TATA
PAKISTAN

Annual Report
2017

SALFI TEXTILE MILLS LIMITED

Content

COMPANY INFORMATION

BOARD OF DIRECTORS	
CHAIRMAN:	Mr. Anwar Ahmed Tata
CHIEF EXECUTIVE:	Mr. Adeel Shahid Tata
DIRECTORS:	Mr. Shahid Anwar Tata Mr. Aijaz Ahmed Tariq Mr. Bilal Shahid Tata Mr. Muhammad Naseem Sheikh Kausar Ejaz
AUDIT COMMITTEE	
CHAIRMAN:	Mr. Muhammad Naseem
MEMBERS:	Mr. Bilal Shahid Tata Sheikh Kausar Ejaz
SECRETARY	Mr. Owais Ahmed Abbasi
HUMAN RESOURCE & REMUNERATION COMMITTEE	
CHAIRMAN:	Mr. Muhammad Naseem
MEMBERS:	Mr. Adeel Shahid Tata Mr. Bilal Shahid Tata
SECRETARY	Mr. Aadil Riaz
COMPANY SECRETARY & CHIEF FINANCIAL OFFICER:	Mr. Farooq Advani
BANKERS:	Dubai Islamic Bank (Pakistan) Limited Bank Alfalah Limited Meezan Bank Limited Habib Metropolitan Bank Limited The Bank of Punjab MCB Bank Limited National Bank of Pakistan Soneri Bank Limited Allied Bank Limited Bank Islami Pakistan Limited JS Bank Limited Askari Bank Limited
AUDITORS:	M/s. Deloitte Yousuf Adil Chartered Accountants
LEGAL ADVISOR:	Ameen Bandukda & Co. Advocates
SHARE REGISTRAR:	Central Depository Company of Pakistan Limited CDC House, 99 – B, Block ‘B’, S.M.C.H.S., Main Shahra-e-Faisal Tel# (Toll Free) 0800-CDCPL (23275) Fax: (92-21) 34326053
REGISTERED OFFICE:	6th Floor Textile Plaza, M.A Jinnah Road Karachi. Tel# 32412955-3 Lines 32426761-2-4 Fax# 32417710
WEB SITE ADDRESS:	www. tatapakistan.com
E- MAIL ADDRESS:	stm.corporate@tatapakistan.com
MILLS:	HX-1, Landhi Industrial Area, Landhi, Karachi

VISION STATEMENT

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

MISSION STATEMENT

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

ICA Membership Certificate 2017

This is to certify that

Salfi Textile Mills Ltd

is a member of the International Cotton Association

Jordan Lea
President, International Cotton Association

www.ica-ltd.org
t: +44 151 236 6041
e: info@ica-ltd.org

AITEX
INSTITUTO TECNOLÓGICO TEXTIL
PLAZA EMILIO SALA, 1
03801 ALCOY (ALICANTE) ESPAÑA, SPAIN

OEKO-TEX®
CONFIDENCE IN TEXTILES

CERTIFICATE

The company

Salfi Textile Mills Limited
6th Floor, Textile Plaza, M.A. Jinnah Road,
74000 Karachi, PAKISTAN

is granted authorisation according to STANDARD 100 by OEKO-TEX® to use the OEKO-TEX® mark, based on our test report **2017OK0100**

OEKO-TEX® CONFIDENCE IN TEXTILES STANDARD 100
2014OK0009 AITEX
Tested for harmful substances
www.oeko-tex.com/standard100

for the following articles

100% Greige cotton yarn.

The results of the inspection made according to STANDARD 100 by OEKO-TEX®, **product class I** have shown that the above mentioned goods meet the human-ecological requirements of the standard presently established for baby articles.

The certified articles fulfil the requirements of Annex XVII of REACH (incl. the use of azo-dyes, nickel, etc.) as well as the American requirement regarding total content of lead in children's articles (CPSIA; with the exception of accessories made from glass).

The holder of the certificate, who has issued a conformity declaration according to ISO 17050-1, is under an obligation to use the OEKO-TEX® mark only in conjunction with products that conform with the sample initially tested. The conformity is verified by audits.

The certificate 2014OK0009 is valid until 31.01.2018

Alcoy (Alicante) España, 13.02.2017

Silvia Devesa Valencia
Innovation Assistant Manager

Isabel Soriano Sarrió
Chief of Innovation Area

OEKO-TEX® Association | Genferstrasse 23 | P.O. Box 2006 | CH-8027 Zurich

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COTTON USA

COTTON COUNCIL INTERNATIONAL

CERTIFIES THAT

Salfi Textile Mills Ltd.

IS A CERTIFIED

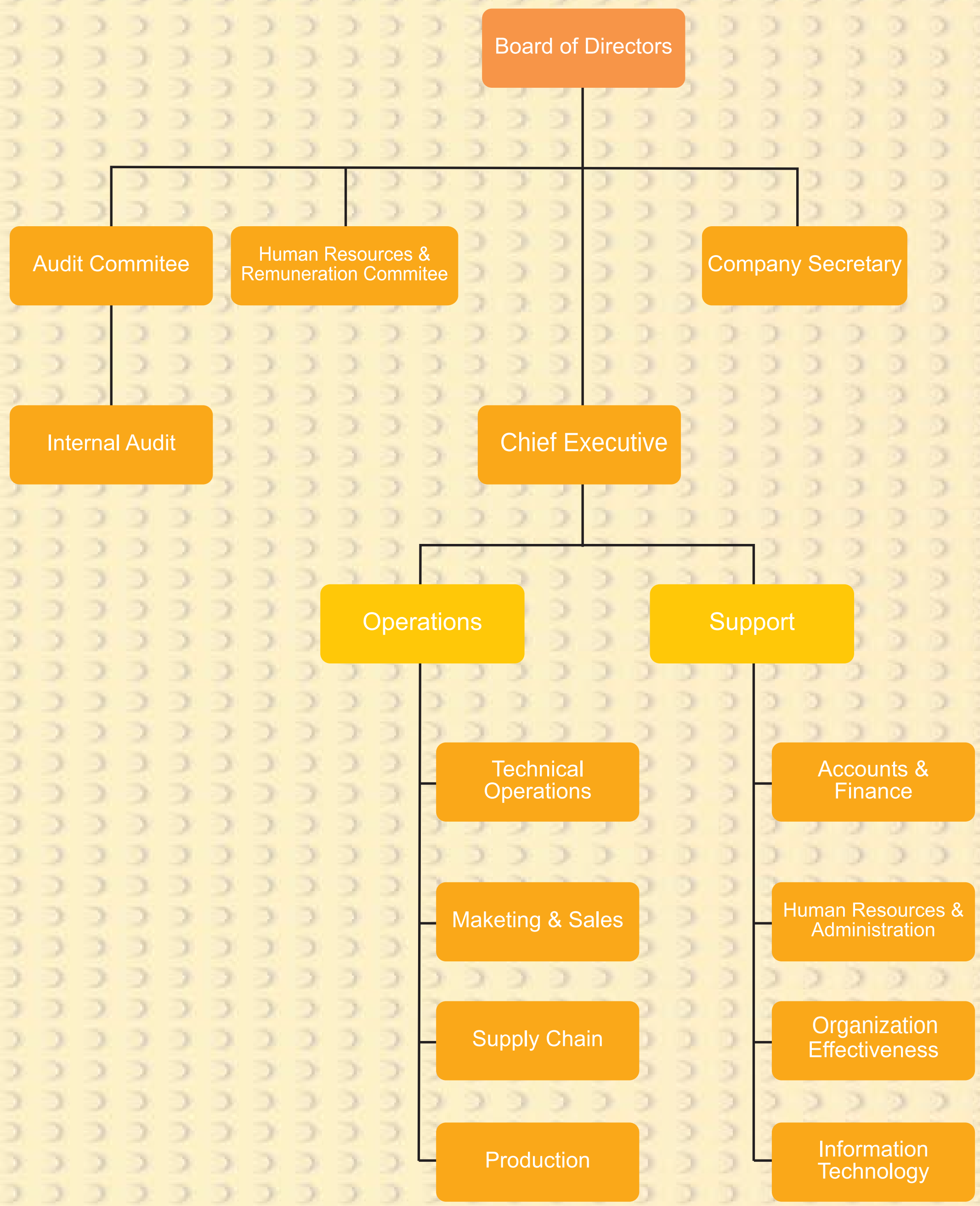
COTTON USA LICENSEE

This licensee has complied with the necessary licensing requirements and has been granted the right to use CCI's registered trademark on all qualifying labels, print and promotional materials for one calendar year from the date of the certificate.

Issued this 1st day of January 2017

Manager, Global Operations
Cotton Council International

Organization Chart



CHAIRMAN'S REVIEW

Assalam-o-Alaikum

As Chairman of Salfi Textile Mills Limited, I am pleased to present the Annual Audited Accounts along with the auditors' report, thereon, for the year ended June 30, 2017. During the period under review, the financial results of the organization has shown a substantial improvement, whereby, the Company has incurred a pre-tax profit of PKR.95.520 as compared to a pre-tax loss of PKR.379.809 Million, during the corresponding period of last year.

TEXTILE INDUSTRY

In January 2017, the Prime Minister had announced Incentive Package of PKR.180 Billion for the Export Industries but only PKR 4 Billion has been allocated for the Textile Sector, which reveals the non-serious attitude of the Government towards the Textile Industry. The Government is not giving any priority to this most important Industry, which is the second largest employment generating sector of the Country. It is therefore advised to release maximum funds under the Prime Minister Export Package and expedite the process of disbursement of Duty Drawbacks and release all pending Sales Tax Refunds and hence rescue the Textile Industry from the financial crunch being confronted since last few years.

BURDEN OF TAXES

There is no change in the current Tax Policy and your company continues to be burdened with numerous taxes. Besides paying exorbitant Withholding taxes, we are also hampered with various Government levies, such as, Custom Duties, Professional Tax, SRB on Services, Textile Cess, Education Cess, Cotton Cess, GIDC Cess, SESSI, EOBI, etc. In addition, effective from July 2017, the Government has re-imposed Custom Duty at 4% and Sales Tax of 5% on import of Cotton, which will consequently affect the cost of doing business and will make it more difficult to compete in the International Market. It is most unfortunate that the Government is collecting Tax from the already existing taxpayers and has failed to expand the Tax Net.

RAW MATERIAL

We presume that the cotton consumption in Pakistan will be near about 13 Million bales, however, generally speaking, it is too early to estimate the crop yield as the final figures will only be known by end September. As the consumption will be less so it is expected that the Cotton production will cover the domestic requirement and due to this it is most likely that the results will be favorable for the Textile Industry, in the coming year.

FOREIGN EXCHANGE

The Pakistani Currency has remained overvalued for many years now, in fact, the inflationary pressures in Pakistan have pushed the cost of doing business to a very high level, whereas, the currency has not been adjusted accordingly, so this makes the exports totally uncompetitive.

Despite the record high current account deficit of USD 12.098 Billion recorded in FY'17 which is almost 4% of the GDP, the Government has remained apathetic towards devaluation of Pak Rupee, which is hurting the Export Oriented Industries. If the FCY reserves fall below the cumulative 3 months of imports, Pakistan will soon be ineligible for obtaining loans from institutions like World Bank and others, which have a pre-requisite that loan seeking country should have official currency reserves equivalent of at least 3 months import bill.

According to IMF and analyst PKR is overvalued by approximately 15 to 20%.

COST OF LABOUR

One of the challenging aspect of cost of production is high labour cost which is relatively higher as compared to the regional market players. Pakistan is considered to be one of the expensive country in terms of labour cost in past decade which is around USD 144 as minimum wage.

COST OF POWER

The power cost has remain high in Pakistan as compare to regional countries and on the other hand the energy mix compels the Industries to use both Grid and Gas power in order to meet the production requirement. This makes the units inefficient in production due to shut down of Gas supply and the Grid power, which in turn increases the fix cost burden on the product.

As per news report, the tariff for Industrial Gas in Pakistan is 173% higher than Bangladesh, 44% higher than India and 12% higher than Vietnam, whereas, the Electricity tariff for Textile Industry in Pakistan is around USD 0.11 per KWh as opposed to USD 9.48 in Bangladesh, USD 9.48 in India and USD 8.43 in Vietnam.

INFORMATION TECHNOLOGY

The Company has been embraced with an adequate standard corporate IT infrastructure and a structured IT Department comprising of multiple sub-sections and seasoned professionals, qualified and certified in relevant areas of expertise, committed to stay updated with the growing needs and global technology advancements. Since a decade approximately, the Company took corporation decision and implemented tear one Enterprise Resource Planning – ERP Solution from Oracle with the scope of covering Financials, Supply Chain Management and Oracle Manufacturing process automation along with other integrated customized Oracle based in-house developed modules of Quality Management System and Payroll. The Business Intelligence, HRMS and Enterprise Asset Management are essential part of Corporate Future IT Strategy.

In 2016, the group took a serious revolutionary corporate decision through investing more in Information Technology in order to have exemplary Network Infrastructure, Communication, Business Continuity Planning, Disaster Recovery Site Deployment, Centralized Controlled Environment, Documented Policies / Strategy and Change Management through Manipulation of certain Approved Templates / Forms. The changes enlightened the essential domination of IT Department which made the effective recognition of IT Faculty in Corporate simultaneously possessing a significant role of strategic partner and custodian of corporate electronic information.

The ERP Applications facilitates information flows between all business functions, and ensures timely availability of secured / integrated information to its process owners / stakeholders all over which is key factor of right decision making in the light of data provided through certain lucrative ERP based reports.

HUMAN RESOURCE DEVELOPMENT

Our Human Capital Function's primary responsibility is to take care of our human resource by investing in them which results in contribution in the revenue stream and profitability. Having said that, we provide a highly congenial and professional working environment to our people to ensure provision of all necessary resources for employee's efficient working for productivity. We respect individuals and care for their professional and personal development by reciprocating their dedication and efforts through employee incentives schemes. We also strongly advocate career advancement, transparent performance evaluations and market competitive remunerations. Our performance management system has a proper feedback mechanism and development aspect which an employee need to succeed in their roles. To motivate, retain and develop people, we have various learning & development initiatives and employee engagement activities. Our HR systems are technology driven that helps us to work in efficient and effective way.

GOING FORWARD

Our commitment is all time high to maintain the best quality of our products and diversification into new products, therefore, most of our investments have remained in improving quality and in product diversification areas. We also plan to add Twisting and Doubling machines in Salfi Textile Mills to produce plied yarns.

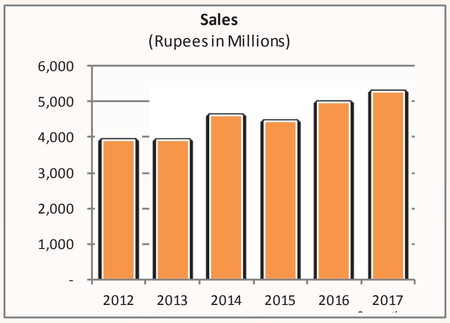
The Management is also taking initiatives in every area to optimize and reduce the Production Cost.

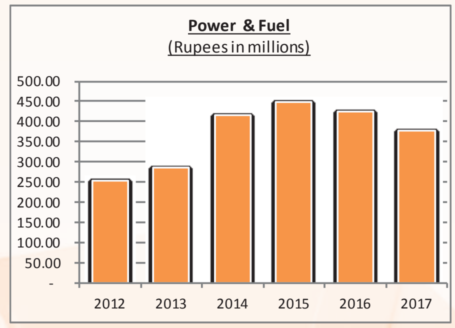
ACKNOWLEDGEMENT

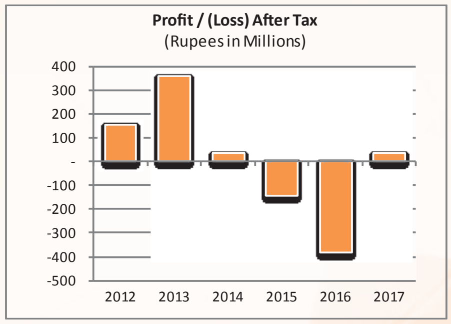
We sincerely acknowledge and appreciate the untiring endeavors of our various teams who are constantly engaged in upholding their commitment to make this organization surpass all the benchmarks of quality and productivity set by the giants of the Industry. As a team we stand highly grateful towards our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

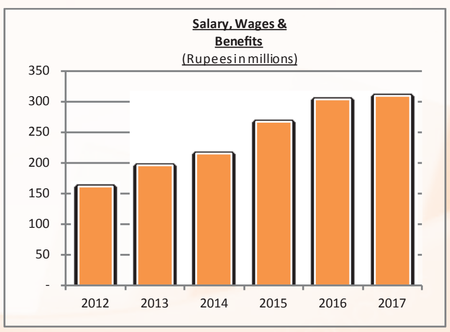
Karachi.
Dated: September 14, 2017

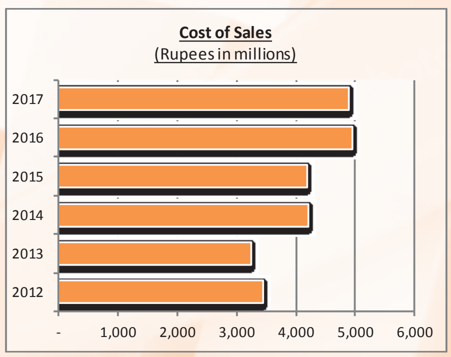
Anwar Ahmed Tata
Chairman

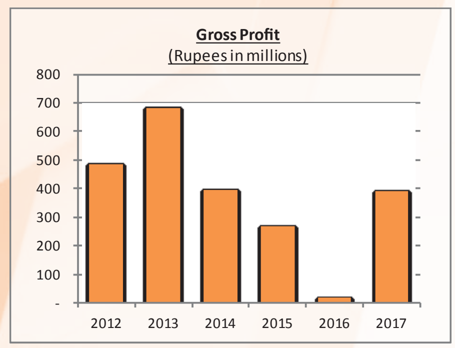

Sales
(Rupees in Millions)
6,000
5,000
4,000
3,000
2,000
1,000
-
2012
2013
2014
2015
2016
2017

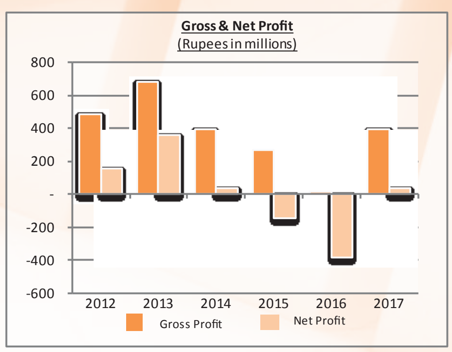

Power & Fuel
(Rupees in millions)
500.00
450.00
400.00
350.00
300.00
250.00
200.00
150.00
100.00
50.00
-
2012
2013
2014
2015
2016
2017

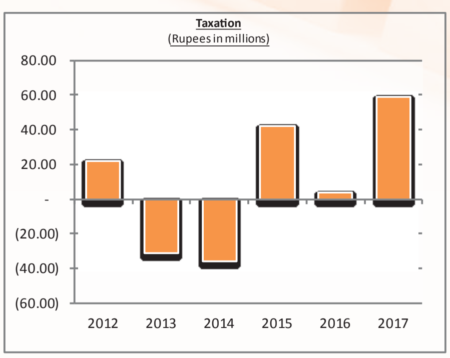

Profit / (Loss) After Tax
(Rupees in Millions)
400
300
200
100
-
-100
-200
-300
-400
-500
2012
2013
2014
2015
2016
2017

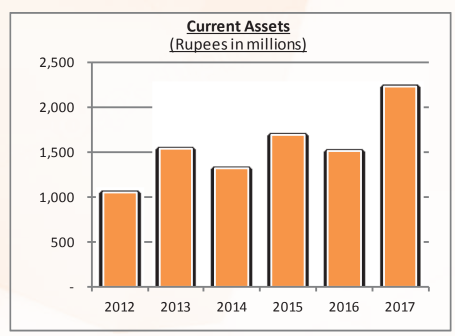

Salary, Wages &
Benefits
(Rupees in millions)
350
300
250
200
150
100
50
-
2012
2013
2014
2015
2016
2017

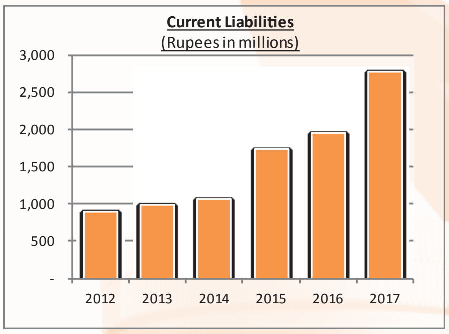

Cost of Sales
(Rupees in millions)
2017
2016
2015
2014
2013
2012
-
1,000
2,000
3,000
4,000
5,000
6,000

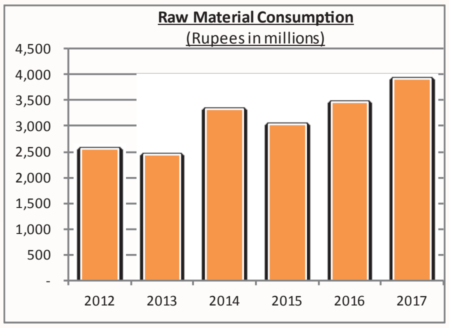

Gross Profit
(Rupees in millions)
800
700
600
500
400
300
200
100
-
2012
2013
2014
2015
2016
2017

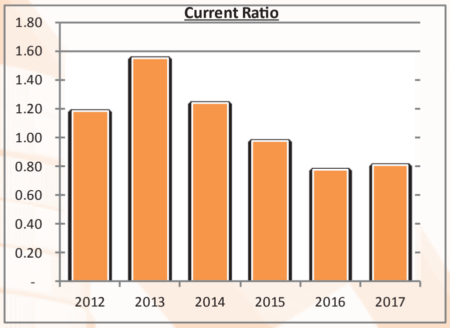

Gross & Net Profit
(Rupees in millions)
800
600
400
200
-
-200
-400
-600
2012
2013
2014
2015
2016
2017
Gross Profit
Net Profit

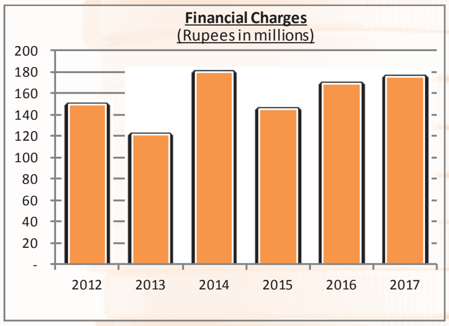

Taxation
(Rupees in millions)
80.00
60.00
40.00
20.00
-
(20.00)
(40.00)
(60.00)
2012
2013
2014
2015
2016
2017

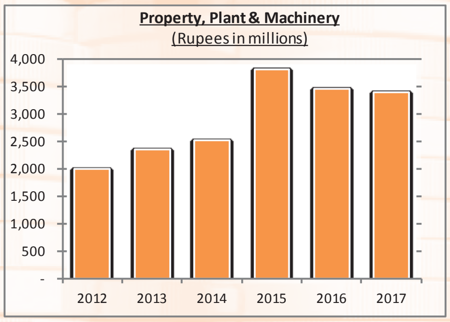

Current Assets
(Rupees in millions)
2,500
2,000
1,500
1,000
500
-
2012
2013
2014
2015
2016
2017

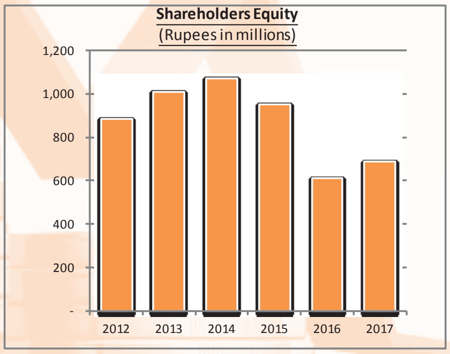

Current Liabilities
(Rupees in millions)
3,000
2,500
2,000
1,500
1,000
500
-
2012
2013
2014
2015
2016
2017

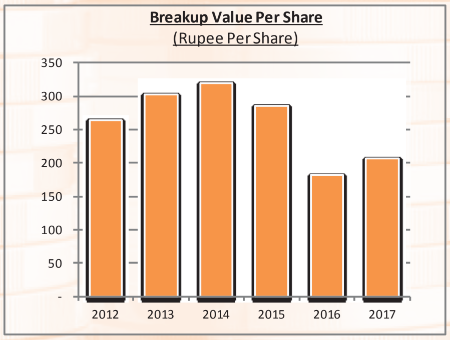

Raw Material Consumption
(Rupees in millions)
4,500
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
-
2012
2013
2014
2015
2016
2017

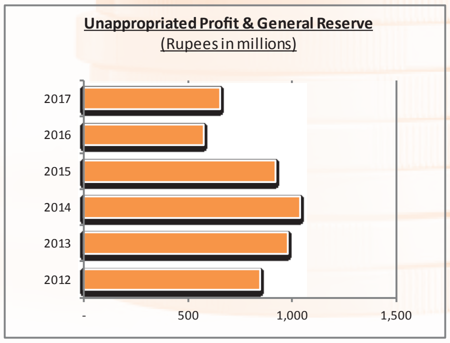

Current Ratio
1.80
1.60
1.40
1.20
1.00
0.80
0.60
0.40
0.20
-
2012
2013
2014
2015
2016
2017

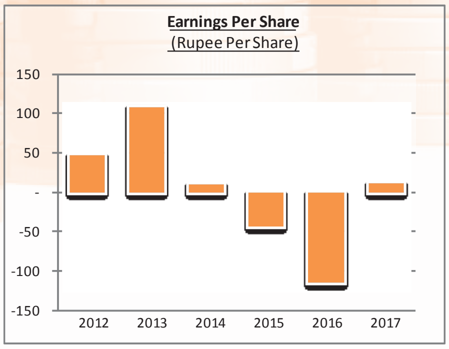

Financial Charges
(Rupees in millions)
200
180
160
140
120
100
80
60
40
20
-
2012
2013
2014
2015
2016
2017


Property, Plant & Machinery
(Rupees in millions)
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
-
2012
2013
2014
2015
2016
2017


Shareholders Equity
(Rupees in millions)
1,200
1,000
800
600
400
200
-
2012
2013
2014
2015
2016
2017


Breakup Value Per Share
(Rupee Per Share)
350
300
250
200
150
100
50
-
2012
2013
2014
2015
2016
2017


Unappropriated Profit & General Reserve
(Rupees in millions)
2017
2016
2015
2014
2013
2012
-
500
1,000
1,500


Earnings Per Share
(Rupee Per Share)
150
100
50
-
-50
-100
-150
2012
2013
2014
2015
2016
2017

DIRECTORS' REPORT TO THE MEMBERS

The Directors have pleasure in presenting before you the 50th Annual Report together with the Audited Accounts for the year ended June 30, 2017.

FINANCIAL RESULTS

The Company made a Pre-tax profit of Rs.95.52 million after charging costs, expenses and depreciation for the year.

	(Rupees)
Pre-tax profit for the year	95,519,703
Taxation	(58,845,976)
Profit after taxation	36,673,727
Other Comprehensive income	456,664
Transfer from Surplus on Revaluation of Property Plant & Equipment	44,730,591
Accumulated Profit Brought Forward - net of unrealised loss	70,713,498
Accumulated Profit Carried Forward - net of unrealised loss	152 574 480

CHAIRMAN'S REVIEW

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

DIVIDEND

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

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAME WORK

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

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

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

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

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

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

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

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

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

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

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

j. Three directors of the Company have completed Director's Training Program (DTP). In addition four directors met the criteria of exemption under Code of Corporate Governance.

k. The statement of pattern of shareholding of the Company as at June 30, 2017 is annexed. This statement is prepared in accordance with the Code of Corporate Governance.

l. No trading in Company's shares was carried out by its Directors, CEO, CFO, Company Secretary, Head of Internal Audit other Executives and their spouse(s) and minor children during the year.

AUDITORS

The Auditors Messer Deloitte Yousuf Adil Chartered Accountants retire at the conclusion of the Annual General Meeting and being eligible to offer themselves for reappointment for the financial year ending June 30, 2018.

ON BEHALF OF THE BOARD OF DIRECTORS

ADEEL SHAHID TATA
CHIEF EXECUTIVE

Karachi:
Date: September 14, 2017

KEY OPERATING AND FINANCIAL DATA

Description		2017	2016	2015	2014	2013	2012
		---------- Rupees in '000' ----------					
OPERATING DATA							
Sales	Rs.'000'	5,284,258	4,975,583	4,448,356	4,612,764	3,925,774	3,927,483
Cost of Goods Sold	Rs.'000'	4,892,329	4,957,343	4,179,356	4,216,657	3,243,068	3,442,401
Gross Profit	Rs.'000'	391,929	18,240	269,000	396,107	682,706	485,082
Profit / (Loss) Before Taxation	Rs.'000'	95,521	(379,809)	(103,411)	(1,185)	329,209	178,470
Profit / (Loss) After Taxation	Rs.'000'	36,675	(384,225)	(145,721)	34,822	360,187	156,922
FINANCIAL DATA							
Equity Balance	Rs.'000'	691,997	610,136	953,520	1,069,953	1,010,900	884,371
Property, Plant & Equipment	Rs.'000'	3,388,008	3,454,697	3,359,644	2,520,999	2,356,478	2,003,448
Current Assets	Rs.'000'	2,236,468	1,516,316	1,698,031	1,320,929	1,538,821	1,053,121
Current Liabilities	Rs.'000'	2,775,394	1,955,211	1,736,002	1,064,409	993,303	887,716
RATIOS							
PROFITABILITY RATIOS							
Gross Profit Margin	%	7.42	0.37	6.05	8.59	17.39	12.35
Operating Profit / (Loss) Margin	%	0.16	(7.80)	(2.50)	(0.83)	6.96	4.10
Net Profit / (Loss) Margin	%	1.81	(7.63)	(2.32)	(0.03)	8.39	4.54
LIQUIDITY RATIOS							
Current Ratio	Times	0.81	0.78	0.98	1.24	1.55	1.19
Quick Ratio	Times	0.30	0.37	0.40	0.41	0.46	0.44
ACTIVITY / TURNOVER RATIOS							
Days in Receivables	Days	28.48	21.64	30.35	19.17	26.32	21.87
Accounts Receivable Turnover	Times	12.64	16.63	11.86	18.78	13.68	16.46
Inventory Turnover	Times	3.56	6.78	4.37	4.96	3.09	5.36
Working Capital Turnover	Times	(9.81)	(11.34)	(117.15)	17.98	7.20	23.74
Total Assets Turnover	Times	0.94	1.00	0.88	1.20	1.01	1.11
Return on Total Assets	%	0.65	(7.72)	(2.88)	0.90	9.23	4.43
Return on Equity	%	1.68	(17.89)	(5.74)	1.59	17.23	7.07
LEVERAGE RATIOS							
Long Term Debt to Equity Ratio	%	30.51	40.59	31.13	27.06	39.08	19.59
Total Debt to Equity Ratio	%	157.55	131.63	99.57	75.65	86.58	59.57
Long Term Debt to Total Assets	Times	0.12	0.18	0.16	0.15	0.21	0.12
Total Debt to Total Assets	Times	0.61	0.57	0.50	0.43	0.46	0.37
Equity to Total Assets	Times	0.39	0.43	0.50	0.57	0.54	0.63
Interest Coverage Ratio	Times	1.54	(1.25)	0.29	0.99	3.70	2.19
OTHERS							
Earning per Shares	Rs	10.97	(114.95)	(43.60)	10.42	107.76	46.95
Breakup Value of Shares w/o Revaluation Surplus	Rs	207.03	182.53	285.27	320.10	302.43	264.58
Breakup Value of Shares with Revaluation Surplus	Rs	653.59	642.48	758.86	655.40	625.58	664.30
Cash Dividend	%	-	-	-	15.00	20.00	30.00

ANALYSIS OF FINANCIAL STATEMENT
BALANCE SHEET

Description	2017	2016	2015	2014	2013	2012
	----------	----------	---------- Rupees in '000'	----------	----------	----------
Assets						
Non Current Assets						
Property, plant and equipment	3,388,009	3,454,698	3,359,644	2,520,999	2,356,478	2,003,448
Intangible assets	256	1,608	2,985	4,359	5,276	5,332
Long Term Investments	654	699	489	609	417	480,834
Long Term Deposit	1,179	1,037	1,012	1,012	463	463
Total Non Current Assets	**3,390,098**	**3,458,042**	**3,364,130**	**2,526,979**	**2,362,634**	**2,490,077**
Current Assets						
Stores, Spares and loose tools	37,929	56,041	39,353	36,067	34,570	22,050
Stock in Trade	1,375,917	730,729	956,771	849,721	1,049,401	642,292
Trade Debtors	418,036	299,140	375,037	245,653	287,022	238,579
Loans and Advances	250,470	308,383	210,158	130,201	80,906	66,837
Trade Deposit & Short Term Prepayment	1,781	13,770	2,392	1,409	1,464	1,834
Other Receivables	49,417	404	403	1,345	2,430	493
Other Financial Assets	24,740	27,536	21,036	4,135	17,212	9,629
Sales Tax Refundable	60,765	34,349	51,741	16,101	12,778	15,397
Cash and Bank	17,412	45,963	41,138	36,298	53,038	56,009
Total Current Assets	**2,236,467**	**1,516,315**	**1,698,029**	**1,320,930**	**1,538,821**	**1,053,120**
TOTAL ASSETS	**5,626,565**	**4,974,357**	**5,062,159**	**3,847,909**	**3,901,455**	**3,543,197**
Equity and Liabilities						
EQUITY						
Issued Subscribed & Paid up Capital	33,426	33,426	33,426	33,426	33,426	33,426
Reserve	505,843	505,889	755,678	755,798	755,606	5,562
Unappropriated Profit	152,728	70,821	164,416	280,729	221,868	845,383
Total Share Capital and Reserves	**691,997**	**610,136**	**953,520**	**1,069,953**	**1,010,900**	**884,371**
Surplus on revaluation of Fixed Assets	1,492,666	1,537,397	1,583,021	1,120,753	1,080,131	1,336,087
Non Current Liabilities						
Long Term Loans	587,502	800,261	726,110	538,656	634,120	182,522
Deferred Liabilities	79,006	71,353	63,505	54,138	183,000	252,502
Total Non Current Liabilities	**666,508**	**871,614**	**789,615**	**592,794**	**817,120**	**435,024**
Current Liabilities						
Trade and other Payables	286,240	639,632	407,809	390,143	308,526	283,954
Interest/ Markup	43,207	27,711	46,776	24,799	32,703	68,197
Short Term Borrowing	2,184,746	1,080,060	1,109,508	499,909	603,946	314,496
Current Portion of Long Term Loans	208,657	167,080	131,870	121,554	48,129	175,191
Taxation	52,543	40,727	40,040	28,004	-	45,877
Total Current Liabilities	**2,775,393**	**1,955,210**	**1,736,003**	**1,064,409**	**993,304**	**887,715**
TOTAL LIABILITES & EQUITY	**5,626,564**	**4,974,357**	**5,062,159**	**3,847,909**	**3,901,455**	**3,543,197**

ANALYSIS OF FINANCIAL STATEMENT
BALANCE SHEET VERTICAL ANALYSIS

Description	2017	2016	2015	2014	2013	2012
	%	%	%	%	%	%
Assets						
Non Current Assets						
Property, plant and equipment	60.21	69.45	66.37	65.52	60.40	56.54
Intangible assets	0.00	0.03	0.06	0.11	0.14	0.15
Long Term Investments	0.01	0.01	0.01	0.02	0.01	13.57
Long Term Deposit	0.02	0.02	0.02	0.03	0.01	0.01
Total Non Current Assets	60.25	69.52	66.46	65.67	60.56	70.28
Current Assets						
Stores, Spares and loose tools	0.67	1.13	0.78	0.94	0.89	0.62
Stock in Trade	24.45	14.69	18.90	22.08	26.90	18.13
Trade Debtors	7.43	6.01	7.41	6.38	7.36	6.73
Loans and Advances	4.45	6.20	4.15	3.38	2.07	1.89
Trade Deposit & Short Term Prepayment	0.03	0.28	0.05	0.04	0.04	0.05
Other Receivables	0.88	0.01	0.01	0.03	0.06	0.01
Other Financial Assets	0.44	0.55	0.42	0.11	0.44	0.27
Sales Tax Refundable	1.08	0.69	1.02	0.42	0.33	0.43
Cash and Bank	0.31	0.92	0.81	0.94	1.36	1.58
Total Current Assets	39.75	30.48	33.54	34.33	39.44	29.72
TOTAL ASSETS	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**
Equity and Liabilities						
EQUITY						
Issued Subscribed & Paid up Capital	0.59	0.67	0.66	0.87	0.86	0.94
Reserve	8.99	10.17	14.93	19.64	19.37	0.16
Unappropriated Profit	2.71	1.42	3.25	7.30	5.69	23.86
Total Share Capital and Reserves	**12.30**	**12.27**	**18.84**	**27.81**	**25.91**	**24.96**
Surplus on revaluation of Fixed Assets	**26.53**	**30.91**	**31.27**	**29.13**	**27.69**	**37.71**
Non Current Liabilities						
Long Term Loans	10.44	16.09	14.34	14.00	16.25	5.15
Deferred Liabilities	1.40	1.43	1.25	1.41	4.69	7.13
Total Non Current Liabilities	**11.85**	**17.52**	**15.60**	**15.41**	**20.94**	**12.28**
Current Liabilities						
Trade and other Payables	5.09	12.86	8.06	10.14	7.91	8.01
Interest/ Markup	0.77	0.56	0.92	0.64	0.84	1.92
Short Term Borrowing	38.83	21.71	21.92	12.99	15.48	8.88
Current Portion of Long Term Loans	3.71	3.36	2.61	3.16	1.23	4.94
Taxation	0.93	0.82	0.79	0.73	-	1.29
Total Current Liabilities	49.33	39.31	34.29	27.66	25.46	25.05
TOTAL LIABILITES & EQUITY	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

ANALYSIS OF FINANCIAL STATEMENT
PROFIT & LOSS ACCOUNT

Description	2017	2016	2015	2014	2013	2012
		---------------- Rupees in '000' ------------------				
Sales	5,284,258	4,975,583	4,448,356	4,612,764	3,925,774	3,927,483
Cost of Goods Sold	(4,892,329)	(4,957,343)	(4,179,356)	(4,216,657)	(3,243,068)	(3,442,401)
GROSS PROFIT	391,929	18,240	269,000	396,107	682,706	485,082
Distribution cost	(105,031)	(122,320)	(128,442)	(145,610)	(142,092)	(96,618)
Administrative expenses	(95,314)	(106,023)	(90,630)	(82,574)	(67,638)	(53,316)
Other operating expenses	(6,523)	(8,808)	(15,701)	(26,680)	(77,638)	(23,565)
Financial Cost	(176,473)	(168,992)	(145,298)	(179,566)	(121,946)	(150,579)
	(383,341)	(406,143)	(380,071)	(434,430)	(409,314)	(324,078)
OPERATING PROFIT/(LOSS)	**8,588**	**(387,903)**	**(111,071)**	**(38,323)**	**273,392**	**161,004**
Other Income	86,932	8,094	7,660	37,138	5,639	7,991
Share of Profit from Associates net of Tax	-	-	-	-	50,178	9,475
	86,932	8,094	7,660	37,138	55,817	17,466
PROFIT/(LOSS) BEFORE TAXES	**95,520**	**(379,809)**	**(103,411)**	**(1,185)**	**329,209**	**178,470**
Provision for taxation	(58,846)	(4,416)	(42,310)	36,007	30,978	(21,548)
PROFIT/(LOSS) FOR THE YEAR	**36,674**	**(384,225)**	**(145,721)**	**34,822**	**360,187**	**156,922**

ANALYSIS OF FINANCIAL STATEMENT
PROFIT & LOSS ACCOUNT VERTICAL ANALYSIS

Description	2017	2016	2015	2014	2013	2012
	%	%	%	%	%	%
Sales	100.00	100.00	100.00	100.00	100.00	100.00
Cost of Goods Sold	(92.58)	(99.63)	(93.95)	(91.41)	(82.61)	(87.65)
GROSS PROFIT	7.42	0.37	6.05	8.59	17.39	12.35
Distribution cost	(1.99)	(2.46)	(2.89)	(3.16)	(3.62)	(2.46)
Administrative expenses	(1.80)	(2.13)	(2.04)	(1.79)	(1.72)	(1.36)
Other operating expenses	(0.12)	(0.18)	(0.35)	(0.58)	(1.98)	(0.60)
Financial Cost	(3.34)	(3.40)	(3.27)	(3.89)	(3.11)	(3.83)
	(7.25)	(8.16)	(8.54)	(9.42)	(10.43)	(8.25)
OPERATING PROFIT/(LOSS)	**0.16**	**(7.80)**	**(2.50)**	**(0.83)**	**6.96**	**4.10**
Other Income	1.65	0.16	0.17	0.81	0.14	0.20
Share of Profit from Associates net of Tax	-	-	-	-	1.28	0.24
	1.65	0.16	0.17	0.81	1.42	0.44
PROFIT/(LOSS) BEFORE TAXES	**1.81**	**(7.63)**	**(2.32)**	**(0.03)**	**8.39**	**4.54**
Provision for taxation	(1.11)	(0.09)	(0.95)	0.78	0.79	(0.55)
PROFIT/(LOSS) FOR THE YEAR	**0.69**	**(7.72)**	**(3.28)**	**0.75**	**9.17**	**4.00**

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2017

NO. OF SHAREHOLDERS	SHARE-HOLDING FROM	TO	TOTAL SHARES HELD
757	1	100	32,345
151	101	500	32,742
30	501	1000	23,036
28	1001	5000	59,100
3	5001	10000	28,287
1	10001	15000	14,500
1	15001	20000	16,750
2	25001	30000	56,302
1	100001	105000	104,645
1	365001	370000	366,300
2	1300001	1305000	2,608,563
977			3,342,570

CATEGORIES OF SHAREHOLDERS

CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDER	SHARES HELD	PERCENTAGE
Directors, their Spouse(s) and Minor Children	9	2,632,788	78.77
Associated Companies, Undertakings and Related Parties	1	366,300	10.96
Public Sector companies & Corporations	3	17,958	0.54
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarbas and pension funds	2	10,127	0.30
Mutual Funds	1	104,645	3.13
Others	7	5,143	0.15
General Public	954	205,609	6.15
	977	3,342,570	100.00

Detail of Categories of Shareholders

	No. of Shareholders	Shares Held
DIRECTORS, THEIR SPOUSE(S) & MINOR CHILDREN		
Mr. Anwar Ahmed Tata (Chairman/Director)	1	1,303,732
Mr. Shahid Anwar Tata (Director)	1	1,304,831
Mr. Adeel Shahid Tata (Chief Executive)	1	8,720
Mr. Bilal Shahid Tata (Director)	1	2,505
Mr. Muhammad Naseem (Director)	1	2,500
Mr. Aijaz Ahmed Tariq (Director)	1	2,500
Mr. Kausar Ejaz (Director)	1	2,500
Mrs. Parveen Anwar (W/o Mr. Anwar Ahmed Tata)	1	2,750
Mrs. Saiqa Shahid (W/o Mr. Shahid Anwar Tata)	1	2,750
	9	**2,632,788**
ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES		
Island Textile Mills Ltd.	**1**	**366,300**
PUBLIC SECTOR COMPANIES AND CORPORATIONS		
Investment Corporation of Pakistan	1	16,750
IDBL (ICP Unit)	1	1,150
National Bank of Pakistan	1	58
	3	**17,958**
BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE COMPANIES, INSURANCE COMPANIES, TAKAFUL, MODARBAS AND PENSION FUNDS		
Central Insurance Company Ltd.	1	560
Trustee National Bank of Pakistan Employee Pension Fund	1	9,567
	2	**10,127**
MUTUAL FUNDS		
CDC Trustee National Investment (Unit) Trust	**1**	**104,645**
OTHERS		
Trustee National Bank Of Pakistan Employee Benevolent Fund Trust	1	336
M/S Naseer Shahid Ltd.	1	20
M/S The Administrator Abandoned Properties	1	50
Fateh Textile Mills Ltd.	1	55
Maple Leaf Capital Limited	1	1
Fikree's (SMC-Pvt) Ltd.	1	61
B.R.R. Investments (Pvt) Limited	1	4,620
	7	**5,143**
GENERAL PUBLIC		
Local	**954**	**205,609**
Grand Total	**977**	**3,342,570**

Shareholders Holding 5% or more	Shares Held	Percentage
Mr. Anwar Ahmed Tata	1,303,732	39.00
Mr. Shahid Anwar Tata	1,304,831	39.04
Island Textile Mills Ltd.	366,300	10.96

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in the listing regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practice of corporate governance.

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

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

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

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

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

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution (DFI) or a Non-Banking Financial Institution (NBFI) or being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy has occurred on the Board during the year under review.

5. The Company has prepared a ‘Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and condition of employment of the Chief Executive and other executive and non-executive directors, have been taken by the Board.

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

9. Three directors of the Company have completed Director’s Training Program (DTP). In addition four directors met the criteria of exemption under Code of Corporate Governance.

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

11. The directors’ report for the year ended June 30, 2017 has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

11. The directors' report for the year ended June 30, 2017 has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

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

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

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

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

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

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

18. The Board has setup an effective internal audit function within the Company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan ("ICAP"), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.

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

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

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

23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

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

ON BEHALF OF THE BOARD OF DIRECTORS

ADEEL SHAHID TATA
CHIEF EXECUTIVE

Karachi
Dated: September 14, 2017

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **50th Annual General Meeting** of the Shareholders of **Salfi Textile Mills Limited** will be held on **Monday** the **October 23, 2017 at 11:30 A.M.** at **5th Floor Textile Plaza M.A. Jinnah Road Karachi,** to transact the following business: -

Ordinary Business

1. To confirm the minutes of the 49th Annual General Meeting held on October 23, 2016.

2. To receive, consider and adopt Annual Audited Accounts of the Company for the year ended June 30, 2017 together with the Directors' and Auditors' Report thereon.

3. To appoint Auditors for the year ending June 30, 2018 and fix their remuneration. The retiring auditors, M/s. Deloitte Yousuf Adil, Chartered Accountants, being eligible, have offered themselves for reappointment.

SPECIAL BUSINESS

Ordinary Resolution

4. To consider and pass the following ordinary resolutions:

   a) "RESOLVED that the transactions carried out in normal course of business with associated companies as disclosed in Note No. 37 of the audited financial statements for the year ended June 30, 2017 be and are hereby ratified and approved."

   b) "RESOLVED that the Chief Executive Officer of the Company be and is hereby authorized to approve all the transactions carried out and to be carried out in normal course of business with associated companies during the ensuing year ending June 30, 2018 and in this connection the Chief Executive Officer be and is hereby also authorized to take any and all necessary actions and sign/execute any and all such documents/indentures as may be required in this regard on behalf of the Company."

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

By Order of the Board of Directors
Salfi Textile Mills Limited

Farooq Advani
Company Secretary

Karachi:
Dated: September 28, 2017

Notes:

1. The Register of Member and Share Transfer Books of the Company will remain closed from October 16, 2017 to October 23, 2017 (both days inclusive). Transfer received in order at the office of Share Register, M/s Central Depository Company of Pakistan Ltd. CDC, House, 99-B, Block S.M.C.H.S., Main Shahra-e-Faisal, Karachi by the close of business on October 13, 2017 will be considered in time to attend and vote at the meeting.

2. A member entitled to attend and vote at this meeting is entitled to appoint another person as his/her proxy to attend and vote on his/her behalf. The instrument appointing proxy must be received at the Registered Office of the Company duly stamped and signed not later than 48 hours before the meeting.

3. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her Original CNIC or Passport to prove his/her identity and in case of Proxy must enclose additionally an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the Board of Directors' resolution/power of attorney with specimen signature of the nominee.

4. Members are requested to promptly notify any change in their address.

5. As has already been notified by SECP from time to time, Members who have not yet submitted photocopies of their CNIC to the Company's Share Registrar, are requested to send the same at earliest.

6. **E-Voting**: Pursuant to SECP's Companies (E-Voting) Regulations, 2016, Members can also exercise their right to vote through e-voting by giving their consent in writing at least 10 days before the date of the meeting to the Company on the appointment of Executive Officer by the Intermediary as Proxy.

7. **Video Conference Facility**: Pursuant to provision of SECP Circular No.10 of 2014 dated May 21, 2014, if the Company receives consent from Members holding aggregate 10% or more shareholding residing in geographical location to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

8. **Distribution of Annual Report through Email**: The SECP vide SRO 787(I)/2014 dated September 08, 2014 has provided an option for shareholders to receive audited financial statements along with notice of annual general meeting electronically through email. Shareholders of the Company who wish to receive the Company's Annual Report and notices of annual general meeting by email are requested to provide the completed Electronic Communication Consent Form already dispatched, to the Company' Share Registrar, Central Depository Company of Pakistan Limited.

Statement under Section 134(3)(B) of the Companies Act, 2017 Regarding Special Business

This statement sets out the material facts concerning the Special Business, given in agenda item No. 4 the Notice will be considered to be passed by the members.

1. Agenda Item No. 4(a) of the Notice – Transactions carried out with associated companies during the year ended June 30, 2017 to be passed as an Ordinary Resolution.

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

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

In view of the above, the transactions carried out during the financial year ended June 30, 2017 with associated companies shown in note No. 37 of the financial statements are being placed before the shareholders for their consideration and approval/ratification.

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

2. Agenda Item No. 4(b) of the Notice – Authorization to the Chief Executive Officer for the transactions carried out and to be carried out with associated companies during the ensuing year ending June 30, 2018 to be passed as an Ordinary Resolution.

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

   In order to comply with the provisions of clause 5.19.6 (b) of the Code of Corporate Governance. the shareholders may authorize the Chief Executive Officer to approve transactions carried out and to be carried out in normal course of business with associated companies during the ensuing year ending June 30, 2018.

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

Deloitte.

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

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

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

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

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

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

Deloitte Yousuf Adil

Chartered Accountants

Engagement Partner:
Mushtaq Ali Hirani

Karachi
Dated: **September 14, 2017**

Member of
Deloitte Touche Tohmatsu Limited

Deloitte.

Deloitte Yousuf Adil
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Auditors' Report to the Members

We have audited the annexed balance sheet of **Salfi Textile Mills Limited** (the Company) as at June 30, 2017 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

b) in our opinion:

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

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

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

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

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

Deloitte Yousuf Adil

Chartered Accountants

Engagement Partner:

Mushtaq Ali Hirani

Dated: September 14, 2017
Karachi

Member of
Deloitte Touche Tohmatsu Limited

FINANCIAL STATEMENTS
for the year ended June 30, 2017

BALANCE SHEET
AS AT JUNE 30, 2017

	Note	2017	2016
		………………. Rupees	……………….
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	4	3,388,008,241	3,454,697,470
Intangible assets	5	256,496	1,607,952
Long-term investments	6	653,753	699,470
Long-term deposits		1,179,384	1,037,339
		3,390,097,874	3,458,042,231
CURRENT ASSETS			
Stores, spares and loose tools	7	37,929,131	56,040,828
Stock-in-trade	8	1,375,917,453	730,729,126
Trade debts	9	418,035,959	299,140,211
Loans and advances	10	250,469,509	308,383,223
Trade deposits and short-term prepayments	11	1,781,189	13,770,266
Other receivables	12	49,417,447	403,811
Other financial assets	13	24,740,448	27,536,451
Sales tax refundable		60,764,881	34,349,104
Cash and bank balances	14	17,411,562	45,962,676
		2,236,467,579	1,516,315,696
TOTAL ASSETS		5,626,565,453	4,974,357,927
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15	33,425,700	33,425,700
Reserves	16	505,842,923	505,888,640
Unappropriated profit		152,727,917	70,821,218
		691,996,540	610,135,558
Surplus on revaluation of property, plant and equipment	17	1,492,666,482	1,537,397,073
NON CURRENT LIABILITIES			
Long-term finances	18	587,502,436	800,261,087
Deferred liabilities	19	79,005,829	71,353,231
		666,508,265	871,614,318
CURRENT LIABILITIES			
Trade and other payables	20	286,240,086	639,632,262
Interest / mark-up accrued on borrowings	21	43,207,289	27,710,972
Short-term borrowings	22	2,184,746,433	1,080,060,327
Current portion of long-term finances	18	208,657,459	167,080,368
Provision for income tax	31	52,542,899	40,727,049
		2,775,394,166	1,955,210,978
CONTINGENCIES AND COMMITMENTS	23		
TOTAL EQUITY AND LIABILITIES		5,626,565,453	4,974,357,927

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

ADEEL SHAHID TATA
CHIEF EXECUTIVE

ANWAR AHMED TATA
CHAIRMAN/DIRECTOR

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

	Note	2017	2016
		..........Rupees..........	
Sales - net	24	5,284,257,682	4,975,582,877
Cost of goods sold	25	(4,892,328,698)	(4,957,342,852)
Gross profit		391,928,984	18,240,025
Distribution cost	26	(105,031,432)	(122,320,302)
Administrative expenses	27	(95,313,453)	(106,023,076)
Other operating expenses	28	(6,523,212)	(8,808,000)
Finance cost	29	(176,473,484)	(168,991,512)
		(383,341,581)	(406,142,890)
		8,587,403	(387,902,865)
Other income	30	86,932,300	8,094,299
Profit / (loss) before taxation		95,519,703	(379,808,566)
Taxation	31	(58,845,976)	(4,415,808)
Profit / (loss) for the year		36,673,727	(384,224,374)
Other comprehensive income for the year			
Item that will be reclassified subsequently to profit or loss			
Unrealised (loss) / gain on remeasurement of available-for-sale investment	6.1	(45,717)	210,298
Item that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability	19.1.3	502,381	(4,994,155)
Total other comprehensive income		456,664	(4,783,857)
Total comprehensive income for the year		37,130,391	(389,008,231)
Earnings per share - basic and diluted	32	10.97	(114.95)

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

ADEEL SHAHID TATA
CHIEF EXECUTIVE

ANWAR AHMED TATA
CHAIRMAN/DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		……….Rupees……….	
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		95,519,703	(379,808,566)
Adjustments for			
Depreciation	4.2	143,264,292	147,692,387
Amortization	5	1,351,456	1,375,725
Provision for staff gratuity		27,484,418	23,019,852
Provision for compensated absences		5,013,233	5,294,051
Provision for doubtful debts	9.4	509,434	546,502
Finance cost	29	176,473,484	168,991,512
Gain on disposal of property, plant and equipment	30	(977,997)	(1,458,834)
Operating cash flows before working capital		448,638,023	(34,347,371)
(Increase) / decrease in current assets			
Stores, spares and loose tools		18,111,697	(16,688,086)
Stock in trade		(645,188,327)	226,041,552
Trade debts		(119,405,182)	75,350,722
Loans and advances		68,783,534	(38,892,154)
Trade deposits and short-term prepayments		11,989,077	(11,377,955)
Other receivables		(49,013,636)	(397)
Other financial assets		2,796,003	(6,500,000)
Sales tax refundable		(26,415,777)	17,392,258
(Decrease) / increase in current liabilities			
Trade and other payables		(353,392,176)	231,823,464
Cash (used in) / generated from operations		(643,096,764)	442,802,033
Finance cost paid		(160,977,167)	(188,056,901)
Income taxes paid		(57,899,946)	(63,061,136)
Staff gratuity paid		(18,680,529)	(19,074,576)
Compensated absences paid		(5,662,143)	(6,386,585)
Net cash (used in) / generated from operating activities		(886,316,549)	166,222,835
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(80,307,737)	(244,914,812)
Proceeds from disposal of property, plant and equipment	4.4	4,710,671	3,627,516
Long-term deposits paid		(142,045)	(25,000)
Net cash used in investing activities		(75,739,111)	(241,312,296)

	Note	2017	2016
		..........Rupees..........	
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term finances (paid off) / obtained - net		(171,181,560)	109,361,842
Short-term borrowings obtained - net		198,487,493	104,684,253
Dividend paid		-	(170)
Net cash generated from financing activities		27,305,933	214,045,925
Net (decrease) / increase in cash and cash equivalents (A+B+C)		(934,749,727)	138,956,464
Cash and cash equivalents at beginning of the year		(318,107,261)	(457,063,725)
Cash and cash equivalents at end of the year	33	(1,252,856,988)	(318,107,261)

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

ADEEL SHAHID TATA
CHIEF EXECUTIVE

ANWAR AHMED TATA
CHAIRMAN/DIRECTOR

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

	Note	Share capital	Revenue Reserves: General reserve	Revenue Reserves: Other reserve (See 15.1 Note)	Revenue Reserves: Unrealised loss on investment available-for-sale	Revenue Reserves: Unappropriated profit	Total
		....	....	.... Rupees	....	....	....
Balance at June 30, 2015		33,425,700	750,000,000	5,996,360	(318,018)	164,415,716	953,519,758
Total comprehensive income for the year							
Loss for the year		-	-	-	-	(384,224,374)	(384,224,374)
Other comprehensive income							
Loss on remeasurement of :							
Investment classified available for sale		-	-	-	210,298	-	210,298
Defined benefit liability		-	-	-	-	(4,994,155)	(4,994,155)
Other comprehensive income		-	-	-	210,298	(4,994,155)	(4,783,857)
		-	-	-	210,298	(389,218,529)	(389,008,231)
Transfer from general reserves		-	(250,000,000)	-	-	250,000,000	-
Transfer from surplus on revaluation of property, plant and equipment on account of:							
-incremental depreciation		-	-	-	-	45,421,433	45,421,433
-disposal	17	-	-	-	-	202,598	202,598
		-	-	-	-	45,624,031	45,624,031
Balance at June 30, 2016		33,425,700	500,000,000	5,996,360	(107,720)	70,821,218	610,135,558
Total comprehensive income for the year							
Profit for the year		-	-	-	-	36,673,727	36,673,727
Other comprehensive income							
Gain on remeasurement of :							
Investment classified available for sale		-	-	-	(45,717)	-	(45,717)
Defined benefit liability		-	-	-	-	502,381	502,381
Other comprehensive income		-	-	-	(45,717)	502,381	456,664
		-	-	-	(45,717)	37,176,108	37,130,391
Transfer from general reserves		-	-	-	-	-	-
Transfer from surplus on revaluation of property, plant and equipment on account of:							
-incremental depreciation		-	-	-	-	43,476,930	43,476,930
-disposal	17	-	-	-	-	1,253,661	1,253,661
		-	-	-	-	44,730,591	44,730,591
Balance at June 30, 2017		**33,425,700**	**500,000,000**	**5,996,360**	**(153,437)**	**152,727,917**	**691,996,540**

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

ADEEL SHAHID TATA
CHIEF EXECUTIVE

ANWAR AHMED TATA
CHAIRMAN/DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

Salfi Textile Mills Limited (the Company) is a public limited company incorporated in Pakistan on January 05, 1968 under the repealed Companies Act, 1913 and Companies Ordinance, 1984 and listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at 6th floor Textile Plaza, M.A. Jinnah Road, Karachi in the province of Sindh. The principal activity of the Company is manufacturing and sale of yarn. The Company's manufacturing facilities are located at Landhi Industrial Estate, Karachi in the Province of Sindh.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

During the year, the Companies Act, 2017 (the new Companies Act) was enacted and promulgated on May 30, 2017. However, SECP has notified through Circular No. 17 dated July 20, 2017 that companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

2.2 Basis of preparation

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

- certain property, plant and equipment measured at revalued amount less accumulated depreciation therein;
- recognition of certain staff retirement benefits at present value; and
- certain financial instruments measured at fair value.

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgments

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

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

- revaluation of certain items of property, plant and equipment (note 3.1)
- useful lives of property, plant and equipment (note 3.1)
- useful lives of intangible assets (note 3.2)
- valuation of stores and spares and stock-in-trade (note 3.3 and 3.4)
- impairment of financial and non-financial assets (note 3.9)
- staff retirement benefit - gratuity scheme (note 3.15)
- taxation (note 3.19)

2.5 Initial application of standards and amendments to existing standards

a) Standards and amendments which became effective during the year

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

Standards / Amendments / Interpretation	Effective date (accounting periods beginning on or after)
Amendments to IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures' - Investment Entities: Applying the consolidation exception	January 01, 2016
Amendments to IFRS 11 'Joint Arrangements' - Accounting for acquisitions of interests in joint operations	January 01, 2016
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure initiative	January 01, 2016
Amendments to IAS 16 'Property Plant and Equipment' and IAS 38 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortization	January 01, 2016
Amendments to IAS 16 'Property Plant and Equipment' and IAS 41 'Agriculture' - Measurement of bearer plants	January 01, 2016
Amendments to IAS 27 'Separate Financial Statements' - Equity method in separate financial statements	January 01, 2016
Amendments to IAS 16 'Property, Plant and Equipment' and IAS 38 'Intangible Assets': Clarification on acceptable methods of depreciation and amortization.	July 01, 2016

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

b) Standards and amendments that are not yet effective

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

Standards / Amendments / Interpretation	Effective date (accounting periods beginning on or after)
Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	January 01, 2018
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture	January 01, 2018
Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative.	January 01, 2017
Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses.	January 01, 2017
Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property.	January 01, 2018
IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019

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

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

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers
- IFRS 16 – Leases
- IFRS 17 – Insurance Contracts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property, plant and equipment

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

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

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

The depreciation method and assets' useful lives are reviewed and adjusted, if appropriate, at each reporting date.

When parts of an item of property, plant and equipment have different useful lives, they are recognised as separate items of property plant and equipment.

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

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

Capital work-in-progress

Capital work-in-progress is stated at cost less any impairment loss, if any. All expenditures including borrowing cost as referred in Note 3.16, connected to specific assets incurred during installation and construction period are carried under CWIP. Items are transferred to operating assets as and when assets are ready for their intended use.

3.2 Intangible assets

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

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

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

3.3 Stores, spares and loose tools

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

3.4 Stock-in-trade

These are valued at lower of cost and net realizable value. Cost is determined on the following basis:

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

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

Waste stock is valued and recorded at net realizable value.

Net realizable value (NRV) represents the estimated selling price at which the inventories can be realized in the normal course of business less estimated cost of completion and costs necessary to make sale.

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

3.5 Trade debts and other receivables

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

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

3.6 Cash and cash equivalents

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

3.7 Financial instruments

Financial assets

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

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

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

(ii) ***Loans and receivables***

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

(iii) ***Available-for-sale***

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

(iv) ***Held to maturity***

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

All financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of investments are recognised on trade date (the date on which the Company commits to purchase or sell the asset). Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit and loss account.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest rate method.

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

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

Financial liabilities

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

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

3.8 Derivatives

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

3.9 Impairment

Financial assets

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

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

Non-financial assets

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

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

3.10 Offsetting of financial assets and financial liabilities

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

3.11 Foreign currency transactions and translation

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

3.12 Share capital

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

3.13 Dividend distribution

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

3.14 Surplus on revaluation of fixed assets

The surplus arising on revaluation of fixed assets is credited to the Surplus on Revaluation of Property, Plant and Equipment shown below equity in the balance sheet in accordance with the requirements of section 235 of the repealed Companies Ordinance, 1984. The said section was amended through the Companies (Amendment) Ordinance, 2002 and accordingly the Company has adopted the following accounting treatment of depreciation on revalued assets, keeping in view the Securities and Exchange Commission of Pakistan's (SECP) SRO 45(1) / 2003 dated January 13, 2003:

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

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

3.15 Staff retirement benefits

The Company has categorized its employees into workmen and non-workmen for post-employment benefits that comprise defined benefit plan and other staff retirement benefits respectively. Both plans are un-funded. The details of plans are as follows:

Defined benefit plan - Workmen

The Company operates a gratuity scheme for all its employees under workmen category who have completed the minimum qualifying period of service as defined under the respective scheme. Provisions are made to cover the obligations under the schemes on the basis of actuarial valuation and charged to profit and loss and other comprehensive income. The most recent valuation was carried out as at June 30, 2017 using Projected Unit Credit Method. The amount recognized in the balance sheet represents the present value of defined benefit obligations. Remeasurement which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in other comprehensive income.

Defined benefit plan - Non workmen

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

Compensated absences

The Company provides for compensated absences of its employees on unavailed balance of leaves in the period in which it is earned. Under the policy, leaves of 14 and 10 days for workmen and non-workmen category respectively can be accumulated and carried forward.

3.16 Borrowings

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

3.17 Provisions

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

3.18 Trade and other payables

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

3.19 Taxation

Current

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

Deferred

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

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

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirement of Accounting Technical Release - 27 of the Institute of Chartered Accountants of Pakistan.

3.20 Revenue recognition

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

- Sales are recorded on dispatch of goods or on segregation of goods for delivery against confirmed customer's orders where risks and rewards are transferred to the customer.
- Interest income is accrued on a time proportion basis by reference to the principal outstanding and at the applicable effective interest rate.

3.21 Borrowing cost

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

3.22 Earnings per share

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

3.23 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker (CODM). The Company considers Chief Executive as its CODM who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment; however, certain information about the Company’s products, as required by the approved accounting standards, is presented in note 41 to these financial statements.

	Note	2017	2016
		……………Rupees…………	

4. PROPERTY, PLANT AND EQUIPMENT

	Note	2017	2016
Operating assets	4.1	3,379,760,598	3,323,865,796
Capital work in progress	4.5	8,247,643	130,831,674
		3,388,008,241	3,454,697,470

4.1 Operating assets

Particulars	Cost / revalued amount at July 01, 2016	Additions	Disposals	Cost / revalued amount at June 30, 2017	Accumulated depreciation at July 01, 2016	Depreciation for the year	Accumulated depreciation on disposals	Accumulated depreciation at June 30, 2017	Carrying value at June 30, 2017	Rate
	------Rupees------									%
Leasehold land	696,000,000	-	-	696,000,000	-	-	-	-	696,000,000	-
Buildings on leasehold land										
- Godown	178,220,521	-	-	178,220,521	8,911,026	8,465,475	-	17,376,501	160,844,020	5
- Mills	338,172,375	195,987,900	-	534,160,275	16,908,619	16,879,805	-	33,788,424	500,371,851	5
- Others	118,900	-	-	118,900	90,943	2,796	-	93,739	25,161	10
Office premises	450,000	-	-	450,000	420,118	2,988	-	423,106	26,894	10
Plant and machinery	2,133,575,028	3,527,315	(2,990,068)	2,134,112,275	103,825,704	101,452,657	(232,358)	205,046,003	1,929,066,272	5
Electric installations	31,352,042	-	-	31,352,042	23,009,668	834,237	-	23,843,905	7,508,137	10
Mill equipment	36,217,116	399,831	-	36,616,947	9,258,740	2,722,909	-	11,981,649	24,635,298	10
Furniture and fixtures	21,754,163	187,663	-	21,941,826	10,935,965	1,085,574	-	12,021,539	9,920,287	10
Office equipment	24,470,097	2,789,059	(345,770)	26,913,386	14,658,363	2,871,327	(316,089)	17,213,601	9,699,785	10-30
Leasehold improvements	19,716,700	-	-	19,716,700	6,888,375	1,282,833	-	8,171,208	11,545,492	10
Vehicles	70,567,827	-	(8,086,027)	62,481,800	31,841,452	7,663,691	(7,140,744)	32,364,399	30,117,401	20
June 30, 2017	3,550,614,769	202,891,768	(11,421,865)	3,742,084,672	226,748,973	143,264,292	(7,689,191)	362,324,074	3,379,760,598	

For comparative period

Particulars	Cost / revalued amount at July 01, 2015	Additions	Disposals	Cost / revalued amount at June 30, 2016	Accumulated depreciation at July 01, 2015	Depreciation for the year	Depreciation on disposals during the year	Accumulated depreciation at June 30, 2016	Carrying value at June 30, 2016	Rate
	------Rupees------									%
Leasehold land	696,000,000	-	-	696,000,000	-	-	-	-	696,000,000	-
Buildings on leasehold land										
- Godown	178,220,521	-	-	178,220,521		8,911,026	-	8,911,026	169,309,495	5
- Mills	338,172,375	-	-	338,172,375	-	16,908,619		16,908,619	321,263,756	5
- Others	118,900	-	-	118,900	87,837	3,106	-	90,943	27,957	10
Office premises	450,000	-	-	450,000	416,798	3,320	-	420,118	29,882	10
Plant and machinery	2,024,790,856	108,847,839	(63,667)	2,133,575,028	-	103,827,561	(1,857)	103,825,704	2,029,749,324	5
Electric installations	31,352,042	-	-	31,352,042	22,082,740	926,928	-	23,009,668	8,342,374	10
Mill equipment	28,462,571	7,754,545	-	36,217,116	7,038,176	2,220,564	-	9,258,740	26,958,376	10
Furniture and fixtures	20,419,007	1,335,156	-	21,754,163	9,836,839	1,099,125	-	10,935,965	10,818,198	10
Office equipment	23,612,517	1,618,141	(760,561)	24,470,097	12,298,571	3,035,134	(675,342)	14,658,363	9,811,734	10-30
Leasehold improvements	19,716,700	-	-	19,716,700	5,463,005	1,425,370	-	6,888,375	12,828,325	10
Vehicles	72,257,067	3,611,930	(5,301,170)	70,567,827	25,789,335	9,331,634	(3,279,517)	31,841,452	38,726,375	20
June 30, 2016	**3,433,572,556**	**123,167,611**	**(6,125,398)**	**3,550,614,769**	**83,013,301**	**147,692,387**	**(3,956,716)**	**226,748,973**	**3,323,865,796**	

	Note	2017	2016
		……….Rupees……….	

4.2 Depreciation for the year has been allocated as under:

	Note	2017	2016
Cost of goods manufactured	25.1	136,109,837	138,059,921
Administrative expenses	27	7,154,455	9,632,466
		143,264,292	147,692,387

4.3 Revaluation of leasehold land, buildings on leasehold land and plant and machinery had been carried out in 1994, 2003, 2005 (land only), 2008, 2011 and 2015 (leasehold land, buildings on leasehold land and plant and machinery) by independent professional valuer M/s. Iqbal A. Nanjee & Co. on the basis of market value or depreciated replacement values. Revaluation surplus has been credited to surplus on revaluation of property, plant and equipment account to comply with the requirements of Section 235 of the repealed Companies Ordinance, 1984. Had there been no revaluation, the related figures of leasehold land, buildings on leasehold land and plant and machinery would have been as follows :

	2017			2016		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
	………………………………Rupees………………………………					
Leasehold land	29,583,387	-	29,583,387	29,583,387	-	29,583,387
Buildings on leasehold land	593,871,164	111,910,570	481,960,594	397,883,262	95,999,779	301,883,483
Plant and machinery	1,804,528,684	522,456,997	1,282,071,687	1,802,632,148	455,173,517	1,347,458,631
	2,427,983,235	634,367,567	1,793,615,668	2,230,098,797	551,173,296	1,678,925,501

4.4 Disposal of property, plant and equipment

Details of plant and equipment disposed off during the year are as follows:

Particulars	Cost / revalued amount	Accumulated depreciation	Carrying value	Sale proceeds	Mode of disposal	Particulars of buyers
	………………………Rupees………………………					
Plant and machinery	2,990,068	232,353	2,757,715	1,930,600	Negotiation	Moiz Textile Mills Limited 35 KM, Raiwind Road, Lahore .
Vehicle	1,757,550	1,524,969	232,581	1,256,800	Negotiation	Mr. Muhammad Imran Plot No.106, 1st Floor, PIB Colony, Karachi.
Vehicle	1,370,370	1,026,604	343,766	1,085,000	Negotiation	Mr. Raeesuddin F-193, Block-5, Park lane, Clifton,
Assets having carrying value Less Than Rs.50,000	5,303,877	4,905,265	398,612	438,271	Negotiation	Various
June 30, 2017	**11,421,865**	**7,689,191**	**3,732,674**	**4,710,671**		
June 30, 2016	6,125,398	3,956,716	2,168,682	3,627,516		

4.5 Capital work in progress

	2017	2016
	……………. Rupees…………….	
Buildings	4,014,128	127,451,534
Plant and machinery	150,000	-
Mill equipment	3,720,140	3,366,940
Furniture and fixtures	363,375	13,200
	8,247,643	130,831,674

5. INTANGIBLE ASSETS

	Cost			Amortization			Carrying value at June 30, 2017	Rate of amortization
	At July 01, 2016	Additions	At June 30, 2017	At July 01, 2016	Charge for the year	At June 30, 2017		
	----- Rupees -----							%
License fee	667,302	-	667,302	512,608	109,195	621,803	45,499	20
ERP software	6,211,304	-	6,211,304	4,758,046	1,242,261	6,000,307	210,997	20
June 30, 2017	**6,878,606**	**-**	**6,878,606**	**5,270,654**	**1,351,456**	**6,622,110**	**256,496**	

For comparative period

	Cost			Amortization			Carrying value at June 30, 2016	Rate of amortization
	At July 01, 2015	Additions	At June 30, 2016	At July 01, 2015	Charge for the year	At June 30, 2016		
	----- Rupees -----							%
License fee	667,302	-	667,302	379,148	133,460	512,608	154,694	20
ERP software	6,211,304	-	6,211,304	3,515,781	1,242,265	4,758,046	1,453,258	20
June 30, 2016	**6,878,606**	**-**	**6,878,606**	**3,894,929**	**1,375,725**	**5,270,654**	**1,607,952**	

6. LONG-TERM INVESTMENTS

2017	2016		Note	2017	2016
Number of shares of Rs.10 each				……….Rupees……….	
		Available-for-sale			
91,439	91,439	**Listed shares - Samba Bank Limited**	6.1	653,753	699,470

6.1 Listed Shares - Samba Bank Limited

	2017	2016
As at July 01	699,470	489,172
Unrealized (loss) / gain on remeasurement at fair value	(45,717)	210,298
As at June 30	653,753	699,470

7. STORES, SPARES AND LOOSE TOOLS

	Note	2017	2016
Stores and spares	7.1	37,919,064	56,028,696
Loose tools		10,067	12,132
		37,929,131	56,040,828

7.1 It includes stores and spares in transit amounting to Rs: Nil (2016 : Rs. 2.563 million).

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

	Note	2017	2016
		..........Rupees..........	

8. STOCK-IN-TRADE

	Note	2017	2016
Raw material	8.1	1,167,741,831	556,362,095
Work-in-process		32,073,431	29,729,797
Finished goods	8.2	169,776,001	139,332,151
Waste		6,326,190	5,305,083
		1,375,917,453	730,729,126

8.1 It includes raw material in transit amounting to Rs: 161.39 million (2016 : Rs. 376.27 million).

8.2 Net realizable value of finished goods were lower than its cost, which resulted in write down of Rs. 0.64 million (2016: Rs. 6.39 million) charged to cost of sales.

9. TRADE DEBTS

	Note	2017	2016
		..........Rupees..........	
Considered good			
Export - secured	9.1	181,140,298	109,711,392
Local - unsecured	9.3	236,895,661	189,428,819
Considered doubtful			
Local - unsecured		1,055,936	546,502
Provision for doubtful debts	9.4	(1,055,936)	(546,502)
		-	-
		418,035,959	299,140,211

9.1 These are secured against letters of credit in favour of the Company.

9.2 Trade debts are non-interest bearing and are generally on 7 to 45 (2016: 7 to 45) days credit term.

9.3 As at June 30, 2017, local trade debts aggregating Rs. 234.04 million (2016: Rs. 140.47 million) were past due for which the Company has made provision of Rs. 1.06 million (2016: Rs.0.55 million). The aging of these past due trade debts is as follows:

9.3.1 Ageing of debts past due but not impaired

	2017	2016
	..........Rupees..........	
1-30 days	222,430,860	119,238,577
31-90 days	11,113,672	21,113,618
91 & above	502,719	122,582
	234,047,251	140,474,777

9.4 The movement in provision for the year is as follows:

	2017	2016
Balance at the beginning of the year	546,502	-
Provision for the year	509,434	546,502
Balance at the end of the year	1,055,936	546,502

	Note	2017	2016
		..........Rupees..........	

10. LOANS AND ADVANCES

	Note	2017	2016
Considered good			
Due from employees	10.1	7,324,167	7,825,149
Advance:			
to suppliers		7,860,240	75,772,888
against letters of credit		3,390,647	3,706,496
against expenses		122,461	176,516
Advance income tax		231,771,994	220,902,174
		250,469,509	308,383,223

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

	Note	2017	2016
		..........Rupees..........	

11. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	Note	2017	2016
Deposits		21,825	21,825
Short-term prepayments		1,759,364	13,748,441
		1,781,189	13,770,266

12. OTHER RECEIVABLES

	Note	2017	2016
Rebate on export sales		47,598,018	-
Other receivables	12.1	1,819,429	403,811
		49,417,447	403,811

12.1 It includes related party balance amounting to Rs: 0.46 million (2016 : 0.35 million).

13. OTHER FINANCIAL ASSETS

	Note	2017	2016
Held to maturity			
Term Deposit Receipts	13.1	24,740,448	27,536,451

13.1 This represent investment made in term deposit receipts held for a period of six months with a markup rate ranging between 4.05% to 5.5% (2016: 4.5% to 6%) per annum.

14. CASH AND BANK BALANCES

	Note	2017	2016
		..........Rupees..........	
Cash at bank			
In current accounts		16,079,017	44,068,782
In savings accounts	14.1	900,206	475,830
		16,979,223	44,544,612
Cash in hand		432,339	1,418,064
		17,411,562	45,962,676

14.1 These carry effective markup @ of 3.75% to 4% (2016: 3.75% to 4%) per annum.

15. SHARE CAPITAL

2017	2016		2017	2016
Number of ordinary shares			..........Rupees..........	
		Authorized capital		
5,000,000	5,000,000	Ordinary shares of Rs. 10 each	**50,000,000**	50,000,000
		Issued, subscribed and paid-up capital		
		Ordinary shares of Rs. 10 each fully paid:		
2,000,000	2,000,000	In cash	**20,000,000**	20,000,000
1,038,700	1,038,700	Issued against settlement of loan	**10,387,000**	10,387,000
303,870	303,870	Bonus shares	**3,038,700**	3,038,700
3,342,570	3,342,570		**33,425,700**	33,425,700

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

15.2 Shares of the Company held by an associated company at the reporting date are as follows:

Name of the associated company	2017	2016
	Number of ordinary shares of Rs. 10 each	
Island Textile Mills Limited	**366,300**	366,300

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

16. RESERVES

	Note	2017	2016
		..........Rupees..........	
General reserves			
Opening reserves		**500,000,000**	750,000,000
Less: Transfer from general reserves		**-**	(250,000,000)
		500,000,000	500,000,000
Other reserve	16.1	**5,996,360**	5,996,360
Unrealized loss on investment classified as available-for-sale		**(153,437)**	(107,720)
		505,842,923	505,888,640

16.1 This represents remission of principal amount payable to an associated undertaking and directors in view of revival package in the year 1983.

17. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

This represents surplus over book values resulting from the revaluation of leasehold land, buildings on leasehold land, and plant and machinery.

	Note	2017	2016
		..........Rupees..........	
Balance at July 01		1,537,397,073	1,583,021,104
Transferred to accumulated losses on account of			
- incremental depreciation		(43,476,930)	(45,421,433)
- disposal		(1,253,661)	(202,598)
		(44,730,591)	(45,624,031)
Balance at June 30		1,492,666,482	1,537,397,073

18. LONG-TERM FINANCES

	Note	2017	2016
From banking companies - secured			
Term finance	18.1	793,146,857	963,360,156
Car finance	18.2	3,013,038	3,981,299
		796,159,895	967,341,455
Less: Current portion shown under current liabilities			
Term finance		(207,662,249)	(166,147,774)
Car finance		(995,210)	(932,594)
		(208,657,459)	(167,080,368)
		587,502,436	800,261,087

18.1 These facilities are obtained from a banking company which are secured against first equitable mortgage on fixed assets and first specific charge over imported machinery and are subject to mark-up rate of 3 - 6 months KIBOR plus 1 % to 1.25 % per annum (2016: 3 - 6 months KIBOR plus 1 % to 1.25 % per annum). These finances are repayable in six monthly installments upto March 2023.

18.2 These represents finances obtained from a banking company which are secured against vehicles acquired from such loans and guarantees of the Company. These finances are subject to mark-up at the rate of three months KIBOR plus 1% per annum (2016: three months KIBOR plus 1% and 13% per annum) and are repayable in 60 monthly installments ending in March 2020.

19. DEFERRED LIABILITIES

	Note	2017	2016
		..........Rupees..........	
Staff gratuity	19.1	77,504,950	69,203,442
Compensated absences		1,500,879	2,149,789
		79,005,829	71,353,231

19.1 Staff gratuity

Defined Benefit Scheme

	Note	2017	2016
Workmen	19.1.1	39,753,580	34,719,174
Non workmen	19.1.13	37,751,370	34,484,268
		77,504,950	69,203,442

19.1.1 Workmen

The details of the workmen - defined benefit scheme obligation based on actuarial valuations carried out by independent actuary as at June 30, 2017 under the Projected Unit Credit Method, are as follows:

Net liability in the balance sheet	2017	2016
	..........Rupees..........	
Present value of defined benefit obligation	39,753,580	34,719,174

19.1.2 Expense recognised in the profit and loss account

Current service cost	15,166,913	11,516,826
Interest cost	2,575,474	2,173,476
	17,742,387	13,690,302

19.1.3 Remeasurement losses / (gains) recognised in other comprehensive income

Actuarial losses on defined benefit obligation		
Changes in financial assumptions	-	9,200,558
Experience adjustments	(502,381)	(4,206,403)
	(502,381)	4,994,155

19.1.4 Movement in defined benefit obligation

Balance at July 01	34,719,174	25,364,817
Current service cost	15,166,913	11,516,826
Interest cost	2,575,474	2,173,476
Actuarial loss	(502,381)	4,994,155
Benefits paid during the year	(12,205,600)	(9,330,100)
Balance at June 30	39,753,580	34,719,174

19.1.5 Movement in net liability in the balance sheet

Balance at July 01	34,719,174	25,364,817
Add: Charge for the year	17,742,387	13,690,302
Remeasurement (gain) / loss recognised in other comprehensive income	(502,381)	4,994,155
Less: Payment made during the year	(12,205,600)	(9,330,100)
Balance at June 30	39,753,580	34,719,174

19.1.6 The principal assumptions used in the valuation of gratuity

	2017	2016
Discount rate (% per annum)	9.00	10.5
Expected rate of salary increase (% per annum)	9.00	10.5
Mortality rate	Adjusted SLIC 2001-05	Adjusted SLIC 2001-05
Expected withdrawal rate for actuarial assumptions	Moderate	Moderate

19.1.7 Sensitivity analysis

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

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
		..........Rupees..........	
Discount rate	1%	(5,505,070)	6,932,089
Expected rate of salary increase	1%	7,283,043	(5,858,293)
Mortality age	1 year	-	-
Withdrawal rates	10%	-	-

For comparative period

Discount rate	1%	(4,903,147)	6,165,575
Expected rate of salary increase	1%	6,287,470	(5,077,696)
Withdrawal rates	10%	451,349	(381,911)

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

19.1.8 The scheme exposes the Company to the actuarial risks such as:

Mortality / withdrawal risks

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

Longevity risks

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

Salary risks

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

19.1.9 Expected contribution to the scheme for the year ending June 30, 2018 is Rs. 19,183,239.

19.1.10 The weighted average duration of the defined benefit obligation in years is 15.64 (2016: 15.01)

19.1.11 The expected maturity analysis of undiscounted retirement benefit obligation is:

	2017	2016
	Undiscounted payments	
	----------Rupees---------	
Year 1	2,530,324	2,311,522
Year 2	3,758,163	3,938,289
Year 3	4,672,394	5,158,094
Year 4	5,426,179	6,195,380
Year 5	6,047,777	7,041,097
Year 6-10	35,447,052	42,616,514
Year 11 & above	125,644,816	159,269,489

19.1.12 There are no plan assets against defined benefit obligation.

19.1.13 Non workmen

	Note	2017	2016
		..........Rupees..........	
Balance at July 01		34,484,268	34,899,194
Charge for the year		9,742,031	9,329,550
Payment during the year		(6,474,929)	(9,744,476)
Balance at June 30		37,751,370	34,484,268

20. TRADE AND OTHER PAYABLES

	Note	2017	2016
Creditors		45,529,144	41,472,596
Foreign bills payable		-	203,018,248
Accrued liabilities	20.1 & 20.2	228,006,650	353,370,042
Advance from customers		-	96,429
Workers' profit participation fund		3,323,853	-
Workers' welfare fund	20.3	5,146,948	36,610,665
Withholding income tax		1,638,118	2,538,154
Sales tax		-	1,178,706
Unclaimed dividend		1,123,604	1,124,326
Others		1,471,769	223,096
		286,240,086	639,632,262

20.1 This includes Rs. 112.36 million (2016: Rs. 199.66 million) payable to an associated undertaking in respect of power charges.

20.2 This includes Rs. 68.39 million (2016: Rs. 55.30 million) provision for Sindh Development and Infrastructure Cess which was levied by the Sindh Excise and Tax Department on goods entering or leaving the province through air or sea at prescribed rate under Sindh Finance Ordinance, 2001. The levy was challenged by the Company along with other companies in the Sindh High Court (SHC). The High Court of Sindh through an interim order passed on May 31, 2011 ordered that for every consignment cleared after December 28, 2006, 50% of the value of infrastructure cess should be paid in cash and a bank guarantee for the remaining amount should be submitted until the final order is passed. The management is confident for a favorable outcome however, as a matter of prudence, the Company has paid Rs. 68.39 million (50%) of the value of infrastructure cess in cash and recorded liability for the remaining amount which is supported by a bank guarantee.

20.3 During the year, Supreme Court of Pakistan has passed an order dated November 10, 2016 that the Workers' Welfare Fund (WWF) is a fee, not a tax. Hence, the amendments made through Finance Act, 2006 and 2008 have been declared invalid in the said order. Therefore, the management believe that in the light of the aforementioned judgment, all cases pertaining to WWF, pending for adjudication would be decided in the favour of the company and therefore management has reversed expense recognised in prior periods. The current year liability represents the provision against workers walfare fund as per Sindh Workers Walfare Fund Act, 2014.

	Note	2017	2016
		……….Rupees……….	

21. INTEREST / MARK-UP ACCRUED ON BORROWINGS

	Note	2017	2016
Long-term finances		16,283,812	19,898,767
Short-term borrowings		26,923,477	7,812,205
		43,207,289	27,710,972

22. SHORT-TERM BORROWINGS

From banking companies - secured

	Note	2017	2016
Finance against import / export	22.1	914,477,883	715,990,390
Short-term running finances	22.2	1,270,268,550	364,069,937
	22.3	2,184,746,433	1,080,060,327

22.1 These facilities are secured against pledge of imported cotton, exports are secured through hypothecation of stocks and receivables, pledge of cotton and exports proceeds. These facilities are subject to markup rate of three month KIBOR plus 0.65% to 1% and fixed rate ranging from 1.1% to 2.0% inclusive of LIBOR (2016: three month KIBOR plus 0.65% to 1% and fixed rate ranging from 1.1% to 1.80% inclusive of LIBOR) per annum.

22.2 These facilities are secured against pledge of stock and hypothecation of stocks and receivables. These facilities are subject to markup rate of three month Kibor plus 0.3% to 1% (2016: 0.3% to 1%) per annum.

22.3 Total facilities available to the Company from various commercial banks amounted to Rs. 4,175 million (2016: Rs. 3,495 million) out of which aggregate unavailed facilities amounted to Rs 1,990 million (2016: Rs. 2,415 million).

23. CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

There is no contingent liability against the Company as at June 30, 2017 and June 30, 2016.

		Note	2017	2016
			..........Rupees..........	

23.2 Commitments

		Note	2017	2016
(i)	Civil works		2,405,047	60,169,951
(ii)	Letters of credit			
	- stores and spares		3,366,884	3,011,111
	- raw materials		215,284,865	74,688,223
(iii)	Bank guarantees issued on behalf of the Company	23.2.1	93,299,008	108,165,872
(iv)	Bills discounted			
	- local		34,111,904	18,540,515
	- export		391,259,344	614,061,857
(v)	Outstanding sales contract		207,696,738	168,711,202

23.2.1 This includes bank guarantee related to Sindh Development Infrastructure Cess amounting to Rs. 75.5 million (2016: Rs. 67.1 million).

24. SALES - NET

	Note	2017	2016
		..........Rupees..........	
Export			
-Yarn		3,081,643,073	2,975,094,973
-Yarn (indirect export)		128,085,087	194,394,872
		3,209,728,160	3,169,489,845
Local			
-Yarn		1,999,851,730	1,456,627,028
-Raw material		-	337,109,467
-Waste		74,681,368	60,846,637
		2,074,533,098	1,854,583,132
		5,284,261,258	5,024,072,977
Less:			
Discount		-	(17,600)
Sales tax		(3,576)	(48,472,500)
		5,284,257,682	4,975,582,877

25. COST OF GOODS SOLD

	Note	2017	2016
Cost of goods manufactured	25.1	4,923,417,349	4,522,139,678
Finished goods (including waste stock)			
Opening stock		144,637,234	247,209,911
Closing stock	8	(176,102,191)	(144,637,234)
		(31,464,957)	102,572,677
Purchase of yarn		376,306	-
Cost of manufactured goods sold		4,892,328,698	4,624,712,355
Cost of raw material sold		-	332,630,497
		4,892,328,698	4,957,342,852

25.1 Cost of goods manufactured

	Note	2017	2016
		..........Rupees..........	
Raw material	25.1.1	3,913,701,877	3,470,628,479
Packing material		71,286,095	75,395,950
Stores and spares		83,059,735	68,205,935
Power and fuel		376,651,086	426,357,629
Salaries, wages and benefits	25.1.2	309,468,448	303,773,296
Depreciation	4.2	136,109,837	138,059,921
Insurance		9,358,885	10,222,886
Repairs and maintenance		7,232,982	9,772,938
Other overheads		18,892,038	22,289,154
		4,925,760,983	4,524,706,188
Work-in-process			
Opening stock		29,729,797	27,163,287
Closing stock	8	(32,073,431)	(29,729,797)
		(2,343,634)	(2,566,510)
		4,923,417,349	4,522,139,678

25.1.1 Raw material consumed

	Note	2017	2016
Opening stock		556,362,095	682,397,480
Purchases - net		4,525,081,613	3,344,593,094
		5,081,443,708	4,026,990,574
Closing stock	8	(1,167,741,831)	(556,362,095)
		3,913,701,877	3,470,628,479

25.1.2 Salaries, wages and benefits include Rs. 24.43 million (2016: Rs. 19.36 million) in respect of staff retirement benefits.

26. DISTRIBUTION COST

	Note	2017	2016
		..........Rupees..........	
Brokerage and commission		33,611,352	38,197,976
Export expenses		42,484,065	45,643,418
Local freight and handling		5,722,262	8,062,506
Sea freight		14,843,591	23,635,850
Staff salaries and benefits	26.1	6,555,734	4,515,527
Bank charges		95,298	368,238
Local selling expenses		1,712,580	1,812,937
Others		6,550	83,850
		105,031,432	122,320,302

26.1 Staff salaries and benefits include Rs. 0.55 million (2016 : Rs. 0.60 million) in respect of the staff retirement benefits.

27. ADMINISTRATIVE EXPENSES

	Note	2017	2016
		..........Rupees..........	
Staff salaries and benefits	27.1	57,794,703	62,449,471
Directors' remuneration		6,064,355	5,645,000
Depreciation	4.2	7,154,455	9,632,466
Legal and professional		2,037,272	5,718,014
Rent, rates and taxes		2,974,351	3,067,920
Fees and subscription		3,107,350	3,141,757
Utilities		2,077,941	2,392,462
Traveling and conveyance		713,396	1,215,436
Provision for doubtful debts	9.4	509,434	546,502
Vehicles running		2,842,812	2,415,579
Printing and stationery		1,133,295	485,656
Postage and telephone		2,701,336	2,286,542
Amortization	5	1,351,456	1,375,725
Auditors' remuneration	27.2	1,415,600	1,335,000
Donation	27.3	1,361,120	1,200,000
Repairs and maintenance		735,825	1,405,990
Insurance		824,728	1,096,004
Other		514,024	613,552
		95,313,453	106,023,076

27.1 Staff salaries and benefits include Rs. 2.5 million (2016 : Rs. 3.05 million) in respect of the staff retirement benefits.

27.2 Auditors' remuneration

	Note	2017	2016
		..........Rupees..........	
Annual audit fee		650,000	650,000
Fee for review of :			
- Condensed interim financial information		75,000	75,000
- Statement of compliance with Code of Corporate Governance		25,000	25,000
Certifications and other services		665,600	585,000
		1,415,600	1,335,000

27.3 None of the directors or their spouse had any interest in the donee's fund.

28. OTHER OPERATING EXPENSES

	2017	2016
Workers' profit participation fund	3,323,853	-
Workers' welfare fund	-	2,531,062
Exchange loss - net	3,199,359	6,276,938
	6,523,212	8,808,000

29. FINANCE COST

	Note	2017	2016
		..........Rupees..........	
Interest / mark-up on :			
long-term finances		62,695,789	67,415,092
short-term borrowings		103,029,544	91,929,627
Letters of credit discounting charges		8,068,753	5,348,432
Bank charges and guarantee commission		2,679,398	4,298,361
		176,473,484	168,991,512

30. OTHER INCOME

Income from financial assets

	Note	2017	2016
Profit on term deposits receipts		1,471,875	1,343,981
Profit on savings accounts		304,072	444,384
		1,775,947	1,788,365

Income from non-financial assets

	Note	2017	2016
License income		4,247,100	4,247,100
Rent income		600,000	600,000
Rebate on export sales		47,820,415	-
Income on sale of store items		122,350	-
Workers' welfare fund provision reversed	20.3	31,388,491	-
Gain on disposal of property, plant and equipment		977,997	1,458,834
		85,156,353	6,305,934
		86,932,300	8,094,299

31. TAXATION

	Note	2017	2016
Current			
- for the year		52,542,899	40,727,049
- for prior year			
tax credit - u/s 65B		-	(40,755,186)
charge		6,303,077	4,443,945
		6,303,077	(36,311,241)
Deferred	31.2	-	-
		58,845,976	4,415,808

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

31.2 The Company, being prudent, has recognized deferred tax only to the extent of taxable temporary differences.

32. EARNINGS PER SHARE - BASIC AND DILUTED

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

	2017	2016
Profit/ (loss) for the year	36,673,727	(384,224,374)
Weighted average number of ordinary shares in issue	3,342,570	3,342,570
Earnings per share	10.97	(114.95)

	2017	2016
	..........Rupees..........	

33. CASH AND CASH EQUIVALENTS

	2017	2016
Cash and bank balances	17,411,562	45,962,676
Short-term running finances	(1,270,268,550)	(364,069,937)
	(1,252,856,988)	(318,107,261)

34. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amount charged in these financial statements in respect of remuneration and benefits to the Chief Executive and Executives are as follows:

	2017		2016	
	Chief Executive	Executives	Chief Executive	Executives
	.... Rupees...................................			
Remuneration	5,959,355	38,936,709	5,645,000	47,784,814
Bonus / Ex-gratia	-	-	-	4,551,650
Retirement benefits	510,000	2,994,000	460,000	3,145,400
Leave encashment	-	998,000	-	1,121,800
Medical	-	176,507	-	185,420
	6,469,355	43,105,216	6,105,000	56,789,084
No. of person	1	11	1	33

34.1 The Chief Executive and certain Executives are also entitled for use Company maintained cars.

34.2 An amount of Rs. 0.12 million (2016: Rs 0.12 million) has been charged in these financial statements in respect of fee paid to Directors for attending Board meetings.

35. PLANT CAPACITY AND ACTUAL PRODUCTION

	2017	2016
Number of spindles installed	36,708	36,708
Number of spindles worked	36,708	36,708
Number of shifts per day	3	3
Installed capacity after conversion into 20/s count-kgs	12,806,181	12,806,181
Actual production of yarn after conversion into 20/s count-kgs	12,239,478	12,189,196

36. NUMBER OF EMPLOYEES

	2017	2016
Average number of employees during the year	1,223	1,341
Number of employees as at June 30	1,195	1,401

37. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings and key management personnel. The transactions between the Company and the related parties are carried out as per agreed terms. Amounts due from and to related parties and key management personnel, if any, are shown under receivables and payables. Remuneration of key management personnel is disclosed in note 34 and amount due in respect of staff retirement benefits is disclosed in note 19. Other significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	2017	2016
		..........Rupees..........	
Associated undertakings			
	Purchase of power	367,363,701	405,050,038
	Sale of goods	-	297,841,201
	Purchase of goods	510,805	-
	Share of expenses paid	6,746,120	2,407,895
	Share of expenses received	3,893,886	3,682,022
	Purchase of machinery	60,000	3,261,111
	License income	4,247,100	4,247,100
	Rent income	600,000	600,000
Directors	Rent expense	3,573,660	3,628,920
Key management personnel	Sale of vehicles	-	968,351

38. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

38.1 Financial instrument by category

	2017	2016
Financial assets as per balance sheet		
Loans and receivables at amortized cost		
- Trade debts	418,035,959	299,140,211
- Loans to employees	7,324,167	7,825,149
- Trade deposits	21,825	21,825
- Other receivables	49,417,447	403,811
- Cash and bank balances	17,411,562	45,962,676
	492,210,960	353,353,672
Held to maturity		
- Other financial assets	24,740,448	27,536,451
Available for sale		
- Long-term investment	653,753	699,470
	517,605,161	381,589,593
Financial liabilities as per balance sheet		
Financial liabilities measured at amortized cost		
- Long-term finance	796,159,895	967,341,455
- Trade and other payables	276,131,167	599,208,308
- Interest / mark up accrued on borrowings	43,207,289	27,710,972
- Short-term borrowings	2,184,746,433	1,080,060,327
	3,300,244,784	2,674,321,062

38.2 Financial risk management objectives and policies

38.2.1 Financial risk factors

Introduction and overview

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

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

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

Financial risk factors and risk management framework

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

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

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

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

38.2.2 Market risk

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

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

(a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company exports yarn to foreign customers which exposes it to currency risk. As at June 30, 2017, financial assets includes trade debts and bank accounts in foreign currency amounting to Rs.188.10 million (2016: Rs. 118.31 million) equivalent to US$ 1.79 million (2016: US$ 1.13 million) and financial liabilities include foreign bills payable, foreign commission payable and finance against import and export amounting to Rs. 171.275 million (2016: Rs. 923.45 million) equivalent to US$ 1.63 million (2016: US$ 8.83 million). The average rates applied during the year is Rs.104.8 / US $ (2016: Rs. 103.40 /US $) and the spot rate as at June 30, 2017 was Rs.105 / US$ (2016: Rs. 104.50 /US$).

At June 30, 2017, if the Rupee had weakened / strengthened by 10% against the US Dollar with all other variables held constant, loss for the year would have been lower / higher by Rs. 35.938 million (2016: Rs. 80.51 million), mainly as a result of foreign exchange gains / losses on translation of foreign currency trade debts, US Dollar bank balance and US Dollar denominated borrowings.

(b) Interest rate risk management

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

The Company's interest rate risk arises from savings accounts with banks, other financial assets (TDRs), long term finances and short term borrowings amounting to Rs. 2.98 billion (financial liabilities on a net basis) (2016: Rs. 2.04 billion). These are benchmarked to variable rates which exposes the Company to cash flow interest rate risk only.

Variable rate instruments	Carrying amount 2017	2016
	.... Rupees	
Financial assets		
- savings accounts with banks	900,206	475,830
Less: financial liabilities		
- long-term finances	796,159,895	963,360,156
- short-term borrowings	2,184,746,433	1,080,060,327
	(2,980,906,328)	(2,043,420,483)
Net financial liabilities at variable interest rates	(2,980,006,122)	(2,042,944,653)

Cash flow sensitivity analysis for variable rate instrument

If interest rates had been 100 basis points lower / higher and all other variables were held constant, the Company's loss for the year ended June 30, 2017 would increase / decrease by Rs. 16.69 million (2016: Rs.20.02 million). This is mainly attributable to the Company's exposure to interest rates on its variable rate

Fixed rate instruments

The Company has invested an amount of Rs 24.74 million (2016: Rs 27.54 million) at interest rate of 4.05% to 5.50% per annum (2016: 4.5% to 6%) in Term Deposits Receipts (TDRs).

(c) Equity price risk

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

As at reporting date the Company is not materially exposed to equity securities price risk as it only has investment amounting to Rs. 0.65 million (2016: Rs. 0.69 million) in the shares of Samba Bank Limited.

If equity price would have been 10% higher / lower with all others variables held constant, other comprehensive income for the year of the company would have been higher / lower by Rs. 65,375 (2016: Rs. 69,947)

38.2.3 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Financial assets which are subject to credit risk amounted to Rs. 359.38 million (2016: Rs. 381.20 million).

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

Credit risk related to receivables

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

Trade debts consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of trade debts, where appropriate. The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. At June 30, 2017 the Company had approximately 8 (2016: 6) major customers that owed more than Rs. 10 million each and accounted for approximately 83.52% (2016 : 87%) of local trade debts. Other debts amounting to Rs. 181.14 million (2016 : Rs. 109.71 million) are secured against letters of credit.

Credit risk related to other assets

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

38.2.4 Liquidity risk

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

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of short term borrowings. 80% of the Company's debt will mature in less than one year at June 30, 2017 (2016: 70%) based on the carrying value of borrowings reflected in the financial statements.

Liquidity and interest risk table

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

2017	Interest rate	Less than 1 month	1 - 3 months	3 months - 1 years	1 - 5 years	More than 5 years	Total
		....	....	Rupees	....	....	....
Long-term financing	7.04%-13%	17,364,398	83,741,306	107,551,755	557,502,436	30,000,000	796,159,895
Trade and other payables	-	26,569,540	162,370,710	87,190,917	-	-	276,131,167
Interest / mark-up accrued on loans	-	25,728,215	15,552,980	1,926,095	-	-	43,207,290
Short-term borrowings	Three months KIBOR plus 0.3% to 1%	770,268,550	1,414,477,883	-	-	-	2,184,746,433
		839,930,703	**1,676,142,879**	**196,668,767**	**557,502,436**	**30,000,000**	**3,300,244,785**

2016	Interest rate	Less than 1 month	1 - 3 months	3 months - 1 years	1 - 5 years	More than 5 years	Total
		....	....	Rupees	....	....	....
Long-term financing	7% to 13%	17,377,304	48,150,090	101,552,974	694,560,539	105,700,548	967,341,455
Trade and other payables		178,967,606	355,744,520	64,496,182	-	-	599,208,308
Interest / mark-up accrued on loans		20,091,642	5,693,235	1,926,095	-	-	27,710,972
Short-term borrowings	Three months KIBOR	363,638,210	716,422,117	-	-	-	1,080,060,327
		580,074,762	**1,126,009,962**	**167,975,251**	**694,560,539**	**105,700,548**	**2,674,321,062**

38.2.5 Operational risks

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

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

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

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

39. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(a) Fair value is the price that would be received to sell and asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values as the items are short term in nature.

(b) Fair value estimation

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at year end long term investment comprising listed shares of Samba Bank Limited amounting to Rs. 0.653 million (2016 : Rs. 0.699 million) are classified as level 1. Other than that there are no such financial assets or liabilities which can be classified under the above levels.

39.1 The Company's freehold land, buildings on leasehold land and plant and machinery are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent depreciation and subsequent accumulated impairment losses, if any. The fair value measurements of the Company's freehold land, buildings on leasehold land and plant and machinery carried out as at June 30, 2015 were performed by Messer Iqbal A.Nanjee & Company (Private) Limited (valuer), an independent valuer not related to the Company. The valuer is listed on panel of Pakistan Banks Association and they have appropriate qualification and experience in the fair value measurement of properties, plant and machinery.

Details of Company's free hold land, buildings on leasehold land and plant and machinery and information about the fair value hierarchy as at end of 30 June 2017 are as follows:

	June 30, 2017			
	Level 1	Level 2	Level 3	Total
	---------------------- Rupees----------------------			
Freehold land	-	696,000,000	-	696,000,000
Buildings on free hold land	-	661,215,871	-	661,215,871
Plant and machinery	-	1,929,066,272	-	1,929,066,272
	-	3,286,282,143	-	3,286,282,143

	June 30, 2016			
	Level 1	Level 2	Level 3	Total
	------------------------ Rupees-------------------			
Freehold land	-	696,000,000	-	696,000,000
Buildings on free hold land	-	490,573,251	-	490,573,251
Plant and machinery	-	2,029,749,324	-	2,029,749,324
	-	3,216,322,575	-	3,216,322,575

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

40. CAPITAL RISK MANAGEMENT

The objectives of the Company when managing capital are to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for stakeholders, and to maintain a strong capital base to support the sustained development of its business. The Company is not subject to any externally imposed capital requirements.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders or issue new shares. The Company's overall strategy remains unchanged from previous year.

The gearing ratio at June 30, 2017 and June 30, 2016 were as follows:

	2017	2016
	……….Rupees……….	
Total debts	**2,980,906,328**	2,047,401,782
Less: cash and bank balances	**(17,411,562)**	(45,962,676)
Net debt	**2,963,494,766**	2,001,439,106
Total equity	**691,996,540**	610,135,558
Adjusted capital	**3,655,491,306**	2,611,574,664
Gearing ratio	**0.81**	0.77

41. OPERATING SEGMENTS

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

The information with respect to operating segment is stated below:

(a) 60.74 (2016: 59.80) percent sales of the Company relate to export customers.
(b) All non-current assets of the Company as at year end are allocated within Pakistan.
(c) There are no customers whom sales made during the year exceeded 10 percent of total sales for the current and previous year.

42. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the board of directors of the Company and authorized for issue on September 14, 2017

43. GENERAL

Figures have been rounded off to the nearest Rupee.

ADEEL SHAHID TATA
CHIEF EXECUTIVE

ANWAR AHMED TATA
CHAIRMAN/DIRECTOR

افرادی قوت کی ترقی:

ہمارا انسانی سرمایہ ہمیں سب سے مقدم ہے اس لئے ہم اپنے لوگوں میں سرمایہ کاری کرنے کو سب سے احسن عمل سمجھتے ہیں جس کی وجہ سے ہمارے منافع کو تقویت ملتی ہے۔ علاوہ ازیں ہم اپنے ملازمین کو ایسا پروفیشنل ماحول دینے کے لئے کوشاں ہیں جہاں اُن کی تخلیقی صلاحیتوں کو اجاگر کیا جاسکے اور وہ اپنا سو فیصد ان پٹ دے سکیں۔ ہم اپنے ملازمین کی پروفیشنل اور پرسنل ڈویلپمنٹ کو بڑھانے کے لئے ملازمین مراعاتی اسکیم متعارف کرواتے ہیں۔ ہم کریئر ایڈوانسمنٹ ، کارکردگی جانچنے کا شفاف نظام اور مارکیٹ میں مسابقتی صلاحیت بھی اپنے ملازمین کو فراہم کرتے ہیں۔ ہمارے پرفارمنس مینجمنٹ سسٹم میں باقاعدہ فیڈ بیک کا میکانزم اور ڈویلپمنٹ کا حصہ ہے جو ہمارے ملازمین کی کامیابی کے لئے ضروری ہیں۔ ہمارے ایچ آر سسٹم ٹیکنالوجی سے مزین ہیں جو ہمیں عمدگی اور منظّم طریقے سے اپنے آپریشنز جاری رکھنے میں معاون ثابت ہوتے ہیں۔

مستقبل کی حکمت عملی:

یہ ہمارا عزم ہے کہ ہم معیاری مصنوعات تیار کرتے رہیں اور نئے پراڈکٹ مارکیٹ میں متعارف کرواتے رہیں اس لئے ہم معیار کو برقرار رکھنے کے لئے سرمایہ کاری کرتے رہیں گے اس واسطے ہم نے سلفی ٹیکسٹائل ملز میں دھان پیدا کرنے کے لئے ٹوئسٹنگ اور ڈبلنگ مشین بھی لگانے کی منصوبہ بندی کی ہے۔

انتظامیہ کاروبار کی لاگت کو کم کرنے کے لئے بھی کئی اقدامات لے رہی ہے جن کے خاطر خواہ نتائج نکلنے کی توقع ہے۔

اعتراف:

ہم اپنی کئی ٹیموں کی محنت اور کاوشوں کا اعتراف کرتے ہیں اور اُن کی محنت کو قابل تحسین گردانتے ہیں جو کمپنی کی ترقی اور اعلیٰ معیار کو برقرار رکھنے میں اپنا بھرپور کردار ادا کر رہے ہیں اور اُن کی انہی کوششوں کی وجہ سے آج ہم اپنی انڈسٹری کی بڑی کمپنیوں کے قائم کردہ معیارات کو برقرار رکھنے میں کامیاب رہے ہیں۔ بحیثیت ایک ٹیم ہم اپنے ، وینڈرز بینکرز اور کاروباری ایسوسی ایٹس کا بھی شکریہ ادا کرتے ہیں جو ہر قسم کے معاشی اور سماجی مسائل و حالات میں ہمارے ساتھ کھڑے رہے۔ لیکن ان سب سے زیادہ ہم اپنے صارفین کے شکر گذار ہیں جو ہماری مصنوعات کی رینج کو پسند کرتے ہیں اور ہمیں مزید محنت اور جدت پیدا کرنے کی جلا بخشتے ہیں۔

کراچی:

تاریخ: 14 ستمبر 2017ء

انوار احمد ٹاٹا

چیئر مین

غیرملکی زرمبادلہ:

ملکی کرنسی کی قدر کئی برسوں سے اپنی قیمت سے زیادہ رہی ہے۔مسلسل جاری مہنگائی نے پاکستان میں کاروبار کرنے کی لاگت کو بہت بڑھا دیا ہے جس کے حساب سے کرنسی کو ڈی ویلیو نہیں کیا گیا نتیجہ یہ نکلا کہ ایکسپورٹ انڈسٹری بین الاقوامی مسابقت میں غیر موثر ہو کر رہ گئی۔

آئی ایم ایف کے مطابق پاکستان کی کرنسی 15 سے 20 فیصد زائد اوور ویلیوڈ ہے۔

لیبر کی لاگت:

پروڈکشن کی لاگت کو کم کرنے میں حائل مشکلات میں ایک لیبر کی لاگت ہے جو ریجن کے دوسرے ممالک کے مقابلے زیادہ ہے۔پچھلے کئی سالوں سے پاکستان لیبر کی لاگت کے حوالے سے مہنگے ممالک کی فہرست میں شمار کیا جاتا ہے۔پاکستان میں کم سے کم لیبر کی لاگت تقریباً 200 ڈالر کے برابر ہے۔

توانائی کی لاگت:

ایک طرف تو ہمسایہ مسابقتی ممالک میں پاکستان میں توانائی سب سے مہنگی ہے دوسری طرف پیداوار کے برقرار رکھنے کے لئے سیکٹر کو گرڈ کے ساتھ گیس پر بھی انحصار کرنے پڑتا ہے اور ایسے میں جب بجلی اور گیس کی لوڈ شیڈنگ کا سامنا کرنا پڑے تو پیداوار پر بہت منفی اثرات مرتب ہوتے ہیں اور پیداوار کی فکسڈ لاگت بڑھ جاتی ہے۔

اخباری ذرائع کے مطابق پاکستان میں گیس ٹیرف بنگلہ دیش کے مقابلے 173 فیصد مہنگا ہے، 44 فیصد بھارت سے مہنگا اور 12 فیصد ویت نام سے مہنگا ہے۔ملک میں انڈسٹری کے لئے بجلی کا ٹیرف 0.12 ڈالر فی کلوواٹ ہے جبکہ بنگلہ دیش میں 0.09 ڈالر فی کلوواٹ اور بھارت میں 0.08 ڈالر فی کلوواٹ ہے۔

انفارمیشن ٹیکنالوجی:

کمپنی کو ٹیکنالوجی کی اہمیت کا بخوبی ادراک ہے اسی لیے کمپنی جدید کارپوریٹ انفارمیشن ٹیکنالوجی معیار سے مزین ہے جس میں آئی ٹی ڈیپارٹمنٹ ذیلی سیکشن میں تقسیم ہے جس کی دیکھ بھال وہ پروفیشنل کرر ہے ہیں جو اپنی فیلڈ اور شعبہ جات کے ماہر ہیں اور جن کی عالمی ٹیکنالوجی ایڈوانسمنٹ پر گہری نظر ہے۔تقریباً ایک دہائی سے کمپنی نے کارپوریٹ فیصلہ کیا کہ اوریکل سے انٹر پرائز ریسورس پلاننگ کو لاگو کیا جائے تاکہ مالیاتی معاملات، سپلائی چین مینجمنٹ اور اوریکل مینوفیکچرنگ پراسس آٹومیشن اور معیار کو برقرار رکھنے کے لئے کوالٹی مینجمنٹ سسٹم اور پے رول سسٹم کو اپ گریڈ کیا جائے۔اس کے علاوہ بزنس انٹیلی جنس، ایچ آر ایم ایس اور انٹر پرائز ایسٹ مینجمنٹ کو بھی مستقبل میں لاگو کیا جائے گا۔

2016ء میں گروپ نے انقلابی کارپوریٹ اقدام اٹھانے کا فیصلہ کیا۔اس فیصلے کے مطابق انفارمیشن ٹیکنالوجی میں مزید سرمایہ کاری کرنا تھا جس کی بدولت اعلیٰ موثر نیٹ ورک انفراسٹرکچر، کمیونی کیشن، کاروبار کو مسلسل جاری رکھنے کی صلاحیت کی پلاننگ، ہنگامی حالات سے نمٹنے کے لئے افرادی قوت کی موجودگی، سنٹرلائزڈ کنٹرولنگ انوائرمنٹ، تحریری پالیسیاں اور حکمت عملی اور تبدیلی کی مینجمنٹ کو اپنانا تھا۔ای آر پی کے لاگو ہونے سے کاروبار کے تمام حصوں میں معلومات کی یکدم فراہمی ممکن ہوگئی اور اس ڈیٹا کی بنیاد پر تمام اسٹیک ہولڈرز میں درست فیصلہ کرنے کی صلاحیت میں اضافہ ہوا اور کمپنی موثر انداز میں اپنی مینجمنٹ کو برقرار رکھنے میں کامیاب ہوئی۔

چیئر مین کا جائزہ:

السلام وعلیکم

بطور چیئر مین سلفی ٹیکسٹائل ملز لمیٹڈ میں اپنے تمام حصص یافتگان کے سامنے آڈٹ شدہ مالیاتی گوشوارے اور آڈیٹر کی رپورٹ برائے اختتام سال 30 جون 2017ء پیش کرتے ہوئے مسرت محسوس کرتا ہوں۔ زیر جائزہ مدت کے دوران کمپنی کے مالیاتی نتائج میں واضح بہتری آئی ہے اور کمپنی نے 95.520 ملین روپے کے منافع قبل از ٹیکس حاصل کیا جبکہ گزشتہ سال کمپنی نے 379.809 ملین روپے کا خسارہ قبل از ٹیکس رپورٹ کیا تھا۔

ٹیکسٹائل کی صنعت:

جنوری 2017ء میں وزیر اعظم پاکستان نے ایکسپورٹ انڈسٹری کے لئے 180 ارب روپے کا ترغیبی پیکج کا اعلان کیا تاہم اس میں ٹیکسٹائل کے شعبے کے لئے فقط 4 ارب روپے مختص کئے گئے جو حکومت کی ٹیکسٹائل کے حوالے سے غیر سنجیدگی کا منہ بولتا ثبوت ہے۔ حکومت ابھی ٹیکسٹائل جیسے کلیدی شعبے کو کوئی ترجیحات نہیں دے رہی ہے حالانکہ یہ ملک کی برآمدات میں دوسرا بڑا اسیکٹر ہے۔ اس لئے یہ تجویز دی جاتی ہے کہ حکومت اس ترغیبی فنڈ کے حصے کو ڈیوٹی ڈرا بیک سمیت تمام زیر التواء سیلز ٹیکس فنڈز کی صورت میں جلد از جلد جاری کرے اور ٹیکسٹائل انڈسٹری کو مالیاتی خسارے سے نکالے جس کا انڈسٹری کو چند سالوں سے سامنا ہے۔

محصولات کا بوجھ:

ملک کی موجودہ ٹیکس پالیسی میں کوئی تبدیلی رونما نہیں ہوئی اور آپ کی کمپنی کو مسلسل ٹیکس کے بوجھ کا سامنا ہے۔ ود ہولڈنگ ٹیکس کی شکل میں ایک خطیر سرمایہ ادا کرنے کے ساتھ ساتھ ہم حکومت کی جانب سے عائد کردہ کئی ٹیکس ادا کر رہے ہیں جن میں کسٹم ڈیوٹیاں، پروفیشنل ٹیکس، خدمات پر ایس آر بی، ٹیکسٹائل پر لاگو سیس، ایجوکیشن سیس، کاٹن سیس، جی آئی ڈی سی سیس، پی ای ایس ایس آئی اور ای او بی آئی وغیرہ شامل ہیں۔

مزید براں جولائی 2017ء سے وفاقی حکومت نے 4 فیصد کی کسٹم ڈیوٹی دوبارہ عائد کردی اور درآمد کی جانے والی کاٹن پر 5 فیصد ڈیوٹی بھی لاگو کردی جس نے کاروبار کرنے کی لاگت کو بڑھا دیا اور اس وجہ سے ہمارا بین الاقوامی مارکیٹ میں مسابقت قائم رکھنا مشکل ہو گیا ہے۔ یہ بہت افسوس کی بات ہے کہ حکومت اپنے ٹیکس نیٹ کو بڑھانے کے بجائے موجودہ ٹیکس دینے والوں پر بوجھ ڈال رہی ہے۔

خام مال:

ایک اندازے کے مطابق پاکستان میں کاٹن کی کھپت کا تخمینہ تقریباً 13 ملین بیلیں ہے تاہم اگر عمومی بات کی جائے تو ایسا کہنا قبل از وقت ہے کیونکہ کاٹن کی کاشت کی نتائج ستمبر کے آخر میں متوقع ہے۔ لیکن چونکہ کھپت کم رہنے کا امکان ہے اس لئے مقامی ضرورت اپنی ہی پیدا کردہ کاٹن سے پوری ہو جائے گی۔ ایسا ہونے سے نتائج ٹیکسٹائل کی صنعت کے حق میں بہتر ہو سکتے ہیں۔

ڈائریکٹرز کے نام	اجلاس میں حاضری کی تعداد		
	بورڈ	آڈٹ کمیٹی	ہیومن ریسورس اینڈ ریمونریشن کمیٹی
جناب انوار احمد ٹاٹا	4	ناقابلِ اطلاق	ناقابلِ اطلاق
جناب شاہد انوار ٹاٹا	4	ناقابلِ اطلاق	ناقابلِ اطلاق
جناب عدیل شاہد ٹاٹا	3	ناقابلِ اطلاق	4
جناب بلال شاہد ٹاٹا	3	4	4
جناب محمد نسیم	4	4	4
جناب اعجاز احمد طارق	3	ناقابلِ اطلاق	ناقابلِ اطلاق
شیخ کوثر اعجاز	4	4	ناقابلِ اطلاق

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

(ص) کمپنی کے تین ڈائریکٹرز نے ڈائریکٹر ٹریننگ پروگرام مکمل کر لیا ہے۔ مزید براں چار ڈائریکٹرز نے کارپوریٹ گورننس کے کوڈ کے تحت چھوٹ کے معیار پر پورا اترتے ہے۔

(ض) 30 جون 2017ء کے مطابق حصص داران کا پیٹرن اس رپورٹ کے ساتھ منسلک ہے۔ یہ اسٹیٹمنٹ کمپنی کے ضابطہ اخلاق کے کوڈ کے مطابق تحریر کیا گیا ہے۔

(ط) ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکریٹری، ہیڈ اوف انٹرنل آڈٹ اور دیگر ایگزیکٹیوز اور ان کے اہل و عیال اور اولادیں کی طرف سے کمپنی کے حصص کی ٹریڈنگ نہیں کی گئی۔

آڈیٹرز:

آڈیٹرز میسرز ڈیلوئیٹ یوسف عادل چارٹرڈ اکاؤنٹینٹ اپنے عہدے کی معیاد سالانہ جنرل میٹنگ کے اختتام پر پوری کر چکے ہیں اور بربنائے اہلیت خود کو دوبارہ تقرری کے لئے برائے مالیاتی سال 30 جون 2018ء کے لئے پیش کر رہے ہیں۔

کراچی:
مورخہ: 14 ستمبر 2017ء

ازطرف بورڈ آف ڈائریکٹرز

عدیل شاہد ٹاٹا
چیف ایگزیکیٹو

ممبران کیلئے ڈائریکٹرز رپورٹ

ڈائریکٹرز بڑی مسرت کے ساتھ 50ویں سالانہ رپورٹ مع آڈٹ شدہ اکاؤنٹس برائے سال مختتمہ 30 جون 2017ء پیش کرتے ہیں۔

مالیاتی نتائج:

کمپنی نے 30 جون 2017ء کو ختم ہونے والے سال میں قبل از ٹیکس اور بعد از لاگت، اخراجات اور فرسودگی کے 95.52 ملین روپے کا منافع کیا ہے۔

	(روپے)
سالانہ قبل از ٹیکس منافع	95,519,703
ٹیکس	(58,845,976)
منافع بعد از ٹیکس	36,673,727
دیگر وسیع منافع	456,664
ری ویلیوئیشن پراپرٹی پلانٹ اور دیگر سامان کے سرپلس سے منتقلی	44,730,591
تخمینی منافع آگے لایا گیا	70,713,498
تخمینی منافع آگے لے جایا گیا	152,574,480

چیئرمین کا تجزیہ:

کمپنی کے ڈائریکٹرز نے چیئرمین کے تجزیہ کے مندرجات کی تصدیق کی ہے جسے ڈائریکٹرز رپورٹ کا حصہ تصور کیا جائے۔

ڈویڈنڈ:

رواں سال کیلئے نتائج جو کہ حوصلہ افزا نہیں ہے لہٰذا آپ کے ڈائریکٹرز یہ سفارش کرتے ہیں کہ سال رواں کے ڈویڈنڈ کو موخر کیا جائے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کی تفصیل:

(الف) کمپنی کی جانب سے تیار کردہ مالیاتی گوشوارے، اس کے معملات کی حالت، آپریٹنگ نتائج، پیسے کے بہاؤ اور ایکیویٹی میں تبدیلی کی نشاندہی کر رہا ہے۔

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

(ج) مالیاتی گوشوارے کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا متواتر استعمال اور اکاؤنٹنگ کا تخمینہ معقول اور دانشمندانہ فیصلے کے مطابق کیا گیا ہے۔

(د) مالیاتی گوشوارے کی تیاری میں ایسے بین الاقوامی فنانشل رپورٹنگ اسٹنڈرز کے استعمال کو یقینی بنایا گیا ہے، جو پاکستان میں لاگو کیے گئے ہیں۔ اور اس سلسلے میں کسی بھی خامی کی صورت میں اس کی وضاحت کی جاتی ہے۔

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

Form of Proxy

I/We ______________________________________of ____, being a

Member of SalfiTextile Mills Limited, holder of _____________________, Ordinary Share(s) as per Register Folio

No. ___________________ hereby Appoint Mr.________________________, having CNIC No. ________________

_____________________ as my/our proxy in my/our absence to attend and vote for me/us, and on my/our behalf

at the Annual General Meeting of the company to be held on October 23, 2017 and at any adjournment thereof.

Signed this ___________ day of ____________2017.

Signature across Rs.5
Revenue Stamp

Witness 1 _________________________________	Witness 2 __________________________________
Signature _________________________________	Signature ___________________________________
Name ____________________________________	Name ______________________________________
CNIC # ___________________________________	CNIC # _____________________________________

NOTES:

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

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

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

پراکسی فارم (مختار نامہ)

میں/ہم------------------------------کا/کی------------------------------

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

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

مورخہ 23 اکتوبر 2017ء

کو اپنے/ہمارے ایماء پر:------------------------------

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

آج بروز ....بتاریخ .... 2017 کو میرے/ہمارے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

ممبر کے دستخط

ریونیو کی مہر 5 روپے

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

نوٹ:

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

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

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

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Printed by: Hyder Printers Ph: 021-36618892