TATA PAKISTAN

ISLAND TEXTILE MILLS LIMITED

Annual Report
2016

CONTENT

COMPANY INFORMATION

BOARD OF DIRECTORS	
CHAIRMAN:	Mr. Anwar Ahmed Tata
CHIEF EXECUTIVE:	Mr. Shahid Anwar Tata
DIRECTORS:	Mr. Adeel Shahid Anwar Tata Mr. Aijaz Ahmed Tariq Mr. Bilal Shahid Anwar Mr. Muhammad Naseem Sheikh Kausar Ejaz
AUDIT COMMITTEE	
CHAIRMAN:	Mr. Muhammad Naseem
MEMBERS:	Mr. Bilal Shahid Anwar Sheikh Kausar Ejaz
SECRETARY:	Mr. Owais Ahmed Abbasi
HUMAN RESOURCE & REMUNERATION COMMITTEE	
CHAIRMAN:	Mr. Muhammad Naseem
MEMBERS:	Mr. Shahid Anwar Tata Mr. Bilal Shahid Anwar
SECRETARY:	Mr. Umar Khawajah
COMPANY SECRETARY & CHIEF FINANCIAL OFFICER:	Mr. Farooq Advani
BANKERS:	Faysal Bank Limited Bank Alfalah Limited Meezan Bank Limited The Bank of Punjab MCB Bank Limited National Bank of Pakistan Soneri Bank Limited Summit Bank Limited Askari Bank Limited Pak Oman Investment Company Limited NIB Bank Limited Dubai Islamic Bank Pakistan Limited Allied Bank Limited
AUDITORS:	M/s. Deloitte Yousuf Adil Chartered Accountants
LEGAL ADVISOR:	Ameen Bandukda & Co. Advocates
SHARE REGISTRAR:	Central Depository Company of Pakistan Limited CDC House, 99 – B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal Tel# (Toll Free) 0800-CDCPL (23275) Fax: (92-21) 34326053
REGISTERED OFFICE:	6th Floor Textile Plaza, M.A Jinnah Road Karachi. Tel#32412955-3 Lines 32426761-2-4 Fax #32417710
WEB SITE ADDRESS:	www.tatatex.com
E- MAIL ADDRESS:	itm.corporate@tatatex.com
MILLS:	A/12, S.I.T.E. Kotri District Jamshoro (Sindh)

VISION STATEMENT

We shall build upon our recognition as a socially and environmentally responsible organization known for its principled and honest business practices we shall remain committed to exceeding the highest expectations of our stakeholders by maintaining the highest quality standards and achieving sustained growth in our capacity.

MISSION STATEMENT

We are committed to the higher expectations of our customers.
We strive for the production of best quality yarns for high value products.

RIETER

Com4 ring

CERTIFICATE

Island Textile Mills Limited

Rieter Machine Works Ltd. herewith confirms that the named spinning company is a

LICENSEE

Number: 56413
Valid until: 30.06.2018

who manufactures Com4® quality yarn. The company is allowed to use the brand Com4®ring for ring-spun yarns produced on Rieter ring spinning machines.

Com4® - Yarns of choice

Reto Thom
Head Sales
Machines & Systems

Peter Schulz
Head Products
Machines & Systems

www.rieter.com

RIETER

Com4 compact

CERTIFICATE

Island Textile Mills Limited

Rieter Machine Works Ltd. herewith confirms that the named spinning company is a

LICENSEE

Number: 56413
Valid until: 30.06.2018

who manufactures Com4® quality yarn. The company is allowed to use the brand Com4®compact for compacted ring-spun yarns produced on Rieter compact spinning machines.

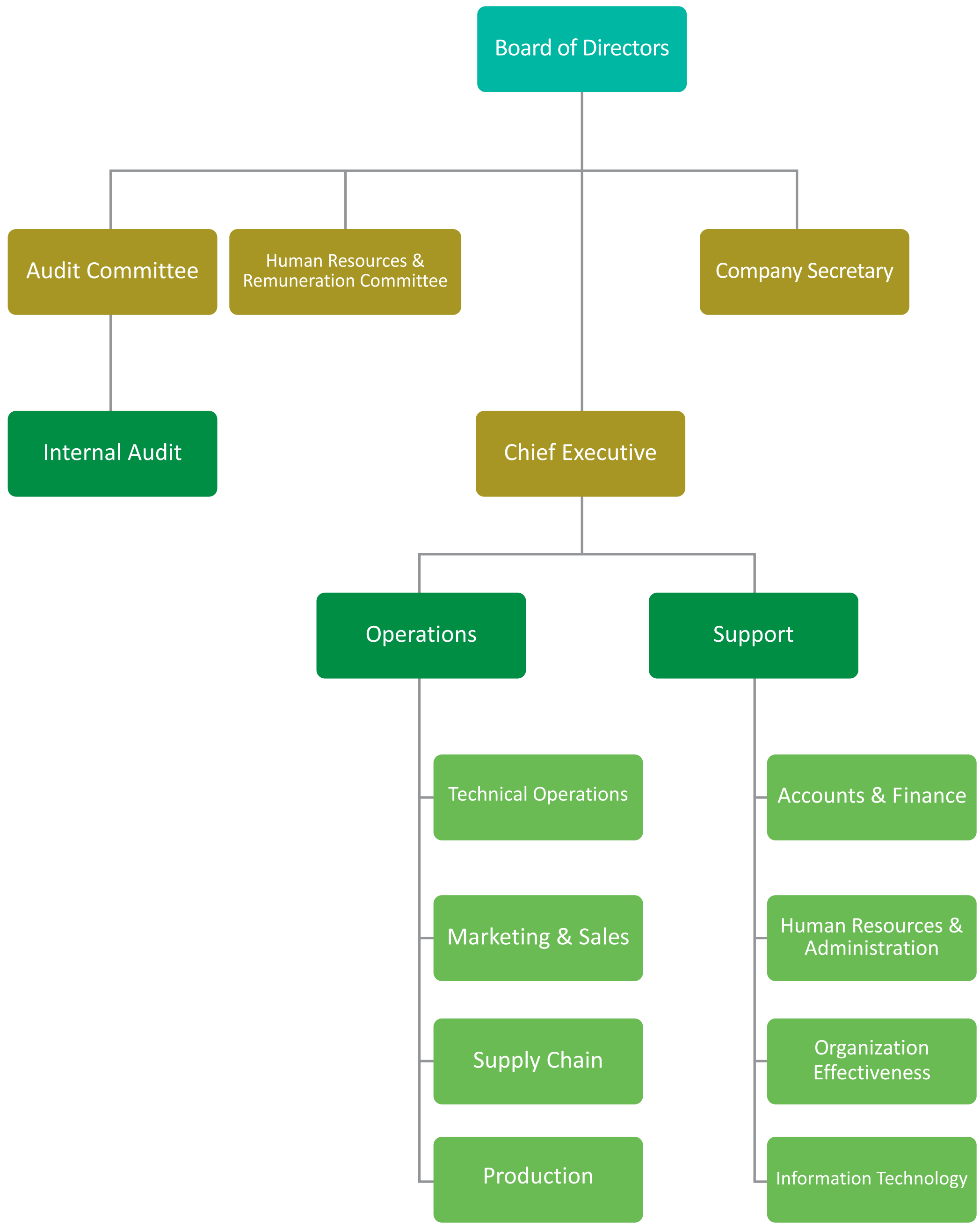
Com4® - Yarns of choice

Reto Thom
Head Sales
Machines & Systems

Peter Schulz
Head Products
Machines & Systems

www.rieter.com

Organization Chart



CHAIRMAN'S REVIEW

Assalam-o-Alaikum,

As Chairman of Island Textile Mills Limited, I am pleased to present the Annual Audited Accounts along with the auditor's report, thereon, for the year ended June 30, 2016. During the period under review, the financial results of the organization are not encouraging, as the Company has incurred a pretax loss of Rs.384.568 Million.

TEXTILE INDUSTRY

I have been in business for a very long time and I have never experienced a Government so indifferent and insensitive to the plight of exporting Industry as the current incumbent Government. The Textile Industry in Pakistan is the largest Manufacturing Sector and the second largest employment generating Sector and contributes around 60% in Foreign Exchange earnings through Exports but due to Government's apathy and indifference the Textile Mills are closing and Export is declining.

All Pakistan Textile Mills Association (APTMA) have also emphasized that every day one Textile Mill is closing down and Exports have drastically declined from US$.25.110 Billion (in 2013-2014) to US$.20.802 Billion, (in 2015-2016), that is, a reduction of 17%.

The revenue boost declared by the Government from PKR.1.9 trillion to PKR.3.1 trillion since last 3 years is not due to increase in the number of tax payers but mostly on account of increase in rate of taxes and Withholding Taxes.

Reasons for the dismal performance of your Company is due to the enormous burden of Taxes, surcharges and duties, details as mentioned below.

1. **Exorbitant Taxes paid by the Company**

   During the year under review, the Company contributed around PKR.184 Million towards the National Exchequer on account of various government levies, such as, Withholding Taxes, Sales Tax, Infrastructure Cess, SRB on Services, Custom Duties, Cotton Cess, Textile Cess, Social Security, Income Tax, EOBI, Education Cess and Revenue Stamp.

2. **Raw Cotton and Fiber**

   The consumption of Cotton is more than production of Cotton in Pakistan, which results in the Mills buying Cotton at Import Parity. However, since last two years the Government has imposed punitive duties on import of basic Raw Material, thus rendering the Cotton more expensive and making the exportable goods more costly. Even during the current year there is a reduction of 20% in Cotton cultivation areas, hence, creating a shortfall of 3 to 5 Million bales in the current year.

   The Government has imposed punitive duties on import of Fiber, just to protect and subsidized the local Fiber producers in Pakistan for the last 30 years, yet they have failed to become world class efficient, thus, rendering the entire textile chain unable to export.

3. **Appreciation of Pakistani Rupee**

   With regard to the currency change versus US$, from the year 2013 to 2015, the Pakistani Rupee has appreciated by 3%, whereas, the Indian Rupee has depreciated by 8.1%, Bangladesh by 0.6 percent, Sri Lanka by 9.3% and China by 5.1%, making it extremely difficult to compete in the International Market. It is estimated by the Economist that Pakistani Rupee is over-valued by more than 20%.

4. **Cost of Labor**

   As compared to the regional countries, i.e. Vietnam, Sri Lanka, Bangladesh and India, Pakistan has become the most expensive country in terms of labor, as the minimum wage per month in Pakistan is US$.135 as compare to US$.90 in Vietnam, US$.66 in Sri Lanka, US$. 68 in Bangladesh, and US$. 90 in India.

5. **Cost of Power**

   We are paying the highest tariff for Power as compared to the regional countries. The electricity tariff for textile industry in Pakistan is around 11 cents/kilowatt hour as compared to 7 cents in Vietnam, 9 cents in Sri Lanka, 7.3 cents in Bangladesh, 8.5 cents in China and 9 cents in India. The gas tariff, is $8/MMBTU in Pakistan against $ 4.5 in Vietnam, $ 3 in Bangladesh, $ 6 in China and $ 4.2 in India

We support APTMA's appeal to the Government for urgent remedial measures for survival of the Textile Industry, such as:

- Anomalies with regard to Zero Rating should be resolved on priority.
- Removal of 1.25% Cess collection by the Provisional Government on Textile Raw Material.
- Removal of 5% Sales Tax on import of Cotton.
- Removal of 4% Custom Duty.
- Removal of Gas Infrastructure Development Cess (GIDC) and reduction in Gas Tariff in line with Regional competing Countries.
- Removal of all surcharges on Electricity Tariff.
- Provision of DLTL (Drawback of Local Taxes & Levies) @ 5% against export of Yarns.
- Turnover Tax be abolished for the next 5 years.
- Inclusion of Long Term Financing Facility (LTFF) in indirect Exports.

Information Technology

Your company has state of art information technology infrastructure and is committed to stay updated with the growing needs and global technologies advancements. Your company is aligning the business and IT in order to fully benefit in a significant and persistent way for data management through ERP. Since last few years, throughout the organization, the world renowned tear one level Oracle EBS based Enterprise Resource Planning – ERP Solution has been rolled out, covering Financials, Supply Chain Management and Oracle Discreet Manufacturing process automation along with other Oracle based customized and integrated modules of Quality Management System and in house developed payroll. Business Intelligences, HRMS and Enterprise Asset Management is potential part of the Corporate Future Strategy. The Group is embraced with state of the art deployment of Network Infrastructure, placement of disaster recovery plan – DRP and business communication over secure medium.

The ERP facilitates information flow between all business functions, and ensure availability of secured / integrated information to its stakeholders all over, and it ensures the smooth flow of centralized reliable information in real-time to all key stakeholders resulting in lucrative process management, data consolidation and ultimately the right decision making.

Human Resource Development

Your company's management is committed towards development of its people and has put substantial efforts that a continuous learning environment exist within the Company.

A corporate culture is maintained that encourage creativity, independence strengthening of technical and leadership skills. Learning interventions at your Company includes preparing selected young and potential leaders. During the year, we have conducted in-house and external trainings covering areas of quality control, safety and health, leadership and core management skills development.

Your Company has a consistent Performance Management Review Process that ensures employee's performance is fairly recognized and improved career paths are developed for the talented employees. We have zero tolerance policy for unethical business practices or individual behavior.

Going Forward

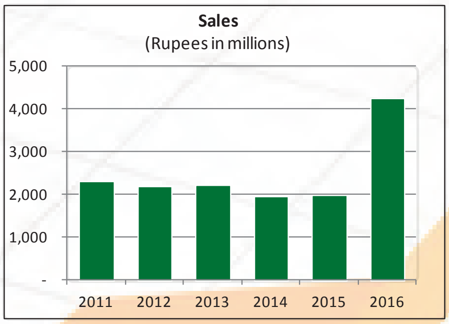
Our commitment to quality is very high; therefore, most of our investments have remained in quality and product diversification. Balancing Modification Replacement (BMR) is planned for Island Mill 1, in which we are focusing to produce value added yarns, like Core Spun, Chain, Slubs, Injection Slubs and Mosaic Yarns, in the Cotton Polyester blends.

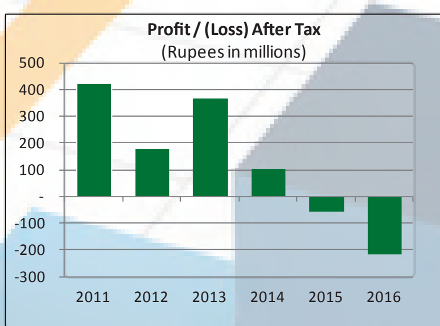
ACKNOWLEDMENT

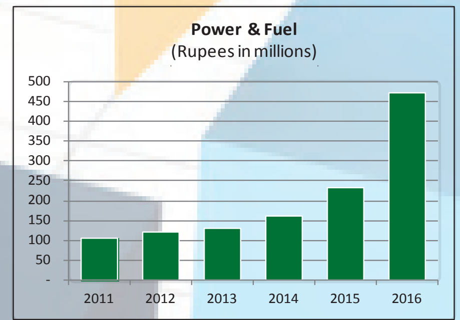
We sincerely acknowledge and appreciate the untiring endeavors of our various teams who are constantly engaged in upholding their commitment to make this organization surpass all the benchmarks of quality and productivity set by the giants of the Industry. As a team we stand highly grateful towards our vendors, bankers and business associates for standing by us during the crests and toughs of the business and socioeconomic conditions all around. Above all, we would like to extend highest order gratitude towards our customers who have continued to value and rely their credence in our product line.

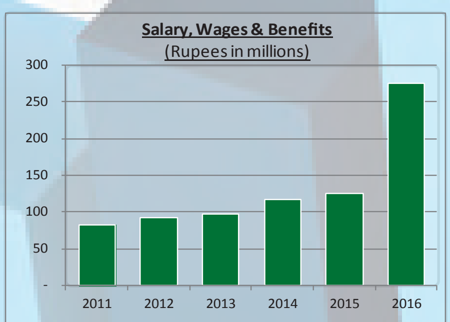
Karachi.
Dated: September 17, 2016

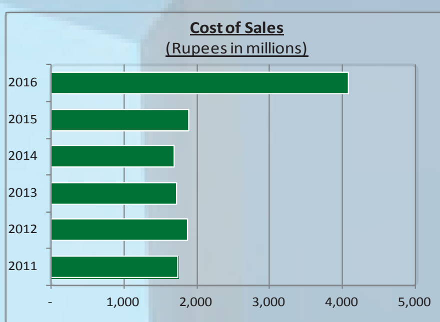
Anwar Ahmed Tata
Chairman

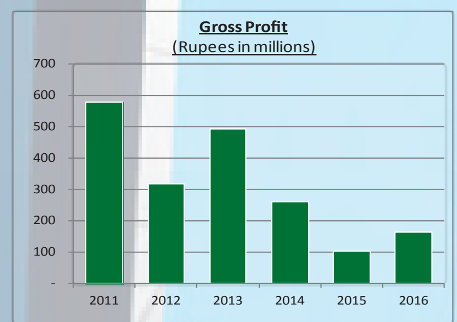

Sales
(Rupees in millions)
5,000
4,000
3,000
2,000
1,000
-
2011 2012 2013 2014 2015 2016

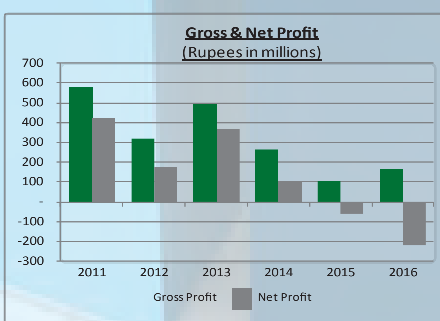

Profit / (Loss) After Tax
(Rupees in millions)
500
400
300
200
100
-
-100
-200
-300
2011 2012 2013 2014 2015 2016

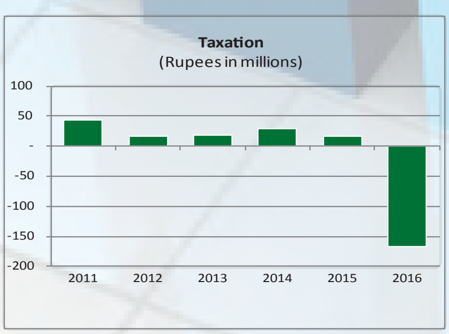

Power & Fuel
(Rupees in millions)
500
450
400
350
300
250
200
150
100
50
-
2011 2012 2013 2014 2015 2016

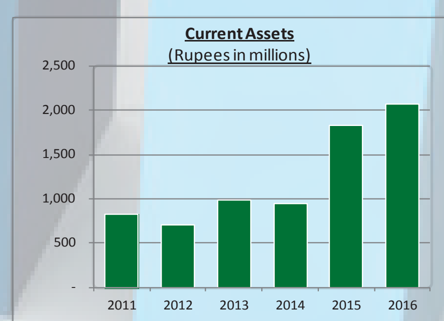

Salary, Wages & Benefits
(Rupees in millions)
300
250
200
150
100
50
-
2011 2012 2013 2014 2015 2016

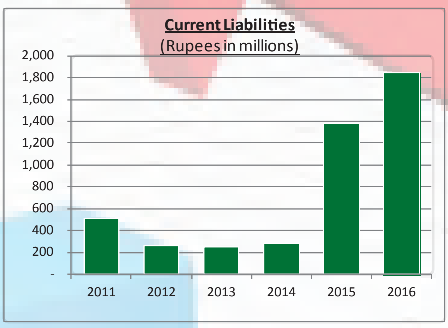

Cost of Sales
(Rupees in millions)
2016
2015
2014
2013
2012
2011
- 1,000 2,000 3,000 4,000 5,000

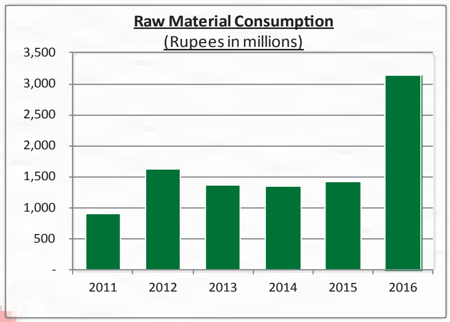

Gross Profit
(Rupees in millions)
700
600
500
400
300
200
100
-
2011 2012 2013 2014 2015 2016

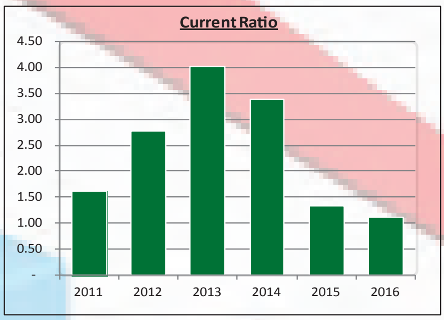

Gross & Net Profit
(Rupees in millions)
700
600
500
400
300
200
100
-
-100
-200
-300
2011 2012 2013 2014 2015 2016
Gross Profit
Net Profit

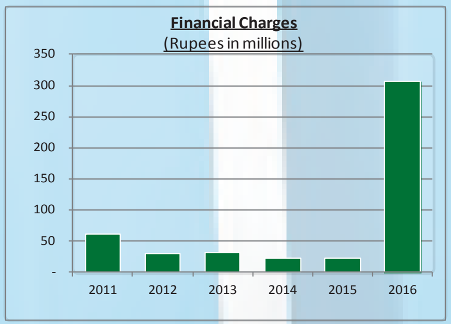

Taxation
(Rupees in millions)
100
50
-
-50
-100
-150
-200
2011 2012 2013 2014 2015 2016

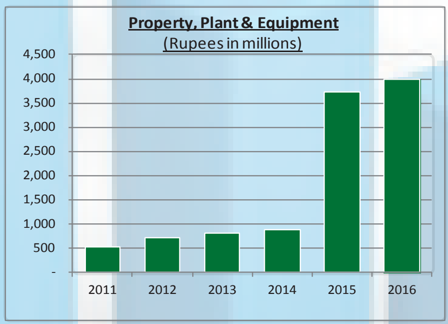

Current Assets
(Rupees in millions)
2,500
2,000
1,500
1,000
500
-
2011 2012 2013 2014 2015 2016

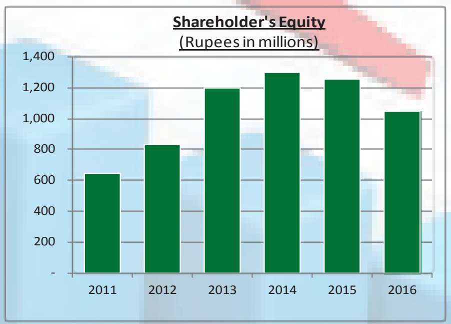

Current Liabilities
(Rupees in millions)
2,000
1,800
1,600
1,400
1,200
1,000
800
600
400
200
-
2011 2012 2013 2014 2015 2016

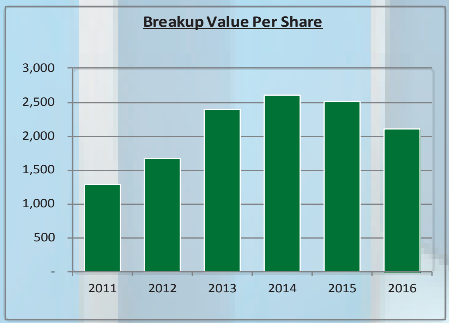

Raw Material Consumption
(Rupees in millions)
3,500
3,000
2,500
2,000
1,500
1,000
500
-
2011 2012 2013 2014 2015 2016

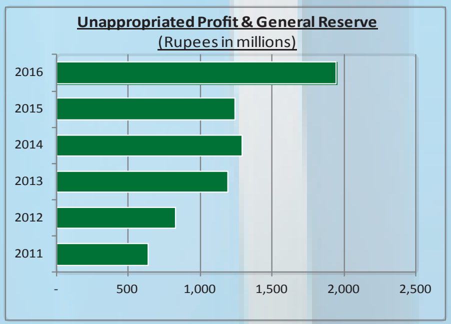

Current Ratio
4.50
4.00
3.50
3.00
2.50
2.00
1.50
1.00
0.50
-
2011 2012 2013 2014 2015 2016

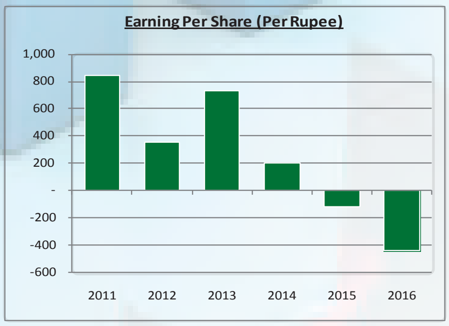

Financial Charges
(Rupees in millions)
350
300
250
200
150
100
50
-
2011 2012 2013 2014 2015 2016


Property, Plant & Equipment
(Rupees in millions)
4,500
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
-
2011 2012 2013 2014 2015 2016


Shareholder's Equity
(Rupees in millions)
1,400
1,200
1,000
800
600
400
200
-
2011 2012 2013 2014 2015 2016


Breakup Value Per Share
3,000
2,500
2,000
1,500
1,000
500
-
2011 2012 2013 2014 2015 2016


Unappropriated Profit & General Reserve
(Rupees in millions)
2016
2015
2014
2013
2012
2011
- 500 1,000 1,500 2,000 2,500


Earning Per Share (Per Rupee)
1,000
800
600
400
200
-
-200
-400
-600
2011 2012 2013 2014 2015 2016

DIRECTORS' REPORT TO THE MEMBERS

The Directors have pleasure in presenting before you the 47th Annual Report together with the Audited Accounts for the year ended June 30, 2016.

FINANCIAL RESULTS

The Company made a pre-tax loss of Rs 384.568 million after charging costs, expenses and depreciation for the year.

	(Rupees)
Pre-tax loss for the year	(384,568,192)
Taxation	166,578,040
Loss after taxation	(217,990,152)
Other Comprehensive Income	(4,836,886)
Transfer from Surplus on Revaluation of Property Plant & Equipment	11,645,705
Share of Associate's transfer from Surplus on Revaluation	5,473,297
Accumulated Profit Brought Forward	350,955,571
Accumulated Profit Carried Forward	145,247,535

CHAIRMAN'S REVIEW

The Directors of the Company endorse the contents of the Chairman's review, which is deemed to be a part of the Directors' report.

DIVIDEND

Since the results for the year under review are not encouraging, therefore your directors recommend to pass on the dividend for the year.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAME WORK

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

b. Proper books of account of the Company have been maintained.

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

d. The International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.

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

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

g. Key operating and financial data of last six years in a summarized form is annexed.

h. Outstanding duties, statutory charges and taxes if any have been adequately disclosed in the annexed audited financial statements.

i. During the year under review, four Board of Directors Meetings, four Audit Committee Meetings and four Human Resource & Remuneration committee meetings were held. The attendance of the directors is as follow:

Name of Director	Number of Meeting Attended		
	Board Meeting	Audit Committee	Human Resource & Remuneration Committee
Mr. Anwar Ahmed Tata	4	N/A	N/A
Mr. Shahid Anwar Tata	4	N/A	4
Mr. Adeel Shahid Anwar Tata	4	N/A	N/A
Mr. Bilal Shahid Anwar	2	3	4
Mr. Muhammad Naseem	4	4	4
Mr. Aijaz Ahmed Tariq	3	N/A	N/A
Sheikh Kausar Ejaz	4	4	N/A

(However, leave of absence was granted to the Directors who could not attend the Meetings due to their pre-occupations)

j. During the year the Company arranged training program namely Director's Training Program for an independent director Mr. Muhammad Naseem, from IBA, which is recognized under Securities and Exchange Commission of Pakistan (SECP).

k. The statement of pattern of share holding of the Company as at June 30, 2016 is annexed. This statement is prepared in accordance with the Code of Corporate Governance.

l. Apart from the following transactions, the Chief Executive, Directors, Chief Financial Officer, Company Secretary and their spouses and minor children did not carry out any transaction in the shares of the company during the year.

	Opening Balance On 01-07-2015	Purchase / Gift Received	Sales/ Gift	Closing Balance On 30-06-2016
Mr. Anwar Ahmed Tata	289,944	4,250	164,247	129,947
Mr. Shahid Anwar Tata	22,500	164,247	-	186,747
Mr. Farooq Advani	2,500	-	2,500	-

AUDITORS

The Auditors Messer Deloitte Yousuf Adil Chartered Accountants retire at the conclusion of the Annual General Meeting and being eligible to offer themselves for reappointment for the financial year ending June 30, 2017.

ON BEHALF OF THE BOARD OF DIRECTORS

SHAHID ANWAR TATA
CHIEF EXECUTIVE

Karachi:
Date: September 17, 2016

KEY OPERATING AND FINANCIAL DATA

Description		2016	2015	2014	2013	2012	2011
OPERATING DATA							
Sales	Rs.'000'	4,247,958	1,998,353	1,948,956	2,218,984	2,193,794	2,319,040
Cost of Goods Sold	Rs.'000'	4,083,483	1,892,072	1,686,062	1,724,870	1,876,110	1,742,481
Gross Profit	Rs.'000'	164,475	106,280	262,895	494,114	317,684	576,559
(Loss) / Profit Before Taxation	Rs.'000'	(384,568)	(25,796)	131,259	385,955	195,922	440,541
(Loss) / Profit After Taxation	Rs.'000'	(217,990)	(57,317)	102,403	367,715	177,551	423,378
FINANCIAL DATA							
Equity Balance	Rs.'000'	1,050,839	1,256,547	1,300,878	1,200,069	834,962	647,094
Property, Plant & Equipment	Rs.'000'	3,983,198	3,719,483	895,592	818,636	715,945	537,076
Current Assets	Rs.'000'	2,069,251	1,828,802	947,146	984,270	708,077	825,552
Current Liabilities	Rs.'000'	1,850,297	1,382,872	279,279	244,745	255,832	513,189
RATIOS							
PROFITABILITY RATIOS							
Gross Profit Margin	%	3.87	5.32	13.49	22.27	14.48	24.86
Operating Profit Margin	%	(8.01)	(0.99)	4.98	13.49	7.72	17.12
Net Profit Margin	%	(9.05)	(1.29)	6.73	17.39	8.93	19.00
LIQUIDITY RATIOS							
Current Ratio	Times	1.12	1.32	3.39	4.02	2.77	1.61
Quick Ratio	Times	0.54	0.44	1.31	2.53	1.61	0.74
ACTIVITY / TURNOVER RATIOS							
Days in Receivables	Days	28.84	22.54	29.41	28.11	26.32	12.97
Accounts Receivable Turnover	Times	12.48	15.97	12.24	12.81	13.68	27.76
Inventory Turnover	Times	4.00	1.58	2.99	4.92	6.92	4.08
Working Capital Turnover	Times	19.40	4.48	2.92	3.00	4.85	7.42
Total Assets Turnover	Times	0.66	0.34	0.91	1.06	1.31	1.46
Return on Total Assets	%	(3.40)	(0.97)	4.76	17.52	10.62	26.73
Return on Equity	%	(14.38)	(3.31)	5.84	21.92	13.41	43.03
LEVERAGE RATIOS							
Long Term Debt to Equity Ratio	%	201.03	160.47	6.61	10.50	6.93	8.84
Total Debt to Equity Ratio	%	323.09	240.38	22.53	25.09	26.26	61.00
Long Term Debt to Total Assets	Times	0.48	0.47	0.05	0.08	0.05	0.05
Total Debt to Total Assets	Times	0.76	0.71	0.18	0.20	0.21	0.38
Equity to Total Assets	Times	0.24	0.29	0.82	0.80	0.79	0.62
Interest Coverage Ratio	Times	(0.26)	(0.67)	7.02	13.11	7.29	8.26
OTHERS							
Earning per Shares	Rs	(435.98)	(114.63)	204.81	735.43	355.10	846.76
Breakup Value of Shares w/o Revaluation Surplus	Rs	2,101.68	2,513.09	2,601.76	2,400.14	1,669.92	1,294.19
Breakup Value of Shares with Revaluation Surplus	Rs	3,031.90	3,461.46	3,508.01	3,355.03	2,648.12	1,967.67
Cash Dividend	%	-	-	50.00	50.00	100.00	50.00

ANALYSIS OF FINANCIAL STATEMENT BALANCE SHEET

Particulars	2016	2015	2014	2013	2012	2011
	--Rupees in '000'--					
Assets						
Non Current Assets						
Property, plant and equipment	3,983,198	3,719,483	895,592	818,636	715,945	537,076
Intangible asset	1,218	2,347	3,434	4,194	3,999	2,552
Long-term investment	306,101	339,339	302,018	290,313	243,363	218,701
Long-term deposit	1,001	1,001	1,001	1,001	325	75
Deferred taxation	53,048	-	-	-	-	-
Total Non current Assets	**4,344,565**	**4,062,170**	**1,202,045**	**1,114,143**	**963,631**	**758,405**
Current Asset						
Stores, spares and loose tools	36,441	22,940	17,871	14,262	23,776	17,513
Stock-in-trade	1,020,678	1,198,742	563,588	350,374	271,047	427,256
Trade debts	340,280	125,106	159,227	173,251	160,360	83,553
Loans and advances	391,390	148,217	101,474	66,475	55,965	71,355
Short-term prepayments	16,118	903	467	742	709	1,098
Other receivables	400	402	5,068	335	5,006	41
Other financial assets	23,076	17,186	25,600	285,789	158,318	206,941
Sales tax refundable	206,741	162,980	9,529	7,815	11,272	5,891
Cash and bank balances	34,127	152,327	64,323	85,227	21,624	11,904
Total current Assets	**2,069,251**	**1,828,802**	**947,146**	**984,270**	**708,077**	**825,552**
Total Assets	**6,413,816**	**5,890,971**	**2,149,191**	**2,098,413**	**1,671,708**	**1,583,957**
Equity and Liabilities						
Equity						
Share Capital	5,000	5,000	5,000	5,000	5,000	5,000
Reserves	898,931	899,579	899,920	915,502	804	549
Unappropriated profit	146,908	351,968	395,958	279,566	829,157	641,545
Total Equity	**1,050,839**	**1,256,547**	**1,300,878**	**1,200,069**	**834,962**	**647,094**
Surplus on Revaluation of Property, Plant and Equipment - net of tax	**465,111**	**474,181**	**453,126**	**477,447**	**489,100**	**336,742**
Non Current Liabilities						
Deferred Liabilities	50,269	140,802	115,907	91,520	91,814	86,932
Long term financing	2,997,301	2,636,569	-	84,633	-	-
Total Non Current Liabilities	**3,047,570**	**2,777,371**	**115,907**	**176,153**	**91,814**	**86,932**
Current Liabilities						
Trade & other payable	468,494	304,850	247,657	200,733	216,422	181,237
Accrued interest / mark-up on borrowings	96,213	82,236	470	2,916	116	9,329
Short-term borrowings	1,285,589	974,482	-	-	16,584	280,415
Current portion of long term finance	-	-	-	19,531	-	-
Taxation - income tax	-	21,304	31,151	21,566	22,711	42,208
Total Current Liabilities	**1,850,297**	**1,382,872**	**279,279**	**244,745**	**255,832**	**513,189**
Total Equity and Liabilities	**6,413,816**	**5,890,971**	**2,149,191**	**2,098,413**	**1,671,708**	**1,583,957**

ANALYSIS OF FINANCIAL STATEMENT
BALANCE SHEET-VERTICAL ANALYSIS

Particulars	2016	2015	2014	2013	2012	2011
	%	%	%	%	%	%
Assets						
Non Current Assets						
Property, plant and equipment	62.10	63.14	41.67	39.01	42.83	33.91
Intangible asset	0.02	0.04	0.16	0.20	0.24	0.16
Long-term investment	4.77	5.76	14.05	13.83	14.56	13.81
Long-term deposit	0.02	0.02	0.05	0.05	0.02	0.00
Deferred taxation	0.83	-	-	-	-	-
Total Non current Assets	**67.74**	**68.96**	**55.93**	**53.09**	**57.64**	**47.88**
Current Asset						
Stores, spares and loose tools	0.57	0.39	0.83	0.68	1.42	1.11
Stock-in-trade	15.91	20.35	26.22	16.70	16.21	26.97
Trade debts	5.31	2.12	7.41	8.26	9.59	5.27
Loans and advances	6.10	2.52	4.72	3.17	3.35	4.50
Short-term prepayments	0.25	0.02	0.02	0.04	0.04	0.07
Other receivables	0.01	0.01	0.24	0.02	0.30	0.00
Other financial assets	0.36	0.29	1.19	13.62	9.47	13.06
Sales tax refundable	3.22	2.77	0.44	0.37	0.67	0.37
Cash and bank balances	0.53	2.59	2.99	4.06	1.29	0.75
Total current Assets	**32.26**	**31.04**	**44.07**	**46.91**	**42.36**	**52.12**
Total Assets	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**
Equity and Liabilities						
Equity						
Share Capital	0.08	0.08	0.23	0.24	0.30	0.32
Reserves	14.02	15.27	41.87	43.63	0.05	0.03
Unappropriated profit	2.29	5.97	18.42	13.32	49.60	40.50
Total Equity	**16.38**	**21.33**	**60.53**	**57.19**	**49.95**	**40.85**
Surplus on Revaluation of Property, Plant and Equipment - net of tax	**7.25**	**8.05**	**21.08**	**22.75**	**29.26**	**21.26**
Non Current Liabilities						
Deferred Liabilities	0.78	2.39	5.39	4.36	5.49	5.49
Long term financing	46.73	44.76	-	4.03	-	-
Total Non Current Liabilities	**47.52**	**47.15**	**5.39**	**8.39**	**5.49**	**5.49**
Current Liabilities						
Trade & other payable	7.30	5.17	11.52	9.57	12.95	11.44
Accrued interest / mark-up on borrowings	1.50	1.40	0.02	0.14	0.01	0.59
Short-term borrowings	20.04	16.54	-	-	0.99	17.70
Current portion of long term finance	-	-	-	0.93	-	-
Taxation - income tax	-	0.36	1.45	1.03	1.36	2.66
Total Current Liabilities	**28.85**	**23.47**	**12.99**	**11.66**	**15.30**	**32.40**
Total Equity and Liabilities	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

ANALYSIS OF FINANCIAL STATEMENT PROFIT & LOSS ACCOUNT

Particulars	2016	2015	2014	2013	2012	2011
	--Rupees in '000'--					
Sales	4,247,958	1,998,353	1,948,956	2,218,984	2,193,794	2,319,040
Cost of goods sold	4,083,483	1,892,072	1,686,062	1,724,870	1,876,110	1,742,481
Gross Profit	**164,475**	**106,280**	**262,895**	**494,114**	**317,684**	**576,559**
Distribution cost	103,261	55,667	77,580	82,809	54,578	58,593
Administrative expenses	61,024	50,275	53,699	52,173	39,762	28,840
Other operating expenses	34,710	4,584	12,712	28,003	22,923	31,278
Financial Cost	305,712	15,448	21,815	31,873	31,130	60,713
	504,706	125,974	165,806	194,858	148,392	179,424
Share of (Loss) / Profit from Associate - net of tax	(46,991)	(15,942)	6,352	76,143	17,199	36,445
Other Income	2,654	9,840	27,818	10,556	9,431	6,960
(Loss) /Profit before taxation	**(384,568)**	**(25,796)**	**131,259**	**385,955**	**195,922**	**440,541**
Taxation	(166,578)	31,521	28,856	18,240	18,372	17,163
(Loss) /Profit for the year	**(217,990)**	**(57,317)**	**102,403**	**367,715**	**177,551**	**423,378**

ANALYSIS OF FINANCIAL STATEMENT
PROFIT & LOSS ACCOUNT-VERTICAL ANALYSIS

Particulars	2016	2015	2014	2013	2012	2011
	%	%	%	%	%	%
Sales	100.00	100.00	100.00	100.00	100.00	100.00
Cost of goods sold	96.13	94.68	86.51	77.73	85.52	75.14
Gross Profit	3.87	5.32	13.49	22.27	14.48	24.86
Distribution cost	2.43	2.79	3.98	3.73	2.49	2.53
Administrative expenses	1.44	2.52	2.76	2.35	1.81	1.24
Other operating expenses	0.82	0.23	0.65	1.26	1.04	1.35
Financial Cost	7.20	0.77	1.12	1.44	1.42	2.62
	11.88	6.30	8.51	8.78	6.76	7.74
Share of (Loss) / Profit from Associate - net of tax	(1.11)	(0.80)	0.33	3.43	0.78	1.57
Other Income	0.06	0.49	1.43	0.48	0.43	0.30
(Loss) / Profit before taxation	(9.05)	(1.29)	6.73	17.39	8.93	19.00
Taxation	(3.92)	1.58	1.48	0.82	0.84	0.74
(Loss) / Profit for the year	(5.13)	(2.87)	5.25	16.57	8.09	18.26

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2016

NO. OF SHAREHOLDERS	SHARE-HOLDING FROM	TO	TOTAL SHARES HELD
358	1	100	17,337
41	101	500	9,672
8	501	1000	7,000
10	1001	5000	24,047
1	30001	35000	33,600
1	40001	45000	40,600
1	50001	55000	51,050
1	125001	130000	129,947
1	185001	190000	186,747
422			**500,000**

CATEGORIES OF SHAREHOLDERS

CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDER	SHARES HELD	PERCENTAGE
Directors, their Spouse(s) and Minor Children	9	384,891	76.98
Public Sector companies & Corporations	2	150	0.03
Mutual Funds	2	74,200	14.84
Others	6	1,850	0.37
General Public	403	38,909	7.78
	422	500,000	100.00

Detail of Categories of Shareholders
As at June 30, 2016

		No. of Shareholders	Shares Held
DIRECTORS, THEIR SPOUSE(S) & MINOR CHILDREN			
Mr. Anwar Ahmed Tata	(Chairman)	1	129,947
Mr. Shahid Anwar Ahmed Tata	(Chief Executive)	1	186,747
Mr. Adeel Shahid Anwar	(Director)	1	3,447
Mr. Bilal Shahid Anwar	(Director)	1	2,500
Mr. Muhammad Naseem	(Director)	1	2,500
Mr. Kausar Ejaz	(Director)	1	2,500
Mr. Ejaz Ahmed Tariq	(Director)	1	2,500
Mrs. Parveen Anwar (W/o of Mr. Anwar Ahmed Tata)		1	51,050
Mrs. Saiqa Shahid (W/o of Mr. Shahid Anwar Tata)		1	3,700
		9	**384,891**
PUBLIC SECTOR COMPANIES AND CORPORATIONS			
Investment Corporation of Pakistan.		**2**	**150**
MUTUAL FUNDS			
Golden Arrow Selected Stocks Fund Limited.		1	40,600
CDC-Trustee AKD Opportunity Fund.		1	33,600
		2	**74,200**
OTHERS			
Fateh Textile Mills Ltd.		1	50
Shafi Lifestyle (Pvt) Limited.		1	350
Everfresh Farms (Pvt) Limited.		1	350
Yasir Mahmood Securities (Pvt) Ltd.		1	350
Adeel Zafar Securities (Pvt) Ltd.		1	50
Fikree's (SMC-Pvt) Ltd.		1	700
		6	**1,850**
GENERAL PUBLIC			
Local		**403**	**38,909**
Grand Total		**422**	**500,000**

Shareholders Holding 5% or more		Shares Held	Percentage
Mr. Anwar Ahmed Tata	(Chairman)	129,947	25.99
Mr. Shahid Anwar Tata	(CEO)	186,747	37.35
Mrs. Parveen Anwar(W/o of Mr. Anwar Tata)		51,050	10.21
Golden Arrow selected Stock Fund Limited		40,600	8.12
CDC - Trustee AKD Opportunity Fund		33,600	6.72

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in the 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 practice of corporate governance.

Island Textile Mills Limited (the company) has applied the principles contained in the CCG in the following manner:

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

Category	Names
Independent Director	Mr. Muhammad Naseem
Non-Executive Directors	Mr. Anwar Ahmed Tata
	Mr. Aijaz Ahmed Tariq
	Mr. Kausar Ejaz
	Mr. Bilal Shahid Anwar
Executive Director	Mr. Shahid Anwar Tata
	Mr. Adeel Shahid Anwar Tata

The independent director meets the criteria of independence under clause 5.19.1of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy has occurred on 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 and terms and condition of employment of the Chief Executive and other executive and non-executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.

9. During the year the Company arranged training program namely Director’s Training Program for an independent director Mr. Muhammad Naseem, from IBA, which is recognized under Securities and Exchange Commission of Pakistan (SECP).

10. No new appointment of CFO, Company Secretary and Head of Internal Audit was made during the year.

11. The directors' report for the year ended June 30, 2016 has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

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

13. The directors, chief executive and executives do not hold any interest in the share of the Company other than that disclosed in the pattern of shareholding.

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

15. The Board has formed an audit committee. It comprises three members, all of them are non-executive directors and the chairman of the committee is an independent director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has formed Human Resource and Remuneration Committee. It comprises of three members, of whom two are non-executive directors including the chairman of the committee who is also an independent director.

18. The Board has setup an effective internal audit function within 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 ("ICAP"), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.

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

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

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

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

ON BEHALF OF THE BOARD OF DIRECTORS

SHAHID ANWAR TATA
CHIEF EXECUTIVE

Karachi
Dated: September 17, 2016

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **47th Annual General Meeting** of the Shareholders of **Island Textile Mills Limited** will be held on **Thursday** the **October 20, 2016 at 10:00 A.M.** at **5th Floor Textile Plaza M.A. Jinnah Road Karachi,** to transact the following business: -

Ordinary Business

1. To confirm the minutes of the 46th Annual General Meeting held on October 28, 2015.
2. To receive, consider and adopt Annual Audited Accounts of the Company for the year ended June 30, 2016 together with the Directors' and Auditors' Report thereon.
3. To appoint Auditors for the year ending June 30, 2017 and fix their remuneration. The retiring auditors, M/s. Deloitte Yousuf Adil, Chartered Accountants, being eligible, have offered themselves for reappointment.
4. To elect Seven Directors of the Company as fixed by the Board for a term of three years in accordance with the provision of Section 178(1) of the Companies Ordinance 1984. Retiring Directors are;

   (i) Mr. Anwar Ahmed Tata (ii) Mr. Shahid Anwar Tata
   (iii) Mr. Adeel Shahid Anwar (iv) Mr. Aijaz Ahmed Tariq
   (v) Mr. Bilal Shahid Anwar (vi) Mr .Muhammad Naseem
   (vii) Mr. Kausar Ejaz

   The retiring Directors are eligible for re-election.

SPECIAL BUSINESS

Special Resolution

5. To consider and if thought fit, pass with or without modification, the Special Resolutions pertaining to the additions/alterations in the Articles of Association of the Company, to the extent set out in the draft Special Resolutions read with the Statement u/s. 160 (1) (b) of the Companies Ordinance, 1984.

Ordinary Resolution

6. To consider and pass the following ordinary resolutions:

   a) "RESOLVED that the transactions carried out in normal course of business with associated companies as disclosed in Note No. 34 of the audited financial statements for the year ended June 30, 2016 be and are hereby ratified and approved."

   b) "RESOLVED that the Chief Executive Officer of the Company be and is hereby authorized to approve all the transactions carried out and to be carried out in normal course of business with associated companies during the ensuing year ending June 30, 2017 and in this connection the Chief Executive Officer be and is hereby also authorized to take any and all necessary actions and sign/execute any and all such documents/indentures as may be required in this regard on behalf of the Company."

7. To transact any other ordinary business or businesses with the permission of the **Chairman.**

Statement under section 160 of the Companies Ordinance, 1984 in the above matter mentioned in item No.5 and 6 is annexed.

By Order of the Board of Directors
Island Textile Mills Limited

Farooq Advani
Company Secretary

Karachi:

Dated: September 29, 2016

Notes:

1. The Share Transfer Books of the Company will remain closed from October 12, 2016 to October 20, 2016 (both days inclusive).
2. A member entitled to attend and vote at this meeting is entitled to appoint another person as his/her proxy to attend and vote. Proxies in order to be effective must be received at the Registered Office of the Company duly stamped and signed not later than 48 hours before the time of holding meeting. A copy of shareholder's attested CNIC must be attached with the proxy form.
3. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her Original CNIC or Passport to prove his/her identity and in case of Proxy must enclose additionally an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the Board of Directors' resolution/power of attorney with specimen signature of the nominee.

4. Any member who seeks to contest the election for Directorship shall file with the Company, not later than 14 days before the meeting at which elections are to be held, a notice of his/her intention to offer him / herself for election as Director in term of Section 178(3) of the Companies Ordinance 1984. The intention/consent should be accompany the relevant declaration as required under the "Code of Corporate Governance."
5. Members are requested to promptly notify any change in their address.
6. Members who have not yet submitted photocopies of their CNIC to the Company's Share Registrar, are requested to send the same at earliest.
7. **E-Voting**: Pursuant to SECP's Companies (E-Voting) Regulations, 2016, Members can also exercise their right to vote through e-voting by giving their consent in writing at least 10 days before the date of the meeting to the Company on the appointment of Executive Officer by the Intermediary as Proxy.
8. **Video Conference Facility**: Pursuant to provision of SECP Circular No.10 of 2014 dated May 21, 2014, if the Company receives consent from Members holding aggregate 10% or more shareholding residing in geographical location to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.
9. **Distribution of Annual Report through Email**: The SECP vide SRO 787(I)/2014 dated September 08, 2014 has provided an option for shareholders to receive audited financial statements along with notice of annual general meeting electronically through email. Shareholders of the Company who wish to receive the Company's Annual Report and notices of annual general meeting by email are requested to provide the completed Electronic Communication Consent Form already dispatched, to the Company' Share Registrar, Central Depository Company of Pakistan Limited.

Statement of Material Facts Concerning Special Business Pursuant to Section 160(1)(b) of the Companies Ordinance, 1984

This statement sets out the material facts concerning the Special Business, given in agenda item No. 5 and 6 the Notice will be considered to be passed by the members. The purpose of the Statement is to set forth the material facts concerning such Special Business.

1. Agenda No. 5 of the Notice-Amendment / Change in Article of Association of the Company

   The existing Articles of Association of the Company are being amended / altered in order to incorporate provisions pertaining to video conferencing, transmission of annual audited accounts to the Members through CD/DVD/USB/email and E-voting in light of various Regulations, Circulars and Notifications issued by the Securities and Exchange Commission of Pakistan and accordingly, pass the following Special Resolutions:

   RESOLVED that attendance of the general meeting through video conference to its members at places other than the town in which general meeting is taking place be and is hereby allowed, subject to requirements and conditions prescribed by the Commission.

   FURTHER RESOLVED that Article 44 A or new paragraph in existing Article 44 be and is are hereby added in the Articles of Association to be read as under:

   44-A Attendance at General Meeting through Video Conference

   The company may provide video conference facility to its Members at places other than the town in which general meeting is taking place after considering the geographical dispersal of its Members, subject to the condition that Members collectively holding ten percent (10%) or more shareholding residing at a geographical location provide their consent to participate in the general meeting through video conference at least ten (10) days prior to the date of the general meeting. The company shall arrange video conference facility subject to availability of such facility in that city and an intimation to the Members shall be given by the Company at least five (5) days before the date of general meeting regarding venue of video conference facility along with complete information. However, the quorum, as required under the Ordinance, as well as the Chairman of the general meeting, shall be present at the place of the general meeting.

   FURTHER RESOLVED that both members and non-members be and are hereby given voting rights in the general meeting of the Company through electronic means managed by an Intermediary.

   FURTHER RESOLVED that Article 58A or new paragraph in existing Article 58 be and are hereby added in the Articles of Association to be read as under:

   58-A E-Voting

   The provisions and requirements for E-voting as prescribed by the Commission from time to time shall be deemed to be incorporated in these Articles of Association, irrespective of the other provisions of these Articles and notwithstanding anything contradictory therein."

FURTHER RESOLVED that existing Article 65 of the Articles of Association be and is hereby substituted to be read as under:

65. Form of Proxy:

An instrument appointing a proxy shall be in the form specified in Regulation 39 of the Table 'A' in the First Schedule to the Ordinance or Schedule II of the Companies (E-Voting) Regulations, 2016 or of the in any other form which the Directors may approve."

FURTHER RESOLVED that Article 74 of Articles of Association be and is hereby substituted to be read as under:

74. Qualification Shares:

The qualification of every Director shall be the holding of 100 shares in the Company in his own name. A Director may act before acquiring his qualification, but shall in any case acquire the same within two months from his appointment.

FURTHER RESOLVED that the transmission for annual balance sheet and profit and loss account, auditor's report and directors' report to its members either through CD/DVD/USB or hard copy at their registered addresses be and is hereby arranged by the Company, subject to requirements and conditions prescribed by the Commission and accordingly.

FURTHER RESOLVED that a new paragraph in existing Article 101 be and is are hereby added in the Articles of Association to be read as under:

101. Transmission of Annual Audited Accounts

The balance sheet, profit & loss accounts, auditors' report, and directors' report etc., ("annual audited accounts") shall be transmitted to the members of the Company through CD/DVD/USB at their registered address, subject to the requirements prescribed by the Securities and Exchange Commission of Pakistan from time to time. The Standard Request Form shall be placed on Company's website for the purpose of communication of the requisition of annual audited accounts through CD/DVD/USB.

FURTHER RESOLVED that the Company Secretary be and is hereby fully authorized and empowered to give effect to this resolution and to do or cause to do all acts, deeds and things that may be necessary or required and to sign such documents and take such steps from time to time, as and when necessary.

The Directors of the Company have no direct or indirect interest in the proposed alterations / amendments in the Articles of Association, except to the extent of their shareholdings and remuneration in the Company.

2. Agenda Item No. 6(a) of the Notice – Transactions carried out with associated companies during the year ended June 30, 2016 to be passed as an Ordinary Resolution.

   The transactions carried out in normal course of business with associated companies (Related parties) were being approved by the Board as recommended by the Audit Committee on quarterly basis pursuant to clause 5.19.6 (b) of the Code of Corporate Governance, 2012.

   During the Board meeting it was pointed out by the Directors that as the majority of Company Directors were interested in these transactions due to their common directorship and holding of shares in the associated companies, the quorum of directors could not be formed for approval some of these transactions specifically, therefore, these transactions have to be approved by the shareholders in the General Meeting.

   In view of the above, the transactions carried out during the financial year ended June 30, 2016 with associated companies shown in note No. 34 of the financial statements are being placed before the shareholders for their consideration and approval/ratification.

   The Directors are interested in the resolution to the extent of their common directorships and their shareholding in the associated companies.

3. Agenda Item No. 6(b) of the Notice – Authorization to the Chief Executive Officer for the transactions carried out and to be carried out with associated companies during the ensuing year ending June 30, 2017 to be passed as an Ordinary Resolution.

   The Company is expected to be conducting transactions with associated companies in the normal course of business. The majority of Directors are interested in these transactions due to their common directorship and shareholding in the associated companies. Therefore, such transactions with associated companies have to be approved by the shareholders.

   In order to comply with the provisions of clause 5.19.6 (b) of the Code of Corporate Governance, 2012, the shareholders may authorize the Chief Executive Officer to approve transactions carried out and to be carried out in normal course of business with associated companies during the ensuing year ending June 30, 2017.

   The Directors are interested in the resolution to the extent of their common directorships and their shareholding in the associated companies.

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
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REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Island Textile Mills Limited** for the year ended June 30, 2016 to comply with the requirements of Regulations of Pakistan Stock Exchange where the Company is listed.

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

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

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

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

Deloitte Yousuf Adil

Chartered Accountants

Engagement Partner:
Mushtaq Ali Hirani

Dated: September 17, 2016
Karachi

Member of
Deloitte Touche Tohmatsu Limited

Deloitte.

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Auditors' Report to the Members

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

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

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

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

b) in our opinion:

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

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

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

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

d) in our opinion, No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

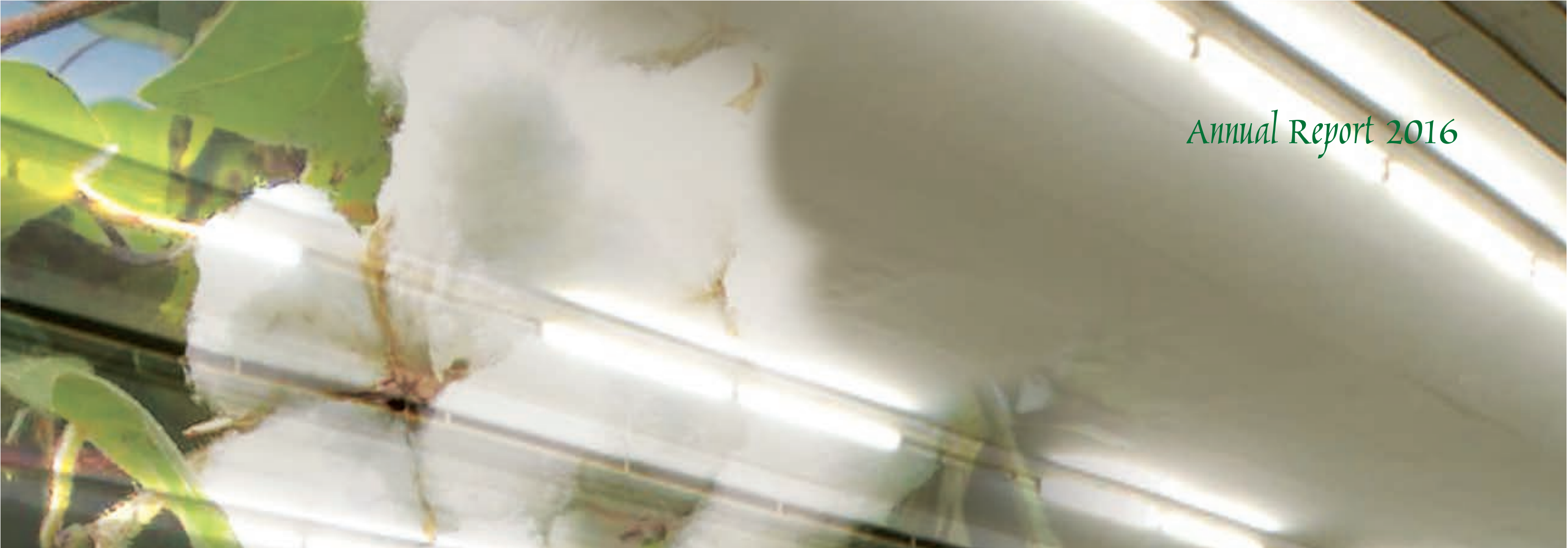
Deloitte Yousuf Adil

Chartered Accountants

Engagement Partner:
Mushtaq Ali Hirani

Dated: September 17, 2016
Karachi

Member of
Deloitte Touche Tohmatsu Limited



FINANCIAL STATEMENTS
for the year ended June 30, 2016

BALANCE SHEET
AS AT JUNE 30, 2016

	Note	2016	2015
		---------------- Rupees ----------------	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	4	3,983,197,639	3,719,482,754
Intangible assets	5	1,218,177	2,346,540
Long term investments	6	306,100,798	339,339,393
Long term deposits		1,000,610	1,000,610
Deferred taxation	7	53,048,101	-
		4,344,565,325	4,062,169,297
CURRENT ASSETS			
Stores, spares and loose tools	8	36,441,463	22,940,013
Stock-in-trade	9	1,020,678,389	1,198,741,874
Trade debts	10	340,279,879	125,105,723
Loans and advances	11	391,389,791	148,217,013
Short term prepayments		16,118,007	902,612
Other receivables	12	400,000	401,570
Other financial assets	13	23,075,550	17,186,025
Sales tax refundable		206,741,073	162,979,562
Cash and bank balances	14	34,126,533	152,327,102
		2,069,250,685	1,828,801,494
TOTAL ASSETS		6,413,816,010	5,890,970,791
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15	5,000,000	5,000,000
Reserves		898,930,957	899,578,684
Unappropriated profit		146,908,059	351,968,368
		1,050,839,016	1,256,547,052
Surplus on revaluation of property, plant and equipment	16	465,110,828	474,181,094
NON CURRENT LIABILITIES			
Deferred liabilities	17	50,268,553	140,802,497
Long term finance	18	2,997,301,099	2,636,568,253
		3,047,569,652	2,777,370,750
CURRENT LIABILITIES			
Trade and other payables	19	468,493,888	304,850,249
Short term borrowings	20	1,285,589,301	974,481,548
Interest / mark-up accrued on borrowings	21	96,213,325	82,236,371
Provision for income tax		-	21,303,727
		1,850,296,514	1,382,871,895
CONTINGENCIES AND COMMITMENTS	22		
TOTAL EQUITY AND LIABILITIES		6,413,816,010	5,890,970,791

The annexed notes from 1 to 41 form an integral part of these financial statements.

SHAHID ANWAR TATA
CHIEF EXECUTIVE

ANWAR AHMED TATA
CHAIRMAN/DIRECTOR

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

	Note	2016	2015
		---------------- Rupees	----------------
Sales - net	23	4,247,958,097	1,998,352,510
Cost of goods sold	24	(4,083,483,452)	(1,892,072,341)
Gross profit		164,474,645	106,280,169
Distribution cost	25	(103,260,586)	(55,667,161)
Administrative expenses	26	(61,023,688)	(50,275,421)
Other operating expenses	27	(34,709,756)	(4,583,959)
Finance cost	28	(305,712,035)	(15,447,904)
		(504,706,065)	(125,974,445)
Share of loss from associates - net of tax	6	(46,990,857)	(15,941,892)
Other income	29	2,654,085	9,839,720
		(44,336,772)	(6,102,172)
Loss before taxation		(384,568,192)	(25,796,448)
Taxation	30	166,578,040	(31,520,925)
Loss for the year		(217,990,152)	(57,317,373)
Other comprehensive income for the year:			
Items that will be reclassified subsequently through profit or loss			
Company's share in unrealised gain / (loss) on remeasurement of associates' investments	6	23,049	(13,128)
Less: deferred tax thereon	7	(2,881)	1,641
		20,168	(11,487)
Items that will not be reclassified subsequently through profit or loss			
Remeasurement loss on defined benefit plan	17.1.3	(4,927,355)	(883,620)
Less: deferred tax thereon	7	738,196	116,196
		(4,189,159)	(767,424)
Company's share in remeasurement loss on associates' defined benefit plan	6	(763,309)	(36,618)
Less: deferred tax thereon	7	95,414	4,577
		(667,895)	(32,041)
		(4,857,054)	(799,465)
Other comprehensive income		(4,836,886)	(810,952)
Total comprehensive income for the year		(222,827,038)	(58,128,325)
Earnings per share - basic and diluted	31	(435.98)	(114.63)

The annexed notes from 1 to 41 form an integral part of these financial statements.

SHAHID ANWAR TATA
CHIEF EXECUTIVE

ANWAR AHMED TATA
CHAIRMAN/DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016	2015
		------------- Rupees	------------
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		**(384,568,192)**	(25,796,448)
Adjustments for:			
Depreciation	4.2	**190,580,585**	42,421,657
Amortisation	26	**1,128,363**	1,124,050
Provision for staff gratuity	17.1.5 & 17.1.13	**18,417,421**	12,474,172
Provision for compensated absences		**5,473,607**	4,123,183
Finance cost	28	**309,539,157**	15,447,904
Gain on sale of property, plant and equipment	29	**(1,055,481)**	(2,450,508)
Share of loss from associates	6	**46,990,857**	15,941,892
Provision for doubtful debts	26	**4,910,322**	-
Gain on sale of financial assets		**-**	(5,393,231)
Operating cash flows before change in working capital		**191,416,639**	57,892,671
(Increase) / decrease in current assets			
Stores, spares and loose tools		**(13,501,450)**	(5,068,643)
Stock-in-trade		**178,063,485**	(635,154,003)
Trade debts		**(220,084,478)**	34,120,929
Loans and advances		**(206,832,560)**	(54,986,105)
Short term prepayments		**(15,215,395)**	(435,423)
Other receivables		**1,570**	4,666,775
Sales tax refundable		**(43,761,511)**	(153,450,863)
Increase in current liabilities			
Trade and other payables		**163,644,911**	57,074,324
Cash generated from / (used in) operations		**33,731,211**	(695,340,338)
Payments for			
Finance cost		**(299,389,325)**	(89,440,061)
Staff gratuity		**(7,340,003)**	(7,427,223)
Compensated absences		**(5,436,993)**	(3,677,405)
Income taxes		**(56,737,192)**	(31,131,757)
Net cash used in operating activities		**(335,172,302)**	(827,016,784)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to property, plant and equipment		**(450,739,667)**	(2,711,996,061)
Proceeds from disposal of plant and equipment	4.4	**1,326,800**	3,892,446
Purchase of intangible assets		**-**	(36,972)
Dividend received from associates	6	**434,798**	984,248
Purchase of other financial assets		**(5,889,525)**	(142,027,025)
Proceeds from disposal of other financial assets		**-**	155,535,850
Net cash used in investing activities		**(454,867,594)**	(2,693,647,514)

	Note	2016	2015
		------------- Rupees -------------	
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finance obtained - net		**360,732,846**	2,636,568,253
Short term borrowings (repaid) /obtained - net		**(24,826,734)**	687,225,649
Dividend paid		**(1,272)**	(2,381,568)
Net cash generated from financing activities		**335,904,840**	3,321,412,334
Net decrease in cash and cash equivalents (A+B+C)		**(454,135,056)**	(199,251,964)
Cash and cash equivalents at beginning of the year		**(134,928,797)**	64,323,167
Cash and cash equivalents at end of the year	32	**(589,063,853)**	(134,928,797)

The annexed notes from 1 to 41 form an integral part of these financial statements.

SHAHID ANWAR TATA
CHIEF EXECUTIVE

ANWAR AHMED TATA
CHAIRMAN/DIRECTOR

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

	Note	Issued, subscribed and paid up Capital	Reserves: General reserve	Reserves: Unrealised (loss)/gain in value of investment available for sale	Reserves: Other reserve	Reserves: Company's share in other comprehensive income of associates	Unappropriated profit	Total
		---------- Rupees ----------						
Balance at July 01, 2014		**5,000,000**	**900,000,000**	**297,969**	**591,481**	**(969,269)**	**395,958,313**	**1,300,878,494**
Total comprehensive income for the year								
Loss after taxation		-	-	-	-	-	(57,317,373)	(57,317,373)
Other comprehensive income for the year								
Transfer of unrealised loss on remeasurement of investment available-for-sale		-	-	(297,969)	-	-	-	(297,969)
Remeasurement loss on defined benefit plan - net of tax		-	-	-	-	-	(767,424)	(767,424)
Company's share in unrealised gain on remeasurement of associates' investments - net of tax		-	-	-	-	(11,487)	-	(11,487)
Company's share in remeasurement loss on associates' defined benefit plan - net of tax		-	-	-	-	(32,041)	-	(32,041)
		-	-	(297,969)	-	(43,528)	(58,084,797)	(58,426,294)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation		-	-	-	-	-	12,525,175	12,525,175
Company's share in associates' surplus on revaluation of property, plant and equipment on account of incremental depreciation and disposal - net of tax		-	-	-	-	-	4,400,579	4,400,579
Impact of change in deferred tax rate		-	-	-	-	-	(330,902)	(330,902)
Transactions with owners								
Final cash dividend for the year ended June 30, 2014 @ Rs. 5 per share		-	-	-	-	-	(2,500,000)	(2,500,000)
Balance at June 30, 2015		**5,000,000**	**900,000,000**	**-**	**591,481**	**(1,012,797)**	**351,968,368**	**1,256,547,052**
Total comprehensive income for the year								
Loss after taxation		-	-	-	-	-	(217,990,152)	(217,990,152)
Other comprehensive income for the year								
Remeasurement loss of defined benefit plan - net of tax		-	-	-	-	-	(4,189,159)	(4,189,159)
Company's share in unrealised loss on remeasurement of associates' investments - net of tax		-	-	-	-	20,168	-	20,168
Company's share in remeasurement loss on associates' defined benefit plan - net of tax		-	-	-	-	(667,895)	-	(667,895)
		-	-	-	-	(647,727)	(222,179,311)	(222,827,038)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation	16	-	-	-	-	-	11,645,705	11,645,705
Company's share in associates' surplus on revaluation of property, plant and equipment on account of incremental depreciation and disposal - net of tax		-	-	-	-	-	5,473,297	5,473,297
Balance at June 30, 2016		**5,000,000**	**900,000,000**	**-**	**591,481**	**(1,660,524)**	**146,908,059**	**1,050,839,016**

The annexed notes from 1 to 41 form an integral part of these financial statements.

SHAHID ANWAR TATA
CHIEF EXECUTIVE

ANWAR AHMED TATA
CHAIRMAN/DIRECTOR

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

1. LEGAL STATUS AND NATURE OF BUSINESS

Island Textile Mills Limited (the Company) is a public limited company incorporated in Pakistan on May 20, 1970 under the repealed Companies Act 1913 now Companies Ordinance, 1984 and listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at 6th Floor Textile Plaza, M.A. Jinnah Road, Karachi in the province of Sindh. The principal activity of the Company is manufacturing and sale of yarn. The Company's manufacturing facilities are located at Kotri Industrial Estate, Kotri in the Province of Sindh.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for:

- certain property, plant and equipment measured at revalued amounts less accumulated depreciation;
- recognition of certain staff retirement benefits at present value; and
- investment in associates recognized and measured using equity method of accounting.

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgments

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:

- Revaluation of certain items of property, plant and equipment (note 3.1)
- Useful lives of property, plant and equipment (note 3.1)
- Useful lives of intangible assets (note 3.2)
- Investment in associates accounted for under equity method (note 3.3)
- Valuation of stores and spares and stock-in-trade (note 3.4 and 3.5)
- Impairment of financial and non-financial assets (note 3.10)
- Staff retirement benefit - gratuity scheme (note 3.16)
- Taxation (note 3.21)

2.5 Initial application of standards and amendments to existing standards

a) New standards and amendments which became effective during the year

New Standards relevant to the company

During the year the Company has adopted IFRS 13 'Fair Value Measurement' which became effective during the year beginning on or after 01 January 2015 and IFRS 12 'Disclosure of Interest in Other Entities' which became effective during the year beginning on or after 01 January 2015.

IFRS 13 - Fair Value Measurement

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the defination of fair value as the prices that would be received to sell an asset or paid or transfer a liability in an orderly transaction between market participants at the measurement date . It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 -Financial Instruments: Disclosures.The application of IFRS 13 does not have any significant impact on the financial statements of the Company except for certain additional disclosures in note 36.1 and 36.2.

IFRS 12 - Disclosure of Interests in Other Entities

IFRS 12 requires information to be disclosed in an entity's financial statements that will enable users of those statements to evaluate the nature of, and risks associated with, the entity's interests in other entities as well as the effects of those interests on the entity's financial position, financial performance and cash flows.The application of IFRS 12 does not have any significant impact on the financial statements of the Company except for certain additional disclosures in note 6 and 22.4.

Standards and amendments not relevant to the company

The following are some other new standards and amendments including certain annual improvements to existing IFRS effective for the year ended June 30, 2016. These new standards and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements.

	Standards and amendments	Effective date (accounting periods beginning on or after)
-	IFRS 10 – Consolidated Financial Statements	January 01, 2015
-	IFRS 11 – Joint Arrangements	January 01, 2015
-	IFRS 12 – Disclosure of Interests in Other Entities	January 01, 2015
-	IAS 27 (Revised 2011) – Separate Financial Statements	January 01, 2015
-	IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures	January 01, 2015

b) Amendments to published standards that are not yet effective and have not been early adopted by the Company

The following amendments are only effective for accounting periods, beginning on or after the date mentioned against each of them. 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 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	January 01, 2016
- Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely
Amendments to IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures' - Investment Entities: Applying the consolidation exception	January 01, 2016
Amendments to IFRS 11 'Joint Arrangements' - Accounting for acquisitions of interests in joint operations	January 01, 2016
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure initiative	January 01, 2016
Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	January 01, 2017
Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses	January 01, 2017
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 IFRS which are not relevant to the Company and therefore have not been presented here.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These have been consistently applied to all the years presented, unless otherwise stated.

3.1 Property, plant and equipment

Property, plant and equipment except leasehold land, buildings on leasehold land, plant and machinery and electric installations are stated at cost less accumulated depreciation and impairment, if any.

Leasehold land, buildings on leasehold land, plant and machinery and electric installations are stated at revalued amount being the fair value at the date of revaluation, less subsequent accumulated depreciation and impairment losses, if any. Revaluations are performed with sufficient regularity so that the fair value and carrying value do not differ materially at the reporting date.

Depreciation is charged to income applying the reducing balance method at the rates specified in note 4. Depreciation on all additions in fixed assets is charged from the month in which the asset is available for use and on disposals upto the month preceding the month of disposal.

The depreciation method and assets' 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 recognised as separate items of property, plant and equipment.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Improvements are capitalised when it is probable that respective future economic benefits will flow to the Company and the cost of the item can be measured reliably. Assets so replaced, if any, are derecognised.

Gains and losses on disposal of assets are taken to the profit and loss account, and the related surplus on revaluation of property, plant and equipment net of deferred tax is transferred directly to unappropriated profits.

Capital work-in-progress

Capital work-in-progress (CWIP) is stated at cost less any impairment loss, if any. All expenditures connected to the specific assets incurred during installation and construction period are carried under CWIP. Expenditures include borrowing costs as referred to in note 3.17. Items are transferred to operating assets as and when assets are ready for their intended use.

3.2 Intangible assets

An intangible asset is recognised as an asset if it is probable that future economic benefits attributable to the asset will flow to the Company and the cost of such asset can be measured reliably.

Costs associated with developing or maintaining computer software programmes are generally recognised as an expense as incurred. However, costs that are directly associated with identifiable software and have probable economic benefits exceeding one year, are recognised as an intangible asset. Direct costs include the purchase cost of software and related overhead cost. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any, thereon.

Intangible assets with a definite useful life are amortised on a straight line basis over their useful life. Amortisation on all additions in intangible assets is charged from the month in which the asset is available for use and on disposals upto the month of disposal. Amortisation charge is recognised in the profit and loss account. The rates of amortisation are disclosed in note 5.

3.3 Investment in associates

Associates are all entities over which the Company has significant influence but not control. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The Company's share of its associates' post acquisition profits or losses is recognised in profit and loss account and its share in associates' post acquisition other comprehensive income is taken in Company's other comprehensive income. Cumulative post acquisition movements are adjusted against the carrying value of the investments. Distributions received from associates reduce the carrying amount of the investment. When the Company's share of losses in associates equals or exceeds its interest in the associates including any other long term unsecured receivable, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates.

Gain on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates.

The carrying amount of the investment is tested for impairment, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount and loss, if any, is recognised in the profit and loss account.

3.4 Stores, spares and loose tools

These are valued at cost. The cost is determined on moving average basis less allowance for obsolete and slow moving items. Stores and spares in transit are stated at invoice values plus other charges incurred thereon upto the reporting date.

3.5 Stock-in-trade

Stock-in-trade is valued at lower of cost or net realizable value. Cost is determined on the following basis:

- Raw material - at moving average cost.
- Material in transit - at invoice value plus other charges incurred upto reporting date.
- Work-in-process - at average manufacturing cost.
- Finished goods - at average manufacturing cost.

Average manufacturing cost signifies, in relation to work in process and finished goods, the moving average cost which consists of prime cost and appropriate manufacturing overheads.

Waste stock is valued and recorded at net realizable value. Net realizable value (NRV) represents the estimated selling price at which the stock-in-trade can be realized in the normal course of business less net estimated cost of completion and cost to make sale.

Where NRV charge subsequently reverses, the carrying value of the stock-in-trade 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 recognised. A reversal of NRV is recognised in the profit and loss account.

3.6 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.

Exchange gains or losses arising in respect of trade and other receivables in foreign currency are adjusted from their respective carrying amounts.

3.7 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks, highly liquid short-term investments that are convertible to known amount of cash and are subject to insignificant risk of change in value, and short-term running finance. Running finances under mark-up arrangements are shown with short term borrowings in current liabilities on the balance sheet.

3.8 Financial instruments

Financial assets

The Company classifies its financial assets at initial recognition in the following categories depending on the purpose for which the financial assets were acquired:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term and are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets. Loans and receivables comprise trade debts, loans, advances, deposits, other receivables and cash and bank balances in the balance sheet.

(iii) Available-for-sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or the management intends to dispose of the investments within twelve months from the reporting date.

(iv) Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has intention and ability to hold till maturity are classified in this category.

All financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of investments are recognised on trade date (the date on which the Company commits to purchase or sell the asset). Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit and loss account. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest rate method.

Changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in the profit and loss account as a reclassification adjustment. Mark-up on available-for-sale debt securities calculated using the effective interest rate method is recognised in the profit and loss account. Dividends on available-for-sale equity instruments are recognised in the profit and loss account as part of other income when the Company's right to receive payments is established. Amortization of premium on acquisition of the investments is carried out using the effective yield method and charged to profit and loss account.

The fair values of quoted equity investments are based on current market prices. Subsequent to initial measurement equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are stated at cost less impairment in value, if any.

Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit and loss account.

3.9 Derivatives

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair values. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Any change in the fair value of derivative financial instruments is taken to the profit and loss account.

3.10 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 reorganisation 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.

The Company assesses at each reporting date whether there is objective evidence that any investment is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to profit and loss account as a reclassification adjustment. Impairment losses recognised in the profit and loss account on equity instruments classified as available-for-sale are not reversed through the profit and loss account.

Non-financial assets

The Company assesses at each reporting 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. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as an increase in revaluation.

3.11 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.

3.12 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupees (functional currency) using the exchange rate prevailing at the dates of transactions. Monetary assets and liabilities in foreign currencies are translated at year end into Pak Rupees using the exchange rate at the reporting date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translations of monetary assets and liabilities denominated in foreign currencies at reporting date are included in profit and loss account.

3.13 Share capital

Ordinary shares are classified as equity and are recorded at their face value.

3.14 Dividend distribution

Dividend distribution to the Company’s shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved for distribution to shareholders.

3.15 Surplus on revaluation of property, plant and equipment

The surplus arising on revaluation of fixed assets is credited to the Surplus on Revaluation of property, plant and equipment shown below equity in the balance sheet in accordance with the requirements of Section 235 of the Companies Ordinance, 1984. The depreciation with respect to revalued assets is determined and recognized as follows:

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;

b) an amount equal to incremental depreciation for the year net of deferred taxation is transferred from Surplus on revaluation of property, plant and equipment to accumulated profits through Statement of Changes in Equity to record realization of surplus to the extent of the incremental depreciation charge for the year.

3.16 Staff retirement benefits

The Company manages two unfunded schemes for its workmen and non-workmen categories, the details of which are as follows:

Defined benefit plan - Workmen

The Company operates a gratuity scheme for all its employees under workmen category who have completed the minimum qualifying period of service as defined under the respective scheme. Provisions are made to cover the obligations under the schemes on the basis of actuarial valuation and charged to profit and loss and other comprehensive income. All actuarial gains and losses are recognized in 'other comprehensive income' as they occur. The most recent valuation was carried out as at June 30, 2016 using Projected Unit Credit Method. The amount recognized in the balance sheet represents the present value of defined benefit obligations.

Defined benefit plan - Non workmen

The Company also maintains an unfunded contributory gratuity scheme for its employees under non-workmen category. Under this scheme, every eligible employee is entitled to receive benefit of one month salary based on last month of each year's service. The Company accounts for liability of each employee at year end and such liability is treated as full and final with respect to that year. In future years, the liability amount is not revised for any increase or decrease in salary.

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. Under this policy, leaves of 10 and 14 days for non-workmen and workmen respectively can be accumulated and carried forward.

3.17 Borrowing cost

Borrowing costs are recognised as an expense in the period in which these are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalized as part of the cost of that asset. Borrowing costs eligible for capitalization are determined using effective interest method.

3.18 Provisions

Provisions are recognized when the Company has a present, legal or constructive obligation as a result of the 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.

3.19 Trade and other payables

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

3.20 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.

3.21 Taxation

Current

Provision for current taxation is based on taxable income at the current tax rates after taking into account tax credits and rebates available, if any or on turnover at the specified rates or Alternate Corporate Tax as defined in section 113C of the Income Tax Ordinance, 2001, whichever is higher. The charge for current tax also includes adjustments, where necessary, relating to prior years which arise due to assessments framed / finalized during the year.

Deferred

Deferred tax is provided using the balance sheet liability method for all temporary differences at the reporting date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. after considering, the effects of deferred taxation of the portion of income subject to final tax regime is also considered.

Deferred tax liabilities are recognised for all taxable temporary differences. 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.

3.22 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 is recognised on the following basis:

- Sales are recorded on dispatch of goods or on segregation of goods for delivery against confirmed customer's orders where risks and rewards are transferred to a customer.

- Interest income is accrued on a time proportion basis by reference to the principal outstanding and at the applicable effective interest rate.

3.23 Earnings per share

The Company presents basic and diluted earnings per share (EPS) 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 period. 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.

3.24 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker (CODM). The Company considers Chief Executive as its CODM who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment; however, certain information about the Company's products, as required by the approved accounting standards, is presented in note 38 to these financial statements.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	2016	2015
		---------------- Rupees ----------------	
Operating assets	4.1	3,829,407,656	782,879,055
Capital work-in-progress	4.5	153,789,983	2,936,603,699
		3,983,197,639	3,719,482,754

4.1 Operating assets

Particulars	Cost / revalued amount at July 01, 2015	Additions	Disposals	Cost / revalued amount at June 30, 2016	Accumulated depreciation at July 01, 2015	Depreciation for the year	Accumulated depreciation on disposals	Accumulated depreciation at June 30, 2016	Written down value at June 30, 2016	Rate
	Rupees									%
Leasehold land	68,650,000	-	-	68,650,000	-	-	-	-	68,650,000	-
Buildings on leasehold land										
Mills	135,855,360	557,778,903	-	693,634,263	17,020,417	31,446,382	-	48,466,799	645,167,464	5
Other	83,276,904	512,876	-	83,789,780	10,168,916	3,666,390	-	13,835,306	69,954,474	5
Office premises	791,365	-	-	791,365	623,905	16,746	-	640,651	150,714	10
Plant and machinery	553,684,635	2,515,578,966	-	3,069,263,601	73,935,085	134,905,678	-	208,840,763	2,860,422,838	5
Electric installations	17,867,908	117,626,467	-	135,494,375	14,581,729	11,067,149	-	25,648,878	109,845,497	10
Mills equipment	10,233,306	5,704,070	-	15,937,376	4,109,241	1,008,071	-	5,117,312	10,820,064	10
Computer equipment	7,056,399	5,599,287	-	12,655,686	4,878,485	1,499,023	-	6,377,508	6,278,178	30
Furniture and fixtures	8,846,549	29,750,156	-	38,596,705	2,462,408	2,961,964	-	5,424,372	33,172,333	10
Office equipment	4,600,263	-	-	4,600,263	1,150,232	345,003	-	1,495,235	3,105,028	10
Leasehold improvements	11,266,700	-	-	11,266,700	3,121,732	814,497	-	3,936,229	7,330,471	10
Vehicles	25,756,976	4,829,780	(1,757,550)	28,829,206	12,955,160	2,849,682	(1,486,231)	14,318,611	14,510,595	20
June 30, 2016	927,886,365	3,237,380,505	(1,757,550)	4,163,509,320	145,007,310	190,580,585	(1,486,231)	334,101,664	3,829,407,656	

For comparative period

Particulars	Cost / revalued amount at July 01, 2014	Additions	Disposals	Cost / revalued amount at June 30, 2015	Accumulated depreciation at July 01, 2014	Depreciation for the year	Accumulated depreciation on disposals	Accumulated depreciation at June 30, 2015	Written down value at June 30, 2015	Rate
	Rupees									%
Leasehold land	68,650,000	-	-	68,650,000	-	-	-	-	68,650,000	-
Buildings on leasehold land										
Mills	128,998,207	6,857,153	-	135,855,360	10,828,063	6,192,354	-	17,020,417	118,834,943	5
Other	66,732,468	16,544,436	-	83,276,904	6,399,861	3,769,055	-	10,168,916	73,107,988	5
Office premises	791,365	-	-	791,365	605,298	18,607	-	623,905	167,460	10
Plant and machinery	539,398,371	14,286,264	-	553,684,635	48,721,951	25,213,134	-	73,935,085	479,749,550	5
Electric installations	17,867,908	-	-	17,867,908	14,216,598	365,131	-	14,581,729	3,286,179	10
Mills equipment	8,693,967	1,539,339	-	10,233,306	3,430,496	678,745	-	4,109,241	6,124,065	10
Computer equipment	6,442,563	745,286	(131,450)	7,056,399	4,213,247	794,091	(128,853)	4,878,485	2,177,914	30
Furniture and fixtures	8,785,523	61,026	-	8,846,549	1,755,884	706,524	-	2,462,408	6,384,141	10
Office equipment	4,600,263	-	-	4,600,263	766,895	383,337	-	1,150,232	3,450,031	10
Leasehold improvements	11,266,700	-	-	11,266,700	2,216,736	904,996	-	3,121,732	8,144,968	10
Vehicles	30,726,332	276,500	(5,245,856)	25,756,976	13,365,992	3,395,683	(3,806,515)	12,955,160	12,801,816	20
June 30, 2015	892,953,667	40,310,004	(5,377,306)	927,886,365	106,521,021	42,421,657	(3,935,368)	145,007,310	782,879,055	

		Note	2016	2015
			------------Rupees------------	
4.2	**Depreciation for the year has been allocated as under:**			
	Cost of goods manufactured	24.1	186,821,294	37,383,464
	Administrative expenses	26	3,759,291	5,038,193
			190,580,585	42,421,657

4.3 Had there been no revaluation the related figures of leasehold land, buildings on leasehold land, plant and machinery and electric installations would have been as follows :

	June 30, 2016 Cost	June 30, 2016 Accumulated Depreciation	June 30, 2016 Written down value	June 30, 2015 Cost	June 30, 2015 Accumulated Depreciation	June 30, 2015 Written down value
	------Rupees------			------Rupees------		
Leasehold land	**1,056,000**	**-**	**1,056,000**	1,056,000	-	1,056,000
Buildings on leasehold land						
Mills	**652,010,888**	**64,176,448**	**587,834,440**	94,231,985	35,747,594	58,484,391
Others	**47,514,318**	**14,790,508**	**32,723,810**	47,001,442	13,083,626	33,917,816
Plant and machinery	**3,053,747,487**	**358,107,639**	**2,695,639,848**	538,168,521	231,874,750	306,293,771
Electric installations	**133,678,428**	**24,265,257**	**109,413,171**	16,051,961	13,246,144	2,805,817
	3,888,007,121	**461,339,852**	**3,426,667,269**	696,509,909	293,952,114	402,557,795

Revaluation of leasehold land, building and plant and machinery was last carried out on June 30, 2012 while revaluation of electric installations was carried out on September 30, 2003. Revaluations were conducted by the independent professional valuer M/s. Iqbal A. Nanjee & Co. on the basis of market value or depreciated replacement values as applicable. Revaluation surplus has been credited to Surplus on revaluation of property, plant and equipment to comply with the requirements of Section 235 of the Companies Ordinance, 1984.

During the year revaluation exercise has been carried out in respect of Leasehold land, Building on leasehold land, Plant and machinery and Electric installations by an independent valuer. The management has not incorporated the impact of upward revaluation on the basis of prudence.

4.4 Disposal of property, plant and equipment

Details of vehicle disposed off during the year are as follows:

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Mode of disposal	Particular of buyers
	------Rupees------					
Vehicle	1,757,550	1,486,231	271,319	1,326,800	Negotiation	Mr. Muhammad Yameen House No. 875/3, Hussainabad, F.B. Area Karachi.
June 30, 2015	5,377,306	3,935,368	1,441,938	3,892,446		

		Note	2016	2015
			------------Rupees------------	
4.5	**Capital work-in-progress**			
	Unit 1			
	Civil work		350,619	4,643,687
	Plant and machinery		36,411,023	7,192,414
	Capital inventory items		5,415,959	5,327,981
			42,177,601	17,164,082
	Unit 2			
	Civil work		44,630,761	451,346,026
	Plant and machinery - import value and ancillary costs		23,706,585	2,342,614,798
	Electrical works		-	94,897,376
	Assembling cost		-	22,855,132
	Capital inventory items		43,275,036	7,726,285
		4.5.1	111,612,382	2,919,439,617
			153,789,983	2,936,603,699

4.5.1 Borrowing costs of Rs. 3.83 million (2015: Rs. 81.40 million) incurred on long term finance used (refer note 18) borrowing costs attributable to Unit 2 at Kotri is included.

5. INTANGIBLE ASSETS

Particulars	Cost as at July 01, 2015	Additions	Cost as at June 30, 2016	Accumulated amortisation as at July 01, 2015	Amortisation for the year	Accumulated amortisation as at June 30, 2016	Book value as at June 30, 2016	Rate of amortisation
	Rupees							%
License fee	839,733	-	839,733	414,026	167,947	581,973	257,760	20
ERP software	4,802,084	-	4,802,084	2,881,251	960,416	3,841,667	960,417	20
	5,641,817	**-**	**5,641,817**	**3,295,277**	**1,128,363**	**4,423,640**	**1,218,177**	

For comparative period

Particulars	Cost as at July 01, 2014	Additions	Cost as at June 30, 2015	Accumulated amortisation as at July 01, 2014	Amortisation for the year	Accumulated amortisation as at June 30, 2015	Book value as at June 30, 2015	Rate of amortisation
	Rupees							%
License fee	802,761	36,972	839,733	250,393	163,633	414,026	425,707	20
ERP software	4,802,084	-	4,802,084	1,920,834	960,417	2,881,251	1,920,833	20
	5,604,845	36,972	5,641,817	2,171,227	1,124,050	3,295,277	2,346,540	

6. LONG-TERM INVESTMENTS

Investment in associates - on equity method

	Salfi Textile Mills Limited	Tata Textile Mills Limited	Total 2016	Total 2015
	----------Rupees----------			
Opening balance	278,004,946	61,334,447	339,339,393	302,017,991
Share of loss of associates - net of tax	(42,110,991)	(4,879,866)	(46,990,857)	(15,941,892)
Dividend received	-	(434,798)	(434,798)	(984,248)
Share of unrealized gain / (loss) on remeasurement of investment available-for-sale	23,049	-	23,049	(13,128)
Share of adjustment in deferred tax due to				
-income subject to Final tax regime (FTR)	-	(455,060)	(455,060)	(186,712)
- normal tax rate	-	28,514	28,514	28,194
Revaluation arising on property, plant and equipment	-	15,353,866	15,353,866	54,455,806
Remeasurement of defined benefit	(547,359)	(215,950)	(763,309)	(36,618)
	(42,635,301)	9,396,706	(33,238,595)	37,321,402
Closing balance	235,369,645	70,731,153	306,100,798	339,339,393

	Note	2016	2015
Salfi Textile Mills Limited			
Number of shares held		366,300	366,300
Cost of investment (Rupees)		1,998,000	1,998,000
Ownership interest		10.96%	10.96%
Market value of investment (Rupees)		44,399,223	42,772,851
Tata Textile Mills Limited			
Number of shares held		434,798	434,798
Cost of investment (Rupees)	6.1	-	-
Ownership interest		2.51%	2.51%
Market value of investment (Rupees)		11,304,748	12,696,102

6.1 In 2013, Salfi Textile Mills Limited (STML) an associated undertaking distributed its investment in Tata Textile Mills Limited (TTML) as a specie dividend. The Company received 434,798 shares of TTML in the ratio of 1,187 shares of TTML against 1,000 shares in STML which were recognized as an investment in associate.

6.2 Summarized financial highlights of the associates are as follows:

	2016	2015
	----Rupees----	
Salfi Textile Mills Limited		
Total assets	4,974,357,927	5,062,159,573
Total liabilities	2,826,825,297	2,525,618,711
Sales	4,975,582,877	4,448,355,699
Loss for the year	(384,224,375)	(145,721,102)
Other comprehensive income	(4,783,857)	(289,509)
Tata Textile Mills Limited		
Total assets	4,475,030,557	4,361,093,356
Total liabilities	1,657,064,869	1,917,496,261
Sales	4,906,547,408	5,066,353,330
(Loss) / profit for the year	(194,416,971)	1,160,981
Other comprehensive income	(8,603,603)	(717,739)

7. DEFFERED TAXATION

	Opening balance	Profit and loss account	Other comprehensive income	Surplus on revaluation of property, plant and equipment	Closing balance
	Deferred tax (asset) / liabilities recognised in				
	……Rupees……				
Movement for the year ended June 30, 2016					
Deferred tax liabilities on taxable temporary differences arising in respect of :					
- Property, plant and equipment	**36,281,601**	**145,564,518**	**-**	**-**	**181,846,119**
- Investment in associate	**38,588,169**	**(5,928,207)**	**(92,533)**	**1,865,914**	**34,433,343**
- Surplus on revaluation of property, plant and equipment	**35,962,097**	**(2,052,156)**	**-**	**5,012,667**	**38,922,608**
	110,831,867	**137,584,155**	**(92,533)**	**6,878,581**	**255,202,070**
Deferred tax assets on deductible temporary differences arising in respect of :					
'-Provision for doubtful debts	**-**	**(735,644)**	**-**	**-**	**(735,644)**
- Staff gratuity	**(4,256,536)**	**(2,384,835)**	**(738,196)**	**-**	**(7,379,567)**
- Unabsorbed loss	**-**	**(184,348,451)**	**-**	**-**	**(184,348,451)**
Tax credit under Section 65B		**(115,786,509)**	**-**	**-**	**(115,786,509)**
	106,575,331	**(165,671,284)**	**(830,729)**	**6,878,581**	**(53,048,101)**

	Opening balance	Profit and loss account	Other comprehensive income	Surplus on revaluation of property, plant and equipment	Closing balance
	Deferred tax (asset) / liabilities recognised in				
	……Rupees……				
Movement for the year ended June 30, 2015					
Deferred tax liabilities on taxable temporary differences arising in respect of :					
- Property, plant and equipment	29,655,400	6,626,201	-	-	36,281,601
- Investment in associate	29,993,154	(2,115,767)	(6,218)	10,717,000	38,588,169
- Surplus on revaluation of property, plant and equipment	31,927,937	(1,896,436)	-	5,930,596	35,962,097
	91,576,491	2,613,998	(6,218)	16,647,596	110,831,867
Deferred tax assets on deductible temporary differences arising in respect of :					
- Staff gratuity	(3,029,869)	(1,110,471)	(116,196)	-	(4,256,536)
- Stock-in-trade NRV write down	(195,724)	195,724	-	-	-
- Unrealised loss on forward contracts	(294,976)	294,976	-	-	-
	88,055,922	1,994,227	(122,414)	16,647,596	106,575,331

8. STORES, SPARES AND LOOSE TOOLS

	Note	2016	2015
		-------------Rupees-------------	
Stores and spares	8.1	**36,288,484**	22,780,896
Loose tools		**152,979**	159,117
		36,441,463	22,940,013

8.1 Stores, spares and loose tools include items which may result in fixed capital expenditure but are not distinguishable.

	Note	2016	2015
		------------Rupees ------------	
9. STOCK-IN-TRADE			
Raw material		684,916,599	1,039,817,344
Work-in-process		38,874,497	10,801,972
Finished goods	9.1	284,386,135	146,270,455
Waste		12,501,158	1,852,103
		1,020,678,389	1,198,741,874

9.1 The above balance is net of provision for write-down of inventories to their net realizable values aggregating to Rs. 3.67 million (2015: Rs. 6.56 million). The write-down pertained to finished goods has been charged to cost of good sold.

10. TRADE DEBTS

	Note	2016	2015
Considered good			
Export - secured	10.1	92,627,139	16,403,949
Local - unsecured		247,652,740	108,701,774
Considered doubtful			
Local- unsecured		4,910,322	-
Provision for doubtful debts	10.4	(4,910,322)	-
		-	-
		340,279,879	125,105,723

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

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

10.3 As at June 30, 2016, trade debts aggregating Rs. 192.63 million (2015: Rs. 107.26 million) were past due for which the Company has made provision of Rs. 4.91 million (2015: Rs. Nil).The ageing of these past due trade debts is as follows:

	Note	2016	2015
		------------Rupees ------------	
10.3.1 Ageing of past due but not impaired			
1-30 days		112,960,799	69,305,234
31-90 days		74,215,557	34,000,596
91-120 days		452,745	64,848
121 days and above		5,001,803	3,894,115
		192,630,904	107,264,793

10.4 The movement in provision during the year is as follows:

	2016	2015
Balance at beginning of the year	-	-
Provision during the year	4,910,322	-
Balance at end of the year	4,910,322	-

11. LOANS AND ADVANCES

	Note	2016	2015
Due from employees	11.1	6,865,562	6,465,266
Advance to suppliers		265,813,836	71,619,709
Advance income tax		101,815,184	65,474,966
Advance against letters of credit		16,895,209	4,657,072
		391,389,791	148,217,013

11.1 These represent short term interest free loans to employees provided as per Company's policy. These are adjustable against salaries and recoverable within a period of one year.

	Note	2016	2015
		------------Rupees ------------	

12. OTHER RECEIVABLES

Considered good

		2016	2015
Insurance claim receivable		400,000	-
Relating to disposal of fixed asset		-	401,570
		400,000	401,570

13. OTHER FINANCIAL ASSETS

	Note	2016	2015
Investment			
- Held-to-maturity			
Term Deposit Receipts	13.1	23,075,550	17,186,025

13.1 These carry profit / mark-up at the rate of 6% per annum (2015: 9.5% per annum) and have six months maturity period.

14. CASH AND BANK BALANCES

	Note	2016	2015
Cash at bank			
In current accounts		24,586,657	148,089,204
In savings accounts	14.1	836,606	1,153,349
		25,423,263	149,242,553
Cash in hand		8,703,270	3,084,549
		34,126,533	152,327,102

14.1 These carry mark-up rate ranging from 3.75% to 4.5% (2015: 4.5% to 5%) per annum.

15. SHARE CAPITAL

2016	2015		Note	2016	2015
Number of ordinary Shares of Rs. 10 each				------------Rupees ------------	
1,000,000	1,000,000	**Authorised share capital**		10,000,000	10,000,000
		Issued, subscribed and paid-up capital			
500,000	500,000	Fully paid in cash		5,000,000	5,000,000

15.1 There were no movements during the reporting year.

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

15.3 The Company has no reserved shares for issuance under options and sales contracts.

16. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

This represents surplus over book value resulting from the revaluation of leasehold land, buildings, plant and machinery and electric installations of both own assets and Company's share in associates surplus.

	Own assets	Company's share in associate'surplus	Total 2016	Total 2015
	......................Rupees......................			
Opening balance	**341,070,865**	**176,238,105**	**517,308,970**	482,304,008
Increase arising on revaluation of property, plant and equipment	**-**	**14,053,429**	**14,053,429**	54,455,806
Transferred to unappropriated profit on account of:				
- incremental depreciation	**(11,645,705)**	**(5,431,763)**	**(17,077,468)**	(15,898,587)
- disposal of property, plant and equipment	**-**	**(41,534)**	**(41,534)**	(1,027,167)
Related deferred tax liability	**(2,052,156)**	**(781,901)**	**(2,834,057)**	(2,525,090)
	(13,697,861)	**7,798,231**	**(5,899,630)**	35,004,962
Closing balance	**327,373,004**	**184,036,336**	**511,409,340**	517,308,970
Related deferred tax liability				
Opening balance	**35,962,097**	**7,165,779**	**43,127,876**	29,177,756
Rate adjustment	**(2,247,631)**	**-**	**(2,247,631)**	3,598,934
Adjustment due to income subject to Final tax regime (FTR)	**7,260,298**	**398,178**	**7,658,476**	3,100,725
Change in tax rate	**-**	**(24,949)**	**(24,949)**	2,968,575
On revaluation surplus arising during the year	**-**	**-**	**-**	6,806,976
Transferred to profit and loss account on account of:				
- incremental depreciation	**(2,052,156)**	**(775,967)**	**(2,828,123)**	(2,378,352)
- disposal	**-**	**(5,934)**	**(5,934)**	(146,738)
- Revaluation during the year	**-**	**618,797**	**618,797**	-
Closing balance	**(38,922,608)**	**(7,375,904)**	**(46,298,512)**	(43,127,876)
	288,450,396	**176,660,432**	**465,110,828**	474,181,094

17. DEFERRED LIABILITIES

	Note	2016	2015
		------------Rupees------------	
Staff gratuity	17.1	**49,257,606**	33,252,833
Compensated absences		**1,010,947**	974,333
Deferred taxation	7	**-**	106,575,331
		50,268,553	140,802,497

17.1 Staff gratuity

	Note	2016	2015
Workmen	17.1.1	**25,163,857**	15,354,651
Non-workmen	17.1.13	**24,093,749**	17,898,182
		49,257,606	33,252,833

17.1.1 Workmen

The details of the workmen - defined benefit scheme obligation based on actuarial valuations carried out by independent actuary as at June 30, 2016 using the Projected Unit Credit Method, are as follows:

Net liability in the balance sheet

	2016	2015
Present value of defined benefit obligation	**25,163,857**	15,354,651

17.1.2 Expense recognised in the profit and loss account

	2016	2015
Current service cost	**9,344,958**	5,953,210
Interest cost	**1,309,193**	1,031,316
	10,654,151	6,984,526

	2016	2015
	------------Rupees------------	
17.1.3 Remeasurement losses recognised in other comprehensive income		
Actuarial losses on defined benefit obligation:		
Changes in financial assumptions	7,088,075	-
Experience adjustments	(2,160,720)	883,620
	4,927,355	883,620
17.1.4 Movement in defined benefit obligation		
Opening defined benefit obligation	15,354,651	10,848,005
Current service cost	9,344,958	5,953,210
Interest cost	1,309,193	1,031,316
Actuarial losses	4,927,355	883,620
Benefits paid during the year	(5,772,300)	(3,361,500)
Closing defined benefit obligation	25,163,857	15,354,651
17.1.5 Movement in net liability in the balance sheet		
Opening balance of net liability	15,354,651	10,848,005
Add: Charge for the year	10,654,151	6,984,526
Remeasurement loss recognised in other comprehensive income	4,927,355	883,620
Less: Payment made during the year	(5,772,300)	(3,361,500)
Closing balance of net liability	25,163,857	15,354,651

	2016	2015
17.1.6 The principal assumptions used		
Discount rate (% per annum)	10.50	10.5
Expected rate of salary increase (% per annum)	10.50	8.5
Mortality rate	Adjusted SLIC 2001-05	SLIC 2001-05
Expected withdrawal rate for actuarial assumptions	Moderate	Moderate

17.1.7 Sensitivity analysis

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

		2016	
		Impact on obligation	
	Change in assumption	Increase in assumption	Decrease in assumption
		------Rupees------	
Discount rate	1%	(3,793,519)	4,790,087
Expected rate of salary increase	1%	4,876,634	(3,920,893)
Mortality rate	1 year	251,639	(251,639)

For comparative period

		2015	
		Impact on obligation	
	Change in assumption	Increase in assumption	Decrease in assumption
		------Rupees------	
Discount rate	1%	(1,499,242)	1,812,105
Expected rate of salary increase	1%	1,902,386	(1,594,077)
Mortality rate	1 year	-	-

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

17.1.8 The Scheme exposes the Company to the actuarial risks such as:

Salary risks

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

Mortality / withdrawal risks

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

Longevity risks

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

17.1.9 Expected contribution to the scheme for the year ending June 30, 2017 is Rs. 16.44 million.

17.1.10 There are no plan assets against defined benefit obligation.

17.1.11 The weighted average duration of the defined benefit obligation is 15.5 years (2015: 11.96 years).

17.1.12 The expected maturity analysis of undiscounted retirement benefit obligation is as follows:

	2016	2015
	Undiscounted payments	
	-------------Rupees	-------------
Less than a year	1,621,375	645,586
Between 1-2 years	3,269,791	679,335
Between 2-3 years	4,415,941	926,387
Between 3-4 years	5,377,521	730,955
Between 4-5 years	6,189,640	1,159,837
Between 6-10 years	38,180,483	5,809,719
11 years and above	144,918,253	206,619,003

	Note	2016	2015
		-------------Rupees	-------------
17.1.13 Non-workmen			
Opening balance		**17,898,182**	16,474,259
Charge for the year		**7,763,270**	5,489,646
Payment made during the year		**(1,567,703)**	(4,065,723)
		24,093,749	17,898,182

18. LONG TERM FINANCE

From banking companies - secured

	Note	2016	2015
Syndicate term finance	18.1	**2,369,313,009**	2,124,874,327
Syndicate long term finance	18.2	**627,988,090**	511,693,926
		2,997,301,099	2,636,568,253

18.1 It represents amount utilized out of a term finance facility of Rs. 3,000 million obtained from a syndicate of commercial banks. It is secured against first pari passu charge on entire fixed assets of the Company and it is subject to mark-up at the rates of 6 months' KIBOR plus 1.4 % per annum (2015: 6 months' KIBOR plus 1.4 % per annum). It is repayable in 07 years, including 02 years grace period for principal repayment. Mark-up is payable semi annually in arrears and principal in equal semi-annual instalments from August 2017.

18.2 It represents amount utilized against facility obtained from syndicate of commercial banks under a sublimit of Rs. 760 million out of finance facility provided under term finance facility of Rs. 3,000 million as mentioned in note 18.1 above. It is secured against first pari passu charge on entire fixed assets of the Company and it is subject to mark-up at SBP Refinance Rate of 4.5% per annum plus Bank spread i.e. 1.4%(2015: 4.5% per annum plus Bank spread i.e 3%). The facility is repayable in 07 years, including 02 years grace period for principal repayment.

19. TRADE AND OTHER PAYABLES

	Note	2016	2015
		------------Rupees------------	
Creditors		125,148,346	55,735,022
Accrued liabilities	19.1 & 19.2	296,705,736	214,140,205
Advance from customers		172,337	25,203
Workers' Profit Participation Fund	19.3	-	-
Workers' Welfare Fund		30,860,734	29,144,081
Unclaimed dividend		1,056,708	1,057,980
Withholding income tax		3,400,026	2,450,037
Other liabilities		11,150,001	2,297,721
		468,493,888	304,850,249

19.1 It includes Rs. 131.60 million (2015: Rs. 103.40 million) payable to an associated undertaking in respect of power charges.

19.2 It includes Rs. 60.60 million (2015: Rs. 49.63 million) on account provision for Sindh Development and Infrastructure Cess which was levied by the Excise and Tax Department of Government of Sindh on goods entering or leaving the province through air or sea at prescribed rate under Sindh Finance Ordinance, 2001. The levy was initially challenged by the Company along with other companies in the High Court of Sindh after which several proceedings were held. The High Court of Sindh through its interim order passed on May 31, 2011 ordered that for every consignment cleared after December 28, 2006, 50% of the value of infrastructure cess should be paid in cash and a bank guarantee for the remaining amount should be submitted until the final order is passed. The management is confident for a favorable outcome however, as a matter of prudence, the Company has paid Rs. 60.60 million (50%) of the value of infrastructure cess in cash and recorded liability for the remaining amount.

19.3 Workers' Profits Participation Fund

	Note	2016	2015
		------------Rupees------------	
Opening balance		-	5,601,177
Add: Allocation for the year		-	-
Interest on funds utilized in the Company's business	19.3.1	-	1,041,589
		-	6,642,766
Less: Payments made to the fund		-	(6,642,766)
Closing balance		-	-

19.3.1 Interest on funds utilised is charged @ Nil (2015: 37.5%).

20. SHORT TERM BORROWINGS

	Note	2016	2015
From banking companies			
Finance against import	20.1	84,834,913	557,403,563
Trust receipt finances	20.2	364,117,840	99,312,086
Finances against export	20.3	213,446,162	30,510,000
Running finances	20.4	623,190,386	287,255,899
	20.5	1,285,589,301	974,481,548

20.1 These are subject to mark-up at the rate of six months average of 1.10% to 1.45% inclusive of LIBOR per annum (2015: three to six months average of 2.40% to 2.75% inclusive of LIBOR per annum) and are secured against pledge of stock and charge on receivables.

20.2 These are subject to mark-up at the rate ranging from three months average of 7.0% to 7.35% inclusive of KIBOR per annum (2015: one to six months average of 7.34% to 7.83% inclusive of KIBOR per annum) and are secured against pledge of stock and charge on receivables.

20.3 These are subject to mark-up at the rate of 1.35% inclusive of LIBOR (2015: six months 2% inclusive of LIBOR) and are secured against charge on stocks and receivables.

20.4 These are subject to markup at the rate of ranging from 7.0% to 7.35% inclusive of three months KIBOR per annum (2015: one month 8.74% to 10.96% inclusive of KIBOR per annum). These facilities are secured against pledge of stock and pari passu charge over current assets of the company.

20.5 Total short term borrowing facilities available from various commercial banks amounted to Rs. 4,436 million (2015: Rs. 2520 million). Aggregate unavailed short term borrowing facilities are of Rs. 3150 million (2015: Rs.1546 million).

21. INTEREST / MARK-UP ACCRUED ON BORROWINGS

	Note	2016	2015
		------------Rupees	------------
On secured:			
Long term finance			
- Syndicate term finance		**74,143,189**	71,021,437
- Syndicate long term finance		**-**	3,333,498
Short term borrowings		**22,070,136**	7,881,436
		96,213,325	82,236,371

22. CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

	2016	2015
Estimated financial impact of labour and workmen compensation cases in court of law	**998,009**	1,235,624

22.2 Commitments

	Note	2016	2015
Letters of credit in respect of purchase of:			
-Raw material		**387,292,668**	23,125,766
-Spares and machinery		**28,835,272**	91,937,858
Bank guarantees	22.3	**86,303,512**	65,675,500
Bills discounted		**167,472,736**	39,027,560
Outstanding sales contracts		**1,055,500**	8,533,850

22.3 This includes bank guarantee related to infrastructure cess for an amount of Rs. 60.60 million (2015: Rs. 49.63 million) refer note 19.2.

22.4 The Company's share in associates' contingencies and commitments is Rs. 148.76 million (2015: Rs. 82.14 million). The extent to which an outflow of funds will be required is dependent on the future operations of the associates being more or less favourable than currently expected.

23. SALES - NET

	Note	2016	2015
		------------Rupees	------------
Local			
- Yarn		**2,005,748,829**	1,054,836,076
- Raw material		**-**	41,272,436
- Waste		**168,972,551**	8,508,505
		2,174,721,380	1,104,617,017
Export			
-Yarn		**2,022,883,620**	179,107,587
-Yarn (indirect export)		**92,505,451**	750,190,329
-Waste		**33,121,395**	-
		2,148,510,466	929,297,916
		4,323,231,846	2,033,914,933
Less: Sales tax		**(75,273,749)**	(35,562,423)
		4,247,958,097	1,998,352,510

24. COST OF GOODS SOLD

	Note	2016	2015
		------------Rupees ------------	
Cost of goods manufactured	24.1	4,232,248,187	1,738,008,694
Finished goods (including waste)			
Opening stock		148,122,558	257,985,713
Closing stock		(296,887,293)	(148,122,558)
		(148,764,735)	109,863,155
Cost of manufactured goods		4,083,483,452	1,847,871,849
Cost of raw material sold		-	44,200,492
		4,083,483,452	1,892,072,341

24.1 Cost of goods manufactured

	Note	2016	2015
Raw material	24.1.1	3,144,000,514	1,204,820,421
Stores and spares		60,677,702	48,769,696
Packing material		75,424,055	27,057,378
Fuel and power		472,824,158	238,214,756
Salaries, wages and benefits	24.1.2	275,223,258	156,515,194
Depreciation	4.2	186,821,294	37,383,464
Other overheads		17,772,427	11,394,018
Insurance		12,517,505	5,154,314
Repairs and maintenance		15,059,799	7,241,570
		4,260,320,712	1,736,550,811
Work-in-process			
Opening stock		10,801,972	12,259,855
Closing stock		(38,874,497)	(10,801,972)
		(28,072,525)	1,457,883
		4,232,248,187	1,738,008,694

24.1.1 Raw material consumed

	Note	2016	2015
Opening stock		1,039,817,344	293,342,303
Purchases - net		2,789,099,769	1,951,295,462
		3,828,917,113	2,244,637,765
Closing stock	9	(684,916,599)	(1,039,817,344)
		3,144,000,514	1,204,820,421

24.1.2 Salaries, wages and benefits include Rs. 16.46 million (2015: Rs. 9.92 million) in respect of staff retirement benefits

25. DISTRIBUTION COST

	Note	2016	2015
Brokerage and commission		44,013,410	36,921,767
Export expenses		29,921,640	3,172,806
Local freight and handling		15,146,402	9,897,412
Sea freight		11,315,879	2,739,456
Salaries and benefits	25.1	2,863,255	2,935,720
		103,260,586	55,667,161

25.1 Salaries and benefits include Rs. 0.39 million (2015: Rs. 0.24 million) in respect of the staff retirement benefits.

26. ADMINISTRATIVE EXPENSES

	Note	2016	2015
		------------Rupees------------	
Salaries and benefits	26.1	**30,191,714**	28,496,471
Travelling and conveyance		**1,458,728**	832,954
Depreciation	4.2	**3,759,291**	5,038,193
Rent		**2,863,140**	2,863,140
Electricity and gas		**1,822,580**	1,874,270
Charity and donations	26.2	**1,518,000**	1,344,000
Fees and subscription		**797,483**	468,559
Auditors' remuneration	26.3	**1,737,860**	1,272,000
Printing and stationery		**562,774**	580,699
Amortisation	5	**1,128,363**	1,124,050
Vehicles running and maintenance		**1,814,665**	1,122,246
Postage and telephone		**1,002,437**	841,865
Legal and professional		**4,577,580**	2,858,218
Repairs and maintenance		**1,984,423**	743,469
Insurance		**491,376**	541,810
Entertainment		**368,445**	212,017
Provision for doubtful debts	10	**4,910,322**	-
Others		**34,507**	61,460
		61,023,688	50,275,421

26.1 Salaries and benefits include Rs. 1.57 million (2015: Rs. 2.32 million) in respect of the staff retirement benefits.

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

26.3 Auditors' remuneration

	2016	2015
Annual audit fee	**650,000**	650,000
Fee of review of:		
- Condensed interim financial information	**75,000**	75,000
- Compliance with Code of Corporate Governance	**25,000**	52,000
Certification and other services	**887,860**	395,000
Tax services	**100,000**	100,000
	1,737,860	1,272,000

27. OTHER OPERATING EXPENSES

	2016	2015
Workers' Welfare Fund	**1,716,653**	1,891,769
Exchange loss - net	**32,993,103**	2,692,190
	34,709,756	4,583,959

28. FINANCE COST

	Note	2016	2015
Interest / mark-up on:			
-Long-term finance		**216,122,971**	75,023,439
-Short-term borrowings		**81,387,165**	16,686,813
-Workers' Profits Participation Fund	19.3	**-**	1,041,589
Discounting of tariff bills		**8,176,116**	2,793,334
Bank charges and commission		**3,852,905**	1,305,880
		309,539,157	96,851,055
Less: amounts included in the cost of qualifying asset	4.5.2	**(3,827,122)**	(81,403,151)
		305,712,035	15,447,904

29. OTHER INCOME

	2016	2015
	------------Rupees ------------	
Income from financial assets		
Profit on savings accounts	294,327	979,398
Profit on term deposits receipts	1,304,277	1,016,583
Gain on sale of investments	-	5,393,231
Income from non financial assets		
Gain on disposal of property, plant and equipment	1,055,481	2,450,508
	2,654,085	9,839,720

30. TAXATION

	2016	2015
Current		
- for the year	-	21,303,727
- for prior year	(906,756)	822,971
Deferred	(165,671,284)	1,994,227
	(166,578,040)	24,120,925

30.1 Under section 5A of the Income Tax Ordinance, 2001, the Company is obligated to pay tax at the rate of 10 percent on its undistributed reserves exceeding 100 percent of its paid-up capital. The said tax is applicable to a company which derives profits in a tax year but has not distributed a certain amount of profit as cash dividend within 6 months of the end of the year. As the Company has incurred loss during the year, therefore it is not liable under section 5A of the Income Tax Ordinance, 2001 for tax year 2016.

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

31. EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Company which is based on:

	2016	2015
Loss for the year (Rupees)	(217,990,152)	(57,317,373)
Weighted average number of ordinary shares outstanding during the year	500,000	500,000
Earnings per share (Rupees)	(435.98)	(114.63)

32. CASH AND CASH EQUIVALENTS

	Note	2016	2015
		------------Rupees ------------	
Cash and bank balances	14	34,126,533	152,327,102
Running finances	20.4	(623,190,386)	(287,255,899)
		(589,063,853)	(134,928,797)

33. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

33.1 The aggregate amount for the year in respect of remuneration and benefits to the Chief Executive and Executives are as follows:

	----------2016 ----------		----------2015 ----------	
	Chief Executive	Executives	Chief Executive	Executives
	----------------Rupees----------------		----------------Rupees----------------	
Managerial remuneration	3,000,000	36,347,240	3,000,000	23,862,821
Bonus / Ex-gratia	-	2,472,170	250,000	1,736,250
Retirement benefits	250,000	2,684,000	250,000	868,125
Leave encashment	-	1,270,749	-	1,925,833
	3,250,000	42,774,159	3,500,000	28,393,029
No. of persons	1	30	1	28

33.2 The Chief Executive and Executive Directors are also entitled for use of car owned and maintained by the Company.

33.3 An amount of Rs. 0.135 million (2015: Rs. 0.12 million) has been charged in these financial statements in respect of fee paid to directors for attending board meetings.

34. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise associated undertakings, common directorship companies and key management personnel. The transactions between the Company and the related parties are carried out as per agreed terms. Amounts due from and to related parties and key management personnel, if any, are shown under receivables and payables. Remuneration of key management personnel is disclosed in note 33 and amount due in respect of staff retirement benefits is disclosed in note 17. Other significant transactions with related parties are as follows:

Relationship with the party	Nature of transactions	Note	2016	2015
			-------------Rupees -------------	
Associated undertakings	Purchase of power		224,923,486	221,521,754
	Share of expenses received		2,999,302	2,160,714
	Share of expenses paid		3,919,646	4,504,731
	Sale of raw material	23	-	41,272,436
	Purchase of raw material		242,858,283	-
	Dividend received in cash	6	434,798	984,248
	Purchase of machinery		2,565,000	1,600,000
Directors	Godown rent		600,000	600,000
	Office rent		2,863,140	2,863,140

35. PLANT CAPACITY AND ACTUAL PRODUCTION

	2016	2015
Total number of spindles installed	45,984	19,200
Total number of spindles worked	45,984	19,200
Number of shifts per day	3	3
Installed capacity after conversion into 20/s count-kgs	15,740,299	7,539,327
Actual production of yarn after conversion into 20/s count-kgs	16,528,591	7,536,398

The total average number of employees during the year and as at June 30, 2016 and 2015 respectively are as follows:	2016	2015
Average number of employees	1170	801
Number of employees as at June 30	1187	1,016

36. FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets as per balance sheet	2016	2015
	------------Rupees ------------	
Held to maturity		
- Other financial assets	23,075,550	17,186,025
Loans and receivables at amortized cost		
- Long term deposits	1,000,610	1,000,610
- Trade debts	340,279,879	125,105,723
- Loans and advances	6,865,562	6,465,266
- Other receivables	400,000	401,570
- Cash and bank balances	34,126,533	152,327,102
	382,672,584	285,300,271
	405,748,134	302,486,296

Financial liabilities as per balance sheet		
Financial liabilities measured at amortized cost		
- Long term finance	2,997,301,099	2,636,568,253
- Trade and other payables	437,460,817	273,230,928
- Accrued interest / mark-up on borrowings	96,213,325	82,236,371
- Short term borrowings	1,285,589,301	974,481,548
	4,816,564,542	3,966,517,100

36.1 Fair values of financial assets and liabilities

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

(b) Fair value estimation

-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 year end, there are no financial instruments carried at fair value which require classification in above mentioned levels.

36.2 The Company's freehold land, building and 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 freehold land, building and plant and machinery as at June 30, 2012 and electric installations as at September 30, 2003 were performed by Messer Iqbal A.Nanjee & Company (Private) Limited (valuer), 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.

During the year revaluation exercise has been carried out in respect of Leasehold land, Building on leasehold land, Plant and machinery and Electric installations by an independent valuer. The management has not incorporated the impact of upward revaluation on the basis of prudence.

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

	Level 1	Level 2	Level 3	Total
	June 30, 2016			
	---------Rupees---------			
Freehold land	-	**68,650,000**	-	**68,650,000**
Buildings on free hold land	-	**715,121,938**	-	**715,121,938**
Plant and machinery	-	**2,860,422,838**	-	**2,860,422,838**
Electric installations	-	**109,845,497**	-	**109,845,497**
	-	**3,754,040,273**	**-**	**3,754,040,273**

There were no transfers between levels of fair value hierarchy during the year.

For comparative period

Details of Company's free hold land, building, electric installations and plant and machinery and information about the fair value hierarchy as at end of June 30, 2015 are as follows:

	Level 1	Level 2	Level 3	Total
	June 30, 2015			
	---------Rupees---------			
Freehold land	-	**68,650,000**	-	**68,650,000**
Buildings on free hold land	-	**191,942,931**	-	**191,942,931**
Plant and machinery	-	**479,749,550**	-	**479,749,550**
Electric installations	-	**3,286,179**	-	**3,286,179**
	-	**743,628,660**	**-**	**743,628,660**

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

37.1 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 and fair value of financial instruments.

Financial risk factors and risk management framework

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 and treasury 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 policies and procedures and that the financial risk are identified, measured and managed in accordance with the Company policies and risk appetite.

The Company’s principal financial liabilities comprise long-term finances, short-term borrowings, accrued mark-up/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.

The Company’s activities expose it to a variety of financial risks: market risk (including currency risk, and price risk), credit risk and liquidity risk.

37.1.1 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 yarn to foreign customers and maintains foreign currency accounts and amounts payable on account of foreign commission payable and finance obtained against export/import exposes it to currency risk. As at June 30, 2016, financial assets include bank balances and debtors in foreign currency amounting to Rs. 101.21 million (2015: Rs. 27.2 million) equivalent to US$ 0.97 million (2015: US$ 0.27 million) and financial liabilities include foreign commission payable and finance obtained against export/import amounting to Rs. 318.15 million (2015: Rs. 590 million) equivalent to US$ 2.56 million (2015: US$ 5.8 million). The average rates applied during the year is Rs. 103.4 / US $ (2015: Rs.101.36 /US $) and the spot rate as at June 30, 2016 was Rs.104.5 / US$ (2015: Rs.101.7 /US$).

At June 30, 2016, if the Pakistan Rupee had weakened/strengthened by 10% against the US Dollar with all other variables held constant, loss for the year would have been lower/higher by Rs. 40.94 million (2015: Rs. 48.86 million), mainly as a result of foreign exchange losses/gains on translation of US Dollar-denominated trade debts and accrued expenses.

Interest rate risk management

(b) 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. 3,654 million (financial assets on a net basis) (2015: Rs. 3,098 million net financial assets). These are benchmarked to variable rates which exposes the Company to cash flow interest rate risk only.

	Carrying amount	
Variable rate instruments	**2016**	2015
	-------------Rupees-------------	
Financial assets		
- Savings accounts	**836,606**	1,153,349
Financial liabilities		
- Long term finance	**2,369,313,009**	2,124,874,327
- Short term borrowings	**1,285,589,301**	974,481,548
	(3,654,902,310)	3,099,355,875
`	**(3,654,065,704)**	(3,098,202,526)

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 loss for the year and shareholder's equity by Rs. 33.76 million (2015: Rs. 17.13 million). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for 2015.

Fixed rate instruments

The Company does not have any fixed rate instruments carried at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

Equity price risk

(c) 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 carried at fair value through profit or loss which are subject to equity price risk. Therefore, a change in market rate at the reporting date would not affect profit or loss of the Company.

Credit risk and concentration of credit risk

37.1.2 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. 405.74 million (2015 : Rs. 302.49 million), the financial assets which are subject to credit risk amounted to Rs. 397.04 million (2015 : Rs. 299.40 million).

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

Credit risk related to receivables

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

Trade debts consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of trade debts, where appropriate. The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. At June 30, 2016 the Company had approximately 8 (2015: 1) major customers that owed more than Rs. 10 million each and accounted for approximately 54% (2015 : 10%) of local trade debts. Other debts amounting to Rs. 92.63 million (2015 : Rs. 16.40 million) are secured against letters of credit.

Credit risk related to other assets

Credit risk from other assets primarily relates to Company's investment in term deposits issued by a bank (note 13). The risk is managed through ensuring that such investments are made in instruments issued by reputed banks with good credit ratings. The credit rating of the investee bank is as A1+ and AA- for short term and long term credit.

37.1.3 Liquidity risk management

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

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans. 27% of the Company's debt will mature in less than one year at June 30, 2016 (2015: 27%) based on the carrying value of borrowings reflected in the financial statements.

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.

	Interest rate %	Less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	More than 5 years	Total
		---Rupees---					
2016							
Trade and other payables		**-**	**437,633,154**	**-**	**-**	**-**	**437,633,154**
Accrued interest		**-**	**96,213,325**	**-**	**-**	**-**	**96,213,325**
Syndicate term finance	6 months KIBOR plus 1.40% p.a	**-**	**-**	**-**	**2,134,810,800**	**234,502,209**	**2,369,313,009**
Syndicate long term finance	5.90%	**-**	**-**	**-**	**490,760,992**	**137,227,008**	**627,988,000**
Short term borrowings							
Finance against import	Six months average of 1.10% to 1.45% inclusive of LIBOR p.a	**-**	**-**	**84,834,913**	**-**	**-**	**84,834,913**
Trust receipt finance	Three months average of 7% to 7.35% inclusive of KIBOR p.a	**-**	**-**	**364,117,840**	**-**	**-**	**364,117,840**
Finance against export	Six months LIBOR + 1.35%	**-**	**-**	**213,446,162**	**-**	**-**	**213,446,162**
Running finance	7% to 7.35% inclusive of three months KIBOR p.a	**-**	**-**	**623,190,386**	**-**	**-**	**623,190,386**
		-	**533,846,479**	**1,285,589,301**	**2,625,571,792**	**371,729,217**	**4,816,736,789**

	Interest rate	Less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	More than 5 years	Total
		---Rupees---					
2015							
Trade and other payables		-	273,230,928	-	-	-	273,230,928
Accrued interest		-	82,236,371	-	-	-	82,236,371
Syndicate term finance	6 months KIBOR + 1.4% p.a	-	-	-	1,423,207,200	701,667,127	2,124,874,327
Syndicate long term finance	7.50%	-	-	-	365,163,392	146,530,534	511,693,926
Short term borrowings							
Finance against import	Three to six months average of 2.40% to 2.75% inclusive of LIBOR p.a	-	-	557,403,563	-	-	557,403,563
Trust receipt finance	One to six months average of 7.34% to 8.83% inclusive of KIBOR p.a	-	-	99,312,086	-	-	99,312,086
Finance against export	Six months LIBOR + 2%	-	-	30,510,000	-	-	30,510,000
Running finance	One month 8.74% to 10.96% inclusive of KIBOR p.a	-	-	287,255,899	-	-	287,255,899
		-	355,467,299	974,481,548	1,788,370,592	848,197,661	3,966,517,100

Operational risks

37.1.4 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 behaviour. 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.

38. 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 shareholders' equity and surplus on revaluation of property, plant and equipment. Shareholders' equity consist of share capital, capital reserve and unappropriated profit. The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders or issue new shares. The Company's overall strategy remains unchanged from 2015.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Company’s target is to achieve a normal return on capital.

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

The gearing ratio at June 30, 2016 and June 30, 2015 were as follows:

	2016	2015
	-------------Rupees	-------------
Total debts	**4,282,890,400**	3,611,049,801
Less: Cash and bank balances	**(34,126,533)**	(152,327,102)
Net debt	**4,248,763,867**	3,458,722,699
Total equity	**1,050,839,016**	1,256,547,052
Adjusted capital	**5,299,602,883**	4,715,269,751
Gearing ratio	**0.80**	**0.73**

39. OPERATING SEGMENTS

The Chief Executive considers the business as a single operating segment as the Company's assets allocation decisions are based on a single, integrated business strategy, and the Company's performance is evaluated on an overall basis.

The information with respect to operating segment is stated below:
- Yarn sales represent 95.33% (2015: 97.52%) of overall sales of the Company.
- 49.7 % (2015: 45.8%) sales of the Company relate to customers outside Pakistan.
- As at year end, all non-current assets of the Company are located within Pakistan.
- There are no customers whom sales made during the year exceeded 10% of total sales for the year.

40. 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 17, 2016

41. GENERAL

Figures have been rounded off to the nearest Rupee.

SHAHID ANWAR TATA CHIEF EXECUTIVE	ANWAR AHMED TATA CHAIRMAN/DIRECTOR

ERP کی سہولیات کی معلومات تمام کاروباری معاملات کے درمیان ترتیب دیئے گئے ہیں اوراس بات کو یقینی بنایا گیا ہے کہ تمام اسٹیک ہولڈرز کو متعلقہ معلومات صحیح وقت میں دستیاب ہوں اس کے علاوہ انتظامیہ کے ڈیٹا کے تحت صحیح فیصلہ کرنے کے مواقع حاصل ہوں۔

انسانی وسائل کی ترقی:

آپکی کمپنی انتظامیہ اپنے لوگوں کی تربیت اور ترقی کے لئے پرعزم ہے اوراس امر کو یقینی بنانے کے لئے مسلسل کوشاں ہے کہ کمپنی میں متواتر تربیت کا ماحول تشکیل دیا جائے۔

تخلیقی صلاحیتوں، خودمختاری، تکنیکی اور قائدانہ صلاحیتوں کی پذیرائی کے لئے کارپوریٹ کلچر کو برقرار رکھا گیا ہے۔

کمپنی میں بطور تربیت دینے کے عمل، نوجوان اور متوقع لیڈرز کو موقع فراہم کیا جاتا ہے۔ ہم نے اس سال کوالٹی کنٹرول، سیفٹی اور ہیلتھ، لیڈرشپ، مینجمنٹ کے لئے درکار صلاحتوں سے متعلق کانفرنسوں کا انعقاد کمپنی کے اندر اور دیگر مقامات پر کیا گیا ہے۔

آپکی کمپنی ملازمین کی کارکردگی کا تسلسل کے ساتھ جائزہ لینے اور باصلاحیت ملازمین کی ترقی کے لئے بہترین مواقع پیدا کرنے کے لئے پرفارمنس مینجمنٹ ریویوؤس رکھتی ہے۔ کمپنی غیراخلاقی کاروباری سرگرمیوں اور رویوں کے سلسلے میں عدم برداشت کی پالیسی پر کاربند ہے۔

مستقبل پرنظر:

ہماری معیار کے ساتھ وابستگی بہت زیادہ ہے لہذا ہمارا زیادہ تر سرمایہ معیار اور نئی مصنوعات پر خرچ ہوتا ہے۔

Balancing Modification Replacement (BMR) جسے آئس لینڈ مل 1 کے لئے پلان کیا گیا ہے جس میں ہم نے قابل قدر سود، Core Spun، Chain، Slubs، Injection Slubs اور موزائنک سوت شامل کیا ہے جو کہ کاٹن پولیسٹر بلینڈز سے متعلق ہے۔

اظہار تشکر:

ہم اپنی انتھک محنت اور مشقت کرنے والی ٹیم جنہوں نے اس ادارے کے اغراض ومقاصد کی تکمیل کیلئے اپنی خدمات پیش کی ہیں جس میں مصنوعات کا معیار بھی شامل ہے، بطور ٹیم ہم ان کے اور ہمارے فروخت کنندگان، بینکرز اور کاروباری حضرات کے بے حد مشکور ہیں جنہوں نے اس مشکل دور میں کاروبار اور معاشی اقتصادی حالات کے تحت تعاون کیا۔ ہم اپنے صارفین کے بھی مشکور ہیں جنہوں نے مستقل طور پر ہماری پروڈکٹ لائن پر اعتماد کا اظہار کیا۔

انوار احمد ٹاٹا

چیئرمین

کراچی

مورخہ: 17 ستمبر 2016ء

۳۔ پاکستانی روپے کی قدر دانی:

سال 2013 سے 2015 تک کرنسی کی امریکی ڈالر کے مقابلے میں تبدیلی نے پاکستانی روپے میں 3% کا اضافہ کیا ہے جبکہ انڈین روپے میں 8.1% ، بنگلہ دیش میں 0.6%، سری لنکا میں 9.3% اور چائنا میں 5.1% کی کمی واقع ہوئی ہے۔اس وجہ سے عالمی مارکیٹ میں مقابلہ کرنا مشکل ہو گیا ہے۔ماہر اقتصادیات نے یہ تخمینہ لگایا ہے کہ پاکستانی روپے کی قدر 20% سے زیادہ ہے۔

۴۔ مزدور کی لاگت:

علاقائی ممالک یعنی ویتنام، سری لنکا، بنگلہ دیش اور انڈیا سے موازنہ کے تحت پاکستان مزدور کے حوالے سے مہنگا ترین ملک ہے کیونکہ پاکستان میں مزدور کی کم سے کم اجرت 135 امریکی ڈالر ہے جس کا موازنہ ویتنام میں 90 امریکی ڈالر، سری لنکا میں 66 امریکی ڈالر، بنگلہ دیش میں 68 امریکی ڈالر اور انڈیا میں 90 امریکی ڈالر سے کیا جا سکتا ہے۔

بجلی کی لاگت:

ہم بجلی کی مد میں کافی زیادہ ادائیگی کر رہے ہیں اس کا موازنہ رعلاقائی ممالک سے کیا جاسکتا ہے۔ پاکستان میں ٹیکسٹائیل کی صنعت کیلئے بجلی کے ریٹ تقریباً 11 سینٹ/کلوواٹ فی گھنٹہ ہیں جس کا موازنہ ویتنام میں 7 سینٹ، سری لنکا میں 9 سینٹ، بنگلہ دیش میں 7.3 سینٹ، چائنا میں 8.5 سینٹ اور انڈیا میں 9 سینٹ سے کیا جاسکتا ہے۔گیس کے ریٹ پاکستان میں 8/MMBTU ڈالر ہے جبکہ ویتنام میں 4.5 ڈالر، بنگلہ دیش میں 3 ڈالر، چائنا میں 6 ڈالر اور انڈیا میں 4.2 ڈالر ہے۔

ہم APTMA کی اپیل کی حمایت کرتے ہیں جس میں حکومت کو ٹیکسٹائیل کی صنعت کی بقاء اور کارکردگی کیلئے انسدادی اقدامات پر زور دیا گیا جیسا کہ:

☆ زیرو ریٹنگ سے متعلق بے ضابطگیوں کو فوری طور پر حل ہونا چاہیئے۔
☆ ٹیکسٹائیل کے خام مال پر صوبائی حکومت کی جانب سے 1.25% کے سیس کو ختم کیا جائے۔
☆ کاٹن کی درآمدات پر 5% سیلز ٹیکس کو ختم کیا جائے۔
☆ کسٹم ڈیوٹی 4% کو ختم کیا جائے۔
☆ گیس انفراسٹرکچر ڈویلپمنٹ سیس (GIDC) علاقائی ممالک میں گیس کے محصولات کے موازنے کے مطابق ختم کیا جائے۔
☆ بجلی کے ریٹ پر تمام سرچارجز کو ختم کیا جائے۔
☆ DLTL (ڈرابیک آف لوکل ٹیکسز اینڈ لیویز) کے تحت یارن کی برآمدات میں 5% کے حساب سے قانون بنایا جائے
☆ اگلے پانچ سالوں کیلئے ٹرن اوور ٹیکس کو ختم کیا جائے۔
☆ بلاواسطہ برآمدات میں طویل مدتی مالیاتی سہولت (LTFF) شامل کی جائے۔

انفارمیشن ٹیکنالوجی:

آپ کی کمپنی اسٹیٹ آف دی آرٹ انفارمیشن ٹیکنالوجی انفراسٹرکچر رکھتی ہے اور عالمی سطح پر تکنیکی مہارتوں کے مطابق خود کو ڈھالنے اور انہیں اپنانے کے لئے پرعزم ہے۔آپکی کمپنی ERP کے ذریعے ڈیٹا مینجمنٹ سے موثر اور مسلسل فائدہ اٹھانے کے لئے کاروبار کو انفارمیشن ٹیکنالوجی سے ہم آہنگ کر رہی ہے۔گزشتہ چند سالوں سے پورے ادارے میں ERP سلوشن کو ترتیب دیا ہے تاکہ سپلائی چین کی انتظامیہ اور Oracle Discreet Manufacturing Process Automation بمعہ دیگر Oracle کی بنیاد پر کوالٹی مینجمنٹ سسٹم کے ماڈلز میں کامیابی حاصل ہوسکے۔ کاروباری حکمت عملی، HRMS اور نیٹ ورک انفراسٹرکچر کے اسٹیٹ آف آرٹ کو بھی منظّم کیا جاسکے اس کے علاوہ بحالی کا پلان، DRP اور بزنس کمیونیکیشن کو محفوظ کیا جاسکے۔

چیئرمین کا جائزہ:
السلام علیکم رحمۃ اللہ وبرکاتہ

میں بطور چیئرمین آئلینڈ ٹیکسٹائل ملز لمیٹڈ نہایت مسرت کے ساتھ سالانہ آڈٹ شدہ اکاؤنٹ بمعہ آڈٹ رپورٹ برائے مالیاتی سال 30 جون 2016ء پیش کر رہا ہوں۔ زیر نظر مدت کے دوران ادارے کے مالیاتی نتائج حوصلہ افزاء نہیں ہیں کیونکہ کمپنی نے 384.568 ملین روپے قبل از ٹیکس خسارہ برداشت کیا ہے۔

ٹیکسٹائل کی صنعت:
میں اس کاروبار میں ایک طویل عرصہ سے ہوں اور مجھے کسی حکومت میں برآمدی صنعت کی حالتِ ذار میں ایسے لاتعلق اور بے حس رویہ کا تجربہ نہیں ہوا جو کہ موجودہ حکومت میں ہے۔ پاکستان میں ٹیکسٹائل کی صنعت ایک بڑا پیداواری مرکز ہے اور سب سے زیادہ ملازمتیں فراہم کرنے والا دوسرا بڑا مرکز ہے۔ اسکے علاوہ برآمدات کے ذریعے زرمبادلہ کی آمدنی تقریباً 60% حاصل کرتا ہے لیکن حکومتی پالیسی کے تحت ٹیکسٹائل کی صنعتیں بند ہورہی ہیں اور برآمدات میں کمی ہورہی ہے۔

آل پاکستان ٹیکسٹائل ملز ایسوسی ایشن (APTMA) کے مطابق ہر روز ایک ٹیکسٹائل مل بند ہورہی ہے اور برآمدات میں بھی مبلغ 25.110 بلین امریکی ڈالر (سال 2014-2013 میں) سے کم ہوکر مبلغ 20.802 بلین امریکی ڈالر (سال 2016-2015 میں) رہ گئی ہے اور اس کمی کا تناسب 17% ہے۔

گزشتہ تین سالوں میں حکومت کی آمدنی میں 1.9 ٹریلین پاکستانی روپے سے لیکر 3.1 ٹریلین پاکستانی روپے کا اضافہ ہوا ہے لیکن یہ اضافہ ٹیکس ادا کرنے والوں کی تعداد میں اضافہ کی وجہ سے نہیں ہوا ہے بلکہ یہ اضافہ ٹیکسز کے ریٹ اور ودہولڈنگ ٹیکسز کے اکاؤنٹ کے تحت ہوا ہے۔

آپ کی کمپنی کی ناقص کارکردگی کے اسباب بہت بڑے ٹیکسز، سرچارجز اور ڈیوٹیز کے بوجھ ہیں جس کی تفصیلات درج ذیل ہیں:

ا۔ کمپنی کی جانب سے حد سے زیادہ ادا کردہ ٹیکسز:
زیر نظر سال کے دوران کمپنی نے قومی خزانے میں مختلف اکاؤنٹس کے تحت تقریباً 184 ملین پاکستانی روپے شامل کئے ہیں جس میں ودہولڈنگ ٹیکسز، سیلز ٹیکس، انفراسٹرکچر سیس، سروسز پر سیلز ٹیکس، کسٹم ڈیوٹیز، کاٹن سیس، ٹیکسٹائل سیس، سوشل سیکیورٹی، انکم ٹیکس، EOBI، ایجوکیشن سیس اور ریونیو اسٹیمپ وغیرہ شامل ہیں۔

۲۔ خام کاٹن اور فائبر:
پاکستان میں پیداوار کے مقابلے میں کاٹن کا اصراف زیادہ ہے جس کی وجہ سے ملز مالکان درآمدات کے تحت کاٹن خرید رہے ہیں۔ گذشتہ دو سالوں سے حکومت نے خام مال کی درآمدات پر ڈیوٹیز عائد کی ہے جس کی وجہ سے کاٹن کی قیمتوں میں اضافہ ہوا ہے اس کے علاوہ برآمدات کی اشیاء بھی کافی مہنگی ہوگئی ہیں۔ حتیٰ کہ موجودہ سال کے دوران کاٹن پیدا کرنے والے ایریا میں 20% کمی واقع ہوئی ہے اسی وجہ سے موجودہ سال میں 3 سے 5 ملین بیلز کی کمی واقع ہوئی ہے۔

حکومت نے فائبر کی درآمدات پر تعزیری ڈیوٹیز عائد کی ہیں، گزشتہ 30 سالوں میں پاکستان میں صرف مقامی فائبر فراہم کرنے والوں کا تحفظ کیا گیا ہے مگر وہ عالمی معیار قائم کرنے میں ناکام رہے اسی وجہ سے تمام ٹیکسٹائلز کا سلسلہ برآمدات کرنے سے قاصر ہے۔

ڈائریکٹرز کے نام	اجلاس میں حاضری کی تعداد		
	بورڈ	آڈٹ کمیٹی	ہیومن ریسورس اینڈ ریمیونریشن کمیٹی
جناب انوار احمد ٹاٹا	4	نا قابلِ اطلاق	نا قابلِ اطلاق
جناب شاہد انوار ٹاٹا	4	نا قابلِ اطلاق	4
جناب عدیل شاہد انوار ٹاٹا	4	نا قابلِ اطلاق	نا قابلِ اطلاق
جناب بلال شاہد انوار	2	3	4
جناب محمد نسیم	4	4	4
جناب عجاز احمد طارق	3	نا قابلِ اطلاق	نا قابلِ اطلاق
جناب شیخ کوثر عجاز	4	4	نا قابلِ اطلاق

(غیر حاضری کی اجازت ان ڈائریکٹرز کو دی گئی تھی جو کچھ بورڈ اجلاس میں شرکت نہیں کر سکے)۔

(ص) سال کے دوران کمپنی نے IBA سے انفرادی ڈائریکٹر جناب محمد نسیم کیلئے ڈائریکٹرز کے تربیتی پروگرام کے نام سے ایک تربیتی پروگرام کا انتظام کیا۔ جو کہ سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان SECP کے تحت تسلیم کیا گیا ہے۔

(ض) 30 جون 2016ء کے مطابق حصص داران کا پیٹرن اس رپورٹ کے ساتھ منسلک ہے۔ یہ اسٹیٹمنٹ کمپنی کے ضابطہ اخلاق کے کوڈ کے مطابق تحریر کیا گیا ہے۔

(ط) درج ذیل لین دین کے علاوہ چیف ایگزیکیٹیو، ڈائریکٹرز، چیف فنانشل آفیسر، کمپنی سیکریٹری، ان کی بیویاں اور نابالغ بچے سال کے دوران کمپنی کے شیئرز میں کوئی لین دین نہیں کی۔

	01-07-2015 کو اوپننگ بیلنس	وصول کردہ خریداری/تحائف	فروخت/تحفہ	30-06-2016 کو کلوزنگ بیلنس
جناب انوار احمد ٹاٹا	289,944	4,250	164,247	129,947
جناب شاہد انوار ٹاٹا	22,500	164,247	-	186,747
جناب فاروق ایڈوانی	2,500	-	2,500	-

آڈیٹرز:

آڈیٹرز میسرز ڈیلوئیٹ یوسف عادل چارٹرڈ اکاؤنٹینٹ اپنے عہدے کی معیاد سالانہ جنرل میٹنگ کے اختتام پر پوری کر چکے ہیں اور بر بنائے اہلیت خود کو دوبارہ تقرری کے لئے برائے مالیاتی سال 30 جون 2017ء کے لئے پیش کر رہے ہیں۔

کراچی:
مورخہ: 17 ستمبر 2016ء

ازطرف بورڈ آف ڈائریکٹرز

شاہد انوار ٹاٹا
چیف ایگزیکیٹیو

ممبران کیلئے ڈائریکٹرز رپورٹ

ڈائریکٹرز بڑی مسرت کے ساتھ 47ویں سالانہ رپورٹ مع آڈٹ شدہ اکاؤنٹس برائے سال مختتمہ 30 جون 2016ء پیش کرتے ہیں۔

مالیاتی نتائج:
کمپنی نے 30 جون 2016ء کوختم ہونے والے سال میں قبل ازٹیکس اور بعداز لاگت، اخراجات اورفرسودگی کے 384.568 ملین روپے کا خسارہ کیا ہے۔

	(روپے)
سالانہ قبل ازٹیکس خسارہ	(384,568,192)
ٹیکس	166,578,040
خسارہ بعدازٹیکس	(217,990,152)
دیگر وسیع خسارہ	(4,836,886)
ری ویلیوئیشن پراپرٹی پلانٹ اوردیگر سامان کے سرپلس سے منتقلی	11,645,705
اضافہ کےحوالے سے ازسرنو ویلیو پرمتعلقہ منتقلی کا شیئر	5,473,297
تخمینی منافع آگےلایا گیا	350,955,571
تخمینی منافع آگے لے جایا گیا	145,247,535

چیئرمین کا تجزیہ:
کمپنی کےڈائریکٹرز نے چیئرمین کے تجزیہ کےمندرجات کی تصدیق کی ہے جسےڈائریکٹرز رپورٹ کا حصہ تصورکیا جائے۔

ڈویڈنڈ:
رواں سال کیلئے نتائج جوکہ حوصلہ افزا نہیں ہےلہٰذا آپ کے ڈائریکٹرز یہ سفارش کرتے ہیں کہ سال رواں کےڈویڈنڈ کو موخرکیا جائے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کی تفصیل:

(الف) کمپنی کی جانب سے تیارکردہ مالیاتی گوشوارے، اس کے معملات کی حالت، آپریٹنگ نتائج، پیسے کے بہاؤ اورایکیویٹی میں تبدیلی کی نشاندہی کررہا ہے۔

(ب) کمپنی کی جانب سے اکاؤنٹس کی کتب باقائدہ درست انداز میں مرتب کی گئی ہے۔

(ج) مالیاتی گوشوارے کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا متواتر استعمال اوراکاؤنٹنگ کا تخمینہ معقول اوردانشمندانہ فیصلے کےمطابق کیا گیا ہے۔

(د) مالیاتی گوشوارے کی تیاری میں ایسے بین الاقوامی فنانشیل رپورٹنگ اسٹینڈرز کے استعمال کویقینی بنایا گیا ہے، جو پاکستان میں لاگو کیے گئے ہیں۔ اوراس سلسلے میں کسی بھی خامی کی صورت میں اس کی وضاحت کی جاتی ہے۔

(ہ) موجودہ حالات میں کمپنی کی قابلیت پرکوئی شکوک وشبہات نہیں ہیں۔

(و) اندرونی کنٹرول کا نظام بہترین اورموثرانداز میں مرتب اورلاگوکرتے ہوئے اس کی مانیٹرنگ کی جاتی ہے۔

(ز) گذشتہ چھ سالوں کی مالیاتی اوراہم آپریٹنگ کی تفصیلات منسلک ہیں۔

(س) واجب الادارقم، دیگر چارجز اورٹیکسز اگرکوئی ہےوہ منسلکہ آڈٹ شدہ مالیاتی حسابات میں ظاہرکئے گئے ہیں۔

(ش) زیرنظر سال کے دوران بورڈ آف ڈائریکٹرز کے چاراجلاس، آڈٹ کمیٹی کے چاراجلاس اور ہیومن ریسورس اینڈ ریمیونریشن کمیٹی کے چار اجلاس کاانعقا کیا گیا ہے۔ ان اجلاس میں ڈائریکٹرز کی حاضری درج ذیل ہے:۔

Form of Proxy

I/We ____of ____, being a Member of Salfi Textile Mills Limited, holder of ______________________, Ordinary Share(s) as per Register Folio No. ____________________ hereby Appoint Mr.________________________, having CNIC No. _________________ ______________________ as my/our proxy in my/our absence to attend and vote for me/us, and on my/our behalf at the Annual General Meeting of the company to be held on October 20, 2016 and at any adjournment thereof.

Signed this ___________ day of ____________2016.

Signature across Rs.5
Revenue Stamp

Witness 1 __________________________________

Signature __________________________________

Name ______________________________________

CNIC # ____________________________________

Witness 2 __________________________________

Signature __________________________________

Name ______________________________________

CNIC # ____________________________________

NOTES:

1. This instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing, or if the appointer is a corporation either under the common seal or under the hand of an official or attorney so authorized. No person shall be appointed as proxy who is not member of the company qualified to vote except that a corporation being a member may appoint a person who is not a member.

2. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy of that power of authority, shall be deposited at the office of the Company not less than 48 (forty eight) hours before the time for holding the meeting at which the person named in the instrument proposes to vote, and in default the instrument of a proxy shall not be treated as valid.

3. CDC Shareholders or their Proxies should bring their original CNICs or Passport along with the Participant's ID Number and their Account Number to facilitate their identification. Detail procedure is given in Notes to the Notice of AGM.

پراکسی فارم (مختار نامہ)

میں/ہم -- کا/کی --

بحیثیت رکن آئلینڈ ٹیکسٹائیل ملز لمیٹڈ اور حامل ---------------- عام حصص بمطابق رجسٹرڈ فولیو نمبر ------------------------

بذریعہ ہذا محترم/محترمہ -- کمپیوٹرائزڈ قومی شناختی کارڈ نمبر ----------------------------

مورخہ 20 اکتوبر 2016ء، کو

کو اپنے/ ہمارے ایماء پر: --

منعقد ہونے والے کمپنی کے سالانہ اجلاسِ عام میں حقِ رائے دہی استعمال کرنے، تقریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا/ ہمارا بطور مختار نامہ (پراکسی) مقرر کرتا ہوں/کرتے ہیں۔

آج بروز .... بتاریخ .... 2016 کو میرے/ ہمارے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

ممبر کے دستخط

ریونیو کی مہر 5 روپے

گواھان	گواھان
1۔	2۔
دستخط: ------------------------------------	دستخط: ------------------------------------
نام: ------------------------------------	نام: ------------------------------------
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: --------------------	کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: --------------------

نوٹ:

1۔ پراکسی تقرری کے آلات تقرر کرنے والے کے دستخط یا اس کے باقاعدہ بااختیار وکیل کے تحریری اجازت نامہ، یا اگر تقرر کرنے والا کارپوریشن ہے تو عام مہر یا ایک آفیشل دستخط کے تحت یا ایسے بااختیار وکیل کے دستخط ہوں گے۔ جو کمپنی کا رکن نہیں ہے اسے پراکسی مقرر نہیں کیا جائے گا سوائے ایک کارپوریشن کے جو ووٹ ڈالنے کے لئے ایک غیر رکن شخص کو پراکسی مقرر کر سکتی ہے۔

2۔ پراکسی اور مختار نامہ یا دیگر اتھارٹی (اگر کوئی ہوں) تقرری کے آلات، جس کے تحت یہ دستخط شدہ ہو یا اس مختار نامہ کی نوٹریلی مصدقہ کاپی، کمپنی کے دفتر میں کم از کم 48 (اڑتالیس) گھنٹے قبل اجلاس جس میں ووٹ دینے کے مقاصد کے لئے انسٹرومنٹ میں نامزد شخص کی جمع کروایا جائے گا، بصورت دیگر پراکسی کا انسٹرومنٹ کارآمد تصور نہ ہوگا۔

3۔ سی ڈی سی حصص یافتگان یا ان کے پراکسیز کو اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ معہ پارٹیسپنٹ (شرکت) آئی ڈی نمبر اور اکاؤنٹ نمبر اپنی شناخت کی سہولت کے لئے اپنے ہمراہ لانا چاہیئے۔ تفصیلی طریقہ کار نوٹس AGM کے نوٹ میں دیا گیا ہے۔

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