	1	830001	-	835000	832,571
33	1	1145001	-	1150000	1,150,000
	1,098				**9,660,000**

The slabs with nil holding have been omitted.

	SHARE HOLDER'S CATEGORY	Number of Share Held	Percentage of shareholding
(i)	**Associated Companies, undertaking & related parties (name wise details);**		
	Shahtaj Sugar Mills Limited	**1,150,000**	**11.90%**
(ii)	**Mutual Funds (name wise details);**	**1,000**	**0.01%**
	NH Capital Fund Ltd		
(iii	**Directors and Their spouse(s) and minor childern (name wise details);**		
1	Mr. Mahmood Nawaz	294,821	
	Mr. Mahmood Nawaz (CDC)	118,000	
	Mrs. Bushra Mahmood Nawaz	115,000	
	Mrs. Bushra Mahmood Nawaz (CDC)	17,825	
2	Mr. Muneer Nawaz (Chairman)	832,571	
	Mrs. Abida Muneer Nawaz (Wife)	396,750	
3	Mr. M. Naeem (CEO)	103,068	
	Mrs. Amtul Bari Naeem	506,000	
	Mrs. Amtul Bari Naeem (CDC)	529,670	
4	Lt. Col. (Retd.) Rashiduddin Shams	3,450	
5	Sadia Taqi (CDC)	2,500	
6	Toqueer Nawaz	294,320	
	Toqueer Nawaz (CDC)	54,000	
7	Muhammad Usman Khalid	289,655	
	Muhammad Usman Khalid (CDC)	10,350	
8	Mr. Sohail Habib	1,000	
		3,568,980	**36.95%**
(iv	**Executives**	**6,900**	**0.07%**
(v)	**Public sector companies and corporations;**		
	National Bank of Pakistan, Trustee Deptt. (CDC)	475,726	
	(Represented on Board of Directors)		
		475,726	**4.92%**
(vi	**Banks, Development Finance Institutions, Non Banking Fiance Companies, Insurance Companies, Takaful, Mudarbas, and Pention Funds.**		
	Habib Bank Limited (CDC)	75	
	National Bank of Pakistan(CDC)	267	
	NIB Bank Limited (CDC)	14,500	
	Trustee National Bank of Pakistan Employees Pension Fund (CDC)	43,493	
	Progressive Investment Management (Pvt)Ltd., (CDC)	500	
	H.M. Investment (Pvt) Ltd., (CDC)	230	
	Ismail Abdul Shakoor Securities (Private) Limited (CDC)	50	
	M.R. Securities (SMC) (Private) Limited (CDC)	150	
	Muhammad Ahmed Nadeem Securities (Private) Limited (CDC)	75	
	N.H Securities (Private) Limited (CDC)	75	
	S.H Bukhari Securities (Private) Limited (CDC)	575	
	Y.S Securities & Services (Private) Limited (CDC)	3,075	
	Fair Deal Securities (Private) Limited (CDC)	425	
		63,490	**0.66%**
(vii)	**General Public**		
	Local	2,044,761	
	Local (CDC)	2,349,143	
	Foreign	-	
		4,393,904	**45.49%**
		9,660,000	**100.00%**
	Shareholder holding 5% or more voting rights in the listed company (name wise details);		
	Shahtaj Sugar Mills Limited	1,150,000	11.90%
	Mr. Ahmed Naeem	1,087,982	11.26%
	Mrs. Amtul Bari Naeem	1,035,670	10.72%
	Treet Corporation Limited	850,900	8.81%
	Mr. Muneer Nawaz	832,571	8.62%
		4,957,123	**51.31%**

We have audited the annexed balance sheet of **SHAHTAJ TEXTILE 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 profit, its cash flows and changes in equity for the year then ended; and

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

Chartered Accountants

Deloitte Yousuf Adil

Engagement Partner:
Mushtaq Ali Hirani

Karachi: September 27, 2016

BALANCE SHEET AS AT JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
SHARE CAPITAL AND RESERVES			
Authorized			
10,000,000 ordinary shares of Rs. 10/- each		**100,000,000**	100,000,000
Issued, subscribed and paid-up capital	4	**96,600,000**	96,600,000
General reserve		**615,000,000**	590,000,000
Unappropriated profit		**178,853,010**	132,403,138
		890,453,010	819,003,138
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	5	**5,360,732**	5,946,191
NON-CURRENT LIABILITIES			
Long-term finance	6	**82,276,000**	171,029,540
Deferred liabilities	7	**95,163,619**	89,765,794
		177,439,619	260,795,334
CURRENT LIABILITIES			
Trade and other payables	8	**201,283,787**	199,928,540
Interest accrued	9	**6,607,566**	10,148,848
Short-term borrowings	10	**304,979,140**	299,610,612
Current portion of long-term finance	6	**50,205,540**	54,748,541
		563,076,033	564,436,541
CONTINGENCIES AND COMMITMENTS	11		
		1,636,329,394	1,650,181,204

	Note	2016 Rupees	2015 Rupees
NON-CURRENT ASSETS			
Property, plant and equipment	12	**799,161,315**	858,610,203
Long-term loans	13	**1,395,717**	1,666,885
Long-term deposits	14	**28,972,381**	27,317,444
		829,529,413	887,594,532
CURRENT ASSETS			
Stores, spares and loose tools	15	**50,290,708**	48,447,618
Stock-in-trade	16	**355,914,897**	295,903,749
Trade debts	17	**202,988,914**	267,843,648
Loans and advances	18	**1,393,797**	3,514,068
Trade deposits and short-term prepayments	19	**954,118**	637,400
Other receivables	20	**8,533,375**	6,186,204
Taxation - net		**74,553,864**	71,912,828
Sales tax refundable		**91,603,679**	47,322,565
Other financial assets	21	**7,425,268**	7,471,614
Cash and bank balances	22	**13,141,361**	13,346,978
		806,799,981	762,586,672
		1,636,329,394	1,650,181,204

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

(M. Naeem)
Chief Executive

(Muneer Nawaz)
Chairman

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

	Note	**2016 Rupees**	2015 Rupees
Sales - net	23	**3,155,886,869**	3,291,892,388
Cost of goods sold	24	**(2,830,757,551)**	(2,982,563,266)
Gross profit		**325,129,318**	309,329,122
Distribution expenses	25	**(60,346,140)**	(62,380,549)
Administrative expenses	26	**(100,739,212)**	(113,756,102)
Other operating expenses	27	**(10,377,811)**	(6,448,847)
Finance cost	28	**(43,112,119)**	(56,384,160)
		(214,575,282)	(238,969,658)
		110,554,036	70,359,464
Other income	29	**5,958,782**	3,929,664
Profit before taxation		**116,512,818**	74,289,128
Taxation	30	**(17,654,480)**	(16,045,122)
Profit after taxation		**98,858,338**	58,244,006
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods			
- Remeasurement of defined benefit obligation		**(4,285,217)**	556,036
- Impact of deferred tax		**428,414**	(56,671)
		(3,856,803)	499,365
Total comprehensive income for the year		**95,001,535**	58,743,371
Earnings per share - basic and diluted	31	**10.23**	6.03

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

(M. Naeem)
Chief Executive

(Muneer Nawaz)
Chairman

	Note	2016 Rupees	2015 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**116,512,818**	**74,289,128**
Adjustments for:			
Depreciation	12.2	**84,194,696**	93,297,872
Finance cost	28	**43,112,119**	56,384,160
Gain on disposal of property, plant and equipment	29	**(448,165)**	(128,617)
Provision for gratuity and leave encashment	7.1.1 & 7.3	**17,664,730**	18,908,724
Provision for doubtful debts - net	17.3	**16,707,390**	34,918,890
Property and equipment written off		**232,418**	3,434,140
Stores and spares written off	27	**1,742,597**	793,280
Interest income	29	**(466,855)**	(620,566)
Stock in trade written off	16	**9,900**	334,498
Operating cash flows before movements in working capital		**279,261,648**	281,611,509
(Increase) / decrease in current assets			
Stores, spares and loose tools		**(3,585,687)**	(4,831,268)
Stock-in-trade		**(60,021,048)**	10,535,510
Trade debts		**48,147,344**	(25,273,492)
Loans and advances		**2,120,271**	1,759,907
Trade deposits and short-term prepayments		**(316,718)**	(462,411)
Other receivables		**(2,347,171)**	(457,636)
Sales tax refundable		**(44,281,114)**	32,083,794
Other financial assets		**46,346**	(1,386,148)
(Decrease) / increase in current liabilities			
Trade and other payables		**2,435,228**	(54,992,286)
Cash generated from operations		**221,459,099**	238,587,479
Gratuity and leave encashment paid		**(10,472,962)**	(16,175,110)
Interest paid		**(46,653,401)**	(60,128,982)
Income taxes paid		**(27,449,489)**	(37,340,687)
Net cash from operating activities		**136,883,247**	124,942,700
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(26,130,011)**	(158,376,381)
Proceeds from disposal of property, plant and equipment		**1,599,950**	5,517,242
Long-term loans		**271,168**	(1,001,810)
Increase in long-term deposits		**(1,654,937)**	-
Interest received		**466,855**	620,566
Net cash used in investing activities		**(25,446,975)**	**(153,240,383)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of long-term finance		**(101,623,541)**	(169,257,541)
Long term finance obtained		**8,327,000**	118,319,000
Dividend paid		**(23,713,876)**	(23,714,859)
Net cash used in financing activities		**(117,010,417)**	**(74,653,400)**
Net decrease in cash and cash equivalents		**(5,574,145)**	(102,951,083)
Cash and cash equivalents at July 1		**(286,263,634)**	(183,312,551)
Cash and cash equivalents at June 30	32	**(291,837,779)**	(286,263,634)

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

(M. Naeem)
Chief Executive

(Muneer Nawaz)
Chairman

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

	Note	Share capital	Revenue reserve: General reserve	Revenue reserve: Unappropriated profit	Total
		.... Rupees	....	....	
Balance as at July 1, 2014		**96,600,000**	**550,000,000**	**126,172,939**	**772,772,939**
Comprehensive income					
Profit after taxation for the year ended June 30, 2015		-	-	58,244,006	58,244,006
Other comprehensive income - net of tax		-	-	499,365	499,365
Total comprehensive income		-	-	58,743,371	58,743,371
Transferred from surplus on revaluation of property, plant and equipment on account of:					
- incremental depreciation net of deferred taxation	5	-	-	11,549,496	11,549,496
- disposal net of deferred tax		-	-	87,332	87,332
Transferred to general reserve		-	40,000,000	(40,000,000)	-
Transactions with owners					
Final dividend for the year ended June 30, 2014 @ Rs. 2.50 per share		-	-	(24,150,000)	(24,150,000)
Balance as at June 30, 2015		**96,600,000**	**590,000,000**	**132,403,138**	**819,003,138**
Comprehensive income					
Profit after taxation for the year ended June 30, 2016		-	-	98,858,338	98,858,338
Other comprehensive income - net of tax		-	-	(3,856,803)	(3,856,803)
Total comprehensive income		-	-	95,001,535	95,001,535
Transferred from surplus on revaluation of property, plant and equipment on account of:					
- incremental depreciation net of deferred taxation	5	-	-	595,888	595,888
- disposal net of deferred tax		-	-	2,449	2,449
Transferred to general reserve		-	25,000,000	(25,000,000)	-
Transactions with owners					
Final dividend for the year ended June 30, 2015 @ Rs. 2.50 per share		-	-	(24,150,000)	(24,150,000)
Balance as at June 30, 2016		**96,600,000**	**615,000,000**	**178,853,010**	**890,453,010**

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

(M. Naeem)
Chief Executive

(Muneer Nawaz)
Chairman

1. STATUS AND NATURE OF BUSINESS

Shahtaj Textile Limited (the Company) is limited by shares, incorporated in Pakistan on January 24, 1990 under the Companies Ordinance, 1984, as a public limited Company. The shares of the Company are quoted on Pakistan Stock Exchange. The principal business of the Company is to manufacture and sale of textile goods. The registered office of the Company is situated at 27-C, Abdalian Cooperative Housing Society Limited, Opposite Expo Center, Lahore, Pakistan and the manufacturing facility of the Company is located at 46 KM. Lahore/Multan Road, Chunian Industrial Estate, Bhai Pheru, Distt. Kasur in the province of Punjab; however, the Head Office is located at Shahnawaz Building, 19 - Dockyard Road, West Wharf, Karachi - 74000.

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 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 of or directives issued under the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

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

- revaluation of certain property, plant and equipment;
- financial instruments at fair value;
- obligation under defined benefit plan at net present value.

2.3 Presentation and functional currency

These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

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

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

Standards or Interpretations	**Effective date (accounting periods beginning on or after)**
IFRS 10 – Consolidated Financial Statements	January 01, 2015

Standards or Interpretations	**Effective date (accounting periods beginning on or after)**
IFRS 11 – Joint Arrangements	January 01, 2015
IFRS 12 – Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13 – Fair Value Measurement	January 01, 2015
IAS 27 (Revised 2011) – Separate Financial Statements	January 01, 2015
IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures	January 01, 2015

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

2.5 New, revised and amended standards and IFRIC interpretations to the existing standards that are not yet effective and have not been early adopted by the Company.

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

Standards or Interpretations	**Effective date (accounting periods beginning on or after)**
Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	January 01, 2018
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture	Effective date is deferred indefinitely. Earlier adoption is permitted.
Amendments to IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures' - Investment Entities: Applying the consolidation exception	January 01, 2016
Amendments to IFRS 11 'Joint Arrangements' - Accounting for acquisitions of interests in joint operations	January 01, 2016
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure initiative	January 01, 2016
Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	January 01, 2017
Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses	January 01, 2017

Standards or Interpretations	**Effective date (accounting periods beginning on or after)**
Amendments to IAS 16 'Property Plant and Equipment' and IAS 38 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortization	January 01, 2016
Amendments to IAS 16 'Property Plant and Equipment' and IAS 41 'Agriculture' - Measurement of bearer plants	January 01, 2016
Amendments to IAS 27 'Separate Financial Statements' - Equity method in separate financial statements	January 01, 2016

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2015 and are enumerated as follows:

3.1 Defined benefit plan - staff gratuity

The Company operates an unfunded gratuity scheme for all its employees who have completed the minimum qualifying period of service as defined under the scheme. Provisions are made to cover the obligations under the scheme on the basis of actuarial valuation and are charged to income. The most recent valuation was carried out as at June 30, 2016 using the "Project unit Credit Method". Actuarial gains and losses are recognized immediately through other comprehensive income.

Details of the scheme are given in note 7.1 to these financial statements.

3.2 Compensated absences

The Company provides for compensated absences of its employees on unavailed balance of leave in the period in which the leave is earned.

3.3 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation, after taking into account tax rebates and tax credits available, if any, or turnover at the specified rate whichever is higher. Charge for current tax also includes adjustments, where necessary, relating to prior years which arise from assessment framed / finalized during the year. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred

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

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

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

3.4 Trade and other payables

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

3.5 Provisions

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.6 Property, plant and equipment

Property, plant and equipment, except plant and machinery are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land is stated at cost.

Plant and machinery are stated at revalued amount being the fair value at the date of revaluation, less subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity so that the fair value and carrying value do not differ materially at the balance sheet date. Any revaluation increase arising on the revaluation of such assets is credited in 'Surplus on Revaluation of Property, Plant and Equipment' shown below equity in the balance sheet. The Company has adopted the following accounting treatment of depreciation on revalued assets.

a) depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account; and

b) an amount equal to incremental depreciation for the year net of deferred taxation is transferred from “Surplus on Revaluation of Property, Plant and Equipment” to accumulated profits / losses through Statement of Changes in Equity to record realization of surplus to the extent of the incremental depreciation charge for the year.

Depreciation is charged to profit and loss account applying the reducing balance method at the rate specified in note 12.1, whereby the cost of the asset is written over its useful life. Depreciation on all additions in fixed assets is charged from the month in which the asset is available for use and on disposals up to the month preceding the month of disposal.

Assets' residual values, if significant, and their useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

When parts of an item of Property, Plant and Equipment have different useful lives, they are recognized as separate items of Property Plant and Equipment.

Subsequent costs are included in the asset's carrying amount or recognized 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 profit and loss account during the financial year in which they are incurred.

Gains or losses on disposal of assets, if any, are recognized in profit and loss account as and when incurred.

Capital work-in-progress

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

3.7 Investments

Regular way purchase or sale of investments

All purchases and sales of investments are recognized using settlement date accounting. Settlement date is the date that the investments are delivered to or by the Company.

Held-to-maturity

Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity. Held-to-maturity investments are initially recognized at fair value plus transaction cost and are subsequently carried at amortized cost using effective interest rate method.

Derecognition

All investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

3.8 Stores, spares and loose tools

These are valued at lower of cost and net realizable value, determined on moving average cost less allowance for obsolete and slow moving items. Items in transit are valued at invoice values plus other charges incurred thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less cost to be incurred for its sale.

The company writes off stores and spares which at the end of the financial year have remained in stocks from the date of purchase for a period as prescribed under:

Stores general	held over 5 years
Spares	held over 10 years

The above write off is charged to profit and loss account in the period such items are written off.

3.9 Stock-in-trade

These are valued at lower of cost and net realizable value. Methods used for determining costs are as follows:

Raw and packing materials	Moving average cost.
Work-in-process	Average manufacturing cost.
Finished goods	Average manufacturing cost.

Raw material-in-transit are valued at cost comprising of cost and freight value plus other charges incurred thereon up to the balance sheet date.

Average cost in relation to work-in-process and finished goods signifies average manufacturing cost including a portion of related direct overheads.

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

Where NRV charge subsequently reverses, the carrying value of the inventory is also increased to the extent that the revised carrying value does not exceed the amount that would have been determined had no NRV charge been recognized. A reversal of NRV is recognized in profit and loss account.

The company writes off stocks which at close of the financial year have remained in stocks for more than 3 years from the date of purchase. The write off is charged to profit and loss account in the period such stocks are written off.

3.10 Trade debts and other receivables

Trade debts and other receivables are stated initially at fair value plus directly attributable cost if any, and subsequently measured at amortized cost. A provision for impairment of trade debts and other receivables is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of provision is charged to the profit and loss account. Trade debts and other receivables are written off when considered irrecoverable.

3.11 Financial instruments

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

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

3.12 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks, highly liquid short-term investments and short-term running finance under mark-up arrangements.

3.13 Impairment

Financial assets

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Non-financial assets

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

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit and loss account, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.14 Offsetting of financial assets and financial liabilities

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

3.15 Revenue recognition

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

- Revenue from sale of goods and services is recognized on dispatch of goods where risks and rewards are transferred to the customers and rendering of services to customers, as the case may be.

- Export rebate is recognized on accrual basis at the time of recognizing export sale.

- Interest / mark-up income is accounted on a time proportionate basis using effective interest rate.

3.16 Borrowing costs

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

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

3.17 Dividend distribution

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

3.18 Foreign currency translation

Transactions in foreign currencies are translated into reporting currency at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated into reporting currency equivalents using foreign currency rates ruling on the balance sheet date. Exchange differences on foreign currency transactions are included in the income currently.

3.19 Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The Company considers the Board of Directors as the CODM, who is responsible for allocating resources and assessing performance of the operating segments. As disclosed in note 1 to the financial statements, the Company has manufacturing facility located at Lahore/Multan Road, Chunian Industrial Estate, Bhai Pheru, District Kasur in the province of Punjab. Management has determined that the Company has a single reportable segment, as the Board of Directors views the Company's operations as one reportable segment because of the similarity in nature of the products and services, nature of the production processes, type or class of customers for the products and services and the methods used to distribute the products.

3.20 Earnings per share

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

3.21 Critical judgments and estimates in applying the accounting policies

In the process of applying the Company's accounting policies, the management has not identified any area where significant judgments have been exercised which have material impact on the financial statements, except as mentioned below. Further, there are no key assumptions concerning the future and other key sources of estimating uncertainty at the balance sheet date that have significant risks of causing a material adjustment within the next financial year. The Company has used significant judgments and estimates in the following areas:

- Provision for gratuity (notes 3.1 and 7.1)
- Provision for taxation and deferred tax (notes 3.3, 7.2 and 30)
- Provision for doubtful debts (note 3.10)
- Useful lives and residual values of property, plant and equipment (notes 3.6 and 12)
- Net realizable value of stock in trade (notes 3.9 and 16)
- Contingencies and commitments (note 11)

4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2016	2015		**2016**	2015
Number of shares			**Rupees**	Rupees
		Ordinary shares of Rs.10 each fully paid		
8,400,000	8,400,000	In cash	**84,000,000**	84,000,000
1,260,000	1,260,000	As bonus shares	**12,600,000**	12,600,000
9,660,000	9,660,000		**96,600,000**	96,600,000

4.1 Shahtaj Sugar Mills Limited (an associated company) held 1,150,000 (2015: 1,150,000) fully paid ordinary shares of Rs. 10 each at year end.

4.2 The Company has one class of ordinary shares which carry no right to fixed income. The shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

5. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	Note	2016 Rupees	2015 Rupees
Surplus on revaluation of property, plant and equipment as at July 01		**6,621,014**	204,697,672
Deficit on plant and machinery during the year		**-**	(185,119,217)
		6,621,014	19,578,455
Transfer to unappropriated profit on account of:			
- incremental depreciation - net of deferred tax		**(595,888)**	(11,549,496)
- disposal of property, plant and equipment - net of deferred tax		**(2,449)**	(87,332)
Related deferred tax liability		**(66,463)**	(1,320,613)
		(664,800)	(12,957,441)
Surplus on revaluation of property, plant and equipment as at June 30		**5,956,214**	6,621,014
Related deferred tax liability on:			
- revaluation surplus as at July 01		**(674,823)**	(20,124,852)
- (increase) / decrease in deferred tax for change in rate of deferred tax		**12,878**	(737,935)
- deficit on revaluation of plant and machinery realized during the year		**-**	18,867,351
Transfer to unappropriated profit on account of incremental depreciation - net of deferred tax		**66,191**	1,310,702
Disposal of plant- net of deferred tax		**272**	9,911
		79,341	19,450,029
		(595,482)	(674,823)
		5,360,732	5,946,191

6. LONG-TERM FINANCE

Secured

	Note	2016 Rupees	2015 Rupees
From banking companies		**132,481,540**	225,778,081
Less: Current portion shown under current liabilities		**(50,205,540)**	(54,748,541)
	6.1	**82,276,000**	171,029,540

6.1 Details and movements are as follows:

	Bank of Punjab Demand Finance - IV	Bank of Punjab Demand Finance - VI	Standard Chartered Bank Term Finance	Faysal Bank Term Finance	Bank Alfalah Term Finance	2016 Total	2015 Total
	....	....	....	Rupees	....	....	....
Balance at July 01	583,000	118,319,000	41,251,081	65,625,000	-	**225,778,081**	276,716,622
Obtained during the year	-	-	-	-	8,327,000	**8,327,000**	118,319,000
	583,000	118,319,000	41,251,081	65,625,000	8,327,000	**234,105,081**	395,035,622
Repaid during the year	(583,000)	(14,790,000)	(20,625,541)	(65,625,000)	-	**(101,623,541)**	(169,257,541)
	-	103,529,000	20,625,540	-	8,327,000	**132,481,540**	225,778,081
Payable within next one year	-	(29,580,000)	(20,625,540)	-	-	**(50,205,540)**	(54,748,541)
Balance at June 30	-	73,949,000	-	-	8,327,000	**82,276,000**	171,029,540

Mark up rate (per annum)	SBP rate +185 bps	SBP rate + 120 bps	6 months KIBOR - 3%	SBP rate + 100 bps	SBP rate + 75 bps
	(2015: SBP rate + 185 bps)	(2015: SBP rate + 120 bps)	(2015: 6 months KIBOR - 3%)	(2015: SBP rate + 100 bps)	-
Installment repayable	Bi-annually	Bi-annually	Bi-annually	Bi-annually	Bi-annually
Mark up payable	Quarterly	Quarterly	Bi-annually	Quarterly	Quarterly
Loan period	5 years	5 years	6 years	5 years	10 years
Grace period	1 year from last drawn date	1 year from last drawn date	1 year from last drawn date	1 year from last drawn date	2 year from last drawn date
Sub-note	-	6.2	6.2	-	6.3

6.2 The loan is secured by way of first pari passu hypothecation charge over the movable fixed assets of the company.

6.3 The loan is secured by way of ranking charge over all present and future fixed assets of the Company including land, building, plant and machinery of the Company.

	Note	2016 Rupees	2015 Rupees
7. DEFERRED LIABILITIES			
Staff gratuity	7.1	**61,082,613**	49,855,297
Deferred taxation	7.2	**29,833,884**	35,913,044
Leave encashment	7.3	**4,247,122**	3,997,453
		95,163,619	89,765,794
7.1 Staff gratuity			
Liability recognized in the balance sheet		**61,082,613**	49,855,297
7.1.1 Movement in liability during the year			
Balance at July 01		**49,855,297**	48,046,959
Charge for the year	7.1.3	**13,833,149**	15,597,174
Total remeasurement recognized in other comprehensive income	7.1.4	**4,285,217**	(556,036)
Payments made during the year		**(6,891,050)**	(13,232,800)
Balance at June 30		**61,082,613**	49,855,297
7.1.2 Changes in present value of defined benefit obligation			
Present value of defined benefit obligation on July 1		**49,855,297**	48,046,959
Current service cost for the year	7.1.3	**9,308,196**	10,107,625
Interest cost for the year	7.1.3	**4,524,953**	5,489,549
Benefits paid during the year		**(6,891,050)**	(13,232,800)
Actuarial losses / (gains) arised during the year	7.1.4	**4,285,217**	(556,036)
Present value of defined benefit obligation on June 30		**61,082,613**	49,855,297

		Note	2016 Rupees	2015 Rupees
7.1.3	**Amount recognized in profit and loss account**			
	Current service cost		**9,308,196**	10,107,625
	Interest cost on defined benefit obligation		**4,524,953**	5,489,549
			13,833,149	15,597,174
7.1.4	**Remeasurement losses / (gains) recognized in other comprehensive income**			
	Actuarial losses / (gains) on defined benefit obligation			
	Changes in financial assumptions		**(417,790)**	-
	Experience adjustments		**4,703,007**	(556,036)
			4,285,217	(556,036)

7.1.5 The principal assumptions used in the actuarial valuations carried out as of June 30, 2016 using the 'Projected Unit Credit' method, are as follows:

	2016	2015
Discount rate per annum %	**7.25%**	9.75%
Expected per annum rate of increase in future salaries %	**6.25%**	8.75%
Expected average remaining working lives	**6 Years**	**6 Years**
Expected mortality rate	**SLIC (2001-2005) Setback 1 year**	SLIC (2001-2005) Setback 1 year
Expected withdrawal rate	**Age based**	**Age based**

7.1.6 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		Increase / (decrease) in defined benefit obligation	
	Change in assumption	**Increase in assumption**	**Decrease in assumption**
		Rupees	**Rupees**
Discount rate	**1%**	**(3,232,815)**	**3,689,177**
Future salary increase rate	**1%**	**3,830,641**	**(3,421,290)**

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

7.1.7 The Plan expose the Company to the actuarial risks such as:

Salary risks

The risks that the final salary at the time of cessation of service is higher than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Mortality / withdrawal risks

The risks that the actual mortality / withdrawal experience is different. The effect depends upon the beneficiaries' service / age distribution and the benefit.

Longevity risk

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

7.1.8 Expected gratuity expense for the year ending June 30, 2017 is Rs. 14,202,351.

7.1.9 The weighted average duration of the defined benefit obligation for the year ended June 30, 2016 is 6 years.

7.1.10 The expected maturity analysis of undiscounted benefit obligation is:

	Undiscounted payments Rupees
Less than a year	20,509,614
Between 1 to 2 years	7,584,082
Between 2 to 3 years	8,396,365
Between 3 to 4 years	5,857,301
Between 4 to 5 years	6,173,129
Between 6 to 10 years	40,686,609
11 years and above	187,607,176

7.2 Deferred taxation

	Opening balance	**Recognized in profit and loss account**	**Recognized in other comprehensive income**	**Recognized in surplus on revaluation of assets**	**Closing balance**
	----------	----------	**Rupees**	----------	----------
Movement for the year ended June 30, 2016					
Deferred tax liabilities on taxable temporary differences arising in respect of:					
- property, plant and equipment	**45,918,381**	**(2,986,257)**	-	-	**42,932,124**
- surplus on revaluation of property, plant and equipment	**674,823**	**(66,463)**	-	**(12,878)**	**595,482**
	46,593,204	**(3,052,720)**	-	**(12,878)**	**43,527,606**
Deferred tax assets on deductible temporary differences arising in respect of:					
- staff gratuity	**(5,081,252)**	**(1,021,674)**	**(428,414)**	-	**(6,531,340)**
- doubtful debts	**(5,598,908)**	**(1,563,474)**	-	-	**(7,162,382)**
	(10,680,160)	**(2,585,148)**	**(428,414)**	-	**(13,693,722)**
	35,913,044	**(5,637,868)**	**(428,414)**	**(12,878)**	**29,833,884**
Movement for the year ended June 30, 2015					
Deferred tax liabilities on taxable temporary differences arising in respect of:					
- property, plant and equipment - owned assets	43,638,174	2,280,207	-	-	45,918,381
- surplus on revaluation of property, plant and equipment	20,124,852	(1,320,613)	-	(18,129,416)	674,823
	63,763,026	959,594	-	(18,129,416)	46,593,204
Deferred tax assets on deductible temporary differences arising in respect of:					
- staff gratuity	(4,723,737)	(414,186)	56,671	-	(5,081,252)
- provision for doubtful debts	(1,967,819)	(3,631,089)	-	-	(5,598,908)
	(6,691,556)	(4,045,275)	56,671	-	(10,680,160)
	57,071,470	(3,085,681)	56,671	(18,129,416)	35,913,044

		Note	2016 Rupees	2015 Rupees
7.3	**Leave encashment**			
	Balance at July 01		**3,997,453**	3,628,213
	Provision during the year		**3,831,581**	3,311,550
	Paid during the year		**(3,581,912)**	(2,942,310)
	Balance at June 30		**4,247,122**	3,997,453
8.	**TRADE AND OTHER PAYABLES**			
	Creditors		**105,897,259**	109,796,062
	Accrued liabilities		**68,877,758**	72,506,158
	Advance from customers		**4,912,617**	1,282,511
	Due to an associated undertaking	8.1	**204,500**	10,099
	Workers' Profit Participation Fund	8.2	**6,257,401**	3,989,749
	Workers' Welfare Fund		**2,377,813**	1,516,105
	Unpaid and unclaimed dividend		**7,874,908**	7,438,784
	Retention payable		**709,214**	730,707
	Withheld sales tax		**1,774,098**	797,076
	Others		**2,398,219**	1,861,289
			201,283,787	199,928,540

8.1 This represents payable to Shahnawaz (Private) Limited, a related party on account of software maintenance charges.

Trade payables are non interest bearing and are normally settled between 1 to 30 days credit term.

		Note	2016 Rupees	2015 Rupees
8.2	**Workers' Profit Participation Fund**			
	Balance at July 01		**3,989,749**	3,921,061
	Interest on funds utilized in the Company's business @ 18.75% (2015: 18.75%)		**75,626**	76,541
			4,065,375	3,997,602
	Payments made during the year		**(4,065,375)**	(3,997,602)
			-	-
	Allocation for the year		**6,257,401**	3,989,749
	Balance at June 30		**6,257,401**	3,989,749
9.	**INTEREST ACCRUED**			
	Interest accrued:			
	Under markup arrangement			
	- long-term finance		**2,600,089**	5,470,231
	- running finance		**2,614,152**	3,825,348
	Under musharakah finance		**1,393,325**	853,269
			6,607,566	10,148,848
10.	**SHORT-TERM BORROWINGS**			
	Banking companies- Secured			
	Under markup arrangement	10.1	**304,979,140**	174,633,377
	Under musharakah finance	10.2	**-**	124,977,235
			304,979,140	299,610,612

10.1 The Company can avail finance facilities from various banks aggregating to Rs. 1,345 million (2015: Rs. 1,270 million). The unavailed facilities as at year end were Rs.1,040 million (2015: Rs. 1,096 million). The facilities are secured by hypothecation of stocks and book debts. These are subject to mark-up ranging from KIBOR plus 0.05% to 1.5% per annum (2015: KIBOR plus 0.5% to 1.5% per annum).

10.2 The Company can avail finance facily under musharakah of Rs 125 million (2015: Rs 125 million). This finance facility is secured by hypothecation of stocks and book debts and carries profit rate of KIBOR plus 0.35% per annum (2015: KIBOR plus 0.35% per annum).

	2016 Rupees	2015 Rupees
11. CONTINGENCIES AND COMMITMENTS		
Contingencies		
Guarantees issued by banks on behalf of the Company in favour of Sui Northern Gas Pipelines Limited (SNGPL)	**20,400,000**	20,400,000
Bills discounted with recourse	**152,899,262**	23,465,830
Tax contingency has been disclosed in note 30.3 to the financial statements.		
Commitments outstanding		
Capital expenditure	**217,420,000**	-
Sales contracts to be executed	**510,343,247**	508,600,363

11.1 The Government of Pakistan has enacted the Gas Infrastructure Development Cess Act, 2015, in May 2015. Under this act a Gas Infrastructure Development (GID) Cess on gas bills at the rate of Rs. 100 per MMBTU on all industrial consumers and 200 per MMBTU on all Captive Power Plants has been levied. Further, Government also ordered recovery of cess charged under GIDC Act 2011 and GIDC Ordinance 2014 from all gas consumers except Industrial sector.

A suit was filed before Lahore High Court that the company falls under the definition of Industrial Consumer therefore recovery of arrears and charging of gas tariff of Captive power to the Company is illegal. The Lahore High Court has restrained the Federation and gas companies from recovery of gas bills at the higher rates designed for Captive Power Consumes and directed to charge tariff designed for Industrial consumers.

The Company also challenged Gas Infrastructure Development Cess Act 2015 in Sindh High Court, Karachi. The Hon'ble Court passed an order restraining the Gas companies from demanding and collecting GID Cess as levied by GID Cess Act 2015.

The Financial exposure of the Company upto June 30, 2016 is Rs 53.303 million (2015: 31.882 million). In view of the advice of legal council, the management is confident that the subject matter will be decided in favour of the company and accordingly no provision has been made in these financial statements.

	Note	**2016 Rupees**	2015 Rupees
12. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	12.1	**786,770,636**	832,731,258
Capital work in progress	12.6	**12,390,679**	25,878,945
		799,161,315	858,610,203

12.1 Operating fixed assets

	Freehold land	Buildings on freehold land: Mills building	Buildings on freehold land: Labour colony	Buildings on freehold land: Marketing Office and others	Plant and machinery *	Furniture and fixtures	Equipment and installations	Computer equipment	Vehicles	Others - arms	Total
	Rupees										
Year ending June 30, 2016											
As at July 01											
Cost / revalued amount	31,121,190	161,828,727	33,383,890	20,464,578	1,374,603,636	10,777,062	5,811,313	4,855,929	28,849,968	80,470	1,671,776,763
Accumulated depreciation	-	(96,259,708)	(23,186,641)	(7,004,029)	(686,279,305)	(3,139,251)	(2,329,238)	(3,381,845)	(17,394,067)	(71,421)	(839,045,505)
Net book value	31,121,190	65,569,019	10,197,249	13,460,549	688,324,331	7,637,811	3,482,075	1,474,084	11,455,901	9,049	832,731,258
Additions / transfer	-	-	-	-	33,166,444	159,100	99,295	67,473	6,125,965	-	39,618,277
Disposals	-	-	-	-	-	-	(21,500)	-	(5,279,775)	-	(5,301,275)
Write off	-	-	-	-	(3,050,404)	-	-	-	-	-	(3,050,404)
Revaluation during the year											
- cost	-	-	-	-	-	-	-	-	-	-	-
- accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge for the year	-	(6,556,902)	(1,019,725)	(673,027)	(71,406,919)	(773,176)	(349,768)	(454,305)	(2,959,969)	(905)	(84,194,696)
Accumulated depreciation on disposals / write off	-	-	-	-	2,817,986	-	11,375	-	4,138,115	-	6,967,476
Closing net book value	31,121,190	59,012,117	9,177,524	12,787,522	649,851,438	7,023,735	3,221,477	1,087,252	13,480,237	8,144	786,770,636
As at June 30											
Cost / revalued amount	31,121,190	161,828,727	33,383,890	20,464,578	1,404,719,676	10,936,162	5,889,108	4,923,402	29,696,158	80,470	1,703,043,361
Accumulated depreciation	-	(102,816,610)	(24,206,366)	(7,677,056)	(754,868,238)	(3,912,427)	(2,667,631)	(3,836,150)	(16,215,921)	(72,326)	(916,272,725)
Net book value	31,121,190	59,012,117	9,177,524	12,787,522	649,851,438	7,023,735	3,221,477	1,087,252	13,480,237	8,144	786,770,636
Depreciation rate	-	10%	10%	5%	10%	10%	10%	30%	20%	10%	
*** Carried at revalued amount.**											
Year ending June 30, 2015											
As at July 01											
Cost / revalued amount	31,121,190	159,445,200	33,383,890	20,464,578	1,439,223,203	9,925,162	5,666,129	5,337,164	29,505,385	80,470	1,734,152,371
Accumulated depreciation	-	(89,150,577)	(22,053,614)	(6,295,579)	(610,562,800)	(2,340,380)	(1,978,240)	(3,423,865)	(16,769,393)	(70,417)	(752,644,865)
Net book value	31,121,190	70,294,623	11,330,276	14,168,999	828,660,403	7,584,782	3,687,889	1,913,299	12,735,992	10,053	981,507,506
Additions / transfer	-	2,383,527	-	-	132,585,972	851,900	207,084	441,100	1,994,023	-	138,463,606
Disposals	-	-	-	-	(21,730,766)	-	-	(603,929)	(2,649,440)	-	(24,984,135)
Write off	-	-	-	-	(40,439,436)	-	(61,900)	(318,406)	-	-	(40,819,742)
Revaluation during the year											
- cost	-	-	-	-	(135,035,337)	-	-	-	-	-	(135,035,337)
- accumulated depreciation	-	-	-	-	(50,083,880)	-	-	-	-	-	(50,083,880)
Depreciation charge for the year	-	(7,109,131)	(1,133,027)	(708,450)	(79,763,244)	(798,871)	(373,281)	(618,401)	(2,792,463)	(1,004)	(93,297,872)
Accumulated depreciation on disposals / write off	-	-	-	-	54,130,619	-	22,283	660,421	2,167,789	-	56,981,112
Closing net book value	31,121,190	65,569,019	10,197,249	13,460,549	688,324,331	7,637,811	3,482,075	1,474,084	11,455,901	9,049	832,731,258
As at June 30											
Cost / revalued amount	31,121,190	161,828,727	33,383,890	20,464,578	1,374,603,636	10,777,062	5,811,313	4,855,929	28,849,968	80,470	1,671,776,763
Accumulated depreciation	-	(96,259,708)	(23,186,641)	(7,004,029)	(686,279,305)	(3,139,251)	(2,329,238)	(3,381,845)	(17,394,067)	(71,421)	(839,045,505)
Net book value	31,121,190	65,569,019	10,197,249	13,460,549	688,324,331	7,637,811	3,482,075	1,474,084	11,455,901	9,049	832,731,258
Depreciation rate	-	10%	10%	5%	10%	10%	10%	30%	20%	10%	

* Carried at revalued amount.

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

	Note	2016 Rupees	2015 Rupees
Cost of goods sold	24	**79,096,187**	88,123,968
Distribution cost	25	**560,388**	589,882
Administrative expenses	26	**4,538,121**	4,584,022
		84,194,696	93,297,872

12.3 The Company had its plant and machinery revalued by independent valuers M/s Minhas Associates, Projects (Private) Limited, Joseph Lobo (Private) Limited and Asif Associates (Private) Limited in February 2003, March 2008, June 2013 and February 2015 respectively on the basis of depreciated replacement value. The revaluation surplus, net of deferred tax, is credited to 'Surplus on revaluation of property, plant and equipment'.

An amount equal to incremental depreciation net of deferred tax for the year is transferred from "Surplus on revaluation of property, plant and equipment" account to "Unappropriated profit" for recording realization of surplus to the extent of incremental depreciation net of deferred tax charged during the year.

12.4 Had there been no revaluation, the carrying amount of the relevant plant and machinery would have been as follows:

	2016 Rupees	2015 Rupees
Cost	**1,388,535,830**	1,358,412,462
Accumulated depreciation	**(744,640,693)**	(676,709,238)
Written down value	**643,895,137**	681,703,224

12.5 **Disposal and write off of property, plant and equipment**

Particulars	Cost	Accumulated Depreciation	Written Down Value	Sales Proceeds	Mode of Disposal	Name
Machineries	3,050,404	2,817,986	232,418	-	Write off	N/A
Equipments	21,500	11,375	10,125	2,500	Exchange	*Mansha Brothers
Motor cycle	50,450	31,151	19,299	27,455	Company's policy	Employee
Motor cars	2,930,160	2,423,969	506,191	669,995	Company's policy	Employees
Motor car	1,722,530	1,315,487	407,043	650,000	Negotiation	** Mr. Irfan Khan
Motor car	576,635	367,508	209,127	250,000	Negotiation	*** Miss. Kalawanti
June 30, 2016	**8,351,679**	**6,967,476**	**1,384,203**	**1,599,950**		
June 30, 2015	65,803,877	56,981,112	8,822,765	5,517,242		

* M/s Mansha Brothers, office no 503-505, 5th floor, Aramex SMS Tower, Shahrah-e-Faisal, Karachi.

** Mr. Irfan Khan, house no 501-D, Faisal Town, Lahore.

*** Miss. Kalawanti, house no L-1187, area Hindu para Sheeren Jinnah Colony, Karachi.

12.6 Capital work in progress	Vehicle	Civil work	Plant and machinery	Total
	………………….... Rupees ……………………...			
As at July 1, 2014	-	-	5,966,170	5,966,170
Additions	-	2,383,527	151,176,180	153,559,707
Transferred to operating assets	-	(2,383,527)	(131,171,615)	(133,555,142)
Adjustment		-	(91,790)	(91,790)
As at June 30, 2015	-	-	25,878,945	**25,878,945**
Additions	2,330,742	776,995	15,715,575	**18,823,312**
Transferred to operating assets		-	(31,900,939)	**(31,900,939)**
Adjustment		-	(410,639)	**(410,639)**
As at June 30, 2016	2,330,742	776,995	9,282,942	**12,390,679**

13. LONG-TERM LOANS	Note	2016 Rupees	2015 Rupees
Considered good - unsecured			
Loan to employees		**1,891,989**	2,031,893
Less: Recoverable within one year shown under current assets	18	**(496,272)**	(365,008)
	13.1	**1,395,717**	1,666,885

13.1 Reconciliation of carrying amount of long term loans given is as follows:

	2016	2015
Balance at July 1,	**2,031,893**	909,428
Disbursements during the year	**307,224**	1,432,762
	2,339,117	2,342,190
Received during the year	**(447,128)**	(310,297)
Balance at June 30,	**1,891,989**	2,031,893
Current portion of long term loans	**(496,272)**	(365,008)
	1,395,717	1,666,885

13.2 Unsecured loans are provided to employees as per the Company's policy. These include both interest bearing and non-interest bearing loans, repayable in 60 equal monthly installments. Interest is charged at the rate of 5.08% (2015: 8%) per annum.

14. LONG-TERM DEPOSITS	2016 Rupees	2015 Rupees
Security deposits against:		
Utilities	**28,887,381**	27,232,444
Others	**85,000**	85,000
	28,972,381	27,317,444

15. STORES, SPARES AND LOOSE TOOLS	2016	2015
Stores	**24,280,540**	26,966,201
Spares	**22,656,784**	18,233,447
Loose tools	**3,353,384**	3,247,970
	50,290,708	48,447,618
Provision for obsolete stores and spares		
Provision made during the year	**1,742,597**	793,280
Written off during the year	**(1,742,597)**	(793,280)
	-	-
Balance as at June 30	**50,290,708**	48,447,618

		Note	2016 Rupees	2015 Rupees
16.	**STOCK-IN-TRADE**			
	Raw and packing materials			
	in hand		**110,849,310**	63,121,550
	in transit		**-**	12,130
	Work-in-process		**48,219,644**	29,838,660
	Finished goods		**196,845,943**	202,931,409
			355,914,897	295,903,749
	Provision for obsolete stock - Raw material			
	Provision made during the year		**9,900**	334,498
	Written off during the year		**(9,900)**	(334,498)
	Balance as at June 30		**-**	-
			355,914,897	295,903,749

		Note	2016 Rupees	2015 Rupees
17.	**TRADE DEBTS**			
	Secured - considered good			
	Export	17.1	**54,670,273**	36,474,201
	Unsecured - considered good			
	Local		**148,318,641**	231,369,447
	Unsecured - considered doubtful			
	Local		**71,641,732**	54,934,342
	Provision for doubtful debts	17.3	**(71,641,732)**	(54,934,342)
			-	-
		17.2	**202,988,914**	279,480,281

17.1 These are secured against letters of credit in favor of the Company.

17.2 Trade debts are non-interest bearing and are generally on 7 days to 120 days credit terms.

17.3 Movement of provision for doubtful debts

	2016	2015
Balance as at July 01	**54,934,342**	20,015,452
Provision made during the year	**20,207,390**	34,918,890
Reversal of provision against doubtful debt	**(3,500,000)**	-
	16,707,390	34,918,890
Balance as at June 30	**71,641,732**	54,934,342

As at June 30, 2016, trade debts aggregating Rs. 64.49 million (2015: Rs. 123.45 million) were past due for which Company has not made any provision. Based on past experience and past track record of recoveries, management believes that the said past due trade debts do not require any provision for impairment.

		Note	2016 Rupees	2015 Rupees
18.	**LOANS AND ADVANCES**			
	Advances - considered good			
	Employees		**333,609**	100,698
	Suppliers and contractors		**563,916**	3,048,362
			897,525	3,149,060
	Current portion of long-term loans			
	Employees	13	**496,272**	365,008
			1,393,797	3,514,068

		Note	2016 Rupees	2015 Rupees
19.	**TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS**			
	Trade deposits against container		**691,000**	350,000
	Short-term prepayments			
	Subscription		**263,118**	50,760
	Import prepayments		**-**	236,640
			263,118	287,400
			954,118	637,400
20.	**OTHER RECEIVABLES**			
	Considered good			
	Export rebate		**5,901,032**	5,746,792
	Insurance claim		**2,285,503**	-
	Others		**346,840**	439,412
			8,533,375	6,186,204
21.	**OTHER FINANCIAL ASSETS**			
	Investment - held-to-maturity			
	- Treasury Bills	21.1	**7,425,268**	7,471,614

21.1 This represents investment made in 3 months treasury bills having maturity date of September 1, 2016 with a mark-up rate of 5.95% per annum (2015: 6.75% per annum).

		Note	2016 Rupees	2015 Rupees
22.	**CASH AND BANK BALANCES**			
	Cash at banks			
	- current accounts		**9,687,162**	5,833,956
	- savings account	22.1	**476,412**	7,440,582
	Cash in hand		**2,977,787**	72,440
			13,141,361	13,346,978

22.1 It carries mark-up rate of 4.5% per annum (2015: 5.5% per annum).

		2016 Rupees	2015 Rupees
23.	**SALES - NET**		
	Export	**1,389,007,690**	1,132,082,095
	Indirect export	**965,449,691**	856,397,970
	Local	**899,998,170**	1,392,451,023
		3,254,455,551	3,380,931,088
	Export rebate	**715,151**	772,320
	Waste sales	**8,303,512**	9,378,872
		3,263,474,214	3,391,082,280
	Less sales tax	**(54,647,145)**	(66,802,059)
		3,208,827,069	3,324,280,221
	Commission	**(52,940,200)**	(32,387,833)
		3,155,886,869	3,291,892,388

		Note	2016 Rupees	2015 Rupees
24.	**COST OF GOODS SOLD**			
	Raw and packing materials	24.1	**2,288,011,962**	2,451,690,836
	Stores and spares	24.2	**31,643,924**	30,403,159
	Manufacturing expenses			
	Salaries, wages and benefits	24.3	**168,755,157**	168,172,775
	Director's remuneration		**4,515,200**	4,096,200
	Fuel and power		**250,371,010**	246,945,538
	Repairs and maintenance		**2,169,509**	4,345,190
	Insurance		**5,546,520**	5,387,244
	Depreciation	12.2	**79,096,187**	88,123,968
	Plant and machinery written off		**232,418**	3,284,427
	Others		**994,799**	913,165
			2,831,336,686	3,003,362,502
	Work-in-process			
	Opening stock		**29,838,660**	40,983,908
	Closing stock	16	**(48,219,644)**	(29,838,660)
			(18,380,984)	11,145,248
	Cost of goods manufactured		**2,812,955,702**	3,014,507,750
	Finished goods			
	Opening stock		**202,931,409**	168,009,080
	Purchase of finished goods		**8,521,034**	-
	Closing stock	16	**(196,845,943)**	(202,931,409)
			14,606,500	(34,922,329)
			2,827,562,202	2,979,585,421
	Outside processing charges		**3,195,349**	2,977,845
			2,830,757,551	2,982,563,266
24.1	**Raw and packing materials consumed**			
	Opening stock		**63,121,550**	97,398,845
	Purchases and purchase expenses		**2,335,739,722**	2,417,413,541
			2,398,861,272	2,514,812,386
	Closing stock	16	**(110,849,310)**	(63,121,550)
			2,288,011,962	2,451,690,836
24.2	**Stores and spares consumed**			
	Opening stock		**48,447,618**	44,409,630
	Purchases and purchase expenses		**33,487,014**	34,441,147
			81,934,632	78,850,777
	Closing stock	15	**(50,290,708)**	(48,447,618)
			31,643,924	30,403,159

24.3 Salaries, wages and benefits include Rs. 8,786,192 (2015: Rs. 12,226,641) in respect of staff retirement gratuity.

	Note	2016 Rupees	2015 Rupees
25. DISTRIBUTION COST			
Export related			
Ocean freight		**27,957,528**	32,413,977
Insurance		**995,436**	502,204
Forwarding		**166,000**	125,000
Export duty		**3,553,487**	2,998,991
Entertainment		**4,005**	2,331
Postage and courier		**176,804**	311,370
Fees and subscription		**529,520**	1,037,253
Travelling and conveyance		**3,837,282**	3,802,358
Other		**939,222**	1,129,368
		38,159,284	42,322,852
Local			
Salaries and benefits	25.1	**17,134,711**	15,122,625
Local freight		**1,654,148**	1,537,696
Travelling and conveyance		**394,877**	298,992
Sales promotion		**539,341**	602,896
Marketing office		**1,531,965**	1,859,378
Depreciation	12.2	**560,388**	589,882
Insurance		**36,852**	38,280
Other		**334,574**	7,948
		22,186,856	20,057,697
		60,346,140	62,380,549

25.1 Salaries and benefits include Rs. 1,742,266 (2015: Rs. 1,407,651) in respect of staff retirement gratuity.

	Note	2016 Rupees	2015 Rupees
26. ADMINISTRATIVE EXPENSES			
Salaries and benefits	26.1	**46,226,767**	43,978,135
Director's remuneration		**9,430,000**	6,600,000
Provision for doubtful debts		**20,207,390**	34,918,890
Travelling and conveyance		**1,188,147**	909,955
Vehicles running and maintenance		**3,665,923**	4,564,439
Telephone and fax		**719,816**	854,669
Postage and courier		**248,332**	280,163
Printing and stationery		**1,461,502**	2,115,655
Computer expenses		**889,405**	811,547
Rent, rates and taxes		**955,178**	679,765
Repairs and maintenance		**447,666**	1,898,683
Insurance		**1,006,421**	867,693
Auditors' remuneration	26.2	**746,500**	727,000
Legal and professional		**4,020,566**	4,707,181
Advertising		**68,558**	114,263
Entertainment		**242,292**	341,007
Fees and subscription		**2,680,609**	1,991,940
Donations		**-**	1,000,000
Depreciation	12.2	**4,538,121**	4,584,022
Share registrar services		**123,569**	137,953
Other		**1,872,450**	1,673,142
		100,739,212	113,756,102

26.1 Salaries and benefits include Rs. 3,304,691 (2015: Rs. 1,962,882) in respect of staff retirement gratuity .

		Note	2016 Rupees	2015 Rupees
26.2	**Auditors' remuneration**			
	Audit fee		**525,000**	500,000
	Half yearly review fee		**75,000**	75,000
	Review of statement of compliance and other certifications		**75,000**	65,000
	Out of pocket expenses		**71,500**	87,000
			746,500	727,000
27.	**OTHER OPERATING EXPENSES**			
	Workers' Profit Participation Fund	8.2	**6,257,401**	3,989,749
	Workers Welfare Fund		**2,377,813**	1,516,105
	Property and equipment written off		**-**	149,713
	Stores and spares written off		**1,742,597**	793,280
			10,377,811	6,448,847
28.	**FINANCE COST**			
	Under mark up arrangement:			
	Long-term finance		**14,349,758**	27,210,178
	Short-term borrowings		**13,110,833**	21,098,422
	Short-term borrowings under musharakah finance		**6,942,209**	853,269
	Discounting charges		**5,944,074**	4,180,231
	Interest on Workers' Profit Participation Fund	8.2	**75,626**	76,541
	Bank charges and commission		**2,689,619**	2,965,519
			43,112,119	56,384,160
29.	**OTHER INCOME**			
	Reversal of provision against doubtful debt		**3,500,000**	-
	Income from financial assets			
	Return on bank deposits		**6,671**	5,190
	Interest on Treasury Bills		**460,184**	615,376
	Income from other than financial assets			
	Net income / (loss) from trading	29.1	**71,147**	(46,830)
	Exchange gain		**1,472,615**	3,227,311
	Gain on disposal of property, plant and equipment		**448,165**	128,617
			5,958,782	3,929,664
29.1	**Net income / (loss) from trading**			
	Sales - Local		**1,206,162**	1,855,472
	Cost - Purchases and related expenses		**(1,135,015)**	(1,902,302)
			71,147	(46,830)
30.	**TAXATION**			
	Current			
	for the year		**29,787,997**	19,995,037
	for prior years		**(6,495,649)**	(864,234)
	Deferred		**(5,637,868)**	(3,085,681)
		30.1	**17,654,480**	16,045,122

	2016 Rupees	2015 Rupees
30.1 Relationship between tax expense and accounting profit		
Accounting profit before tax	**116,512,818**	74,289,128
Tax rate %	**32**	33
Tax on accounting profit	**37,284,102**	24,515,412
Income tax for prior years	**(6,495,649)**	(864,234)
Minimum tax of prior year adjusted	**(2,927,077)**	-
Effect of income subject to final tax regime	**(5,595,875)**	5,749,847
Effect of income subject to minimum tax	-	2,988,375
Effect of tax credits	**(3,316,644)**	(17,908,800)
Effect on deferred tax balances due to change in rate	**(897,658)**	1,354,753
Others	**(396,719)**	209,769
Tax charge for the year	**17,654,480**	16,045,122

30.2 The return of income for the tax year 2015, has been filed as per the provision of section 120 of the Income Tax Ordinance, 2001. Under this section when a complete return of income is filed with the Commissioner, it results in deemed assessment of taxable income / loss and tax payable / refundable on the date return is filed.

30.3 The Company received an amended assessment order, from Regional Tax Office (RTO) Karachi, pertaining to the tax year 2011 raising an additional demand of Rs. 370.7 million. The Company filed an appeal against the order and the tax demand was annulled by CIR (Appeals). The department later filed an appeal against the said order to Income Tax Appellate Tribunal (ITAT); the decision of which is pending. No provision against the said demand has been made based on the tax advisor's opinion who is confident for a favorable outcome.

The Company received an amended assessment order, from Regional Tax Office (RTO) Lahore, during the year pertaining to the tax year 2010, 2011 and 2013 raising an additional demand of Rs. 65.22 million in aggregate. The Company filed an appeal before Commissioner Inland Revenue (Appeals) against the order the decision of which is pending. No provision has been made in these financial statements as the management, based on the opinion of tax advisor, is confident that the ultimate outcome of this case will be in favour of the Company.

31. EARNINGS PER SHARE - BASIC AND DILUTED

		2016	2015
Profit after taxation for the year	**Rupees**	**98,858,338**	58,244,006
Weighted average number of ordinary shares in issue	**Number**	**9,660,000**	9,660,000
Earnings per share - basic and diluted	**Rupees**	**10.23**	6.03

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

32. CASH AND CASH EQUIVALENTS

	Note	2016 Rupees	2015 Rupees
Cash and bank balances	22	**13,141,361**	13,346,978
Short-term borrowings	10	**(304,979,140)**	(299,610,612)
		(291,837,779)	(286,263,634)

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2016			2015		
	Chief Executive	Executive Director	Executives	Chief Executive	Executive Director	Executives
	Rupees					
Remuneration	3,840,000	2,248,800	14,879,605	2,640,000	2,032,800	13,223,717
Bonus	440,000	254,100	1,776,500	440,000	224,100	1,419,000
Retirement benefits	650,000	281,100	1,779,900	440,000	254,100	1,653,000
House rent	1,800,000	674,640	4,463,867	1,200,000	609,840	3,967,545
Ex-gratia	540,000	356,800	2,537,549	440,000	318,800	2,047,949
Medical	1,080,000	224,880	1,487,664	720,000	203,280	1,322,369
Utilities	1,080,000	224,880	1,487,664	720,000	203,280	1,322,369
Performance reward	-	250,000	2,090,000	-	250,000	1,930,000
Leave encashment	-	-	944,590	-	-	642,068
	9,430,000	4,515,200	31,447,339	6,600,000	4,096,200	27,528,017
Number of persons	1	1	15	1	1	13

33.1 The Chief Executive is also provided with Company owned and maintained car for personal and official use.

33.2 The Executive Director and Executives are also provided with Company's owned and maintained cars for official use.

33.3 Fee paid to other non-executive directors during the year amounted to Rs. 850,000 (2015: Rs. 1,150,000) on account of meeting fee.

34. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, other related parties, key management personnel and post employment benefit plans. The transactions between the Company and the related parties are carried out as per agreed terms. Amounts due from and to related parties have been disclosed in the notes to the financial statement as follows:

- Due to associated undertakings in note 8.
- Remuneration of key management personnel in note 33.

Other significant transactions with related parties are as follows:

Relationship with the Company	Name	Nature of transactions	2016 Rupees	2015 Rupees
Associated undertakings	Shahtaj Sugar Mills Limited	Services rendered	-	360,000
	Shahnawaz (Private) Limited	Computers, computer supplies and others purchases	108,600	469,100
		Services received for office facility	670,531	678,032
		Software development charges	232,500	247,500
		Services received for vehicle repairs and other computer related	52,376	9,654
	Shezan International Limited	Purchase of goods	325,617	351,814
	Information System Associate Limited	Website maintenance	32,775	-
Other related parties	First Global Emirates LLC	Commission on sales	1,052,392	-

		2016 Rupees	2015 Rupees
35.	**FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**		
35.1	**Financial instruments by category**		
	Financial assets as per balance sheet		
	Held to maturity		
	Other financial assets	**7,425,268**	7,471,614
	Loans and receivables at amortized cost		
	Long-term loans	**1,395,717**	1,666,885
	Long-term deposits	**28,972,381**	27,317,444
	Trade debts	**202,988,914**	267,843,648
	Loans and advances	**829,881**	465,706
	Trade deposits	**691,000**	350,000
	Other receivables	**346,840**	439,412
	Cash and bank balances	**13,141,361**	13,346,978
		248,366,094	311,430,073
	Financial liabilities as per balance sheet		
	Financial liabilities measured at amortized cost		
	Long-term financing	**132,481,540**	225,778,081
	Trade and other payables	**185,961,858**	193,140,175
	Interest accrued	**6,607,566**	10,148,848
	Short-term borrowings	**304,979,140**	299,610,612
		630,030,104	728,677,716

35.2 Financial risk factors

Introduction and overview

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

- market risk
- credit risk
- liquidity risk
- operational risk

This note presents information about the Company's exposure to each of the above risks, Company's objectives, policies and processes for measuring and managing risk, fair value of financial instruments and the Company's management of capital.

The Company’s overall risk management programme focuses on having cost effective funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

The Company's objective in managing risk is the creation and protection of shareholders' value. Risk is inherent in Company's activities but it is managed through monitoring and controlling activities which are based on internal controls set on different activities of the Company by the Board of Directors. These controls reflect the business strategy and market environment of the Company as well as the level of the risk that the Company is willing to accept.

The Board along with the Company’s finance department oversees the management of the financial risks reflecting changes in the market conditions and also the Company's risk taking activities providing assurance that these activities are governed by appropriate procedures and that the financial risk are identified, measured and managed in accordance with the Company risk appetite.

35.3 The Company’s principal financial liabilities comprise long-term finances, short-term borrowings, accrued markup/interest and trade and other payables. The main purpose of these financial liabilities is to raise finance for the Company’s operations. The Company's financial assets comprise of trade debts, loans and advances, trade deposits, other receivables, other financial assets and cash and bank balances that arrive directly from its operations.

35.3.1 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates, foreign exchange rates or the equity prices due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Under market risk the Company is exposed to currency risk, interest rate risk and other price risk (equity price risk).

(a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company exports fabric to local and foreign customers which exposes it to currency risk. As at June 30, 2016, financial assets include Rs. 62.42 million (2015: Rs. 35.46 million) equivalent to US$ 0.60 million (2015: US$ 0.34 million) and financial liabilities include foreign commission payable amounting to Rs. 17.45 million (2015: Rs. 7.33 million) equivalent to US$ .17 million (2015: US$ 0.07 million). The average rates applied during the year is Rs. 103.39 / US $ (2015: Rs. 100.5 /US $) and the spot rate as at June 30, 2016 was Rs. 104.7 / US$ (2015: Rs. 101.57 /US$).

At June 30, 2016, if the Pakistani Rupee had weakened / strengthened by 10% against the US Dollar with all other variables held constant, profit for the year would have been lower / higher by Rs. 4.5 million (2015: Rs. 2.9 million), mainly as a result of foreign exchange losses / gains on translation of US Dollar-denominated trade debts and Trade payables.

(b) Interest rate risk management

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

The Company's interest rate risk arises from bank deposit accounts, long term finance and short term borrowings amounting to Rs. 436.9 million (financial liabilities on a net basis) (2015: Rs. 533 million). These are benchmarked to variable rates which exposes the Company to cash flow interest rate risk only.

	Carrying amount	
Variable rate instruments	**2016**	2015
Financial assets		
- Bank balances - Saving accounts	**476,412**	7,440,582
Financial liabilities		
- Long term finance	**132,481,540**	225,778,081
- Short term borrowings	**304,979,140**	299,610,612
	437,460,680	525,388,693
Net financial liabilities at variable interest rates	**(436,984,268)**	(517,948,111)

Cash flow sensitivity analysis for variable rate instrument

A change of 100 basis points in interest rates at the year end would have increased or decreased the profit / loss for the year and shareholder's equity by Rs. 4.37 million (2015: Rs. 4.3 million). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for 2015.

Fixed rate instruments

The Company does not have any fixed rate instrument as at June 30, 2016.

(c) Equity price risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. As at year end, there are no financial instruments of the Company which are subject to equity price risk.

35.4 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Out of the total financial assets of Rs. 261.23 million (2015: Rs. 336.51 million), the financial assets which are subject to credit risk amounted to Rs. 250.83 million (2015: Rs. 328.97 million).

The Company is exposed to credit risk from its operating activities (primarily for trade debts and loans and advances) and from its investing activities, including deposits with banks and financial institutions and other financial instruments. The credit risk on liquid funds (cash and bank balances) is limited because the counter parties are banks with a reasonably high credit rating.

Credit risk related to receivables

The Company's main credit exposure is with trade receivables. The Company has adopted a policy of only dealing with creditworthy counterparties and majority of the transactions are made through post dated cheques. Further, the Company's credit exposure is continuously monitored and the aggregate value of transactions are spread amongst approved counterparties, and overdue counterparties are pursued efficiently by the management for recovery. 20 % (2015: 11%) of the credit exposure of the Company at year end is secured against letters of credit.

Trade debts consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate. The major credit exposure of the Company from its top ten customers is 77 % of the total trade receivables as at year end.

The total exposure of the Company in trade debts is Rs. 274.63 million (2015: Rs. 322.78 million) that include secured trade debt of Rs. 54.67 million (2015: Rs. 36.47), which has been discussed as follows:

The Company has the policy to grant credit of 7 days to 120 days to their customers. The exposure of the Company in trade receivables, which are neither overdue nor impaired, is Rs. 138.49 million (2015: Rs. 144.39 million).

Trade receivables, which have crossed their credit days limits, amounting to Rs. 136.14 million (2015: Rs. 178.39 million) for which the company has provided Rs. 71.64 million (2015: 54.93 million) and the remaining amounts are still considered recoverable.

The aging of such overdue but not impaired trade receivables is as follows:

The aging of such overdue but not impaired trade receivables is as follows:

	2016 Rupees	2015 Rupees
Less than 1 month	**32,949,096**	71,142,094
1 - 3 months	**4,550,984**	5,016,826
3 - 6 months	**1,379,601**	75,938
6 months - 1 year	**177,269**	1,656,670
1 - 3 years	**96,234**	45,560,511
Over 3 years	**25,342,420**	-
	64,495,604	123,452,039

The aging of overdue and impaired trade receivables is as follows:

	2016 Rupees	2015 Rupees
1 - 3 years	**-**	34,918,890
Over 3 Years	**71,641,732**	20,015,452
	71,641,732	54,934,342

35.5 Liquidity risk management

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

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and long-term loans. 81% of the Company's long-term and short-term debt will mature in less than one year at June 30, 2016 (2015: 67%) based on the carrying value of borrowings as given below. However, the Company has an un-availed aggregated short-term and long-term borrowings facilities of Rs. 1,431 million (2015: Rs. 1,096 million) which can be utilized to encounter unseen liquidity problems.

35.5.1 Liquidity and interest risk table

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

	2016				
	Long-term finance	**Short-term borrowings**	**Trade and other payables**	**Interest accrued**	**Total**
	…… Rupees ……				
With in 1 year	**57,788,847**	**304,979,140**	**187,735,956**	**6,607,566**	**557,111,509**
1 - 5 years	**90,817,033**	**-**	**-**	**-**	**90,817,033**
	148,605,880	**304,979,140**	**187,735,956**	**6,607,566**	**647,928,542**
Weighted average effective rate of interest	**7.39%**	**7.19%**	**-**	**-**	**-**

	2015				
	Long-term finance	Short-term borrowings	Trade and other payables	Interest accrued	Total
	…… Rupees ……				
With in 1 year	71,459,058	299,610,612	193,140,175	10,148,848	574,358,693
1 - 5 years	190,333,762	-	-	-	190,333,762
	261,792,820	299,610,612	193,140,175	10,148,848	764,692,455
Weighted average effective rate of	9.36%	10.38%	-	-	-

35.6 Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's activities, either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of operation behavior. Operational risks arise from all of the Company's activities.

The Company’s objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation while achieving its business objective and generating returns for investors.

Primary responsibility for the development and implementation of controls over operational risk rests with the management of the company. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.
- operational and qualitative track record of the plant and equipment supplier and related service providers.

36.1. Fair values of financial assets and liabilities

(a) Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

(b) Fair Value Estimation

The Company discloses the financial instruments measured in the balance sheet at fair value in accordance with the following fair value hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2016, other financial assets was categorized in level 2 (2015: Level 2).

There were no transfers between Level 1 and 2 in the year.

36.2. The Company's plant and machinery are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent depreciation and subsequent accumulated impairment losses, if any. The fair value measurements of the Company's plant and machinery carried out as at February, 2015 were performed by M/s Asif Associates (Private) Limited (valuer), an independent valuer not related to the Company. The valuer is listed on panel of Pakistan Banks Association and they have appropriate qualification and experience in the fair value measurement of properties, plant and machinery.

Details of Company's free hold land, buildings on leasehold land and plant and machinery and information about the fair value hierarchy as at end of 30 June 2016 are as follows:

	June 30, 2016			
	Level 1	**Level 2**	**Level 3**	**Total**
Plant and machinery	-	649,851,438	-	649,851,438
	June 30, 2015			
	Level 1	Level 2	Level 3	Total
Plant and machinery	-	688,324,331	-	688,324,331

37. CAPITAL RISK MANAGEMENT

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

The capital structure of the Company consists of share capital and reserves as well as debts of the Company. Share capital and reserves consist of share capital, reserves and unappropriated profit and debts consist of short-term borrowings and long-term financing. The Company manages its capital structure by monitoring return on total capital employed and makes adjustments to it in the light of changes in economic conditions and monitoring its gearing ratio. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders, issue new shares or adjust its debts. The Company's overall strategy is to reduce the gearing ratio gradually. The gearing ratio analysis is as follows:

	2016 Rupees	2015 Rupees
Total borrowings	**437,460,680**	525,388,693
Less: Cash and bank balances	**(13,141,361)**	(13,346,978)
Net debt	**424,319,319**	512,041,715
Total equity	**890,453,010**	819,003,138
Total capital employed	**1,314,772,329**	1,331,044,853
Gearing ratio	**32%**	38%

The Company is not subject to any externally imposed capital requirement.

38. OPERATING SEGMENT

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

38.2 Revenue from sales of fabric represents 99.96% (2014: 99.94%) of total revenue whereas, remaining represents revenue from trading.

38.3 All non current assets of the Company as at June 30, 2015 are located in Pakistan.

38.4 57% (2015: 66%) of sales of fabric are local and indirect export whereas 43% (2014: 34%) of sales are export / foreign sales. All sales were made to external customers.

38.5 Revenue from three major customers of the Company represent 33% (2015: 40%) of total revenue of the Company.

39. PLANT CAPACITY AND ACTUAL PRODUCTION

	Note	2016	2015
Number of looms installed		**174**	176
Number of looms worked		**174**	176
100% Plant capacity at 60 picks (Sq. Meters)		**61,864,504**	61,125,886
Actual production converted to 60 picks (Sq. Meters)	39.1	**54,548,813**	54,912,991
Shifts per day		**2**	3
Number of days worked during the year		**359**	365

39.1 Calculation of rated capacity is based on a fixed fabric width and looms speed. In actual these factors vary with the ever changing qualities under production. Further, 100% efficiency level is notional and in practice elusive, hence, actual production figure is less than the rated capacity.

40. NUMBER OF PERSONS EMPLOYED

	2016	2015
At the year end	**580**	591
Average number of employees during the year	**585**	645

41 CORRESPONDING FIGURES

As per requirement of SECP Circular No. 14 of 2016 dated April 21, 2016, short term borrowings that carries Islamic mode of financing are separately categorized and disclosed. Accordingly, for the year 2015, running finances of Rs. 124,977,235 (note.10), related finance cost (note.28) and accrued markup (note.9) of Rs.853,269 are re-classified from 'under mark up arrangements' to 'under musharakah finance'.

42. NON ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

Subsequent to year end, the directors propose to pay cash dividend of Rs.4.50 (2015: Rs. 2.50) per ordinary share of Rs. 10 each. This dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting and has not been reflected as a liability in these financial statements, which will be accounted for subsequently after the approval of shareholders.

43. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the Board of Directors of the Company and authorized for issue on September 27, 2016

44. GENERAL

Figures have been rounded off to the nearest Rupee.

M. Naeem

(M. Naeem)
Chief Executive

Muneer Nawaz

(Muneer Nawaz)
Chairman

SHAHTAJ TEXTILE

PROXY FORM

Please quote

Folio No./CDC A/C No.	Shares Held

I/We ______________________________ of ______________________________

in the district of ______________________________ being a member of SHAHTAJ TEXTILE LIMITED

hereby appoint ______________________________ of ______________________________

as my/our proxy to vote for me/us and on my/our behalf at the 27th Annual General Meeting of the Company to be held on Monday 31st October, 2016 and at any adjournment thereof.

As witnessed given under my/our hand(s) this ______________ day of __________ 2016.

Member's Signature on
Applicable Revenue Stamp

Witness Signature ______________________________

Name: ______________________________

C.N.I.C. No. ______________________________

Notes:

1. This form of Proxy must be deposited duly completed, at the company's Registered Office, not less than 48 hours before the meeting
2. A Proxy of individual members must be a member of the Company.
3. In case of corporates the Board of Directors' resolution/power of attorney with the specimen signature shall be submitted along with proxy form to the company
4. Signature should agree with the specimen signature registered with the Company.
5. For CDC account holders and corporates in addition to the above following requirements have to be met:

   i) Attested copy of C.N.I.C. or the passport of the beneficial owner shall be provided with proxy form.

   ii) Proxy shall produce his/her original C.N.I.C. or original passport at the time of meeting.

SHAHTAJ TEXTILE

پراکسی فارم

درج ذیل پُر کریں

تعداد حصص	فولیو/CDC اکاؤنٹ نمبر

میں مسمّی / مسماۃ ____________ ساکن ____________

ضلع ____________ بحثیت ممبر شاہ تاج ٹیکسٹائل لمٹیڈ، مسمّی / مسماۃ ____________ ساکن ____________

کو بطور مختار (پراکسی) مقرر کرتا / کرتی ہوں تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے اجلاسِ عام جو بتاریخ 31 اکتوبر 2016ء بروز پیر منعقد ہو رہا ہے میں اور اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

مطلوبہ ریونیو ٹکٹ چسپاں کر کے ممبر کے دستخط

دستخط گواہ: ____________

نام: ____________

قومی شناختی کارڈ نمبر: ____________

تاریخ: ____________

نوٹ:

ا۔ مکمل پُر شدہ پراکسی فارم کمپنی کے رجسٹرڈ آفس میں میٹنگ سے 48 گھنٹے قبل جمع کرایا جانا لازمی ہے۔

۲۔ تمام ممبران کے لئے ضروری ہے کہ جس کو پراکسی دیں وہ بھی کمپنی کا ممبر ہو۔

۳۔ کارپوریٹ ممبران کے لئے پراکسی فارم کے ساتھ پراکسی کے حق میں بورڈ آف ڈائریکٹرز کی قرارداد یا پاور آف اٹارنی بمع نمونہ کے دستخط کا جمع کروایا جانا ضروری ہے۔

۴۔ دستخط کمپنی کے پاس پہلے سے محفوظ دستخطی نمونہ کے مطابق ہونے ضروری ہیں۔

۵۔ CDC میں اکاؤنٹ رکھنے والے اور کارپوریٹ ممبران کے لئے مندرجہ بالا کے علاوہ درج ذیل شرائط کو پورا کرنا بھی ضروری ہے:

i۔ پراکسی جس کے حق میں ہو اُس کا شناختی کارڈ یا پاسپورٹ کی ایک تصدیق شدہ نقل پراکسی کے ساتھ لگائی جائے۔

ii۔ پراکسی جس کے حق میں ہو وہ اجلاس میں شریک ہوتے وقت اصل شناختی کارڈ / پاسپورٹ پیش کرے۔