GLAMOURTEXTILE MILLS LIMITED
DIRECTORS' REPORT

On behalf of the board of directors, I take pleasure to present Annual Report along with the Audited Accounts of the company pertaining to the financial year ending on June 30, 2016.

Financial highlights

The financial results are summarized hereunder:

	2016	2015
	Rupees	
Sales	1,786,858,733	2,589,116,116
Gross profit/(loss)	(45,357,579)	88,125,176
Profit/(loss) before taxation	(150,951,697)	(61,458,645)
Provision for taxation	(5,189,933))	4,942,582
Profit/(loss) after taxation	(156,141,629)	(56,516,063)
Earning per share	(5.86)	(2.12)

Overall results during the year remained below expectations due to long recession in international market low market demand of yarn. The profitability eroded due to contraction in production level with wide margin from the installed capacity and company experienced gross loss of Rs.48.357 million as compared to gross profit of Rs.88.125 last year.. The outcome of gross loss connected to decrease in sales revenue by 31% from FY 2015 whereas cost of sales increased by 26.74% from the FY 2015 The Distribution cost of current year decrease to Rs.17.220 million from Rs.64.266 last year due to drop in export sales by 84.70% as compared to last year. The administrative expenses of current year decrease by 5.38% to Rs.23.032 million from Rs.24.341 million last year.The financial cost of current year decrease by 22.59% to Rs.61.817 million from Rs.79.856 million last year.

Future outlook is showing difficult time for textile industry due to drop in cotton crop size of next year, high cost of production and persistent shortage of electricity for industry along with recession in international market.

Compliance with the Code of Corporate Governance

The Board of Directors has taken necessary steps to comply with the provisions of code of corporate governance as incorporated in the listing regulations of the Pakistan Stock Exchange Limited, whereby a listed company is managed in compliance with the best practices of corporate governance. The statement of compliance with the code of corporate governance is annexed.

Statement on Corporate & Financial Reporting Framework

The Company complies with the Code of Corporate Governance in the following manner.

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

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

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

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

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

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

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

h. We have prepared and circulated a statement of ethics and business strategy among directors and employees.

i. The board of directors has adopted a mission statement and a statement of overall corporate strategy.

j. During the year under review four meetings of the Board of Directors were held and attendance positions is hereunder:

Name of Director	Number of Meetings attended
Mr. Azher Elahi	4
Mr. Asad Elahi	4
Mr. Ather J. Elahi	4
Mr. Mansoor Elahi	4
Mrs. Naureen Asad	4
Mrs. Shafqat Azher	4
Mrs. Mehnaz Ather Elahi	4
Mr. Fahad Elahi	4

k. During the financial year no trading reported in shares of the Company by its Directors, CEO, CFO, Company Secretary, and their spouses and minor children.

Audit committee

The Board of Directors in compliance of the code of corporate governance has established Audit Committee except to composition as mentioned in compliance report paragraph number 15. The names of its members are given in the Company profile.

The terms of reference of the Audit Committee is based on the scope as defined by the Securities and Exchange Commission of Pakistan (SECP) and the guidelines given by the Board of Directors form time to time to improve the system and procedures.

With in the framework of terms of reference determined by the Board of Directors, the Audit Committee, among other things, will appointment of external auditors and review of periodic accounts.

HR & Remuneration Committee

The Board of Directors in compliance of the code of corporate governance has established Audit Committee except to composition as mentioned in compliance report paragraph number 17.During the financial year under review the HR & Remuneration Committee met for two times. All the members attended the said meetings. The names of its members are given in the Company profile

Auditors

The present auditors Messrs Mushtaq & Company, Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

Pattern of shareholding

The pattern of shareholding as required by Section 236 of the Companies Ordinance 1984 and under Code of Corporate Governance is enclosed.

Key operating and financial data

Key operating and financial data for the preceding six years is annexed.

Statutory payments

There are no statutory payments on account of taxes, duties, levies and charges that are outstanding as on June 30, 2016 except for those disclosed in the financial statements.

Corporate restructuring and business expansion

During the year under review, the Company invested Rs.16.515 million in BMR/ expansion through own sources.

Acknowledgement

The Directors of the Company wish to thanks its bankers for their continued support and wish to place on record their appreciation towards the employees for their dedicated services and hard work without which all this would have not been possible.

For & on behalf of the Board

AZHER ELAHI,
Chief Executive

Lahore,
October 9, 2016.

GLAMOUR TEXTILE MILLS LMITED

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 listing regulations of Karachi, Lahore & Islamabad stock exchanges for the purpose of establishing a framework of good governance.

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

1. The company will encourage representation of independent non-executive directors on their board in election of director due in 2017, to meet the criteria of independence under clause 5.19.1.(b) of the CCG. Therefore, the Board of Directors has always supported implementation of highest standards of corporate governance. At present the Board includes:

Non-Executive Directors	Mr.Azher Elahi Mr. Asad Elahi Mr. Mansoor Elahi Mrs Naureen Asad Mrs. Shafqat Azher Mrs. Mehnaz Ather Elahi
Executive Directors	Mr. Ather J. Elahi Mr. Fahad Elahi

2. The directors have confirmed that none of them is serving as director in more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable). .
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 vacancies arose in Board during the year.
5. The Company has prepared a ‘Statement of Ethics and Business practices’ which has been signed by all the directors and employees of the company.
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 decision on material transactions, including appointment and determination of remuneration and terms and condition of employment of CEO and other non-executive directors, have been taken by the board/shareholders.
8. The meetings of the Board were presided over the Chairman and in his absence, by a director elected for this purpose. The Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days

before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. No director has enrolled in Director's Training Program. However management continues to apprise and familiarize with changes in law to discharge their duties and responsibilities.
10. During the year under review there was no change of CFO, Company Secretary and Head of Internal Auditor. They execute their responsibilities pursuant to the approved appointment by the Board including their remuneration and condition of employment, as determined by the CEO.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by the CEO and CFO before the approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an audit committee. It comprises four members including two non-executive directors including chairman of the committee, whereas the Code requires that the Company should have an audit committee comprising of at least three non executive directors and at least one of them should be independent director. The Company will reconstitute the board of directors on the expiry of current term in 2017 to follow the requirements of clause 5.19.1.a of the Code.
16. The meetings of the audit committee were held at least once in every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and remuneration committee. It comprises three (03) members; of whom two (02) are non-executive directors and one executive director, whereas the Code requires that committee comprising of at least three non executive directors and at least one of them should be independent director. The Company will reconstitute the board of directors on the expiry of current term in 2017 to follow the requirements of clause 5.19.1.b of the Code.
18. The board has set up an effective internal audit function for which staffs appointed who are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance 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(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper records including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles contained in the CCG have been complied with.

By order of the Board,
For Glamour Textile Mills Ltd.,

AZHER ELAHI,

Chief Executive

Lahore,
October 9, 2016

.

Member of

MUSHTAQ & CO.

CHARTERED ACCOUNTANTS
407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 32638521-4 Fax: 32639843
Branch Office: 501-B, City Towers, Gulberg-II, Lahore. Tel: 35788637 Fax: 35788626
Email Address: mushtaq_vohra@hotmail.com

Illinois, USA

REVIEW REPORT TO THE MEMBERS

On the Statement of Compliance with Best Practices of 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 **Glamour Textile Mills Limited "the Company"** for the year ended June 30, 2016 to comply with the Code contained in regulation No. 5.19 of the Rule book of Pakistan Stock Exchange Limited.

The responsibility for compliance with the Code of Corporate Governance 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 of Corporate Governance and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal controls covers all the risks and control 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 audit committee, places 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 requirement to the extent of approval of 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.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the paragraph reference where these are stated in the statement of Compliance:

Paragraph Reference	Description
1	Board of directors is not represented by any independent director as required by clause (I) of code
9	Appropriate arrangements for orientation courses for the directors have not been carried out as required by clause (xi) of code
15	Audit committee does not have independent director as specified in clause (XXV) of Code.

Lahore:
Dated: ____________

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Zahid Hussain Zahid, ACA

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **Glamour Textile Mills Limited ("the Company")** as at June 30, 2016 and the related profit and loss account, statement of comprehensive income, 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 purpose 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 the 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 verifications, we report that;

(a) in our opinion, proper books of accounts 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 accounts 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, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2016 and of the profit, comprehensive income, 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 Usher Ordinance, 1980 (XVIII of 1980)

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Zahid Hussain Zahid, ACA

Lahore:
Date: ____________

Glamour Textile Mills Limited
Balance Sheet
As at June 30, 2016

	Note	2016	2015
		------------------Rupees----------------	
ASSETS			
Non Current Assets			
Property, plant and equipment	5	1,096,195,812	1,093,152,087
Long term deposits	6	5,767,739	5,767,739
		1,101,963,551	1,098,919,826
Current Assets			
Stores, spare parts and loose tools	7	53,851,223	47,703,485
Stock in trade	8	236,276,697	296,508,935
Trade debts	9	94,308,910	131,203,207
Loans and advances	10	21,411,036	28,546,026
Trade deposits and short term prepayments	11	5,147,424	157,001
Tax refunds due from Government	12	63,150,907	73,242,157
Cash and bank balances	13	13,688,063	9,953,849
		487,834,260	587,314,660
Total Assets		**1,589,797,811**	**1,686,234,486**
EQUITY AND LIABILITIES			
Share Capital and Reserve			
Authorized capital			
27,000,000 (June 30, 2015 : 27,000,000) ordinary shares of Rs. 10 each		270,000,000	270,000,000
Issued, subscribed and paid up capital	14	266,400,000	266,400,000
Unappropriated profit		(33,031,485)	111,413,143
Total Equity		233,368,515	377,813,143
Surplus on revaluation of property, plant and equipment - net of tax	15	353,484,255	289,240,697
LIABILITIES			
Non - Current Liabilities			
Long term financing from banking companies	16	64,784,446	115,711,271
Long term financing from directors and associates	17	183,693,140	162,708,358
Deferred Liabilities			
Staff retirement benefits - gratuity	18	28,232,702	26,486,299
Deferred taxation	19	60,955,652	55,485,555
Current Liabilities			
Trade and other payables	20	171,058,418	130,688,916
Accrued interest / mark up	21	7,014,232	7,879,885
Current portion of long term financing	16	50,913,611	59,097,348
Short term borrowings	22	436,292,840	461,123,014
		665,279,101	658,789,163
Contingencies and Commitments	23		
Total Equity and Liabilities		**1,589,797,811**	**1,686,234,486**

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

CHIEF EXECUTIVE **DIRECTOR**

Glamour Textile Mills Limited
Profit and Loss Account
For the Year Ended June 30, 2016

	Note	2016	2015
		----Rupees----	
Sales - net	24	1,786,858,733	2,589,116,116
Cost of sales	25	(1,832,216,312)	(2,500,990,940)
Gross (Loss) / profit		(45,357,579)	88,125,176
Other operating income	26	10,485	19,830,923
Distribution cost	27	(17,220,250)	(64,266,699)
Administrative expenses	28	(23,032,429)	(24,341,927)
Other operating expenses	29	(3,534,810)	(949,535)
Finance cost	30	(61,817,114)	(79,856,583)
Loss before taxation		(150,951,697)	(61,458,645)
Taxation	31	(5,189,933)	4,942,582
Loss for the year		(156,141,629)	(56,516,063)
Loss per share - basic and diluted	32	(5.86)	(2.12)

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

CHIEF EXECUTIVE **DIRECTOR**

Glamour Textile Mills Limited
Statement of Comprehensive Income
For the Year Ended June 30, 2016

	Note	2016	2015
		Rupees	
Loss for the year		(156,141,629)	(56,516,063)
Other comprehensive income / (loss)			
Items that will not be reclassified to profit and loss account			
Remeasurements of retirement benefits		818,924	(4,271,903)
Deferred tax on remeasurement of staff retirement benefits		(158,300)	943,219
		660,624	(3,328,684)
Total comprehensive loss for the year		(155,481,006)	(59,844,747)

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

CHIEF EXECUTIVE **DIRECTOR**

Glamour Textile Mills Limited
Cash Flow Statement
For the Year Ended June 30, 2016

	Note	2016	2015
		---Rupees---	
A) CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(150,951,697)	(61,458,645)
Adjustments for :			
Depreciation		85,581,370	81,099,495
Staff retirement benefits - gratuity		11,718,010	10,056,599
Gain on disposal of property, plant and equipment		(10,485)	-
Finance cost		61,817,114	79,856,583
Notional income on interest free loans from directors and associates		-	(19,830,923)
		159,106,009	151,181,754
Profit before working capital changes		8,154,312	89,723,109
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(6,147,738)	(6,176,002)
Stock in trade		60,232,238	(124,622,036)
Trade debts		36,894,297	16,986,707
Loans and advances		7,134,990	5,630,219
Trade deposits and short term prepayments		(4,990,423)	394,958
Tax refunds due from Government		10,743,588	(13,267,907)
		103,866,952	(121,054,061)
Increase / (decrease) in current liabilities			
Trade and other payables		40,369,502	80,075,697
Cash generated from operations		152,390,766	48,744,745
Finance cost paid		(41,697,986)	(62,366,416)
Staff retirement benefits - gratuity paid		(9,152,683)	(5,578,568)
Taxes paid		(10,730,446)	(26,029,016)
		(61,581,115)	(93,974,000)
Net cash (used) / generated from operating activities		90,809,651	(45,229,255)
B) CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		150,000	-
Property, plant and equipment - acquired		(3,284,701)	(184,419,241)
Long term deposits		-	(53,040)
Net cash used in investing activities		(3,134,701)	(184,472,281)
C) CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		-	(697)
Long term financing from banking companies - received		-	90,234,799
Long term financing from banking companies - paid		(59,110,562)	(49,826,180)
Long term financing from directors - net		-	-
Short term borrowings- net		(24,830,174)	186,686,303
Net cash (used in) / from financing activities		(83,940,736)	227,094,225
Net decrease in cash and cash equivalents (A+B+C)		3,734,214	(2,607,311)
Cash and cash equivalents at the beginning of the year		9,953,849	12,561,160
Cash and cash equivalents at the end of the year		13,688,063	9,953,849
Cash and cash equivalents			
Cash and bank balances	13	13,688,063	9,953,849
		13,688,063	9,953,849

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

CHIEF EXECUTIVE **DIRECTOR**

Glamour Textile Mills Limited
Statement of Changes in Equity
For the Year Ended June 30, 2016

	Share capital	Unappropriated profit	Total
	------------------------------Rupees------------------------------		
Balance as at July 01, 2014 -restated	266,400,000	159,310,788	425,710,788
Total comprehensive income for the year	-	(59,844,747)	(59,844,747)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	11,947,102	11,947,102
Balance as at June 30, 2015	266,400,000	111,413,143	377,813,143
Balance as at July 01, 2015	266,400,000	111,413,143	377,813,143
Total comprehensive income for the year	-	(155,481,006)	(155,481,006)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation net of deferred tax	-	11,036,378	11,036,378
Balance as at June 30, 2016	266,400,000	(33,031,485)	233,368,515

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

CHIEF EXECUTIVE **DIRECTOR**

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 The company is limited by shares, incorporated in Pakistan on September 14, 1991 and is quoted on Pakistan stock exchange limited. The registered office of the company is situated at 11 K.M, Manga Raiwind Road, District Kasur in the province of Punjab, Pakistan.

1.2 The principal business of the company is manufacture and sale of yarn. The manufacturing unit is also located at Manga Raiwind Road in the province of Punjab.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the company's functional and presentation currency and figures are rounded off to the nearest rupee.

2.3 Standards, interpretations and amendments to published approved accounting standards

2.3.1 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

The following standards, amendments and interpretations of approved accounting standards will be effective for the accounting period beginning on or after 1 July 2015 and Company does not expect to have any material / significant changes in its accounting policy except for disclosures, where applicable:

¤ IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 is not likely to have any impact on the financial statements of the Company .

¤ IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. IFRS 11 is not likely to have any impact on the financial statements of the Company.

¤ IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual periods beginning on or after 1 January 2015). The adoption of this standard is not like to have an impact on Company's financial statements.

¤ IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The adoption of this standard does not have material impact on Company's financial statements except for some disclosures.

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

2.3.2 Standards, interpretations and amendments to existing standards that are applicable to the company but are not yet effective:

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

¤ IFRS 15, 'Revenue from contracts with customers' is applicable to accounting periods beginning on or after January 1, 2018. The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entity will recognize transitional adjustments in retained earnings on the date of initial application, i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The Company has yet to assess the impact of this standard on its financial statements.

- Amendments to IAS 1, 'Presentation of financial statements' on the disclosure initiative are applicable to annual periods beginning on or after January 1, 2016, The amendments are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments provide clarifications on a number of issues, including: Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance. Notes- confirmation that the notes do not need to be presented in a particular order. Other comprehensive income(OCI) arising from investments accounted for under the equity method - the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. According to the transitional provisions, the disclosures in IAS 8 regarding the adoption of new standards/ accounting policies are not required for these amendments. These amendments likely to only affects the disclosures in the Company's financial statements.

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, plant and equipment (effective for periods beginning on or after January 01, 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-base methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible assets are highly correlated, or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.

- Amendments to IAS 12, 'Income taxes' are applicable for annual periods beginning on or after January 1, 2017. The amendment clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are not likely to have a material impact on the Company's financial statements.

- Amendments to IAS 7, 'Statement of cash flows' are applicable for annual periods beginning on or after January 1, 2017. The amendment requires disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have a material impact on the Company's financial statements.

- There are a number of other minor amendments and interpretations to other approved accounting standards that are not yet effective and are also not relevant to the company and therefore have not been presented here.

3 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for certain items of property, plant and equipment at revalued amounts, revaluation of certain financial instruments at fair value and recognition of certain staff retirement benefits at present value.

The company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies, the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows.

3.1 Provision for taxation

The company takes into account the current income tax law and decisions taken by the appellate authorities. Instances where the company's view differs from the view taken by the income tax department at the assessment stage and where the company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

3.2 Staff retirement benefits - gratuity

Certain actuarial assumptions have been adopted as disclosed in relevant note to the financial statements for valuation of present value of defined benefit obligation. Any changes in these assumptions in future year might affect unrecognized gains and losses in those years.

3.3 Financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on assumptions that are dependent on market conditions existing at balance sheet date.

3.4 Property, plant and equipment

The company reviews recoverable amount, useful life , residual value and possible impairment on an annual basis. Any changes, if material in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

3.5 Stocks in trade and Stores, spares and loose tools

The company reviews the net realizable value of stock-in-trade and stores and spares to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock-in-trade and stores and spares with a corresponding effect on the amortization charge and impairment.

3.6 Other areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

3.6.1 Provision for doubtful debts
3.6.2 Disclosure of contingencies
3.6.3 Computation of deferred taxation

4 SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property, plant and equipment - owned

Recognition

Property, plant and equipment except for freehold land are stated at cost / revalued amount less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount less any identified impairment loss. Cost of tangible assets consists of historical cost pertaining to erection / construction period and other directly attributable cost of bringing the asset to working condition.

Subsequent cost are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

Surplus arising on revaluation of an item of property, plant and equipment is credited to surplus on revaluation of property, plant and equipment, except to the extent that it reverses deficit on revaluation of the same assets previously recognized in profit or loss, in which case the surplus is credited to profit or loss to the extent of deficit previously charged to income. Deficit on revaluation of an item of property, plant and equipment is charged to profit or loss to the extent that it exceeds the balance, if any held in surplus on revaluation of property, plant and equipment relating to previous revaluation of that item. On subsequent sale or retirement of revalued item of property, plant and equipment the attributable surplus remaining in the surplus on revaluation of property, plant and equipment is transferred directly to unappropriated profit. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related assets is transferred to unappropriated profit.

Depreciation

Depreciation on all items of property, plant and equipment except for freehold land is charged to income applying the reducing balance method so as to write off historical cost of an asset over its estimated useful life at the rates as disclosed in relevant note.

Depreciation on additions is charged from the month in which the asset become available for use while no depreciation is charged in the month of disposal.

Derecognition

An item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the assets) is included in the income statement in the year the assets is derecognized.

4.2 Accounting for leases and assets subject to finance lease

4.2.1 Finance lease

Recognition

Leases where the company has substantially all the risks and rewards of ownership are classified as finance lease. Assets subject to finance lease are initially recognized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss. The related rental obligations, net off finance cost, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and non current depending upon the timing of payments.

Financial charges

Lease payments are allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to income over the lease term.

Depreciation

Assets acquired under a finance lease are depreciated in the same manner and at the same rates used for similar owned assets, so as to depreciate these assets over their estimated useful lives in view of certainty of ownership of these assets at the end of lease term. Depreciation of the leased assets is charged to income.

Deferred income

Income arising from sale and lease back transaction, if any, which results in finance lease, is deferred and amortized equally over the lease period.

4.2.2 Operating lease

Leases where significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income on a straight-line basis over the period of lease.

4.3 Capital work in progress

Capital work in progress is stated at cost less any identified impairment loss. Transfers are made to relevant fixed assets category as and when assets are available for use.

4.4 Long term deposits

These are stated at cost which represents the fair value of consideration given.

4.5 Stores, spare parts and loose tools

These are valued at lower of cost and net realizable value. Cost is determined by moving average method. Items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

4.6 Stock in trade

These are valued at lower of cost and net realizable value except waste which is valued at net realizable value. Cost is determined as follows.

4.6.1 Raw material

In hand	Weighted average cost
In transit	Cost comprising invoice value plus other charges incurred thereon

4.6.2 Finished goods and work in process	Raw material cost plus appropriate manufacturing overheads
4.6.3 Waste	Net realizable value

Net realizable value signifies the estimated selling prices in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sales.

4.7 Trade debts and other receivables

Trade debts originated by the company are recognized and carried at original invoice value less any allowance for uncollectible amounts. An estimated provision for doubtful debts is made when there is objective evidence that collection of the full amount is no longer probable. The amount of provision is charged to income. Bad debts are written off as incurred. Other receivables are stated at amortized cost. Known impaired receivables are written off, while receivables considered doubtful are provided for.

4.8 Cash and cash equivalents

Cash in hand, cash at bank and short term deposits, which are held to maturity, are carried at cost. For the purpose of cash flow statements, cash and cash equivalent comprise cash in hand, with banks on current and saving accounts.

4.9 Staff retirement benefits

Defined benefit plan

The company operates an unfunded gratuity scheme covering for all its permanent employees who have attained the minimum qualifying period for entitlement to the gratuity.

The Company's obligation is determined through actuarial valuations carried out under the 'Projected Unit Credit Method'. Remeasurements which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in other comprehensive income. Any change in past service cost is immediately recognized in profit or loss account.

The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments. Net interest expense and current service costs are recognized in profit and loss account. The latest actuarial valuation was conducted at the balance sheet date by a qualified professional firm of actuaries.

4.10 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the profit and loss account, except to the extent that it relates to items recognized directly in equity or below equity, in which case it is recognized in equity or below equity respectively.

4.10.1 Current

Provision for current taxation is based on taxability of certain income streams of the company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credit and tax rebates available, if any. The charge for current tax includes any adjustment to past years liabilities.

4.10.2 Deferred

Deferred tax is provided, using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses and tax credits to the extent that it is probable that future taxable profits will be available against which deferred tax asset can be utilized, except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability that, at the time of transaction, affects neither the accounting nor taxable profits.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

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

4.11 Trade and other payables

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

4.12 Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of past event, and it is probable that an out flow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

4.13 Borrowings and borrowing costs

Borrowings are recorded at the proceeds received. Finance costs are accounted for on accrual basis and are included in current liabilities to the extent of the amount remaining unpaid.

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

4.14 Revenue recognition

Revenue is recognized on dispatch of goods or on performance of services. Return on deposits is recognized on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

4.15 Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Pak Rupee at the exchange rate prevailing at the balance sheet date, except those covered by forward contracts, which are stated at contracted rates. Foreign currency transactions are translated into Pak Rupees at the rates prevailing at the date of transaction except for those covered by forward contracts, which are translated at contracted rates. Non monetary items are translated into Pak Rupee on the date of transaction or on the date when fair values are determined. Exchange differences are included in income currently.

4.16 Financial instruments

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

All financial assets and financial liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.17 Offsetting of financial assets and liabilities

A financial asset and financial liability is offset and the net amount is reported in the balance sheet if the company has a legal enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and the liabilities simultaneously.

4.18 Impairment

At each balance sheet date, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Recoverable amount is the greater of net selling price and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

4.19 Related party transactions

All transactions with related parties are carried out by the company at arms' length price using the method prescribed under the Companies Ordinance, 1984 with the exception of loan taken from related parties which is interest / mark up free.

4.20 Government grants

Government grants for meeting revenue expenses are set off from respective expenses in the year in which they become receivable.

4.21 Dividend

The dividend distribution to the shareholders is recognized as a liability in the period in which it is approved by the shareholders.

5 PROPERTY, PLANT AND EQUIPMENT

	Note	2016	2015
		Rupees	
Operating assets - owned	5.1	1,096,195,812	1,079,921,495
Capital work in progress - at cost	5.7	-	13,230,592
		1,096,195,812	1,093,152,087

5.1 Operating assets - owned

	Freehold land	Building on freehold land	Plant and machinery	Furniture, fixture and equipments	Vehicles	Total
	Rupees					
Cost / revaluation						
Balance as at July 1, 2014	174,375,000	203,241,597	1,482,037,740	14,777,366	16,589,799	1,891,021,502
Additions during the year	-	56,123,500	313,362,714	989,978	3,744,689	374,220,881
Disposals	-	-	-	-	-	-
Balance as at June 30, 2015	174,375,000	259,365,097	1,795,400,454	15,767,344	20,334,488	2,265,242,383
Balance as at July 1, 2015	174,375,000	259,365,097	1,795,400,454	15,767,344	20,334,488	2,265,242,383
Additions during the year	-	-	16,515,293	-	-	16,515,293
Revaluation / adjustment	51,480,000	8,249,450	78,659,391	-	-	138,388,841
Disposals	-	-	-	-	(579,535)	(579,535)
Balance as at June 30, 2016	225,855,000	267,614,547	1,890,575,138	15,767,344	19,754,953	2,419,566,982
Depreciation						
Balance as at July 1, 2014	-	100,660,527	988,250,189	9,649,892	5,660,785	1,104,221,393
Charge for the year	-	6,874,442	71,125,894	545,659	2,553,500	81,099,495
Revaluation / adjustment	-		-	-	-	-
Disposal	-	-	-	-	-	-
Balance as at June 30, 2015	-	107,534,969	1,059,376,083	10,195,551	8,214,285	1,185,320,888
Balance as at July 1, 2015	-	107,534,969	1,059,376,083	10,195,551	8,214,285	1,185,320,888
Charge for the year	-	7,591,506	75,030,673	557,179	2,402,012	85,581,370
Revaluation / adjustment	-	3,661,750	49,247,182	-	-	52,908,932
Disposal	-	-	-	-	(440,020)	(440,020)
Balance as at June 30, 2016	-	118,788,225	1,183,653,938	10,752,730	10,176,277	1,323,371,170
Written down value as at June 30, 2015	174,375,000	151,830,128	736,024,371	5,571,793	12,120,203	1,079,921,495
Written down value as at June 30, 2016	225,855,000	148,826,322	706,921,200	5,014,614	9,578,676	1,096,195,812
Rate of depreciation	-	5%	10%	10%	20%	

5.2 The depreciation for the year has been allocated as under.

	Note	2016	2015
		Rupees	
Cost of sales	25.2	80,699,027	76,263,321
Administrative expenses	28	4,882,343	4,836,174
		85,581,370	81,099,495

5.3 Had there been no revaluation, the original cost and accumulated depreciation of revalued assets would have been as follows as on June 30, 2016.

	Cost	Accumulated depreciation	Written down value
	Rupees		
Land	15,791,011	-	15,791,011
Building	156,298,738	66,171,587	90,127,151
Plant and machinery	1,246,225,267	684,980,815	561,244,452
	1,418,315,016	751,152,402	667,162,614

5.4 On the date of revaluation, accumulated depreciation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

5.5 The company had its freehold land, building on freehold land, plant and machinery revalued at June 30,2016. Revaluation of the assets were carried out by the independent valuers "M/s Harvester Services (Pvt) Limited" registered surveyors and valuation consultants. Freehold land was revalued at market value and building on freehold land, plant and machinery are valued at depreciated market value.

5.6 Detail of assets disposed off

Description	Mode of disposal	Particulars of buyer	Cost/revalued	Accumulated depreciation	Written down value	Sale proceeds
			------Rupees------			
Suzuki Bolan LEB 09-83034	Negotiation	Muhammad Aslam CNIC 35202-8818662-3	579,535	440,020	139,515	150,000
			579,535	440,020	139,515	150,000

	Note	2016	2015
		------Rupees------	
5.7 Capital work in progress			
Plant and machinery		-	13,230,592
		-	13,230,592
6 LONG TERM DEPOSITS			
Security deposits - utilities		5,767,739	5,767,739
		5,767,739	5,767,739
7 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		7,200,572	7,891,113
Spare parts		44,578,481	38,487,819
Loose tools		356,494	516,685
Spare parts in transit		1,715,676	807,868
		53,851,223	47,703,485
8 STOCK IN TRADE			
Raw material	8.1	171,447,079	170,518,682
Raw material in transit - imported		-	77,628,164
Work in process		12,556,224	11,316,951
Finished goods		50,852,087	35,791,527
Waste		1,421,307	1,253,611
		236,276,697	296,508,935

8.1 Raw material of Rs. 125.949 million (June 30, 2015 : Rs. 92.715 million) are pledged as security for short term borrowing (cash finance).

8.2 Raw material amounting to Nil (2015: Rs. 181,370,403) and finished goods amounting to 10,112,173 (2015: Rs. 35,653,115) are carried at their net realizable value aggregating to Nil and 9,803,943 (2015: Rs. 170,518,682 and Rs. 35,791,527) respectively. Amount charged to profit and loss account in respect of stocks written down to their net realizable value amounting to Nil and 308,230 (2015: Rs. 12,549,229)respectively.

	Note	2016	2015
9 TRADE DEBTS			
Export - secured			
Considered good		-	48,348,409
Local - unsecured			
Considered good		94,308,910	82,854,798
Considered doubtful		10,918,938	7,403,983
		105,227,848	138,607,190
Less:			
Provision for doubtful debts	9.1	(10,918,938)	(7,403,983)
		94,308,910	131,203,207
9.1 Provision for doubtful debts			
Opening balance		7,403,983	6,454,448
Charged during the year		3,514,955	949,535
Closing balance		10,918,938	7,403,983

10	LOANS AND ADVANCES	Note	2016	2015
			-----------------Rupees-----------------	
	Considered good			
	Advances to			
	Suppliers		14,798,658	19,724,906
	Staff against purchases		4,653,565	5,912,489
	Workers against wages	10.1	1,956,621	2,872,720
	Against letter of credit		2,192	35,911
			21,411,036	28,546,026

10.1 These are paid to workers who's wages are not taxable under Income Tax Ordinance, 2001. Any interest under section 13 of the Income Tax Ordinance 2001 will not result in taxable income.

		Note	2016	2015
			-----------------Rupees-----------------	
11	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**			
	Security deposits - others		117,001	157,001
	Prepayments		5,030,423	-
			5,147,424	157,001
12	**TAX REFUNDS DUE FROM GOVERNMENT**			
	Sales tax receivable		14,475,602	25,219,190
	Advance income tax		48,675,305	48,022,967
			63,150,907	73,242,157
12.1	**Advance income tax**			
	Opening balance		48,022,967	21,992,544
	Deducted during the year		10,730,447	26,029,016
	Paid/Adjusted during the year		(10,078,109)	1,407
	Closing balance		48,675,305	48,022,967
13	**CASH AND BANK BALANCES**			
	Cash in hand		2,554,470	3,733,285
	Cash at banks - current accounts		11,121,463	6,208,808
	Cash at banks - saving accounts		12,130	11,756
			13,688,063	9,953,849

13.1 It carries rate of return ranging from 6.95 % (June 30, 2015 : 3.53%) per annum.

14 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2016	2015		2016	2015
Number of shares			-----------------Rupees-----------------	
26,640,000	26,640,000	Ordinary shares of Rs. 10 each allotted for consideration paid in cash	266,400,000	266,400,000
26,640,000	26,640,000		266,400,000	266,400,000

14.1 The shareholders are entitled to receive all distribution to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the company. All shares carry "one vote" per share without restriction.

		2016	2015
15	**SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF TAX**	------------------Rupees------------------	
	Opening balance - gross	344,726,252	362,557,748
	Addition during the year	85,479,909	-
	Transfer to unappropriated profit in respect of :		
	Disposal of property, plant and equipments	-	-
	Incremental depreciation charged on revalued assets	11,036,378	11,947,102
	Related deferred tax	4,729,876	5,884,394
		15,766,254	17,831,496
	Closing balance - gross	414,439,907	344,726,252
	Related deferred tax:		
	Opening balance	55,485,555	66,918,504
	Arised due to revaluation	10,199,973	-
	Deferred tax on incremental depreciation	(4,729,876)	(5,884,394)
	Effect of change in tax rate	-	(5,548,555)
		60,955,652	55,485,555
	Closing balance - net of tax	353,484,255	289,240,697

			2016	2015
16	**LONG TERM FINANCING FROM BANKING COMPANIES**			
	Secured			
	Soneri Bank Limited	16.1	33,600,000	67,200,000
	Bank Al-Habib Limited	16.2	27,063,198	40,594,796
	JS Bank Limited	16.3	4,121,248	7,916,475
			64,784,446	115,711,271

		2016	2015
16.1	**Soneri Bank Limited**		
	Opening balance	100,800,000	134,400,000
	Received during the year	-	-
	Repaid during the year	(33,600,000)	(33,600,000)
		67,200,000	100,800,000
	Current maturity of long term financing	(33,600,000)	(33,600,000)
		33,600,000	67,200,000

16.1.1 Company has obtained Term Finance Loan from Soneri Bank Limited to finance expansion projects of plant and machinery. The Loan is secured by first pari passu equitable mortgage over all existing and future fixed assets of the company and personal guarantees of directors. It carries mark up at three months KIBOR plus 2.25% (June 30, 2015: three months KIBOR plus 2.25%) per annum payable quarterly. The loan is repayable in sixteen equal quarterly installments started form September 24, 2014.

		2016	2015
		------------------Rupees------------------	
16.2	**Bank Al Habib Limited**		
	Opening balance	54,126,394	-
	Received during the year	-	67,657,992
	Repaid during the year	(13,531,598)	(13,531,598)
		40,594,796	54,126,394
	Current maturity of long term financing	(13,531,598)	(13,531,598)
		27,063,198	40,594,796

16.2.1 Company has obtained Term Finance Loan from Bank Al Habib Limited to finance expansion projects of plant and machinery. The Loan is secured by first pari passu charge over fixed assets of the company including land, building, plant and machinery and personal guarantees of directors. It carries mark up at six months KIBOR + 2.00% (June 30, 2015: six months KIBOR +2.00%) per annum payable quarterly. The loan is repayable in twenty equal quarterly installments starting form September 30, 2014.

		2016	2015
16.3 JS Bank Limited		-----------------Rupees-----------------	
Opening balance		19,882,225	-
Received during the year		-	22,576,807
Repaid during the year		(11,978,964)	(2,694,582)
		7,903,261	19,882,225
Current maturity of long term financing		(3,782,013)	(11,965,750)
		4,121,248	7,916,475

16.3.1 Company has obtained Term Finance Loan from JS Bank limited to finance expansion projects of plant and machinery. The loan is disbursed in two tranches of Rs. 11.200 million and Rs. 11.377 million respectively. The Loan is secured by first pari passu equitable mortgage over all existing and future fixed assets of the company with 25% margin and personal guarantees of directors. It carries mark up at three months KIBOR + 2.0% (June 30, 2015: three month KIBOR + 2.0%) per annum payable quarterly. First tranche of the loan is payable in twelve monthly unequal installments started from April 20, 2015. Second trench of the loan is payable in twelve quarterly installments starting from September 23, 2015.

	2016	2015
	-----------------Rupees-----------------	
16.4 CURRENT PORTION OF LONG TERM FINANCING		
Soneri Bank Limited	33,600,000	33,600,000
Bank Al Habib Limited	13,531,598	13,531,598
JS Bank Limited	3,782,013	11,965,750
	50,913,611	59,097,348

17 LONG TERM FINANCING FROM DIRECTORS AND ASSOCIATES

Unsecured - from related parties

		2016	2015
Directors	17.1	131,735,155	116,685,962
Associated undertaking	17.2	51,957,985	46,022,396
		183,693,140	162,708,358

17.1 Directors

		2016	2015
Interest free loan - gross	17.3	164,802,100	164,802,100
Present value adjustments - notional income	17.4	(33,066,945)	(48,116,138)
Present value of interest free loan from directors		131,735,155	116,685,962

17.2 Long term loan form Associated undertaking

		2016	2015
Interest free loan - gross	17.3	65,000,000	65,000,000
Present value adjustments - notional income	17.4	(13,042,015)	(18,977,604)
Present value of interest free loan from directors		51,957,985	46,022,396

17.3 In 2015 management of the company has entered into an agreement with directors and associated undertakings and decided repayment terms of the interest free, long term and unsecured loan (previously repayment terms of the loan were not determinable). According to the agreement, loan from directors and associated undertaking will be paid in lump sum on July 31, 2018. These loans have been recognized at amortized cost as provided in IAS 39 'Financial Instrument-recognition and measurement" using effective discount rate of 11.25 percent. The resulting difference has been charged to profit and loss account and will be amortized over the remaining life of the loan.

17.4 This represents the difference between amortized cost and face value of interest free loan (as explained in note 17.3 above). Amortized cost has been determined using effective interest rate of 11.25 percent per annum being the weighted average rate of return prevailing in the market. Movement of the deferred notional income is as follows.

Movement in present value	**Directors loan**	**Associated Undertakings**	**2016**	**2015**
			-----------------Rupees-----------------	
			Total	**Total**
Opening balance	48,116,137	18,977,604	67,093,741	62,312,017
Occurred during the year	-	-	-	19,830,923
Amortized during the year	(15,049,192)	(5,935,589)	(20,984,781)	(15,049,198)
Closing balance	33,066,945	13,042,015	46,108,960	67,093,742

18 STAFF RETIREMENT BENEFITS - GRATUITY

	2016	2015
	----------------Rupees----------------	
18.1 Movement in net liability recognized in the balance sheet		
Opening net liability	26,486,299	17,736,365
Expenses for the year	11,718,010	10,056,599
Remeasurement (gains)/ losses	(818,924)	4,271,903
	37,385,385	32,064,867
Benefits paid during the year	(9,152,683)	(5,578,568)
Closing net liability	28,232,702	26,486,299
18.2 Expenses for the year charged to profit and loss		
Current service cost	10,342,336	8,454,703
Interest cost	1,375,674	1,601,896
	11,718,010	10,056,599
Other comprehensive income		
Remeasurement in the year	(818,924)	4,271,903
18.3 Movement in present value of defined benefit obligation		
Present value of defined benefit obligation - opening	26,486,299	17,736,365
Current service cost	10,342,336	8,454,703
Interest cost	1,375,674	1,601,896
Remeasurements (gain)/ loss	(818,924)	4,271,903
Benefits paid	(9,152,683)	(5,578,568)
Present value of defined benefit obligation	28,232,702	26,486,299

18.4 Historical information

	2016	2015	2014	2013	2012
Present value of defined benefit obligation	28,232,702	26,486,299	17,736,365	16,406,098	13,515,115
Experience adjustments on plan liabilities	(818,924)	4,271,903	(138,922)	3,062,284	794,945

18.5 General description

The scheme provides for terminal benefits for all of its permanent employees who attain the minimum qualifying period. Annual charge is made using the actuarial technique of Projected Unit Credit Method.

18.6 Principle actuarial assumptions

	2016	2015
Following are a few important actuarial assumptions used in the valuation.		
Discount rate	8.33%	9.75%
Expected rate of salary increase in future	10.00%	10.00%
Expected year of services (years) for mills employees	12	12
Expected year of services (years) for head office employees	10	10

18.7 Sensitivity analysis of actuarial assumptions

The calculation of defined benefit obligation is sensitive to assumptions given above. The below information summarizes how the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of change in respective assumptions by 100 basis point.

	Increase in assumption	Decrease in assumption
Discount rate	1,785,938	(1,936,976)
Expected rate of increase in future salaries	(1,888,498)	1,775,394

18.8 Expected gratuity expense for the year ending June 30, 2017 works out to Rs. 12,323,306.

19 DEFERRED TAXATION

	2016	2015
	------------------Rupees------------------	
Opening balance	55,485,555	66,918,504
Charged / (reversed) on surplus - effect of change in tax rate	-	(5,548,555)
Add: Provided on surplus during the year	10,199,973	-
Provided during the year	(4,729,876)	(5,884,394)
Closing balance	60,955,652	55,485,555
This comprises the following:		
Deferred tax liability on taxable temporary differences:		
Surplus on revaluation of property, plant and equipment	60,955,652	55,485,555
Tax depreciation allowance	30,820,504	37,982,384
Deferred tax asset on deductible temporary differences:		
Tax losses and tax credits	(111,215,530)	(61,295,659)
Staff retirement benefits - gratuity	(5,457,463)	(5,848,067)
Provision for doubtful debts	(2,110,662)	(1,634,769)
	(27,007,499)	24,689,444

19.1 During the year net deferred tax asset on taxable and deductible temporary differences amounting to Rs.27,007,500 (June 30, 2015: Rs. 24,693,910) has arised. Deferred tax liability is restricted to Rs. 60,955,622 (June 30, 2015: Rs. 55,485,555).

20 TRADE AND OTHER PAYABLES

	Note	2016	2015
		------------------Rupees------------------	
Creditors		59,314,032	84,900,092
Accrued liabilities		22,825,044	37,431,530
Advance from customers		84,726,924	3,858,031
Workers welfare fund payable		2,985,120	2,985,120
Withholding tax payable		1,096,247	1,403,092
Dividend payable		111,051	111,051
		171,058,418	130,688,916

20.1 Workers profit participation fund

Balance as at 01 July	-	495,470
Interest on funds utilized in the company's business	-	-
	-	495,470
Allocation for the year	-	-
	-	495,470
Payments made during the year	-	(495,470)
	-	-

21 ACCRUED INTEREST / MARK UP

	Note	2016	2015
		------------------Rupees------------------	
Accrued interest / mark up on :			
Long term financing from banking companies		1,059,155	240,735
Short term borrowings from banking companies		5,955,077	7,639,150
		7,014,232	7,879,885

		Note	2016	2015
22	**SHORT TERM BORROWINGS**		------------------Rupees------------------	
	Secured - from banking companies	22.1		
	Cash finance		113,354,000	192,602,525
	Running finance		175,403,840	150,985,489
	Unsecured - from related parties	22.2		
	From Directors without mark up arrangements		97,535,000	97,535,000
	From Associated undertaking without mark up arrangements		50,000,000	20,000,000
			436,292,840	461,123,014

22.1 These finances are available from banking companies under mark up arrangements against aggregate sanctioned limit of Rs.1,025 million (June 30, 2015: 1,350 million). These facilities are secured against registered hypothecation charge over stocks, book debts and current assets, pledge of stock of raw cotton and cotton yarn through bank's approved mucadum with 10% margin on cotton and 20% margin on cotton yarn, accepted documents against inland LC's and DP/DA, export bills, pari passu charge over all present and future current assets of the company, ranking charge on current assets of the company, pari passu charge over all present and future fixed assets of the company including land building and machinery located at 11 KM, manga Raiwind road and personal guarantees of the directors. These carries markup ranging from 7.85 to 8.51 (June 30, 2015: 10.18 to 12.41) percent per annum payable quarterly. These facilities will expire on various dates by December 31, 2016.

22.2 These are unsecured loans extended by the directors for short term working capital needs of the company and are interest free.

		Note	2016	2015
23	**CONTINGENCIES AND COMMITMENTS**		------------------Rupees------------------	
23.1	**Contingencies**			
23.1.1	Bills discounted with recourse		72,266,594	279,832,340
23.1.2	Bank guarantee issued in the ordinary course of business		18,263,510	14,363,510

23.1.3 The company had filed suit in Honorable Lahore High Court against the recovery of arrears of gas infrastructure development cess (GIDC) on basis of Section 8 (2) of the Gas infrastructure development cess act 2015 (GIDC Act 2015) which categorically grant exemption to such industrial consumers of natural gas. The Honorable Court has granted an interim stay and restraining the Sui Northern Gas pipeline (SNGPL) from recovery of arear amount of GIDC. The matter is still pending in Honorable Courts.

		2016	2015
23.2	**Commitments**		
23.2.1	Letter of credit for stores and spares parts	1,445,202	3,654,084

			Note	2016	2015
24	**SALES - NET**			------------------Rupees------------------	
	Export				
		Yarn	24.1	214,128,492	1,399,168,031
	Local				
		Yarn		1,530,023,394	1,140,948,710
		Fabrics trading		824,645	7,632,352
		Cotton & Viscose		56,432,313	7,930,220
		Waste		32,812,100	57,148,677
				1,834,220,944	2,612,827,990
	Less: Sales tax			(47,362,211)	(23,711,874)
				1,786,858,733	2,589,116,116

24.1 It includes net exchange gain amounting to Rs.286,404 (June 30, 2015 : Rs. 11,349,891).

25	COST OF SALES	Note	2016	2015
			------------------Rupees------------------	
	Cost of sales manufacturing activities	25.1	1,830,158,622	2,493,225,814
	Cost of sales of trading activities	25.4	2,057,690	7,765,126
			1,832,216,312	2,500,990,940
25.1	Cost of sales of manufacturing activities			
	Cost of goods manufactured	25.2	1,847,444,568	2,486,659,921
	Finished goods			
	Opening		34,987,448	41,553,341
	Closing		(52,273,394)	(34,987,448)
			(17,285,946)	6,565,893
			1,830,158,622	2,493,225,814
25.2	**Cost of goods manufactured**			
	Raw materials consumed	25.3	1,224,288,098	1,827,707,937
	Cost of raw material sold		53,509,405	7,278,331
	Fuel and power		241,483,429	291,275,438
	Stores and spares consumed		46,575,889	50,638,646
	Salaries, wages and other benefits		146,178,576	161,136,270
	Staff retirement benefits - gratuity		11,144,242	9,003,635
	Packing material consumed		30,624,433	43,732,640
	Depreciation	5.2	80,699,027	76,263,321
	Repair and maintenance		4,365,419	7,126,837
	Vehicle running expenses		1,545,432	1,553,525
	Insurance expenses		3,512,419	4,512,897
	Cotton cess		2,425,400	3,638,350
	Other expenses		2,332,072	3,003,631
			1,848,683,841.00	2,486,871,458
	Work in process			
	Opening		11,316,951.00	11,105,414
	Closing		(12,556,224.00)	(11,316,951)
			(1,239,273.00)	(211,537)
			1,847,444,568.00	2,486,659,921
25.3	**Raw material consumed**			
	Opening stock		170,518,682	109,403,587
	Purchases - net		1,225,216,495	1,888,823,032
			1,395,735,177	1,998,226,619
	Less: Closing stock		171,447,079	170,518,682
			1,224,288,098	1,827,707,937

25.4	**Cost of trading activities**	Yarn	Fabric	2016 Total	2015
		--------------Rupees--------------			
	Opening balance	873,159	1,184,531	2,057,690	9,824,557
	Purchased/(adjustment) during the year	-	-	-	(1,741)
	Closing balance	-	-	-	(2,057,690)
		873,159	1,184,531	2,057,690	7,765,126

26	OTHER OPERATING INCOME	Note	2016	2015
			------------------Rupees------------------	
	From other than financial assets			
	Gain on sale of property, plant and equipment		10,485	-
	Notional income on interest free loans from directors and associates	17.4	-	19,830,923
			10,485	19,830,923

27	DISTRIBUTION COST	Note	2016	2015
			------------------Rupees------------------	
	Commission on local sales		4,269,518	4,679,977
	Commission on export sales		4,337,938	18,725,982
	Local freight		735,025	1,054,091
	Inland freight on export sales		1,428,496	9,990,782
	Ocean freight		2,403,384	13,062,739
	Export development surcharge		654,608	3,229,040
	Clearing and forwarding		627,188	3,906,320
	Bank charges		1,802,692	3,583,937
	Other export expenses		961,401	6,033,831
			17,220,250	64,266,699
28	**ADMINISTRATIVE EXPENSES**			
	Salaries and other benefits		10,923,814	10,691,598
	Staff retirement benefits - gratuity		573,768	1,052,964
	Fees, subscription and taxes		2,068,002	2,855,654
	Legal and professional		722,720	493,220
	Repairs and maintenance		1,100	8,150
	Traveling and conveyance		400,247	908,895
	Vehicle running expenses		787,323	932,591
	Entertainment		37,133	49,804
	Insurance		453,811	473,517
	Auditors' remuneration	28.1	727,000	700,000
	Advertisement		38,280	53,990
	Postage, telephones and telegrams		1,032,313	890,298
	Printing and stationary		384,575	395,072
	Depreciation	5.2	4,882,343	4,836,174
			23,032,429	24,341,927
28.1	**Auditors' remuneration**			
	Statutory audit fee		615,000	615,000
	Review of code of corporate governance		25,000	25,000
	Half yearly and other reviews		87,000	60,000
			727,000	700,000
29	**OTHER OPERATING EXPENSES**			
	Provision for doubtful debts		3,534,810	949,535
			3,534,810	949,535

		Note	2016	2015
30	**FINANCE COST**		------------------Rupees------------------	
	Interest / markup on :			
	Long term financing		12,112,952	21,519,771
	Short term borrowings		26,905,229	40,703,134
	Notional interest on interest free loans from directors and associates	17.4	20,984,781	15,049,198
	Bank charges and commission		1,814,152	2,584,480
			61,817,114	79,856,583
31	**TAXATION**			
	Current tax			
	Current year		17,112,071	25,542,309
	Prior Year	31.2	-	(1,407)
	Tax credit U/S 65B		(7,033,962)	(25,542,309)
			10,078,109	(1,407)
	Deferred Tax			
	Current Year		(4,888,176)	(4,941,175)
			5,189,933	(4,942,582)

31.1 The assessment of the company will be finalized in respect of export proceeds under presumptive tax regime under section 169. Other than export income, assessment will be finalized under the provisions of Income Tax Ordinance, 2001. Income tax return of the company has been filed up to tax year 2015**.** The numerical reconciliation between the average tax rate and the applicable tax rate has been presented below:

Numerical reconciliation between the average tax rate and the applicable tax rate	2016	2015
	------------------%------------------	
Applicable tax rate	32.00	33.00
Tax effect of		
Adjustment of the prior years	0.00	(0.00)
Income chargeable to tax at different rate	(11.34)	(41.56)
Deferred tax	(3.24)	(8.04)
Tax credits	(4.66)	(41.56)
others	(9.33)	50.12
Effective tax rate	3.44	(8.04)

31.2 This represents the difference of tax liability for the year ended June 30, 2015 as per income tax return filed and provided in financial statements due to tax credits availed in tax return filed but the same is not taken in provision for taxation.

			2016	2015
32	**LOSS PER SHARE - basic and dilutive**			
	Loss for the year	Rupees	(156,141,629)	(56,516,063)
	Weighted average number of ordinary shares	Numbers	26,640,000	26,640,000
	Loss per share - basic	Rupees	(5.86)	(2.12)

32.1 There is no dilutive effect on basic loss per share.

33 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The chief executive has waived off his remunerations and no meeting fees is paid to any directors including chief executive.

	DIRECTROS		EXECUTIVES	
	2016	2015	2016	2015
	------------------Rupees------------------			
Remuneration	3,840,000	3,720,000	3,300,000	3,300,000
Leave encashment	-	-	-	-
Vehicle maintenance expenses	964,677	1,194,319	158,059	95,010
Entertainment expenses	171,940	142,256	-	-
Number of persons	2	2	2	2

33.1 In addition to above directors and executives are provided with free use of company maintained cars in accordance with Company's policy. No remuneration is paid to non-executive directors of the company.

34 FINANCIAL INSTRUMENT AND RELATED DISCLOSURES

The company has exposures to the following risks from its use of financial instruments.

34.1 Credit risk
34.2 Liquidity risk
34.3 Market risk

The board of directors has overall responsibility for the establishment and oversight of company's risk management framework. The board is also responsible for developing and monitoring the company's risk management policies.

34.1 Credit risk

34.1.1 Exposure to credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the trade debts, loans and advances, trade deposits and short term prepayments and cash and bank balances. Out of total financial assets of Rs. 113.882 million (June 30, 2015 : Rs. 147.082 million), financial assets which are subject to credit risk aggregate to Rs. 100.193 million (June 30, 2015 : Rs. 137.127 million). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2016	2015
	------------------Rupees------------------	
Long term deposits	5,767,739	5,767,739
Trade debts	94,308,910	131,203,207
Trade deposits and short term prepayments	117,001	157,001
Cash and bank balances	13,688,063	9,953,849
	113,881,713	147,081,796

34.1.2 The maximum exposure to credit risk for trade debts at the balance sheet date by geographical region is as follows.

Domestic	94,308,910	82,854,798
Export	-	48,348,409
	94,308,910	131,203,207

The export debtors of the company are situated in China.

34.1.3 The maximum exposure to credit risk for trade debts at the balance sheet date by type of customer is as follows.

Yarn	94,308,910	131,203,207
	94,308,910	131,203,207

34.1.4 The aging of trade debtors at the balance sheet is as follows.

Not past due	50,331,896	48,348,409
Past due 1-30 days	42,831,737	65,133,771
Past due 31-1 year	1,125,180	17,721,027
Past due more than 1 year	10,918,938	7,403,983
Provision for doubtful debts	(10,918,938)	(7,403,983)
	94,288,813	131,203,207

34.2 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	2016					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
	-------------------------Rupees-------------------------					
Non - derivative Financial liabilities						
Long term financing banking companies	115,698,057	127,529,564	30,104,051	29,093,672	68,331,842	-
Long term financing directors associates	183,693,140	229,802,100	-	-	229,802,100	-
Trade and other payables	85,235,247	85,235,247	85,235,247	-	-	-
Accrued mark up / interest	7,014,232	7,014,232	7,014,232	-	-	-
Short term borrowings	436,292,840	462,692,920	462,692,920	-	-	-
	827,933,516	912,274,063	585,046,449	29,093,672	298,133,942	-

	2015					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
	Rupees					
Non - derivative						
Financial liabilities						
Long term financing banking companies	174,808,619	209,346,697	39,225,658	37,776,005	132,345,034	-
Long term financing directors associates	162,708,358	229,802,100	-	-	229,802,100	-
Trade and other payables	125,427,793	125,427,793	125,427,793	-	-	-
Accrued mark up / interest	7,879,885	7,879,885	7,879,885	-	-	-
Short term borrowings	461,123,014	489,025,568	489,025,568	-	-	-
	931,947,669	1,061,482,043	661,558,904	37,776,005	362,147,134	-

34.2.1 The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark up rates effective as at June 30. The rates of mark up have been disclosed in relevant notes to these financial statements.

34.3 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 or the market price 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. The company is exposed to currency risk and interest rate risk only.

34.3.1 Currency risk

Exposure to currency risk

The company is exposed to currency risk on trade debts, borrowing and import of raw material and stores that are denominated in a currency other than the respective functional currency of the company, primarily in US Dollar and Euro. The currencies in which these transactions primarily are denominated is US Dollar and Euro. The company's exposure to foreign currency risk is as follows.

	US Dollar	Rupees
Trade debts 2016	-	-
Trade debts 2015	476,339	48,348,408

The following significant exchange rates applied during the year.

	Average rates		Reporting date rates	
	2016	2015	2016	2015
US Dollar to Rupee	104.90	101.70	101.50	101.50

Sensitivity analysis

5% strengthening of Pak Rupee against the following currencies at June 30, would have increased / (decreased) equity and profit and loss by the amount shown below. The analysis assumes that all other variables, in particular interest rates, remain constant. 5% weakening of Pak Rupee against the above currencies at periods ends would have had the equal but opposites effect on the above currencies to the amount shown below, on the basis that all other variables remain constant.

	2016	2015
	------------------Rupees------------------	
US Dollar	-	(2,417,421)

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

34.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposures arises from long term financing and short term borrowings. At the balance sheet date the interest rate profile of the company's interest bearing financial instrument is as follows.

Fixed rate instruments		
Financial assets	-	-
Financial liabilities	-	-
Variable rate instruments		
Financial assets	-	-
Financial liabilities	404,455,897	518,396,633

Fair value sensitivity analysis for fixed rate instruments

The company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for June 30, 2015.

	Profit and loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	Rupees			
Cash flow sensitivity - variable rate instruments 2016	1,223,297	(1,223,297)	1,223,297	(1,223,297)
Cash flow sensitivity - variable rate instruments 2015	11,584,793	(11,584,793)	11,584,793	(11,584,793)

34.4 Fair value of financial assets and liabilities

The carrying value of all financial instruments reflected in the financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

	2016	2015
34.5 Off balance sheet items	------------------Rupees------------------	
Contingencies		
Bills discounted with recourse	72,266,594	279,832,340
Bank guarantee issued in the ordinary course of business	18,263,510	14,363,510
Commitments		
Letter of credit for capital expenditures	-	-
Letter of credit for stores and spares parts	1,445,202	3,654,084

34.6 The effective rate of interest / mark up for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

35 CAPITAL RISK MANAGEMENT

The company's prime object when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. The ratio is calculated as total borrowings divided by total capital employed. Borrowings represent long term financing, long term loan from directors, associates and short term borrowings. Total capital employed includes total equity as shown in the balance sheet plus borrowings.

Borrowings	735,684,037	798,639,991
Total equity	233,368,515	377,813,143
Total capital employed	969,052,552	1,176,453,134
Gearing ratio	75.92%	67.89%

36 PLANT CAPACITY AND PRODUCTION

It is difficult to describe precisely the production capacity in textile industry since it fluctuates widely depending on various factors such as count of yarn spun, raw material used, spindle speed and twist. It would also vary according to the pattern of production adopted in a particular year.

Total number of spindles installed	27,744	25,627
Total number of spindles worked	27,298	24,845
Number of shifts per day	3	3
Rated capacity converted at 20/1 count (Kgs.)	10,179,706	9,546,395
Actual production converted at 20/1 count (Kgs.)	9,934,069	10,103,849

36.1 It is difficult to precisely describe production capacity and the resultant production in the textile industry since it fluctuates widely depending on various factors such as count of yarn spun, raw material used, spindle speed, twist etc.

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

37 TRANSACTIONS WITH RELATED PARTIES

The company has related party relationship with its associated undertakings, its directors and key management personnel. Transactions with related parties essentially entail sale and purchase of goods and / or services from the aforementioned concerns. All transactions are carried out on commercial basis.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The company considers all members of their management team, including the chief executive officer and directors to be its key management personnel. There are no transactions with key management personnel other than under the terms of employment.

There are no transactions with key management personnel other than under their terms of employments / entitlements. Balance outstanding from related parties are unsecured and repayable on demand or as contracted. Amounts due to related parties are shown in the relevant notes to the financial statements. Long term financing from related parties, short term borrowings from related parties and remuneration of chief executive, directors and executives are disclosed in the relevant notes to the financial statements.

Details of transactions with related parties are as follows:

`

Nature of relationship	Nature of transactions / balances	2016	2015
		---Rupees---	
Directors	Long term financing from directors - transferred from short term borrowings	-	60,000,000
	Short term borrowings from directors - received	-	-
	Short term borrowings from directors - repaid	-	300,000
	Closing balance of long term financing from directors	164,802,100	164,802,100
	Closing balance of short term loans from directors	97,535,000	97,535,000
	Mark up on STL waived off by directors		
Associated undertaking	Closing Balance of long term financing from associate undertaking	65,000,000	65,000,000
	Closing balance of short term borrowings from associate undertaking	50,000,000	20,000,000
	Short term borrowings from associated undertakings - received	30,000,000	80,000,000
	Short term borrowings from associated undertakings - repaid	-	60,000,000

38 NUMBER OF EMPLOYEES

	2016	2015
Total number of employees as at the year end	594	551
Average number of employees worked during the year	581	540

39 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on **October 9, 2016** by the board of directors of the company.

40 GENERAL

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE **DIRECTOR**

KEY OPERATING AND FINANCIAL DATA
FROM 2015 TO 2011 (SIX YEARS)

	2016	2015	2014	2013	2012	2011
Sales						
Local (net of sales tax)	1,620,092,452	1,189,948,085	1,426,861,320	1,166,795,177	1,508,946,946	1,483,855,906
Export	214,128,492	1,399,168,031	799,103,063	1,154,941,195	541,287,607	588,584,981
Net Sale	**1,834,220,944**	**2,589,116,116**	**2,225,964,383**	**2,321,736,372**	**2,050,234,553**	**2,072,440,887**
Profitability						
Gross Profit/(Loss)	(45,357,579)	88,125,176	83,363,512	293,120,730	159,622,394	156,492,920
Profit/(Loss) before tax	(150,951,697)	(61,458,645)	(22,020,547)	146,639,453	49,065,416	32,845,215
Provision for income tax	5,189,933	(4,942,582)	4,816,379	10,846,016	20,507,331	21,575,461
Profit/(Loss) after tax	**(156,141,629)**	**(56,516,063)**	**(26,836,926)**	**135,793,440**	**28,558,085**	**11,269,754**
Financial Position						
Propert plant & equipments	1,096,195,812	1,093,152,087	989,832,341	804,262,695	591,042,020	630,398,026
Long term loans and deosits	5,767,739	5,767,739	5,714,699	5,714,699	5,416,699	2,734,699
Total Assets	**1,101,963,551**	**1,098,919,826**	**995,547,040**	**809,977,394**	**596,458,719**	**633,132,725**
Current assets	487,834,260	587,314,660	442,837,487	437,741,943	352,302,286	430,194,819
Current liabilities	665,279,101	658,789,163	424,089,543	336,204,202	275,200,684	420,492,860
Net working capital	**(177,444,841)**	**(71,474,503)**	**18,747,944**	**101,537,741**	**77,101,402**	**9,701,959**
Capital employed	924,518,710	1,027,445,323	1,014,294,984	911,515,135	673,560,121	642,834,684
Less: long term loan	248,477,586	278,419,629	208,290,083	129,802,100	129,802,100	279,802,100
Less: Deferred liabilities	89,188,354	81,971,854	84,654,869	92,435,336	9,506,858	7,339,506
Share holders Equity	**586,852,770**	**667,053,840**	**721,350,032**	**689,277,699**	**534,251,163**	**355,693,078**
Represented By:						
Share capital	766,400,000	266,400,000	266,400,000	266,400,000	266,400,000	116,400,000
Un-appropricted Profit/(Loss)	33,031,485	111,413,143	159,310,788	116,707,530	(25,274,680)	(67,223,849)
Surplus on revaluation of fixed assets	353,484,255	289,240,697	295,639,244	306,170,[illegible]69	293,125,843	306,516,927
	586,852,770	**667,053,840**	**721,350,032**	**689,277,699**	**534,251,163**	**355,693,078**
Ratios:						
Gross Profit/(Loss) to sales **(%age)**	(2.47)	3.40	3.75	12.63	7.79	7.55
Net Profit/(Loss) from ordinary activeties to sales **(%age)**	(8.51)	(2.18)	(1.21)	5.85	1.39	0.54
Debt equity ratio	1.71	1.53	0.99	0.81	0.78	1.99
Current ratio	0.73:1	0.89:1	1.04:1	1.30:1	1.28:1	1.02:1
Breakup value per share of Rs. 10 each	22.03	25.04	27.08	25.87	20.05	30.56
Earnings Per Share Rs.	(5.86)	(2.12)	(1.01)	5.10	2.14	0.97
Dividend	NIL	NIL	NIL	NIL	10%	NIL

Categories of Shareholders as required under C.C.G. as on June 30, 2016

S. No.	Name	Shares Held	%
	Associated Companies, Undertakings and Related Parties (Name Wise Detail):	-	-
	Mutual Funds (Name Wise Detail)	-	-
1.	Directors, CEO, Their Spouses & Minor Children (name wise detail)		
1.	Mr. Asad Elahi	7,968,580	29.9121
2.	Mr. Azher Elahi	8,059,550	30.2536
3.	Mr. Ather Jawed Elahi	7,050,070	26.4642
4.	Mr. Mansoor Elahi	2,050,300	7.6963
5.	Mrs. Naureen Asad	400,000	1.5015
6.	Mrs. Shafqat Azher	400,000	1.5015
7.	Mrs. Mehnaz Ather Elahi	400,000	1.5015
8.	Mr. Fahad Elahi	35,000	0.1314
	Executives:	-	-
	Public Sector Companies & Corporations:	-	-
	Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companiesm, Takaful, Modarabas and Pension Funds:	-	-
	Shareholders holding 5% or more of voting intrest in the listed company (name wise detail)		
1.	Mr. Asad Elahi	7,968,580	29.9121
2.	Mr. Azher Elahi	8,059,550	30.2536
3.	Mr. Ather Jawed Elahi	7,050,070	26.4642
4.	Mr. Mansoor Elahi	2,050,300	7.6963

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed: NIL

ڈائریکٹرز رپورٹ

مجھے بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2016 مختتمہ مالی سال کے تنقیح شدہ حسابات کیساتھ ساتھ کمپنی کی سالانہ رپورٹ پیش کرتے ہوئے خوشی ہو رہی ہے۔

مالیاتی جھلکیاں

مالیاتی نتائج کا مختصر خلاصہ درج ذیل ہے

	2016	2015
	روپوں میں	
سیلز	1,786,858,733	2,589,116,116
مجموعی منافع / (نقصان)	(45,357,579)	88,125,176
منافع / (نقصان) قبل از ٹیکس	(15,0951,697)	(61,458,645)
ٹیکسیشن کیلئے فراہمی	(5,189,933)	4,942,582
منافع / (نقصان) بعد از ٹیکس	(156,141,629)	(56,516,063)
فی حصص آمدن	(5.86)	(2.12)

سال کے دوران بین الاقوامی مارکیٹ میں طویل کساد بازاری اور سوت کی طلب میں کمی کی وجہ سے مجموعی نتائج توقعات سے کم رہے۔ کمپنی کی انسٹالڈ کپیسیٹی کے برعکس پیداواری صلاحیت میں وسیع فرق کے باعث منافع میں کمی ہوئی اور کمپنی کو گزشتہ سال کے 88.125 ملین روپے کے مجموعی منافع کی مقابلے میں 48.357 روپے کے مجموعی نقصان کا سامنا رہا۔ مجموعی نقصان کے نتیجے میں مالی سال 2015 کی نسبت سیلز ریونیو میں 31 فیصد کمی واقع ہوئی جبکہ مالی سال 2015 کی نسبت فروخت کی قیمت میں 26.74 فیصد اضافہ ہوا۔ گزشتہ سال کے مقابلے میں ایکسپورٹ سیلز میں 84.70 فیصد کی کمی واقع ہونے سے پچھلے سال کے برعکس اس سال ڈسٹری بیوشن کاسٹ 64.266 ملین روپے سے 17.220 ملین روپے ہوگئی۔ موجودہ سال کے ایڈمنسٹریٹو اخراجات 5.38 فی صد کمی سے 23.032 ملین روپے ہوگئے بہ نسبت گزشتہ سال کے جو 24.341 ملین روپے تھے۔ موجودہ سال کی مالیاتی لاگت 22.59 فی صد کمی سے 61.817 ملین روپے ہوگئے برعکس گزشتہ سال کے جو 79.856 ملین روپے تھی۔

بین الاقوامی مارکیٹ میں کساد بازاری کیساتھ ساتھ صنعتوں کیلئے بجلی کی پیداوار میں مسلسل کمی، پروڈکشن کی بڑھتی قیمت اور اگلے سال کی کپاس کی فصل میں کمی کی وجہ سے ٹیکسٹائل کی صنعت کے مستقبل کے نقطہ نظر میں مشکلات دکھائی دے رہی ہیں۔

کوڈ آف کارپوریٹ گورننس کی تعمیل

بورڈ آف ڈائریکٹرز نے پاکستان سٹاک ایکسچینج کی لسٹنگ کے ضابطہ کار کی طرف سے مقرر کردہ کوڈ آف کارپوریٹ گورننس کی تعمیل کیلئے ضروری اقدامات اٹھائے ہیں اور ان پر باضابطہ عمل کیا گیا۔ کارپوریٹ گورننس کے کوڈ کی تعمیل کا بیان ساتھ لف ہے۔

کارپوریٹ اینڈ فنانشل رپورٹنگ فریم ورک

کمپنی نے درج ذیل طریقوں سے کوڈ آف کارپوریٹ گورننس کی تعمیل کی ہے۔

1۔ کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالی گوشوارہ اس کے موجودہ معاملات، آپریشنز کے نتائج اور خالص آمدنی اور ایکوئٹی میں تبدیلیوں کا واضح طور پر بتاتے ہیں۔

2۔ کمپنی کے کھاتوں کا حساب کتاب مکمل طور پر برقرار رکھا گیا ہے

3۔ مالی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل سے لاگو کیا گیا ہے، کھاتوں کے اندازے مناسب اور دانشمندانہ فیصلے پر مبنی ہیں۔

4۔ مالی گوشواروں کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ سٹینڈرز کو ملحوظ خاطر رکھا گیا ہے اور ان سے ہٹ کر کی گئی کوئی بھی تبدیلی مناسب طور پر بیان کی گئی ہے۔

5۔ اندرونی کنٹرول کا نظام ڈیزائن میں مضبوط ہے اور اس پر موثر طریقے سے عملدرآمد اور نگرانی کی گئی ہے۔

6۔ کمپنی کی موجودہ جاری صورتحال میں اسکی صلاحیت پر کوئی قابل ذکر شک نہیں ہے

7۔ لسٹنگ کے ضابطہ کار میں تفصیلی طور پر بیان کئے گئے کارپوریٹ گورننس کے بہترین طریقوں میں سے کسی سے انحراف نہیں کیا گیا۔

8۔ ہم نے ڈائریکٹرز اور ملازمین کے درمیان اخلاقیات اور کاروباری حکمت عملی کے ایک تیار کردہ رپورٹ تقسیم کی۔

9۔ بورڈ آف ڈائریکٹرز نے مشن سٹیٹمنٹ اور مجموعی طور پر کارپوریٹ حکمت عملی کے کی رپورٹ کو اپنایا ہے۔

10۔ متذکرہ سال کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد کیا گیا تھا اور حاضری کی صورتحال کچھ اس طرح رہی۔

ڈائریکٹر کا نام	شرکت کردہ اجلاس کی تعداد
اظہر الٰہی	4
اسد الٰہی	4
اطہر ے الٰہی	4
منصور الٰہی	4
نورین اسد	4
شفقت اظہر	4
مہناز اطہر الٰہی	4
فہد الٰہی	4

11۔ ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکریٹری انکی بیویوں اور چھوٹے بچوں کی جانب سے کمپنی کے شیئرز میں سال کے دوران کوئی ٹریڈنگ نہیں ہوئی۔

آڈٹ کمیٹی

بورڈ آف ڈائریکٹرز نے کوڈ آف کارپوریٹ گورننس کی تعمیل کرتے ہوئے کمپلائنس رپورٹ کے پیراگراف نمبر 15 میں مندرج طریقہ کار کے مطابق آڈٹ کمیٹی قائم کی ہے ممبران کے نام کمپنی پروفائل میں درج ہیں۔

آڈٹ کمیٹی کے قواعد وضوابط سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کے دائرہ کار اور کمپنی کے سسٹم اور طریقہ کار کو بہتر

بنانے کیلئے بورڈ آف ڈائریکٹرز کی طرف سے وقتاً فوقتاً دی گئی ہدایات پر مبنی ہیں۔ بورڈ آف ڈائریکٹرز کے متعین کردہ قواعد وضوابط کے فریم ورک کے مطابق آڈٹ کمیٹی اکاؤنٹس کے جائزہ کیلئے بیرونی آڈیٹرز کا تقرر بھی کرے گی۔

انسانی وسائل اور معاوضہ کمیٹی

بورڈ آف ڈائریکٹرز نے کوڈ آف کارپوریٹ گورننس کی تعمیل کرتے ہوئے کمپلائنس رپورٹ کے پیراگراف نمبر 17 میں مندرج طریقہ کار کے مطابق انسانی وسائل اور معاوضہ کمیٹی قائم کی ہے، متذکرہ مالی سال کے دوران انسانی وسائل اور معاوضہ کمیٹی کے دو اجلاس ہوئے جس میں تمام ممبران نے شرکت کی، ممبران کے نام کمپنی پروفائل میں درج ہیں۔

آڈیٹرز

موجودہ آڈیٹرز میسرز مشتاق اینڈ کمپنی، چارٹرڈ اکاؤنٹنس سبکدوش ہو رہی ہے اور اہلیت کی بنا پر انہوں نے دوبارہ تقرر کی پیشکش کی ہے۔

شیئر ہولڈنگ کا طریقہ کار

کمپنیز آرڈیننس 1984 کے سیکشن 236 اور کوڈ آف کارپوریٹ گورننس کے تحت شیئر ہولڈنگ کا طریقہ کار ساتھ منسلک ہے۔

کلیدی آپریٹنگ اور مالی اعداد وشمار

گزشتہ چھ سال کے کلیدی آپریٹنگ اور مالی اعداد وشمار کی رپورٹ ساتھ لف ہے۔

قانونی ادائیگیاں

30 جون 2016 تک ٹیکسز، ڈیوٹیز، لیویز اور دیگر چارجز کی مد میں کمپنی کے اکاؤنٹس کے حوالے سے کوئی قانونی ادائیگیاں نہیں ماسوائے ان کے جنکی تفصیلات مالی گوشواروں میں بتائی گئی ہے۔

کارپوریٹ تنظیم نو اور کاروبار کی توسیع

متذکرہ سال کے دوران کمپنی کے اپنے ذرائع سے بی ایم آر کی توسیع میں 16.515 ملین روپے کی سرمایہ کاری کی۔

اعتراف

کمپنی کے ڈائریکٹرز اپنے بینکاروں کا ان کی مسلسل حمایت کیلئے شکریہ کرنا چاہتے ہیں اور ساتھ ہی اپنے ملازمین کا بھی جن کی وقف خدمات اور محنت کے بغیر یہ سب ممکن نہیں تھا۔

بحکم بورڈ

اظہر الٰہی

چیف ایگزیکٹو

لاہور

تاریخ: 9 اکتوبر 2016

The Companies Ordince, 1984
(Section 236(1) and 464)
Pattern of Shareholding as at June 30, 2016

01.Incorporation Number	L-03969
02.Name of Company	GLAMOUR TEXTILE MILLS LTD.
03.Pattern of Shareholding as at	30-06-2016
04.	

NUMBER OF SHAREHOLDERS	SHAREHOLDING FROM		TO	TOTAL SHARES HELD
24	1	-	100	687
252	101	-	500	120,913
12	501	-	1,000	12,000
18	1,001	-	5,000	43,900
1	5,001	-	10,000	10,000
1	20,001	-	25,000	23,000
3	30,001	-	35,000	101,000
1	60,001	-	65,000	63,500
3	395,001	-	400,000	1,200,000
1	1,825,001	-	1,830,000	1,828,500
1	2,050,001	-	2,055,000	2,050,300
2	7,050,001	-	7,055,000	14,100,400
1	7,085,001	-	7,090,000	7,085,800
320				26,640,000

5.	Categories of shareholders	Shares held	Percentage
5.1	Directors, Chief Executive Officer, and their spouse and minor children	26,363,500	98.9621
5.2	Associated Companies, undertakings and related parties	0	0.0000
5.3	NIT and ICP	0	0.0000
5.4	Banks Development Financial Institutions, Non banking Financial Institutions	0	0.0000
5.5	Insurance Companies	0	0.0000
5.6	Modarabas and Mutal Funds	0	0.0000
5.7	Share holders holding 10%		
5.8	General Public	23,078,200	86.6299
	a. Local		
	b. Foreign	276,499	1.0379
5.9	Others (to be specified)	0	0.000
	Joint Stock Companies	1	0.0000

6.	Signature of Company Secretary	
7.	Name of Signature	Ishfaq Saeed
8.	Designation	Company Secretary
9.	NIC Number	
10.	Date	30 06 2016