SHAHTAJ TEXTILE

ISO 9001:2008
CERTIFIED

Financial Statements for the year ended June 30, 2017

Shahtaj Textile Limited

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
United Bank Limited
Meezan Bank Ltd.
The Bank of Punjab
MCB Bank Limited
Faysal Bank Limited
Habib Bank Limited
National Bank of Pakistan

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 28th Annual General Meeting of the Company will be held on Thursday, 26th October 2017, at 11:30 A.M at PC Hotel, Shahrah-e-Quaid-e-Azam, Lahore to transact the following business:

A. ORDINARY BUSINESS

1. To confirm the minutes of Annual General Meeting held on 31st October, 2016.

2. To consider and adopt audited Financial Statements of the Company for the year ended June 30, 2017 together with Auditors' and Directors' Reports thereon.

3. To approve a cash Dividend @ 50% i.e. Rs.5 per share for the year ended June 30, 2017 as recommended by the Directors.

4. To appoint Auditors of the Company for the year 2017-2018 and to fix their remuneration. The present Auditors M/s. Deloitte Yousuf Adil, Chartered Accountants, being eligible, have offered themselves for reappointment.

B. SPECIAL BUSINESS

5. To consider and if thought fit to pass with or without modification the following as a Special Resolution:

   'Resolved that Article 65 of the Articles of Association of the Company be amended to increase the remuneration of Directors for attending the meetings of the Board of Directors and of any Committees of the Board to Rs.40,000/- per meeting from existing Rs.25,000/-.'

6. 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, 2017

Notes:

1. The share transfer books of the Company will remain closed from 19th October to 30th October 2017, (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. In case of corporate entities, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

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: 15%
(b) For Non-Filers of Income Tax Return: 20%

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 payment of dividend, otherwise tax on their Dividend will be deducted @ 20% instead of @ 15%.

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:

6. ELECTRONIC DIVIDEND MANDATE

Under the provisions of Section 242 of the Companies Act, 2017 it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic made directly in to bank account designated by the entitled shareholders.

In order to receive dividends directly into their bank account, shareholders are requested to provide details of the bank mandate specifying:

* Title of Account:
* Account Number:
* Bank Name:
* Branch Name and Code:
* IBAN Number:

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)

Please send it duly signed along with a copy of CNIC to the registrar of the Company M/s. JWAFFS Registrar Services (PVT) Limited, in case of physical shares.

In case shares are held in CDC then Electronic Mandate Form must e submitted directly to shareholder's broker/participant/CDC account services.

In case of non-receipt of the information the company will be constrained to withhold payment of dividend to such shareholders.

7. UNCLAIMED SHARES/UNPAID DIVIDEND

As per the provisions of Section 244 of the Companies Act, 2017, any shares issued or dividend declared by the company which have remained unclaimed/ unpaid for a period of three 3 years from the date it was due and payable are required to be deposited with the Commission for credit of the Federal Government after issuance of notices to the shareholders to file their claim. The details of the shares issued and dividend declared by the company which have remained unclaimed / unpaid for a period of three years from the date these have become due and payable are available on Company's website www.shahtaj.com. The Company has also issued notice to shareholders to lodge their claim within 90 days of notice to Company / Shares registrar. Shareholders are requested to ensure that their claims for unclaimed shares /unpaid dividends are lodged timely. In case no claim is received within the given period, the company shall, after giving final notice in the newspaper, proceed to deposit the unclaimed/unpaid amount with the Federal Government pursuant to the provisions of sub-section 2 of section 244 of the Act.

8. CONSENT FOR VIDEO CONFERENCE FACILITY

Members can also avail video conference facility, in this regard, please fill the following and submit to registered address of the Company 10 days before holding of the Annual General Meeting. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior date of the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

I/We, ________________ of ___________, being a member of Shahtaj Textile Limited, holders of ________ ordinary share(s) as per Registered Folio No. ______ hereby opt for video conference facility at ____________.

STATEMENT UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017

For Special Business at Agenda Item No. 5

The fee for attending the meetings of the Board of Directors and its Committees was last fixed in October, 2012. It is now due for increase in line with other all around changes.

The Directors are interested in this change to the extent of fees receivable by them on attending these meetings.

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.

As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of Shahtaj Textile Limited is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

For the financial year ended June 30, 2017, the Board's overall performance and effectiveness has been assessed as satisfactory. Improvement is an ongoing process leading to action plans. The overall assessment as satisfactory is based on an evaluation of integral components, including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitoring financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's business.

The Board of Directors of your Company received agendas and supporting written material including follow up materials in sufficient time prior to the board and its committee meetings. The board meets frequently enough to adequately discharge its responsibilities. The non executive and independent directors are equally involved in important decisions.

Muneer Nawaz

Karachi: September 27, 2017

(Muneer Nawaz)
Chairman

چیئرمین کی جائزہ رپورٹ

شاہ تاج ٹیکسٹائل لمٹیڈ کے بورڈ آف ڈائریکٹرز کا کوڈ آف کارپوریٹ گورنینس کے تحت درکار سالانہ جائزہ لیا گیا۔ اس جائزہ کا مقصد اس امر کو یقینی بنانا ہے کہ بورڈ کی مجموعی کارکردگی اور افادیت کو کمپنی کے مختص کردہ مقاصد کے تناظر میں پرکھا جاسکے۔

مالی سال 30 جون 2017 کے لئے بورڈ کی مجموعی کارکردگی اور افادیت اطمینان بخش قرار پائی گئی۔ بہتری ایک مستقل جاری رہنے والا عمل ہے جس کی مدد سے عملی منصوبہ بندیوں کو ممکن بنایا جاتا ہے۔ مجموعی جائزے کے اطمینان بخش قرار پانے کی بنیاد ضروری اجزا کے انفرادی جائزے پر ہے جن میں دور اندیشی، نصب العین اور اقدار، حکمتِ عملی کے بنانے میں کردار، پالیسیز کی تشکیل، کمپنی میں جاری کاروباری سرگرمیوں کی نگرانی، مالیاتی وسائل کے انتظام کی نگرانی، موثر مالی نگرانی، بورڈ کے کاروبار کو پورا کرنے میں ملازمین کے ساتھ منصفانہ سلوک اور سرگرمیوں کو موثر انداز سے پورا کرنا شامل ہیں۔

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کو اپنی اور کمیٹیوں کے اجلاسات کے لئے ایجنڈا مع ضروری دستاویزات بروقت موصول ہوتے رہے اسی طرح کاروائی رپورٹس بھی۔ بورڈ اپنی ذمہ داریوں کی موثر طریقے سے انجام دہی کے لئے باقاعدگی سے اجلاس کرتا رہا۔ نان ایگزیکٹو اور آزاد ڈائریکٹرز بھی اہم فیصلوں میں برابر شامل ہوتے رہے۔

Muneer Nawaz

منیر شاہنواز

چیئرمین

کراچی مورخہ 27 ستمبر، 2017

Directors are pleased to present the 28th Annual Report of the Company for the Financial Year ended June 30, 2017.

Financial Results and Prospects

By the Grace of Allah the Company performed well during the year and earned a profit after tax of Rs.105.979 million with an EPS of Rs. 10.97. Despite difficult market conditions i.e lower product demand, net sales increased by 10.87% in comparison with the corresponding period of the last year. The factors contributing towards this improvement have been continuous marketing efforts to enhance sales performance of the Company and improved production capacity utilization. Reduced margin on sales and the abnormal increase in RLNG prices adversely affected the profitability reducing gross profit by almost 1% from last year. However, controlling financial cost and lesser tax expense due to availability of tax credit for investment in plant & machinery helped to achieve higher profit after tax comparing last period

The Balancing Modernisation and Replacement project implemented by your company has been completed and will further help in achieving higher efficiency and better cost control.

Weaving sector is still going through hard times. Market conditions are not very supportive and buyers are reluctant to build up their inventory levels. This situation is exerting pressure on fabric prices and we are forced to sell at low margins. Overall textile exports of Pakistan are also falling. We feel that Government's vigorous remedial steps such as timely release of sales tax and income tax refunds and lowering energy costs are required to support the industry.

In view of these depressed market situation, the company has put in abeyance its further expansion plan of additional new looms. However, addition of gas generator, warping machine and replacement of old compressor and electrical equipments is under consideration to attain improved efficiency and saving in running cost.

Efforts will be continuing as always for more improvement.

Dividend

To share the profits with the shareholder, Directors are pleased to recommend a 50 % cash dividend for this year. This payment is 45.6% of after tax profit of the Company for the year 2016-17. A sum of Rs. 45 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	4
Mr. Saleem Zamindar	4
Mr. Sohail Habib	3
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.

Pattern of Shareholding

The pattern of shareholding as on 30th June, 2017 listing the required details, is annexed.

Trading of Shareholding

During the year under review, Mrs Sadia Muhammad (Director) received 200,000 shares as gift from her brother Mr Ahmed Naeem. The said transaction has been fully disclosed to the Directors in their meeting dated February 24, 2017 as per the requirement of the Code of Corporate Governance.

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 2017-2018. 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

(MUNEER NAWAZ)
Chairman

Karachi: September 27, 2017

ڈائریکٹرزرپورٹ برائے حصہ داران

ڈائریکٹرز مسرت کے ساتھ جون 2017 کو ختم ہونے والے مالی سال پر کمپنی کی اٹھائیسویں سالانہ رپورٹ پیش کرتے ہیں۔

مالی حسابات اور امکانات:

الحمداللہ دورانِ سال کمپنی کی کارکردگی بہتر رہی اور بعد از ٹیکس منافع 105.979 ملین روپے رہا یعنی 10.97 روپے فی حصہ۔ باوجود طلب میں کمی کے سبب کاروباری مشکلات کے کمپنی کا زرِ فروخت گزشتہ سال کے مقابلہ میں 10.87 فیصد زائد رہا۔ اس بہتری کی وجوہات میں زیادہ فروخت کے لئے مسلسل کوشش اور پیداواری گنجائش کے بہتر استعمال کا نمایاں حصہ ہے۔ دوسری طرف شرح منافع میں کمی اور گیس کی قیمتوں میں غیر معمولی اضافہ نے مجموعی نفع کی شرح کو گزشتہ سال سے تقریباً ایک فیصد کم کردیا۔ تاہم مالی اخراجات کے کنٹرول اور سرمایہ کاری پر ملنے والی چھوٹ کی وجہ سے ٹیکس کا بوجھ کم رہا اور بعد از ٹیکس منافع گزشتہ سال سے زیادہ رہا۔

دورانِ سال کمپنی کا بی ایم آر پروگرام مکمل ہوگیا ہے اور اس سے بھی کارکردگی میں مزید بہتری اور لاگت میں کمی میں مدد ملے گی۔

ویونگ کاروبار ابھی تک مشکل صورتحال سے گزر رہا ہے۔ کاروباری حالات ناساز گار ہیں اور خریدار اپنے اسٹاک کو بڑھانے میں ہچکچا رہے ہیں اس سبب تیار فیبرک کی قیمتوں پر دباؤ ہے اور کم منافع پر فروخت مجبوری۔ پاکستان کی مجموعی ٹیکسٹائل برآمدات میں بھی کمی ہو رہی ہے۔ ہم محسوس کرتے ہیں کہ حکومت کے پرزور اصلاحی اقدام جیسا کہ جمع شدہ سیلز ٹیکس اور انکم ٹیکس کی واپسی اور توانائی کی قیمتوں میں کمی صنعت کی امداد کے لئے ضروری ہیں۔

اِس مشکل کاروباری صورتحال کے پیشِ نظر کمپنی نے مزید لومز بڑھانے کے توسیعی منصوبے کو فی الوقت روک دیا ہے۔ تاہم نئے گیس جنریٹر اور وارپنگ مشین کی خرید اور پرانے کمپریسر اور برقی ساز و سامان کی تبدیلی مزید بہتر کارکردگی اور پیداواری لاگت میں کمی حاصل کرنے کے لئے زیرِ غور ہے۔

کمپنی ہمیشہ کی طرح مزید بہتری کے لئے کوشاں رہے گی۔

ڈیویڈنڈ

منافع میں حصص داران کو شریک کرنے کی غرض سے، ڈائریکٹرز نے اِس سال 50 فیصد نقد ڈیویڈنڈ کی سفارش کی ہے۔ یہ ادائیگی سال 17-2016 کے منافع بعد از ٹیکس کا 45.60 فیصد ہے۔ 45 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 کررہی 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 اس پر عملدرآمد اور نگرانی موثر ہے۔

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

ج۔ لسٹنگ ریگولیشنز میں کارپوریٹ کوڈ آف گورنینس کے بہترین طریقوں، پر عملدرآمد میں کوئی قابل 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	4
جناب سلیم زمیندار	4
جناب سہیل حبیب	3
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۔

حصہ داروں کی تفصیل (پیٹرن آف شیئرز ہولڈرز)

مالی سال 30 جون 2017 کے اختتام پر قواعد کے مطابق درکار حصہ داران کی تفصیل منسلک ہے۔

کمپنی کے حصص کی خرید و فروخت

دورانِ سال کمپنی کی ڈائریکٹر محترمہ سعدیہ محمد کو اُن کے بھائی جناب احمد نعیم کی طرف سے 200،000 شیئرز تحفتاً دیے گئے۔ اس ٹرانزیکشن کو کوڈ آف کارپوریٹ گورننس کے تحت 24 فروری، 2017 کی بورڈ میٹنگ میں پیش کیا گیا۔

آڈیٹر

بورڈ کی آڈٹ کمیٹی نے موجودہ آڈیٹر میسرز ڈیلائٹ یوسف عادل، چارٹرڈ اکاؤنٹنٹ کی مالی سال 17-2018 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

Munir Nawaz   M Naeem

(منیر شاہنواز)   (ایم۔ نعیم)   کراچی 27 ستمبر 2017

چیئرمین   چیف ایگزیکٹو آفیسر

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. Four other directors have completed the Director's Training Program from Pakistan Institute of Corporate Governance (PICG).
10. There was no appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit 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.
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 exchange.
23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the Code have been complied with.

for and on behalf of the Board of Directors

(M. NAEEM)
Chief Executive

(MUNEER NAWAZ)
Chairman

Karachi: September 27, 2017

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Director o**f Shahtaj Textile Limited** for the year ended June 30, 2017 to comply with the requirements of the regulations of Pakistan Stock Exchanges where the Company is listed.

The responsibility is to 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 Director's 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 to those that prevail in arm's length transaction and transaction 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 transaction were undertaken at arm's length price or not.

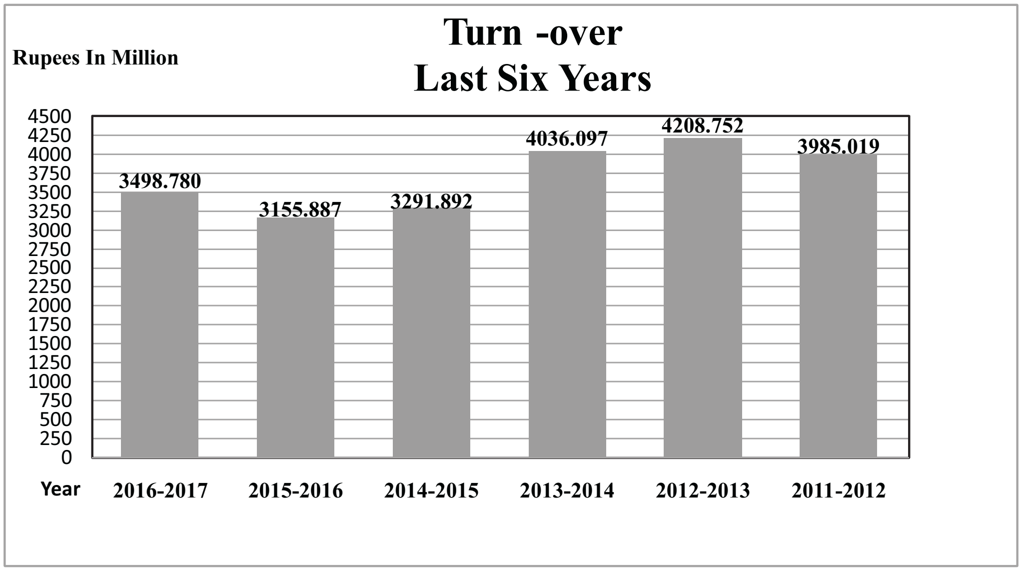
Based on our review, nothing has come to our attention which cause us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2017

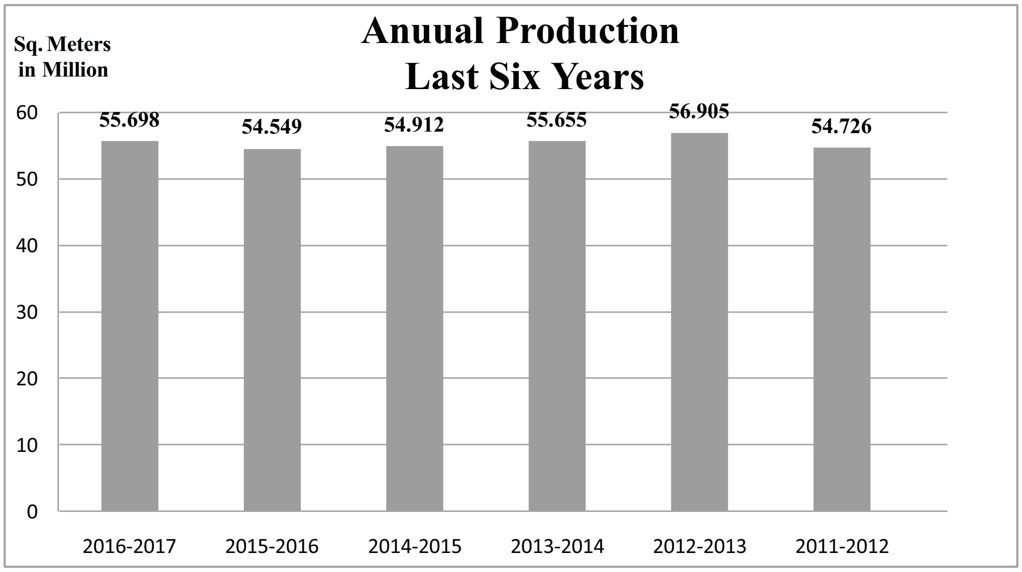
Chartered Accountants

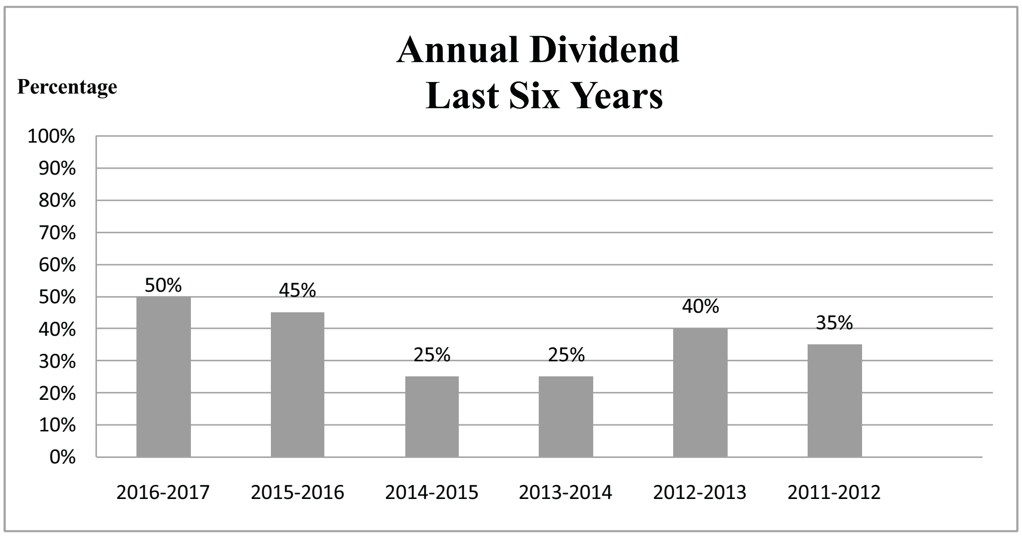
Deloitte Yousuf Adil

Karachi: September 27, 2017

	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012
	All figures are in Million Rupees other than where percentages and ratio sign appear.					
PROFIT & LOSS ACCOUNT						
Net turnover	3498.781	3155.887	3291.892	4036.097	4208.752	3985.019
Gross profit	328.36	325.129	309.329	292.339	432.924	332.672
Operating profit	156.556	159.625	130.673	129.669	243.336	212.857
Profit before tax	117.967	116.513	74.289	73.010	146.441	91.596
Profit after tax	105.979	98.858	58.244	71.177	112.897	87.280
Earnings per share (Rs.)	10.97	10.23	6.03	7.37	11.69	9.04
Cash dividend	50%	45%	25%	25%	40%	35%
Dividend payment ratio	45.6%	44%	41.5%	34%	34%	38%
Cash distribution per share in Rupees	5.00	4.50	2.50	2.50	4.00	3.50
BALANCE SHEET						
Shareholders funds	96.600	96.600	96.600	96.600	96.600	96.600
Reserves	853.589	793.853	722.403	676.173	624.725	540.186
Property plant and equipment	1014.729	799.161	858.610	987.473	995.632	884.750
Long term liabilities	298.279	82.276	171.029	159.893	201.717	336.986
Net current assets / liabilities	320.111	243.724	198.150	210.529	208.141	198.173
INVESTORS INFORMATION						
Gross profit ratio	9.38%	10.30%	9.40%	7.24%	10.29%	8.84%
Profit before tax ratio	3.37%	3.69%	2.26%	1.81%	3.49%	2.30%
Inventory turnover ratio	11.28	10.33	9.15	7.60	7.13	12.60
Fixed asset turnover ratio	3.45	3.95	3.83	4.09	4.22	4.50
Return on equity	11.15%	11.10%	7.11%	9.21%	15.65%	13.71%
Debt equity ratio	24:76	9:92	17:83	17:83	22:78	35:65
Current ratio	1.45:1	8:92	1.35:1	1.36:1	1.37:1	1.27:1
Interest cover ratio	4.06	3.70	2.32	2.29	2.51	1.76
STATEMENT OF VALUE ADDED DISTRIBUTION						
Employees remuneration	266.452	246.061	237.970	211.584	190.649	159.379
Government as taxes	11.988	72,302	82.847	84.761	33.543	4.316
Shareholders as dividends	48.300	43.470	24.150	24.150	38.640	33.810
Retained with in business	57.679	55.388	34.094	47.027	74.258	53.470
Financial charges to providers of finance	38.589	43.112	56.384	56.659	96.895	121.261


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
3498.780
3155.887
3291.892
4036.097
4208.752
3985.019
Year
2016-2017
2015-2016
2014-2015
2013-2014
2012-2013
2011-2012


Anuual Production
Last Six Years
Sq. Meters
in Million
60
50
40
30
20
10
0
55.698
54.549
54.912
55.655
56.905
54.726
2016-2017
2015-2016
2014-2015
2013-2014
2012-2013
2011-2012


Annual Dividend
Last Six Years
Percentage
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
50%
45%
25%
25%
40%
35%
2016-2017
2015-2016
2014-2015
2013-2014
2012-2013
2011-2012

Pattern of shares held by shareholders as at June 30, 2017 is as under:

Serial Number	NUMBER OF SHARE HOLDERS	SHARE HOLDING FROM		TO	TOTAL SHARES HELD
1	254	1	-	100	10,902
2	138	101	-	500	49,886
3	544	501	-	1000	317,494
4	70	1001	-	5000	147,046
5	22	5001	-	10000	149,672
6	11	10001	-	15000	133,850
7	6	15001	-	20000	102,250
8	4	20001	-	25000	89,500
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	1	50001	-	55000	54,000
14	1	85001	-	90000	87,900
15	1	90001	-	95000	93,500
16	1	100001	-	105000	103,068
17	2	110001	-	115000	227,500
18	1	115001	-	120000	118,000
19	1	135001	-	140000	135,200
20	1	195001	-	200000	200,000
21	1	200001	-	205000	202,016
22	1	270001	-	275000	271,584
23	1	285001	-	290000	289,655
24	2	290001	-	295000	589,141
25	1	310001	-	315000	311,904
26	1	350001	-	355000	352,243
27	1	395001	-	400000	396,750
28	1	475001	-	480000	475,726
29	1	505001	-	510000	506,000
30	1	525001	-	530000	529,670
31	1	750001	-	755000	752,782
32	1	780001	-	785000	780,500
33	1	830001	-	835000	832,571
34	1	1145001	-	1150000	1,150,000
	1078				**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 (CDC)		
(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 Muhamamd	200,000	
	Sadia Muhammad (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 (CDC)	1,000	
		3,768,980	**39.02%**
(iv	**Executives**	**5,750**	**0.06%**
(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 Pension Funds.**		
	Habib Bank Limited (CDC)	75	
	National Bank of Pakistan(CDC)	267	
	NIB Bank Limited (CDC)	14,500	
	First Dawood Investment Bank Limited (CDC)	1,000	
	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	
	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	
		64,340	**0.67%**
(vii)	**General Public**		
	Local	1,812,736	
	Local (CDC)	2,381,468	
	Foreign	-	
		4,194,204	**43.42%**
		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. Muneer Nawaz	832,571	8.62%
	Mr. Ahmed Naeem	887,982	9.19%
	Treet Corporation Limited	868,400	8.99%
	Mrs. Amtul Bari Naeem	1,035,670	10.72%
		4,774,623	**49.43%**

We have audited the annexed balance sheet of **SHAHTAJ TEXTILE LIMITED** (the Company) as at June 30, 2017 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part there of, for the year then ended and we state that we have contained 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 plance 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 basic, 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 there on 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 of changes in equity together with the notes forming part there of conform with approved accounting standards as applicable in Pakistan, and , give the information required by the Companies Ordance, 1984, in the manner so required, and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2017 and of the profit, 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, 2017

	Note	2017 Rupees	2016 Rupees
SHARE CAPITAL AND RESERVES			
Authorized capital 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		**665,000,000**	615,000,000
Unappropriated profit		**188,588,900**	178,853,010
		950,188,900	890,453,010
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	5	**4,651,532**	5,360,732
NON-CURRENT LIABILITIES			
Long-term finance	6	**298,279,000**	82,276,000
Deferred liabilities	7	**112,677,615**	95,163,619
		410,956,615	177,439,619
CURRENT LIABILITIES			
Trade and other payables	8	**245,146,191**	201,283,787
Interest accrued	9	**6,750,670**	6,607,566
Short-term borrowings	10	**430,438,779**	304,979,140
Current portion of long-term finance	6	**29,580,000**	50,205,540
		711,915,640	563,076,033
CONTINGENCIES AND COMMITMENTS	11		
		2,077,712,687	1,636,329,394

	Note	2017 Rupees	2016 Rupees
NON-CURRENT ASSETS			
Property, plant and equipment	12	**1,014,729,650**	799,161,315
Long-term loans	13	**906,748**	1,395,717
Long-term deposits	14	**30,069,081**	28,972,381
		1,045,705,479	829,529,413
CURRENT ASSETS			
Stores, spares and loose tools	15	**47,454,379**	50,290,708
Stock-in-trade	16	**420,201,356**	355,914,897
Trade debts	17	**260,427,200**	202,988,914
Loans and advances	18	**7,465,602**	1,393,797
Trade deposits and short-term prepayments	19	**1,034,563**	954,118
Other receivables	20	**24,699,983**	8,533,375
Taxation - net		**107,018,005**	74,553,864
Sales tax refundable		**149,613,696**	91,603,679
Other financial assets	21	**7,591,787**	7,425,268
Cash and bank balances	22	**6,500,637**	13,141,361
		1,032,007,208	806,799,981
		2,077,712,687	1,636,329,394

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

(M. Naeem)	(Amir Ahmed)	(Muneer Nawaz)
Chief Executive	Chief Financial Officer	Chairman

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

	Note	**2017 Rupees**	2016 Rupees
Sales - net	23	**3,498,780,590**	3,155,886,869
Cost of goods sold	24	**(3,170,420,816)**	(2,830,757,551)
Gross profit		**328,359,774**	325,129,318
Distribution expenses	25	**(69,142,693)**	(60,346,140)
Administrative expenses	26	**(101,300,630)**	(100,739,212)
Other operating expenses	27	**(9,570,645)**	(10,377,811)
Finance cost	28	**(38,589,580)**	(43,112,119)
		(218,603,548)	(214,575,282)
		109,756,226	110,554,036
Other income	29	**8,210,681**	5,958,782
Profit before taxation		**117,966,907**	116,512,818
Taxation	30	**(11,988,248)**	(17,654,480)
Profit after taxation		**105,978,659**	98,858,338
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit obligation		**(3,853,997)**	(4,285,217)
Less: Impact of deferred tax thereon		**409,641**	428,414
		(3,444,356)	(3,856,803)
Total comprehensive income for the year		**102,534,303**	95,001,535
Earnings per share - basic and diluted	31	**10.97**	10.23

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

(M. Naeem)	(Amir Ahmed)	(Muneer Nawaz)
Chief Executive	Chief Financial Officer	Chairman

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**117,966,907**	116,512,818
Adjustments for:			
Depreciation	12.2	**84,958,660**	84,194,696
Finance cost	28	**38,589,580**	43,112,119
Loss / (gain) on disposal of property, plant and equipment	29	**6,802,228**	(448,165)
Provision for gratuity and leave encashment	7.1.3 & 7.3	**19,204,543**	17,664,730
Provision against doubtful debts	17.4	**12,004,327**	16,707,390
Property and equipment written off		**250,231**	232,418
Stores and spares written off	27	**742,253**	1,742,597
Interest income	29	**(444,747)**	(466,855)
Stock in trade written off	16	**154,104**	9,900
Operating cash flows before movements in working capital		**280,228,086**	279,261,648
(Increase) / decrease in current assets			
Stores, spares and loose tools		**2,094,076**	(3,585,687)
Stock-in-trade		**(64,440,563)**	(60,021,048)
Trade debts		**(69,442,613)**	48,147,344
Loans and advances		**(6,071,805)**	2,120,271
Trade deposits and short-term prepayments		**(80,445)**	(316,718)
Other receivables		**(16,166,608)**	(2,347,171)
Sales tax refundable		**(58,010,017)**	(44,281,114)
Increase in current liabilities			
Trade and other payables		**45,341,479**	2,435,228
Cash generated from operations		**113,451,590**	221,412,753
Gratuity and leave encashment paid		**(11,789,675)**	(10,472,962)
Interest paid		**(38,446,476)**	(46,653,401)
Income tax paid		**(40,213,043)**	(27,449,489)
Net cash generated from operating activities		**23,002,396**	136,836,901
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(314,857,908)**	(26,130,011)
Proceeds from disposal of property, plant and equipment		**7,278,454**	1,599,950
Long-term loans		**488,969**	271,168
Increase in long-term deposits		**(1,096,700)**	(1,654,937)
Interest received		**444,747**	466,855
Net cash used in investing activities		**(307,742,438)**	(25,446,975)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of long-term finance		**(50,205,540)**	(101,623,541)
Long term finance obtained		**245,583,000**	8,327,000
Dividend paid		**(42,571,262)**	(23,713,876)
Short term borrowing obtained		**155,634,157**	-
Net cash generated from / (used) in financing activities		**308,440,355**	(117,010,417)
Net increase / (decrease) in cash and cash equivalents		**23,700,313**	(5,620,491)
Cash and cash equivalents at beginning of the year		**(284,412,511)**	(278,792,020)
Cash and cash equivalents at end of the year	32	**(260,712,198)**	(284,412,511)

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

(M. Naeem)	(Amir Ahmed)	(Muneer Nawaz)
Chief Executive	Chief Financial Officer	Chairman

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

	Note	Issued, subscribed and paid-up capital	Revenue reserve: General reserve	Revenue reserve: Unappropriated profit	Total
		………………	……… Rupees	………………	
Balance as at July 1, 2015		**96,600,000**	**590,000,000**	**132,403,138**	**819,003,138**
Total comprehensive income for the year ended June 30, 2016					
Profit after taxation		-	-	98,858,338	98,858,338
Other comprehensive income - net of tax		-	-	(3,856,803)	(3,856,803)
		-	-	95,001,535	95,001,535
Transferred from surplus on revaluation of property, plant and equipment on account of:					
- incremental depreciation net of deferred tax	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. 2.5 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**
Total comprehensive income for the year ended June 30, 2017					
Profit after taxation		-	-	105,978,659	105,978,659
Other comprehensive income - net of tax		-	-	(3,444,356)	(3,444,356)
		-	-	102,534,303	102,534,303
Transferred from surplus on revaluation of property, plant and equipment on account of:					
- incremental depreciation net of deferred tax	5	-	-	524,717	524,717
- disposal net of deferred tax		-	-	146,870	146,870
Transferred to general reserve		-	50,000,000	(50,000,000)	-
Transactions with owners					
Final dividend for the year ended June 30, 2016 @ Rs. 4.5 per share		-	-	(43,470,000)	(43,470,000)
Balance as at June 30, 2017		**96,600,000**	**665,000,000**	**188,588,900**	**950,188,900**

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

(M. Naeem)	(Amir Ahmed)	(Muneer Nawaz)
Chief Executive	Chief Financial Officer	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 repealed Companies Ordinance, 1984 (now Companies Act, 2017) as a public limited Company. The shares of the Company are quoted on Pakistan Stock Exchange Limited. 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.

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 repealed Companies Ordinance, 1984 (now Companies Act, 2017), provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984 shall prevail.

During the year, the Companies Act, 2017 was enacted on May 30, 2017 and came into force at once. Subsequently, The Securities and Exchange Commission of Pakistan has notified through Circular No. 17 of July 20, 2017 that companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Therefore, these financial statements have been prepared under the Companies Ordinance, 1984.

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 and

- 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 Amendments to standards that are effective for the year ended June 30, 2017

The following amendments effective for the year ended June 30, 2017. These amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments	**Effective date (accounting periods beginning on or after)**
Amendments to IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures' - Investment Entities: Applying the consolidation exception	January 01, 2016

Amendments	**Effective date (accounting periods beginning on or after)**
Amendments to IFRS 11 'Joint Arrangements' - Accounting for acquisitions of interests in joint operations	January 01, 2016
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure initiative	January 01, 2016
Amendments to IAS 16 'Property, Plant and Equipment' and IAS 38 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortization	January 01, 2016
Amendments to IAS 16 'Property, Plant and Equipment' and IAS 41 'Agriculture' - Measurement of bearer plants	January 01, 2016
Amendments to IAS 27 'Separate Financial Statements' - Equity method in separate financial statements	January 01, 2016

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

2.5 Amended standards and IFRIC interpretation to the existing standards that are not yet effective and have not been early adopted by the Company

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

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
- IFRS 17 – Insurance Contracts

During the year, the Companies Act, 2017 was enacted on May 30, 2017 and came into force at once. Subsequently, The Securities and Exchange Commission of Pakistan has notified through Circular No. 17 of July 20, 2017 that companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Therefore, these financial statements have been prepared under the Companies Ordinance, 1984.

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, 2017 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 profit and loss account. All actuarial gains and losses are recognized in ' other comprehensive income ' The valuation is carried out using the "Project unit Credit Method".

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 or Alternate Corporate Tax as defined in section 113C of the Income Tax Ordinance, 2001, 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 reporting 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 (Income taxes) issued by the 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 reporting date.

3.4 Trade and other payables

Liabilities for trade and other 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 reporting 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 freehold land and plant and machinery which 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 reporting 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 tax is transferred from "Surplus on revaluation of property, plant and equipment" to accumulated profits 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 property, plant and equipment 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 reporting 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 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 till 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 reporting 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 raw material 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 reporting 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 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently stated at amortized cost. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date. Exchange gains and losses arising in respect of borrowings in foreign currency are added in the carrying amount of the borrowing.

3.18 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.

3.19 Foreign currency transactions and 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 reporting date. Exchange differences on foreign currency transactions are included in the income currently.

3.20 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.

3.21 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.

3.22 Critical judgments and estimates in applying the accounting policies

The preparation of the financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make estimates, assumptions and use judgment that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses.

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. Areas where judgments and estimates made by the management that may have a significant effect on the amounts recognised in the financial statements are included in the following notes:

- 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

2017	2016		**2017**	2016
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 (2016: 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.

	Note	**2017 Rupees**	2016 Rupees
5. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
Surplus on revaluation of property, plant and equipment as at July 01		**5,956,214**	6,621,014
Transfer to unappropriated profit on account of:			
- incremental depreciation - net of deferred tax		**(524,717)**	(595,888)
- disposal - net of deferred tax		**(146,870)**	(2,449)
Related deferred tax liability		**(79,872)**	(66,463)
		(751,459)	(664,800)
Surplus on revaluation of property, plant and equipment as at June 30		**5,204,755**	5,956,214
Related deferred tax liability on:			
- revaluation surplus as at July 01		**(595,482)**	(674,823)
- (increase) / decrease in deferred tax for change in rate of deferred tax		**(37,613)**	12,878
Transfer to unappropriated profit on account of			
incremental depreciation - net of deferred tax		**62,405**	66,191
disposal - net of deferred tax		**17,467**	272
		42,259	79,341
		(553,223)	(595,482)
		4,651,532	5,360,732
6. LONG-TERM FINANCE			
Secured			
From banking companies		**327,859,000**	132,481,540
Less: Current portion shown under current liabilities	6.1	**(29,580,000)**	(50,205,540)
		298,279,000	82,276,000

6.1 Details and movement are as follows:

	Standard Chartered Bank Demand Finance - VI	Bank of Punjab Limited Term Finance	Bank Alfalah Limited Term Finance	2017 Total	2016 Total
	........Rupees........				
Balance at July 01	20,625,540	103,529,000	8,327,000	**132,481,540**	225,778,081
Obtained during the year	-	-	245,583,000	**245,583,000**	8,327,000
	20,625,540	103,529,000	253,910,000	**378,064,540**	234,105,081
Repaid during the year	(20,625,540)	(29,580,000)	-	**(50,205,540)**	(101,623,541)
	-	73,949,000	253,910,000	**327,859,000**	132,481,540
Payable within one year	-	(29,580,000)	-	**(29,580,000)**	(50,205,540)
Balance at June 30	-	44,369,000	253,910,000	**298,279,000**	82,276,000
Mark up rate (per annum)		SBP rate +120 bps (2016: SBP rate +120 bps)	SBP rate + 75 bps (2016: SBP rate + 75 bps)		
Installment repayable		Bi-annually	Bi-annually		
Mark up payable		Quarterly	Quarterly		
Loan period		5 years	10 years		
Grace period		1 year from last drawn date	2 year from last drawn date		
Sub-note		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.

7. DEFERRED LIABILITIES

	Note	2017 Rupees	2016 Rupees
Staff gratuity	7.1	**71,876,476**	61,082,613
Deferred taxation	7.2	**36,079,015**	29,833,884
Leave encashment	7.3	**4,722,124**	4,247,122
		112,677,615	95,163,619

7.1 Staff gratuity

		2017 Rupees	2016 Rupees
Liability recognized in the balance sheet		**71,876,476**	61,082,613

		Note	2017 Rupees	2016 Rupees
7.1.1	**Movement in liability during the year**			
	Balance as at July 01		**61,082,613**	49,855,297
	Charge for the year	7.1.3	**14,665,761**	13,833,149
	Remeasurement loss recognized in other comprehensive income	7.1.4	**3,853,997**	4,285,217
	Payments made during the year		**(7,725,895)**	(6,891,050)
	Balance as at June 30		**71,876,476**	61,082,613
7.1.2	**Changes in present value of defined benefit obligation**			
	Present value of defined benefit obligation on July 1		**61,082,613**	49,855,297
	Current service cost for the year	7.1.3	**10,517,335**	9,308,196
	Interest cost for the year	7.1.3	**4,148,426**	4,524,953
	Benefits paid during the year		**(7,725,895)**	(6,891,050)
	Actuarial losses arised during the year	7.1.4	**3,853,997**	4,285,217
	Present value of defined benefit obligation on June 30		**71,876,476**	61,082,613
7.1.3	**Expense recognized in profit or loss account**			
	Current service cost		**10,517,335**	9,308,196
	Interest cost		**4,148,426**	4,524,953
			14,665,761	13,833,149
7.1.4	**Remeasurement losses / (gains) recognized in other comprehensive income**			
	Actuarial losses / (gains) arised during the year			
	Changes in financial assumptions		**96,864**	(417,790)
	Experience adjustments		**3,757,133**	4,703,007
			3,853,997	4,285,217

7.1.5 The principal assumptions used in the actuarial valuations carried out as of June 30, 2017 using the 'Projected Unit Credit' method, are as follows:

	2017	2016
Discount rate per annum %	**7.75**	**7.25**
Expected annum rate of increase in future salaries %	**6.75**	**6.25**
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:

		2017	
		Increase / (decrease) in defined benefit obligation	
	Change in assumption	Increase in assumption	Decrease in assumption
		Rupees	Rupees
Discount rate	**1%**	**(4,368,823)**	**3,841,266**
Salary increase rate	**1%**	**4,530,087**	**(4,058,728)**

		2016	
		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
Salary increase rate	1%	3,830,641	(3,421,290)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of 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 Scheme exposes the Company to the actuarial risks such as:

Salary risk

The risk 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 risk

The risk 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, 2018 is Rs. 16,415,502.

7.1.9 The weighted average duration of the defined benefit obligation for the year ended June 30, 2017 is 6 years (2016: 6 years).

7.1.10 The expected maturity analysis of undiscounted benefit obligation is:

	2017	2016
	Undiscounted payments	
	---------------Rupees---------------	
Less than a year	21,978,856	20,509,614
Between 1 to 2 years	10,608,596	7,584,082
Between 2 to 3 years	7,329,564	8,396,365
Between 3 to 4 years	7,638,934	5,857,301
Between 4 to 5 years	6,334,732	6,173,129
Between 6 to 10 years	48,108,019	40,686,609
11 years and above	235,649,395	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, 2017					
Deferred tax liabilities on taxable temporary differences arising in respect of:					
- property, plant and equipment - owned assets	**42,932,124**	**9,626,072**	**-**	**-**	**52,558,196**
- surplus on revaluation of property, plant and equipment	**595,482**	**(79,872)**	-	**37,613**	**553,223**
	43,527,606	**9,546,200**	**-**	**37,613**	**53,111,419**
Deferred tax assets on deductible temporary differences arising in respect of:					
- staff gratuity	**(6,531,340)**	**(1,200,683)**	**(409,641)**	**-**	**(8,141,664)**
- provision for doubtful debts	**(7,162,382)**	**(1,728,358)**	**-**	**-**	**(8,890,740)**
	(13,693,722)	**(2,929,041)**	**(409,641)**	**-**	**(17,032,404)**
	29,833,884	**6,617,159**	**(409,641)**	**37,613**	**36,079,015**
Movement for the year ended June 30, 2016					
Deferred tax liabilities on taxable temporary differences arising in respect of:					
- property, plant and equipment - owned assets	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)
- provision for 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

		Note	2017 Rupees	2016 Rupees
7.3	**Leave encashment**			
	Balance as at July 01		**4,247,122**	3,997,453
	Provision during the year		**4,538,782**	3,831,581
	Paid during the year		**(4,063,780)**	(3,581,912)
	Balance as at June 30		**4,722,124**	4,247,122

		Note	2017 Rupees	2016 Rupees
8.	**TRADE AND OTHER PAYABLES**			
	Creditors		**143,879,372**	105,897,259
	Accrued liabilities		**78,446,033**	68,877,758
	Advance from customers		**873,229**	4,912,617
	Due to an associated undertaking	8.1	**107,499**	204,500
	Workers' Profit Participation Fund	8.3	**6,335,495**	6,257,401
	Workers' Welfare Fund	8.2	**2,407,488**	2,377,813
	Unpaid and unclaimed dividend		**8,773,646**	7,874,908
	Retention payable		**1,271,445**	709,214
	Withheld sales tax		**122,882**	1,774,098
	Others		**2,929,102**	2,398,219
			245,146,191	201,283,787

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

8.2 During the year, the Supreme Court of Pakistan through its order dated November 10, 2016 decided that the changes to the WWF Ordinance, 1971 made through Finance Acts, 2006 and 2008 were ultra vires to the constitution of Pakistan. However, the taxation authorities have proceeded to file a review petition against the order of Supreme Court of Pakistan. The Company has therefore decided to carry provision in this respect.

		Note	2017 Rupees	2016 Rupees
8.3	**Workers' Profit Participation Fund**			
	Balance as at July 01		**6,257,401**	3,989,749
	Interest on funds utilized in the Company's business @ 33.75% (2016: 18.75%)	28	**260,368**	75,626
			6,517,769	4,065,375
	Payments made during the year		**(6,517,769)**	(4,065,375)
			-	-
	Allocation for the year	27	**6,335,495**	6,257,401
	Balance as at June 30		**6,335,495**	6,257,401
9.	**INTEREST ACCRUED**			
	Interest accrued on:			
	- Long-term finance		**3,368,678**	2,600,089
	- Running finances		**2,236,495**	2,614,152
	- Musharaka finance		**1,145,497**	1,393,325
			6,750,670	6,607,566
10.	**SHORT-TERM BORROWINGS**			
	Banking companies- secured			
	Running finances under markup arrangement	10.1	**263,232,919**	304,979,140
	FE-25 loan	10.2	**155,634,157**	-
	Musharaka finance	10.3	**11,571,703**	-
			430,438,779	304,979,140

10.1 The Company can avail finance facilities from various banks aggregating to Rs. 1,260 million (2016: Rs. 1,345 million). The unavailed facilities as at year end were Rs. 985 million (2016: Rs. 1,040 million). The facilities are secured by hypothecation of stocks and book debts and first pari passu charge over fixed assets. These are subject to mark-up ranging from KIBOR plus 0.25% to 1.5% per annum (2016: KIBOR plus 0.05% to 1.5% per annum).

10.2 This includes financing against packing credit - foreign currency facilities amounting to US$ 1,485,234 which have been obtained for working capital requirements. These are subject to markup rate of 1.75% per annum. The facility will expire by November 30, 2017. This facility is secured against lien on export bills drawn under letters of credit.

10.3 The Company can avail finance facily under musharakah of Rs. 200 million (2016: 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 (2016: KIBOR plus 0.35% per annum).

	2017 Rupees	2016 Rupees
11. CONTINGENCIES AND COMMITMENTS		
Contingencies		
Guarantees issued by banks on behalf of the Company in favor of Sui Northern Gas Pipelines Limited (SNGPL)	**20,400,000**	20,400,000
Bills discounted with recourse	**115,216,407**	152,899,262
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	**710,515,286**	510,343,247

11.1 Gas Infrastructure Development (GID) Cess was levied with effect from December 15, 2011 and was chargeable from industrial gas customers at different rates as prescribed by the Federal Government through OGRA notification.On June 13, 2013, the Honorable Peshawar High Court declared the levy, imposition and recovery of the Cess unconstitutional with the direction to refund the "Cess" so far collected. Honorable Supreme Court of Pakistan vide its findings dated August 22, 2014, concluded that GID Cess is a fee and not a tax and on either count the "Cess" could not have been introduced through a money bill under Article 73 of the Constitution and the same was, therefore, not validly levied in accordance with the Constitution.

However, on September 25, 2014, the President of Pakistan promulgated GID Cess Ordinance 2014, which was applicable to whole of Pakistan and has to be complied by all parties.On September 29, 2014, the Honorable Sindh High Court gave a stay order to various parties against the promulgation of Presidential order dated September 25, 2014.

On May 22, 2015, the GID Cess Act was passed by Parliament applicable on all consumers. Following the imposition of the said Act, many consumers filed a petition in Honorable Sindh High Court and obtained stay order against Act passed by the Parliament.

On October 26, 2016, the High Court of Sindh held that enactment of GIDC Act 2015 is ultra-vires to the Constitution of Pakistan. Sui Southern Gas Company Limited has filed an intra-court appeal before the Divisional Bench of High Court of Sindh which is pending adjudication.

In June 2017, OGRA revised the RLNG tariff retrospectively. On the basis of retrospective tariff determination, the Company received demand amounting to Rs 10.216 million.

In view of the above aforementioned developements, the Company has filed various law suits in Sindh and Lahore High Courts against charge of Gas Infrastructure Development Cess and RLNG tariff arrears. The Financial exposure of the Company upto June 30, 2017 in respect of these cases is Rs 64.429 million (2016: 53.303 million) and 10.216 million (2016:Nil) respectively. In view of the advice of legal council, the management is confident that the subject matters will be decided in favour of the company. However the management on prudent basis has recognized provision of Rs 10.216 million in respect of RLNG tariff arrears.

	Note	**2017 Rupees**	2016 Rupees
12. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	12.1	**1,004,834,384**	786,770,636
Capital work in progress	12.6	**9,895,266**	12,390,679
		1,014,729,650	799,161,315

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 ended June 30, 2017											
As at July 01, 2016											
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**
Additions / transfer from CWIP	**-**	**13,508,692**	**-**	**152,576**	**299,485,928**	**41,999**	**630,511**	**976,300**	**2,557,315**	**-**	**317,353,321**
Disposals	**-**	**-**	**-**	**-**	**(73,000,954)**	**-**	**(72,000)**	**(572,414)**	**-**	**-**	**(73,645,368)**
Write off	**-**	**-**	**-**	**-**	**(2,402,307)**	**-**	**(96,248)**	**(355,500)**	**-**	**-**	**(2,854,055)**
Depreciation charge for the year	**-**	**(6,103,412)**	**(917,754)**	**(642,512)**	**(72,559,065)**	**(704,840)**	**(354,208)**	**(511,982)**	**(3,164,072)**	**(815)**	**(84,958,660)**
Accumulated depreciation on disposals / write off	**-**	**-**	**-**	**-**	**61,368,397**	**-**	**97,699**	**702,414**	**-**	**-**	**62,168,510**
Closing net book value	**31,121,190**	**66,417,397**	**8,259,770**	**12,297,586**	**862,743,437**	**6,360,894**	**3,427,231**	**1,326,070**	**12,873,480**	**7,329**	**1,004,834,384**
As at June 30, 2017											
Cost / revalued amount	**31,121,190**	**175,337,419**	**33,383,890**	**20,617,154**	**1,628,802,343**	**10,978,161**	**6,351,371**	**4,971,788**	**32,253,473**	**80,470**	**1,943,897,259**
Accumulated depreciation	**-**	**(108,920,022)**	**(25,124,120)**	**(8,319,568)**	**(766,058,906)**	**(4,617,267)**	**(2,924,140)**	**(3,645,718)**	**(19,379,993)**	**(73,141)**	**(939,062,875)**
Net book value	**31,121,190**	**66,417,397**	**8,259,770**	**12,297,586**	**862,743,437**	**6,360,894**	**3,427,231**	**1,326,070**	**12,873,480**	**7,329**	**1,004,834,384**
Depreciation rate	-	10%	10%	5%	10%	10%	10%	30%	20%	10%	
*** Revalued amount**											
Year ended June 30, 2016											
As at July 01, 2015											
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 from CWIP	-	-	-	-	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)
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 dispos	-	-	-	-	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, 2016											
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%	

* Revalued amount

		Note	2017 Rupees	2016 Rupees
12.2	The depreciation charge for the year has been allocated as follows:			
	Cost of goods sold	24	**79,687,240**	79,096,187
	Distribution cost	25	**535,503**	560,388
	Administrative expenses	26	**4,735,917**	4,538,121
			84,958,660	84,194,696

12.3 The last revaluation of Company's plant and machinery was carried out by independent valuer M/s Asif Associate (Private) Limited in February 2015 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 plant and machinery would have been as follows:

	2017 Rupees	2016 Rupees
Cost	**1,613,088,973**	1,388,535,830
Accumulated depreciation	**(755,550,291)**	(744,640,693)
Written down value	**857,538,682**	643,895,137

12.5 Disposal and write off of property, plant and equipment

Particulars	Cost/ Revalued amount	Accumulated depreciation	Written down value	Sales proceeds	Mode of disposal	Name of buyers
Machineries	73,000,954	59,130,912	13,870,042	7,045,454	Negotiation	Seiko Enterprises *
Machineries	2,402,307	2,237,485	164,822	-	Written off	N/A
Equipment and installations	72,000	29,035	42,965	35,000	Negotiation	Roneo Photocopier *
Equipment and installations	96,248	68,664	27,584	-	Written off	N/A
Computer equipment	572,414	404,739	167,675	198,000	Negotiation	Employees
Computer equipment	355,500	297,675	57,825	-	Written off	N/A
June 30, 2017	**76,499,423**	**62,168,510**	**14,330,913**	**7,278,454**		
June 30, 2016	8,351,679	6,967,476	1,384,203	1,599,950		

* M/s Seiko Enterprises, Plot # D-19, SITE, Karachi.

* M/s Roneo Photocopier, Noor Impex 151, Napier Road, Lahore.

12.6 Capital work in progress

	Vehicles	Civil work	Plant and machinery	Total
	……………………. Rupees			………………………
As at July 1, 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**
Additions	226,573	17,943,413	291,601,616	**309,771,602**
Transferred to operating assets	(2,557,315)	(13,508,692)	(296,201,008)	**(312,267,015)**
As at June 30, 2017	-	5,211,716	4,683,550	**9,895,266**

	Note	2017 Rupees	2016 Rupees
13. LONG-TERM LOANS			
Considered good - unsecured			
Loan to employees		**1,464,532**	1,891,989
Less: Recoverable within one year shown under current assets	18	**(557,784)**	(496,272)
	13.1	**906,748**	1,395,717

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

	2017 Rupees	2016 Rupees
Balance at July 1,	**1,891,989**	2,031,893
Disbursements during the year	**150,000**	307,224
	2,041,989	2,339,117
Received during the year	**(577,457)**	(447,128)
Balance at June 30,	**1,464,532**	1,891,989
Current portion of long term loans	**(557,784)**	(496,272)
	906,748	1,395,717

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 4.5% (2016: 5.08%) per annum.

14. LONG-TERM DEPOSITS

	2017 Rupees	2016 Rupees
Security deposits against:		
Utilities	**29,984,081**	28,887,381
Others	**85,000**	85,000
	30,069,081	28,972,381

		Note	2017 Rupees	2016 Rupees
15.	**STORES, SPARES AND LOOSE TOOLS**			
	Stores		**24,860,982**	24,280,540
	Spares		**19,126,565**	22,656,784
	Loose tools		**3,466,832**	3,353,384
			47,454,379	50,290,708
	Provision for obsolete stores and spares			
	Provision made during the year		**742,253**	1,742,597
	Written off during the year	27	**(742,253)**	(1,742,597)
			-	-
	Balance as at June 30		**47,454,379**	50,290,708
16.	**STOCK-IN-TRADE**			
	Raw and packing materials			
	in hand	24	**110,335,884**	110,849,310
	in transit		**15,467,330**	-
	Work-in-process	24	**60,632,196**	48,219,644
	Finished goods	24	**233,765,946**	196,845,943
			420,201,356	355,914,897
	Provision for obsolete raw material			
	Provision made during the year		**154,104**	9,900
	Written off during the year		**(154,104)**	(9,900)
	Balance as at June 30		**-**	-
			420,201,356	355,914,897
17.	**TRADE DEBTS**			
	Secured - considered good			
	Export	17.1 & 17.2	**70,593,339**	54,670,273
	Unsecured - considered good			
	Local		**189,833,861**	148,318,641
	Unsecured - considered doubtful			
	Local		**83,646,059**	71,641,732
	Provision for doubtful debts	17.4	**(83,646,059)**	(71,641,732)
			-	-
		17.3	**260,427,200**	202,988,914

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

17.2 It includes receivable from FGE LLC (a related party) amounting to Rs 4,953,210 (2016:Nil).

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

		Note	2017 Rupees	2016 Rupees
17.4	**Movement of provision for doubtful debts**			
	Balance as at July 01		**71,641,732**	54,934,342
	Provision made during the year	26	**20,207,390**	20,207,390
	Recovery of doubtful debts	29	**(8,203,063)**	(3,500,000)
			12,004,327	16,707,390
	Balance as at June 30		**83,646,059**	71,641,732

As at June 30, 2017, trade debts aggregating Rs. 77.7 million (2016: Rs. 64.49 million) were past due for which the Company has not made any provision. Based on past experience, past track record of recoveries, management believes that the said past due trade debts do not require provision for impairment.

		Note	2017 Rupees	2016 Rupees
18.	**LOANS AND ADVANCES**			
	Advances - considered good			
	Employees		**241,920**	333,609
	Suppliers and contractors		**6,665,898**	563,916
			6,907,818	897,525
	Current portion of long-term loans to employees	13	**557,784**	496,272
			7,465,602	1,393,797
19.	**TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS**			
	Trade deposits against container		**500,000**	691,000
	Short-term prepayments			
	Subscription		**431,261**	263,118
	Insurance		**103,302**	-
			534,563	263,118
			1,034,563	954,118
20.	**OTHER RECEIVABLES**			
	Considered good			
	Export rebate		**24,661,623**	5,901,032
	Insurance claim		**-**	2,285,503
	Others		**38,360**	346,840
			24,699,983	8,533,375
21.	**OTHER FINANCIAL ASSETS**			
	Investment - held-to-maturity			
	- Treasury Bills	21.1	**7,591,787**	7,425,268

21.1 This represents investment made in 3 months treasury bills having maturity date August 17, 2017 with a mark-up rate of 5.99% per annum (2016: 5.95% per annum).

		Note	2017 Rupees	2016 Rupees
22.	**CASH AND BANK BALANCES**			
	Cash at bank			
	- current accounts		**6,127,747**	9,687,162
	- savings account		**-**	476,412
	Cash in hand		**372,890**	2,977,787
			6,500,637	13,141,361
23.	**SALES - NET**			
	Export		**1,400,732,130**	1,389,007,690
	Indirect export		**865,504,851**	965,449,691
	Local		**1,254,800,471**	899,998,170
			3,521,037,452	3,254,455,551
	Export rebate		**19,198,915**	715,151
	Waste sales		**9,905,072**	8,303,512
			3,550,141,439	3,263,474,214
	Less sales tax		**-**	(54,647,145)
			3,550,141,439	3,208,827,069
	Commission		**(51,360,849)**	(52,940,200)
			3,498,780,590	3,155,886,869
24.	**COST OF GOODS SOLD**			
	Raw and packing materials	24.1	**2,633,263,541**	2,288,011,962
	Stores and spares	24.2	**38,300,819**	31,643,924
	Manufacturing expenses			
	Salaries, wages and benefits	24.3	**181,525,698**	168,755,157
	Director's remuneration		**5,294,300**	4,515,200
	Fuel and power		**269,017,086**	250,371,010
	Repairs and maintenance		**1,850,989**	2,169,509
	Insurance		**5,642,388**	5,546,520
	Depreciation	12.2	**79,687,240**	79,096,187
	Raw material written off	16	**154,104**	-
	Plant and machinery written off		**164,822**	232,418
	Others		**917,420**	994,799
			3,215,818,407	2,831,336,686
	Work-in-process			
	Opening stock		**48,219,644**	29,838,660
	Closing stock	16	**(60,632,196)**	(48,219,644)
			(12,412,552)	(18,380,984)
	Cost of goods manufactured		**3,203,405,855**	2,812,955,702
	Finished goods			
	Opening stock		**196,845,943**	202,931,409
	Purchase of finished goods		**398,740**	8,521,034
	Sale of purchased finished goods		**(1,060,750)**	-
	Closing stock	16	**(233,765,946)**	(196,845,943)
			(37,582,013)	14,606,500
			3,165,823,842	2,827,562,202
	Outside processing charges		**4,596,974**	3,195,349
			3,170,420,816	2,830,757,551

		Note	2017 Rupees	2016 Rupees
24.1	**Raw and packing materials consumed**			
	Opening stock		**110,849,310**	63,121,550
	Purchases		**2,632,750,115**	2,335,739,722
			2,743,599,425	2,398,861,272
	Closing stock	16	**(110,335,884)**	(110,849,310)
			2,633,263,541	2,288,011,962
24.2	**Stores and spares consumed**			
	Opening stock		**50,290,708**	48,447,618
	Purchases and related expenses		**35,464,490**	33,487,014
			85,755,198	81,934,632
	Closing stock	15	**(47,454,379)**	(50,290,708)
			38,300,819	31,643,924

24.3 Salaries, wages and benefits include Rs. 9,128,395 (2016: Rs. 8,786,192) in respect of staff retirement gratuity.

		Note	2017 Rupees	2016 Rupees
25.	**DISTRIBUTION COST**			
	Export related			
	Ocean freight		**32,324,828**	27,957,528
	Insurance		**763,391**	995,436
	Forwarding		**177,200**	166,000
	Export duty		**3,719,213**	3,553,487
	Entertainment		**18,885**	4,005
	Postage and courier		**268,786**	176,804
	Fees and subscription		**1,110,200**	529,520
	Travelling and conveyance		**3,277,888**	3,837,282
	Other		**773,554**	939,222
			42,433,945	38,159,284
	Local			
	Salaries and benefits	25.1	**20,533,622**	17,134,711
	Local freight		**2,505,237**	1,654,148
	Travelling and conveyance		**539,944**	394,877
	Sales promotion		**493,272**	539,341
	Marketing office		**1,599,499**	1,531,965
	Depreciation	12.2	**535,503**	560,388
	Insurance		**39,840**	36,852
	Other		**461,831**	334,574
			26,708,748	22,186,856
			69,142,693	60,346,140

25.1 Salaries and benefits include Rs. 2,660,833 (2016: Rs. 1,742,266) in respect of staff retirement gratuity.

		Note	2017 Rupees	2016 Rupees
26.	**ADMINISTRATIVE EXPENSES**			
	Salaries and benefits	26.1	**49,038,445**	46,226,767
	Director's remuneration		**10,060,000**	9,430,000
	Provision for doubtful debts	17.4	**20,207,390**	20,207,390
	Travelling and conveyance		**1,136,645**	1,188,147
	Vehicles running and maintenance		**3,878,639**	3,665,923
	Telephone and fax		**709,050**	719,816
	Postage and courier		**226,140**	248,332
	Printing and stationery		**1,475,806**	1,461,502
	Computer expenses		**735,452**	889,405
	Rent, rates and taxes		**728,503**	955,178
	Repairs and maintenance		**608,789**	447,666
	Insurance		**1,055,156**	1,006,421
	Auditors' remuneration	26.3	**853,200**	746,500
	Legal and professional		**1,013,350**	4,020,566
	Advertising		**103,875**	68,558
	Entertainment		**216,598**	242,292
	Fees and subscription		**2,447,629**	2,680,609
	Donations	26.2	**100,000**	-
	Depreciation	12.2	**4,735,917**	4,538,121
	Share registrar services		**150,110**	123,569
	Other		**1,819,936**	1,872,450
			101,300,630	100,739,212

26.1 Salaries and benefits include Rs. 2,876,533 (2016: Rs. 3,304,691) in respect of staff retirement gratuity .

26.2 None of the directors and their spouses had any interest in the donee's fund.

		Note	2017 Rupees	2016 Rupees
26.3	**Auditors' remuneration**			
	Audit fee		**575,000**	525,000
	Half yearly review fee		**75,000**	75,000
	Review of statement of compliance and other certifications		**75,000**	75,000
	Out of pocket expenses		**128,200**	71,500
			853,200	746,500
27.	**OTHER OPERATING EXPENSES**			
	Workers’ Profit Participation Fund	8.3	**6,335,495**	6,257,401
	Workers Welfare Fund		**2,407,488**	2,377,813
	Property and equipment written off		**85,409**	-
	Stores and spares written off	15	**742,253**	1,742,597
			9,570,645	10,377,811

		Note	2017 Rupees	2016 Rupees
28.	**FINANCE COST**			
	Mark-up on:			
	Long-term finance		**11,629,873**	14,349,758
	Short-term borrowings under markup arrangement		**13,832,954**	13,110,833
	Short-term borrowings under musharka finance		**5,634,943**	6,942,209
	Discounting charges		**4,088,639**	5,944,074
	Interest on Workers' Profit Participation Fund	8.3	**260,368**	75,626
	Bank charges and commission		**3,142,803**	2,689,619
			38,589,580	43,112,119
29.	**OTHER INCOME**			
	Recovery of doubtful debts	17.4	**8,203,063**	3,500,000
	Income from financial assets			
	Return on bank deposits		**15,893**	6,671
	Interest on Treasury Bills		**428,854**	460,184
	Income from other than financial assets			
	Net (loss) / income from trading	29.1	**(36,762)**	71,147
	Exchange gain		**6,401,861**	1,472,615
	(Loss) / gain on disposal of property, plant and equipment		**(6,802,228)**	448,165
			8,210,681	5,958,782
29.1	**Net (loss) / income from trading**			
	Sales - Local		**1,025,650**	1,206,162
	Cost - Purchases and related expenses		**(1,062,412)**	(1,135,015)
			(36,762)	71,147
30.	**TAXATION**			
	Current			
	for the year		**5,371,089**	29,787,997
	for prior years		**-**	(6,495,649)
	Deferred		**6,617,159**	(5,637,868)
		30.1	**11,988,248**	17,654,480

30.1 The numerical reconciliation between the tax expense and accounting profit has not been presented as the total income of the Company attracted minimum tax under Section 113 of the Income Tax Ordinance, 2001 and its export sales fall under final tax regime.

30.2 The return of income for the tax year 2016, 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 An amended assessment order pertaining to the tax year 2011 was made 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 filed appeal against the said order to Income Tax Appellate Tribunal (ITAT) which is pending for hearing. No provision against the said demand has been made based on the tax advisor's opinion who expects a favorable outcome.

The Commissioner Inland Revenue, Zone-III, RTO, Lahore passed amended assessment orders under Section 122(5A) of the Income Tax Ordinance, 2001 pertaining to the tax years 2010, 2011 and 2013 raising additional demands of Rs. 65.22 million in aggregate. The Company filed appeals against the orders, the Commissioner Inland Revenue (Appeals-III), Lahore has confirmed the orders passed by the Commissioner Inland Revenue. The Company filed rectification applications under Section 221 of the Income Ordinance, 2001 and after allowing certain rectifications the remaining outstanding demand of Rs 46.55 million has been adjusted by tax department against refund available to the company. The Company has filed appeals for all three years before the Appellate Tribunal Inland Revenue, Lahore which are pending for hearing. 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 these cases will be in favour of the Company

31. EARNINGS PER SHARE - BASIC AND DILUTED

		2017	2016
Profit after taxation for the year	Rupees	**105,978,659**	98,858,338
Weighted average number of ordinary shares in issue	Number	**9,660,000**	9,660,000
Earnings per share - basic and diluted	Rupees	**10.97**	10.23

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

32. CASH AND CASH EQUIVALENTS

	Note	2017 Rupees	2016 Rupees
Running finances	10	**(274,804,622)**	(304,979,140)
Other financial asset	21	**7,591,787**	7,425,268
Cash and bank balances	22	**6,500,637**	13,141,361
		(260,712,198)	(284,412,511)

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2017			2016		
	Chief Executive	Executive Director	Executives	Chief Executive	Executive Director	Executives
	Rupees					
Remuneration	**3,840,000**	**2,569,200**	**20,171,225**	3,840,000	2,248,800	14,879,605
Bonus	**650,000**	**281,100**	**2,101,300**	440,000	254,100	1,776,500
Retirement benefits	**650,000**	**321,100**	**2,521,400**	650,000	281,100	1,779,900
House rent	**1,800,000**	**770,160**	**6,051,378**	1,800,000	674,640	4,463,867
Ex-gratia	**960,000**	**588,900**	**4,414,368**	540,000	356,800	2,537,549
Medical	**1,080,000**	**256,920**	**2,017,099**	1,080,000	224,880	1,487,664
Utilities	**1,080,000**	**256,920**	**2,017,099**	1,080,000	224,880	1,487,664
Performance reward	**-**	**250,000**	**2,290,000**	-	250,000	2,090,000
Leave encashment	**-**	**-**	**1,229,340**	-	-	944,590
	10,060,000	**5,294,300**	**42,813,209**	9,430,000	4,515,200	31,447,339
Number of persons	**1**	**1**	**19**	1	1	15

33.1 In addition, the Chief Executive is provided with Company owned and maintained car for personal and official use.

33.2 In addition, the Executive Director and Executives are provided with Company's owned and maintained cars for official use.

33.3 Fee paid to other non-executive directors during the year on account of meeting fee amounted to Rs. 875,000 (2016: Rs.850,000) .

34. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated undertakings, 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 under payables in note 8.
- Remuneration of key management personnel is disclosed in note 33.
- Due from other related party under trade debts in note 17

Other significant transactions with related parties are as follows:

Relationship with the Company	Name	Nature of transactions	2017 Rupees	2016 Rupees
Associated undertakings	Shahnawaz (Private) Limited	Computers, computer supplies and others purchases	**870,649**	108,600
		Services received for office facility	**650,532**	670,531
		Software development charges	**107,500**	232,500
		Services received for vehicle repairs and other computer related	**4,524**	52,376
	Shahtaj Sugar Mills Limited	Dividend paid	**5,175,000**	2,875,000
	Shezan International Limited	Purchase of goods	**197,256**	32,617
	Information System Associate Limited	Website maintenance	**36,000**	32,775
Other related parties	FGE LLC (a related party)	Sale of fabric	**20,020,605**	-
		Commission on sales	**4,478,988**	1,052,392
Directors		Dividend paid	**9,016,808**	5,009,338

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

35.1 Financial instruments by category

	2017 Rupees	2016 Rupees
Financial assets as per balance sheet		
Held to maturity		
Other financial assets	**7,591,787**	7,425,268
Loans and receivables at amortized cost		
Long-term loans	**906,748**	1,395,717
Long-term deposits	**30,069,081**	28,972,381
Trade debts	**260,427,200**	202,988,914
Loans and advances	**799,704**	829,881
Trade deposits	**500,000**	691,000
Other receivables	**38,360**	346,840
Cash and bank balances	**6,500,637**	13,141,361
	299,241,730	248,366,094

Financial liabilities as per balance sheet

Financial liabilities measured at amortized cost

Long-term financing	**327,859,000**	132,481,540
Trade and other payables	**235,407,097**	185,961,858
Interest accrued	**6,750,670**	6,607,566
Short-term borrowings	**430,438,779**	304,979,140
	1,000,455,546	630,030,104

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 foreign customers which exposes it to currency risk. As at June 30, 2017, financial assets include Rs. 70.59 million (2016: Rs. 54.62 million) equivalent to US$ 0.60 million and Euro 0.06 million (2016: US$ 0.6 million) and financial liabilities include foreign commission and trade payable amounting to Rs. 25.96 million (2016: Rs. 17.45 million) equivalent to US$ 0.2 million and Euro 0.04 (2016: US$ 0.17 million). The average rates applied during the year is Rs. 104.73 / US $ and Rs. 114.19 / Euro (2016: Rs. 103.39 /US $) and the spot rate as at June 30, 2017 was Rs. 104.9 / US$ and Rs. 120.03 / Euro (2016: Rs. 104.7 /US$).

At June 30, 2017, if the Pakistani Rupee had weakened / strengthened by 10% against the US Dollar and Euro with all other variables held constant, profit for the year would have been lower / higher by Rs. 4.42 million (2016: Rs. 4.5 million), mainly as a result of foreign exchange losses / gains on translation of US Dollar and Euro -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. 758.2 million (financial liabilities on a net basis) (2016: Rs. 436.9 million). These are benchmarked to variable rates which exposes the Company to cash flow interest rate risk only.

	Carrying amount	
Variable rate instruments	**2017**	2016
Financial assets		
- Bank balances - Saving accounts	**-**	476,412
Financial liabilities		
- Long term finance	**327,859,000**	132,481,540
- Short term borrowings	**430,438,779**	304,979,140
	758,297,779	437,460,680
Net financial liabilities at variable interest rates	**(758,297,779)**	(436,984,268)

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. 7.58 million (2016: Rs. 4.37 million). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for 2016.

Fixed rate instruments

The Company does not have any fixed rate instrument as at June 30, 2017.

(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. 306.833 million (2016: Rs. 255.791 million), the financial assets which are subject to credit risk amounted to Rs. 298.868 million (2016: Rs. 245.388 million).

The Company is exposed to credit risk from its operating activities (primarily balances with banks, 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. The names and credit rating of major banks where the Company maintains its bank balances are as follows:

Credit risk related to receivables

The Company's main credit exposure is with trade debts. 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 21% (2016: 20%) 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 81% (2016: 77%) of the total trade debts as at year end.

The total exposure of the Company in trade debts is Rs. 344.073 million (2016: Rs. 274.63 million), 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 debts, which are neither overdue nor impaired, is Rs. 182.416 million (2016: Rs. 138.49 million).

Trade debts, which have crossed their credit days limits, amounting to Rs. 161.357 million (2016: Rs. 136.14 million) for which the Company has provided Rs. 83.646 million (2016: 71.64 million) and the remaining amounts are still considered recoverable.

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

	2017 Rupees	2016 Rupees
Less than 1 month	**66,285,905**	32,949,096
1 - 3 months	**5,098,140**	4,550,984
3 - 6 months	**-**	1,379,601
6 months - 1 year	**710,527**	177,269
1 - 3 years	**120,101**	96,234
Over 3 years	**5,495,887**	25,342,420
	77,710,560	64,495,604

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

	2017 Rupees	2016 Rupees
Over 3 Years	**83,646,059**	71,641,732

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. 71% of the Company's long-term and short-term debt will mature in less than one year at June 30, 2017 (2016: 81%) 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. 1,030 million (2016: Rs. 1,431 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.

	2017				
	Long-term finance	**Short-term borrowings**	**Trade and other payables**	**Interest accrued**	**Total**
	Rupees				
Within 1 year	**29,580,000**	**430,438,779**	**235,407,097**	**6,750,670**	**702,176,546**
1 - 5 years	**298,279,000**	**-**	**-**	**-**	**298,279,000**
	327,859,000	**430,438,779**	**235,407,097**	**6,750,670**	**1,000,455,546**
Weighted average effective rate of interest	**5.1%**	**5.3%**	**-**	**-**	**-**

	2016				
	Long-term finance	Short-term borrowings	Trade and other payables	Interest accrued	Total
	Rupees				
Within 1 year	50,205,540	304,979,140	185,961,858	6,607,566	547,754,104
1 - 5 years	82,276,000	-	-	-	82,276,000
	132,481,540	304,979,140	185,961,858	6,607,566	630,030,104
Weighted average effective rate of interest	7.19%	7.39%	-	-	-

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. Fair values of financial assets and liabilities

36.1 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.

36.2 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, 2017, other financial assets was categorized in level 2 (2016: Level 2).

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

36.3 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 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 plant and machinery and information about the fair value hierarchy as at end of June 30, 2017 are as follows:

	June 30, 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
	----------Rupees----------			
Plant and machinery	-	862,743,437	-	862,743,437

	June 30, 2016			
	Level 1	**Level 2**	**Level 3**	**Total**
	----------Rupees----------			
Plant and machinery	-	649,851,438	-	649,851,438

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:

	2017 Rupees	2016 Rupees
Total borrowings	**758,297,779**	437,460,680
Less: Cash and bank balances	**(6,500,637)**	(13,141,361)
Net debt	**751,797,142**	424,319,319
Total equity	**950,188,900**	890,453,010
Total capital employed	**1,701,986,042**	1,314,772,329
Gearing ratio	**44%**	32%

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

38. OPERATING SEGMENT

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

Revenue from sales of fabric represents 99.97% (2016: 99.96%) of total revenue whereas, remaining represents revenue from trading.

All non current assets of the Company as at June 30, 2017 are located in Pakistan.

60% (2016: 57%) of sales of fabric are local and indirect export sales whereas 40% (2016: 43%) of sales are export / foreign sales. All sales were made to external customers.

Revenue from three major customers of the Company represent 45% (2016: 33%) of total revenue of the Company.

39. PLANT CAPACITY AND ACTUAL PRODUCTION

	Note	**2017**	2016
Number of looms installed	39.1	**178**	174
Number of looms worked		**178**	174
100% Plant capacity at 60 picks (Sq. Meters)		**62,649,507**	61,864,504
Actual production converted to 60 picks (Sq. Meters)	39.2	**55,698,858**	54,548,813
Shifts per day (12 hours)		**2**	2
Number of days worked during the year		**365**	359

39.1 The Company has installed 22 new looms and disposed off 18 looms in the third quarter.

39.2 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

	2017	2016
As at the year end	574	580
Average number of employees during the year	577	585

41. EVENTS AFTER THE REPORTING PERIOD

Subsequent to year end, the directors propose to pay cash dividend of Rs.5.00 (2016: Rs. 4.50) 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.

42. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the Board of Directors of the Company and authorized for issue on September 27, 2017 .

43. GENERAL

Figures have been rounded off to the nearest Rupee.

(M. Naeem) Chief Executive	(Amir Ahmed) Chief Financial Officer	(Muneer Nawaz) Chairman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SECP

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 28th Annual General Meeting of the Company to be held on Thursday 26th October, 2017 and at any adjournment thereof.

As witnessed given under my/our hand(s) this ______________ day of __________ 2017.

Witness Signature ______________________

Name: ______________________

C.N.I.C. No. ______________________

Member's Signature on
Applicable Revenue Stamp

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 مسمّٰی/مسمّاۃ ____________ ساکن ____________

ضلع ____________ بحیثیت ممبر شاہ تاج ٹیکسٹائل لمیٹڈ، مسمّٰی/مسمّاۃ ____________ ساکن ____________

کو بطور مختار (پراکسی) مقرر کرتا / کرتی ہوں تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے اٹھائیسویں اجلاسِ عام جو بتاریخ 26 اکتوبر 2017ء بروز جمعرات منعقد ہو رہا ہے میں اور اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

مطلوبہ ریوینیو ٹکٹ چسپاں کر کے ممبر کے دستخط

تاریخ: ____________

دستخط گواہ: ____________

نام: ____________

قومی شناختی کارڈ نمبر: ____________

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۔