



ANNUAL REPORT 2016



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Company Profile

Suraj Cotton Mills Limited is a Public Limited Company incorporated on December 18, 1984 and is listed on Karachi and Lahore Stock Exchanges of Pakistan. The Company is engaged in the manufacturing and trading of high quality Yarn and Woven Fabrics.

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The Company has four operating units located at Nooriabad (Sindh), Shahkot and Raiwind (Punjab). The Company initially set up its spinning project with the capacity of 16,320 spindles at Nooriabad in 1985, which came into commercial production in 1986. After additions this unit now comprises of 24,576 spindles producing yarn counts from 10/1 cd to 30/1 cd, high end combed yarns and spandex yarns for weaving

Spinning unit No. 2 was set up at Shahkot in 1990 and this unit has witnessed a continuous process of modernization and expansion. Currently its spinning capacity is 43,000 spindles all of which specialize in the production of fine count yarns in range 40 combed to 130 combed.

The third production facility set up in 1994 in the same location. The weaving unit is equipped with most modern, sophisticated, state-of-the-art machinery and has a collective capacity exceeding 12 Million meters of grey cloth annually. In order for the company to be able to absorb the increasing competitiveness, and to be able to produce a variety of fabrics, the management has expanded its weaving facilities by addition of 120 state of art, wider width Air Jet looms in



2003 which has further enhanced the collective capacity to 28 million meters of Grey cloth annually.

In 2006 Suraj Cotton Mills completed the acquisition of a spinning unit comprising of 25,000 spindles located in Raiwind, Punjab. This unit has added to the company's production capability for fine count yarns in range 40/1 to 130/1.

Suraj Cotton Mills Limited enjoys a sound market reputation in both the domestic as well as international markets. The company has developed long term relationships with its customers and suppliers and is maintaining focus on increasing and enhancing investor values.

Company Information

Board of Directors

Khalid Bashir	(Chairman)
Ahsan Bashir	
Amjad Mahmood	
Adil Bashir	
Humayun Maqbool	
Mohammad Iqbal	
Sharik Bashir	

Chief Executive Officer

Nadeem Maqbool

Chief Financial Officer

Farooq Ahmad

Company Secretary

Gulraiz Ali

Audit Committee

Humayun Maqbool	(Chairman)
Ahsan Bashir	(Member)
Adil Bashir	(Member)

HR & R Committee

Ahsan Bashir	(Chairman)
Adil Bashir	(Member)
Humayun Maqbool	(Member)

Share Registrar

Corptec Associates (Pvt) Ltd.
503 -E, Johar Town ,
Lahore

Auditors

EY Ford Rhodes
Chartered Accountants

Bankers

Allied Bank Limited
Habib Bank Limited
MCB Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited
Dubai Islamic Bank Limited
Habib Metropolitan Bank Limited

Registered Office

7-B-III, Aziz Avenue, Gulberg-V, Lahore.
Ph: +92-423-576 0381
Fax: +92-423-576 0376
Email: infor@suraj.com
Web: www.suraj.com

Project Locations

Nooriabad, District Dadu, Sindh.
Kotla Kahloon, District Nankana Sahib, Punjab.
Bhaikot, Rawind, District Lahore, Punjab.

Mission / Vision Statement

Our Business

We are a manufacturing organization operating integrated spinning and weaving facilities in textile industry and our end products are sold to international and national customers.

Vision of Future Business

We are committed to becoming the premier manufacturing organization in the textile industry maintaining market leadership in the present business and diversifying into value added projects with the object of maximizing returns for all the stakeholders.

Our Strengths

We have made pioneering efforts in development of new products which has enabled us to emerge as a market leader. This together with an innovative and professional management style has helped us to build a strong and financially sound base.

Our Strategy

We are determined to convert our vision into reality by using innovation to create a market niche for our products and by investing in facilities, people, systems and new technology, diversification into value addition and improvements in productivity and service to customers.

We shall aggressively exploit new markets by drawing strength from our corporate image and by promoting a culture that encourages initiatives at all levels of decision making.

Our Values

- We take pride in adhering to ethical business practices and in being a good corporate citizen.
- We respect our people and endeavor to provide them opportunities to realize their full potential.
- We recognize our responsibility to our stakeholders and society.

Performance Indicators

For the current and past five financial years

A Profitability Ratios		2016	2015	2014	2013	2012	2011
Gross profit ratio	(%)	8.7	10.5	11.2	15.1	10.0	13.3
Operating profit margin to sales	(%)	7.2	9.0	8.6	11.5	6.5	9.2
Net profit margin to sales (net)	(%)	5.5	6.9	6.6	9.4	4.2	5.8
Return on average equity	(%)	9.1	14.0	17.7	30.2	14.2	27.6
Return on capital employed	(%)	10.8	16.8	20.3	29.3	19.3	31.7
Return on average assets	(%)	6.6	10.2	12.3	20.1	8.5	13.6

B Liquidity Ratios		2016	2015	2014	2013	2012	2011
Current ratio	(times)	2.9	3.3	3.0	2.8	2.4	1.5
Quick ratio	(times)	2.2	2.1	1.5	1.7	0.8	0.7

C Activity / Turnover Ratios		2016	2015	2014	2013	2012	2011
Debtors turnover ratio	(times)	17.3	19.8	25.1	23.5	20.8	27.2
No. of days in receivables / Average collection period	(days)	21	18	15	16	18	13
Inventory turnover ratio	(times)	6.0	5.0	6.1	5.9	5.7	8.8
No. of days in inventory	(days)	61	74	60	62	64	42
Creditors turnover ratio	(times)	4.9	5.6	8.0	10.3	10.3	16.6
No. of days in creditors / Average payment period	(days)	75	65	46	36	35	22
Total assets turnover	(times)	1.2	1.5	1.9	2.1	2.0	2.3

D Investment / Market Ratios		2016	2015	2014	2013	2012	2011
Earnings per share	(Rs.)	16.1	24.7	30.0	45.6	17.5	28.4
Price earnings ratio	(times)	8.1	4.1	2.8	0.6	2.1	1.1
Cash dividend per share	(Rs.)	5.0	5.0	5.0	6.0	4.0	4.0
Stock dividend / Bonus shares	(%)	10.0	10.0	10.0	10.0	-	10.0
Break-up value per share	(Rs.)	184.2	188.0	181.2	156.5	130.3	128.0

E Market value per share		2016	2015	2014	2013	2012	2011
Closing	(Rs.)	130.0	102.0	85.3	28.9	37.0	31.5
High	(Rs.)	162.7	147.9	158.8	95.0	39.4	42.0
Low	(Rs.)	101.3	93.0	73.0	28.0	22.0	29.0

F Capital Structure Ratios		2016	2015	2014	2013	2012	2011
Debt equity ratio		06:94	02:98	06:94	10:90	08:92	11:89
Total liabilities to total assets	(%)	28.6	25.1	28.8	32.6	34.7	44.9

Vertical Analysis

For the current and past five financial years

Rupees in thousand

Balance Sheet	2016	%	2015	%	2014	%	2013	%	2012	%	2011	%
Property, plant and equipment	2,417,324	35.5	1,970,611	32.78	1,982,781	35.74	1,990,050	39.34	1,863,563	47.20	1,894,078	45.24
Investment property	100,000	1.5	100,000	1.66	100,000	1.80	-	-	-	-	-	-
Long term investments	50,000	0.7	-	-	-	-	-	-	13	0.00	13	0.00
Long term loans and deposits	19,879	0.3	19,531	0.32	19,531	0.35	18,974	0.38	18,688	0.47	12,810	0.31
Stores, spares and loose tools	88,839	1.3	83,027	1.38	89,846	1.62	125,850	2.49	106,446	2.70	103,375	2.47
Stock-in-trade	988,336	14.5	933,159	15.52	1,372,741	24.75	1,716,673	33.93	1,183,983	29.99	1,567,459	37.44
Trade debts	433,422	6.4	230,127	3.83	459,258	8.28	406,138	8.03	383,246	9.71	432,174	10.32
Loan and advances	136,659	2.0	43,482	0.72	56,046	1.01	39,070	0.77	42,165	1.07	53,842	1.29
Trade deposits and short term prepayments	13,406	0.2	4,105	0.07	4,618	0.08	4,844	0.10	2,678	0.07	2,432	0.06
Balances with statutory authorities	120,878	1.8	57,710	0.96	70,306	1.27	66,044	1.31	39,857	1.01	16,745	0.40
Taxation - net	61,390	0.9	12,131	0.20	3,024	0.05	11,786	0.23	22,015	0.56	22,111	0.53
Other receivables	3,993	0.1	2,916	0.05	817	0.01	912	0.02	3,074	0.08	7,330	0.18
Short term investments	2,136,361	31.4	2,448,452	40.72	1,185,844	21.38	582,982	11.52	276,823	7.01	59,780	1.43
Cash and bank balances	222,084	3.3	95,556	1.59	190,673	3.44	95,510	1.89	5,754	0.15	14,480	0.35
Assets held for sale	11,391	0.2	11,583	0.19	11,583	0.21	-	-	-	-	-	-
Total assets	6,803,962	100.0	6,012,390	100.0	5,547,068	100.0	5,058,833	100.0	3,948,305	100.0	4,186,629	100.0
Issued, subscribed and paid-up capital	263,538	3.9	239,580	4.0	217,800	3.9	198,000	3.9	198,000	5.0	180,000	4.3
Capital reserves	158,129	2.3	111,785	1.9	38,667	0.7	33,984	0.7	28,914	0.7	28,429	0.7
Revenue reserves	4,433,155	65.2	4,151,685	69.1	3,690,874	66.5	3,177,012	62.8	2,352,867	59.6	2,096,400	50.1
Shareholders' equity	4,854,822	71.4	4,503,050	74.9	3,947,341	71.2	3,408,996	67.4	2,579,781	65.3	2,304,829	55.1
Long term loan	287,773	4.2	90,263	1.5	251,537	4.5	336,807	6.7	216,934	5.5	241,213	5.8
Liabilities against assets subject to finance lease	2,586	0.0	399	0.0	635	0.0	854	0.0	-	0.0	311	0.0
Deferred taxation	197,795	2.9	213,970	3.6	215,535	3.9	212,186	4.2	213,386	5.4	215,943	5.2
Trade and other payables	1,041,073	15.3	987,599	16.4	791,840	14.3	770,582	15.2	536,709	13.6	513,595	12.3
Mark-up accrued	17,576	0.3	12,425	0.2	19,213	0.3	21,132	0.4	26,265	0.7	35,096	0.8
Short term borrowings	357,536	5.3	149,857	2.5	205,276	3.7	224,216	4.4	287,391	7.3	778,292	18.6
Current portion of long term liabilities	44,801	0.7	54,827	0.9	115,691	2.1	84,060	1.7	87,839	2.2	97,350	2.3
Total equity and liabilities	6,803,962	100.0	6,012,390	100.0	5,547,068	100.0	5,058,833	100.0	3,948,305	100.0	4,186,629	100.0
Profit and Loss Account												
Sales - net	7,712,885	100.0	8,562,185	100.0	9,924,609	100.0	9,593,325	100.0	8,257,042	100.0	8,797,929	100.0
Cost of sales	7,041,161	91.3	7,664,263	89.5	8,808,650	88.8	8,145,758	84.9	7,432,717	90.0	7,628,389	86.7
Gross profit	671,724	8.7	897,922	10.5	1,115,959	11.2	1,447,567	15.1	824,325	10.0	1,169,540	13.3
Distribution and selling expenses	134,646	1.7	160,620	1.9	233,778	2.4	254,750	2.7	189,659	2.3	244,538	2.8
Administrative expenses	143,753	1.9	116,095	1.4	115,279	1.2	102,178	1.1	87,379	1.1	77,503	0.9
Other operating expenses	72,614	0.9	57,396	0.7	94,838	1.0	98,257	1.0	38,796	0.5	60,746	0.7
Other operating income	233,894	3.0	206,282	2.4	180,342	1.8	106,522	1.1	30,006	0.4	20,587	0.2
Operating profit before finance costs	554,605	7.2	770,093	9.0	852,406	8.6	1,098,904	11.5	538,497	6.5	807,340	9.2
Finance costs	62,090	0.8	64,518	0.8	83,924	0.8	87,772	0.9	104,522	1.3	161,350	1.8
Profit before taxation	492,515	6.4	705,575	8.2	768,482	7.7	1,011,132	10.5	433,975	5.3	645,990	7.3
Taxation	67,297	0.9	114,084	1.3	116,020	1.2	107,787	1.1	87,508	1.1	135,138	1.5
Profit after taxation	425,218	5.5	591,491	6.9	652,462	6.6	903,345	9.4	346,467	4.2	510,852	5.8

Key Operating and Financial Data

For the current and past five financial years

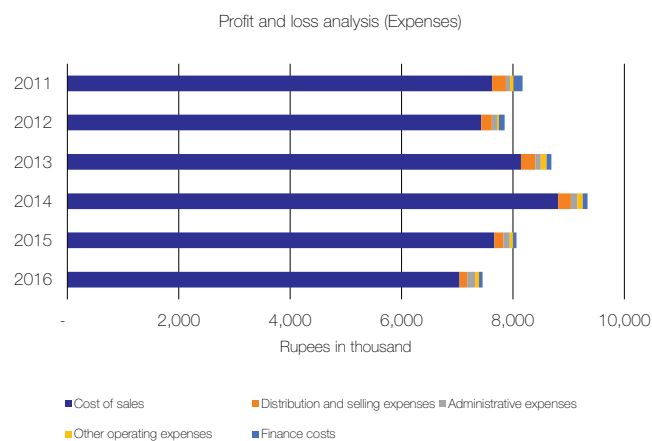
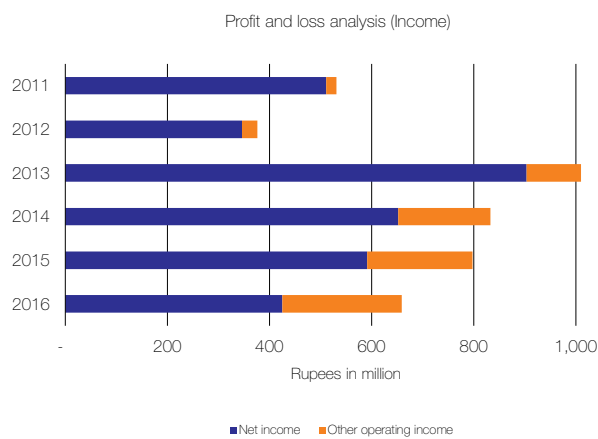
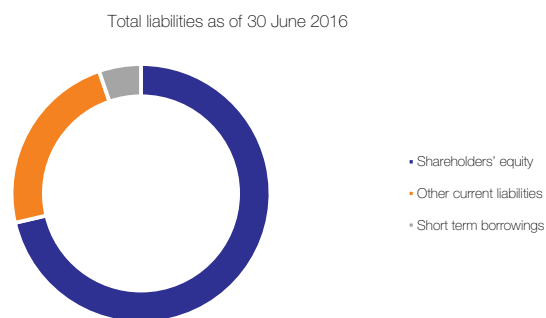
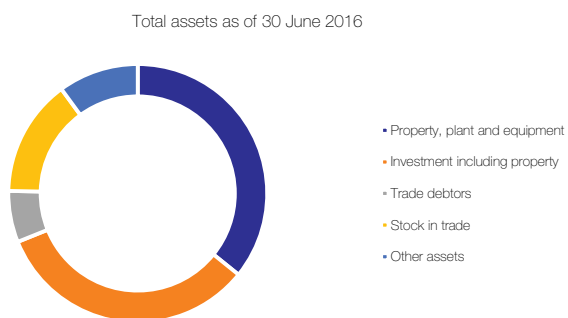
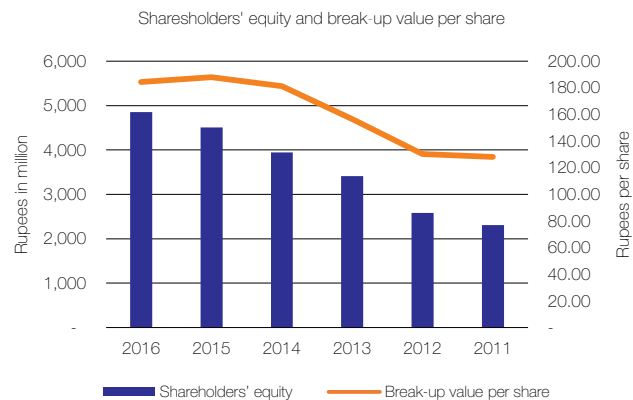
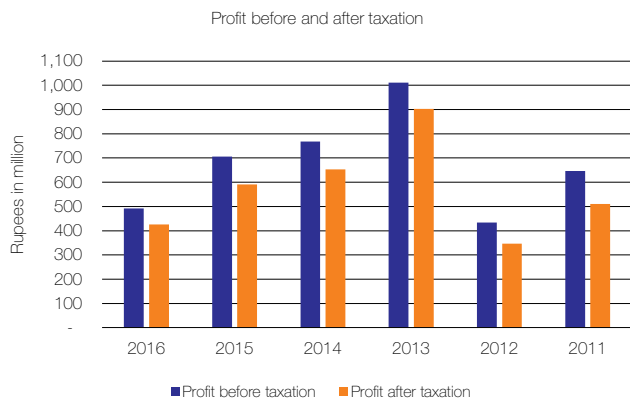
Rupees in thousand

A Summary of Profit and Loss Account	2016	2015	2014	2013	2012	2011
Sales - net	7,712,885	8,562,185	9,924,609	9,593,325	8,257,042	8,797,929
Cost of sales	7,041,161	7,664,263	8,808,650	8,145,758	7,432,717	7,628,389
Gross profit	671,724	897,922	1,115,959	1,447,567	824,325	1,169,540
Distribution and selling expenses	134,646	160,620	233,778	254,750	189,659	244,538
Administrative expenses	143,753	116,095	115,279	102,178	87,379	77,503
Other operating expenses	72,614	57,396	94,838	98,257	38,796	60,746
Other operating income	233,894	206,282	180,342	106,522	30,006	20,587
Operating profit before finance costs	554,605	770,093	852,406	1,098,904	538,497	807,340
Finance costs	62,090	64,518	83,924	87,772	104,522	161,350
Profit before taxation	492,515	705,575	768,482	1,011,132	433,975	645,990
Taxation	67,297	114,084	116,020	107,787	87,508	135,138
Net income	425,218	591,491	652,462	903,345	346,467	510,852

B Summary of Balance Sheet	2016	2015	2014	2013	2012	2011
Property, plant and equipment	2,417,324	1,982,781	1,990,050	1,863,563	1,894,078	1,971,954
Stock-in-trade	988,336	1,372,741	1,716,673	1,183,983	1,567,459	1,027,331
Trade debts	433,422	459,258	406,138	383,246	432,174	360,603
Trade and other payables	1,041,073	791,840	770,582	536,709	513,595	40,966
Current assets	4,216,759	3,922,248	3,444,756	3,049,809	2,279,728	2,066,041
Total assets	6,803,962	6,012,390	5,547,068	5,058,833	3,948,305	4,186,629
Reserves	4,591,284	4,263,470	3,729,541	3,210,996	2,381,781	2,124,829
Shareholders' equity	4,854,822	4,503,050	3,947,341	3,408,996	2,579,781	2,304,829
Long term financing	287,773	90,263	251,537	336,807	216,934	241,213
Deferred liabilities	197,795	213,970	215,535	212,186	213,386	215,943
Short term financing	357,536	149,857	205,276	224,216	287,391	778,292
Current liabilities	1,460,986	1,204,708	1,132,020	1,099,990	938,204	1,424,333

C Summary of Cash Flow Statement	2016	2015	2014	2013	2012	2011
Cash and cash equivalents at the beginning of the year	95,556	190,673	95,510	5,754	14,480	22,241
Net cash (used in) / generated from operating activities	(124,368)	1,374,302	914,367	563,684	873,888	34,184
Net cash used in investing activities	(142,926)	(1,191,626)	(746,406)	(526,028)	(357,612)	(103,549)
Net cash (used in) / generated from financing activities	393,822	(277,793)	(72,798)	52,100	(525,002)	61,604
Net increase / (decrease) in cash and cash equivalents	126,528	(95,117)	95,163	89,756	(8,726)	(7,761)
Cash and cash equivalents at the end of the year	222,084	95,556	190,673	95,510	5,754	14,480

D Other data	2016	2015	2014	2013	2012	2011
Depreciation and amortization	205,474	201,959	202,598	191,322	187,992	196,403
Capital expenditure	662,814	194,633	210,988	341,084	158,697	119,693
No. of ordinary shares (no. of shares in millions)	26,354	23,958	21,780	19,800	19,800	18,000



Directors' Profile



Mr. Khalid Bashir, 73

Chairman
Director (Non-Executive)

Joint Board: 1998
Chief Executive & Director: Shams Textile Mills Limited
Director: Shakarganj Mills Limited
The Crescent Textile Mills Limited
Premier Insurance Limited



Mr. Nadeem Maqbool, 57

Chief Executive Officer
Director (Executive)

Joint Board: 1984
Director: Premier Insurance Limited
Crescent Fibres Limited
Equity Textile Mills Limited
Premier Financial Services (Pvt) Limited
Mohd Amin Mohd Bashir International (Pvt) Limited



Mr. Ahsan Bashir, 47

Director (Executive)

Joint Board: 1994
Chief Executive & Director: Crescent Powertec Limited
Director: Crescent Bahuman Limited



Mr. Amjad Mahmood, 69

Director (Non-Executive)

Joint Board: 1988



Mr. Adil Bashir, 39

Director (Executive)

Joint Board:

2016

Director:

Crescent Powertec Limited



Mr. Humayun Maqbool, 49

Director (Non-Executive)

Joint Board:

1996

Director:

Crescent Fibres Limited

Crescent Powertec Limited



Mr. Mohammad Iqbal, 73

Director (Non-Executive)

Joint Board:

2010

Chairman & Director:

Al Abbas Sugar Mills Limited

Acme Mills (Pvt.) Limited

Director:

Javedan Cement Company Limited

BMA Assets Management Company Limited

ICon Global (Pvt) Limited



Mr. Sharik Bashir, 24

Director (Non-Executive)

Joint Board:

2016

Director:

Shams Textile Mills Limited

Directors' Report

On behalf of the Board of Directors, I present the operating and financial performance of the company for the year ended 30 June 2016. The recessionary phase continued to exacerbate during the year and the industry was faced with a rising cost of doing business. The Company managed to post a profit but below the corresponding period. Profit for the period was Rs. 425.22 million, a decline of 28% over the corresponding period and earnings per share of Rs. 16.13.

Operating Results

In the year under review your company performance was satisfactory and our results are indicative of this fact. There was considerable softening of demand in our traditional export markets and Pakistan's industry was faced with increasing competition from regional countries. Prices for yarn and fabrics in China and the domestic market continued to decline. However, through better financial management and inventory controls we were able to close the year on a positive note.

Our raw material procurement policy helped us to reduce carrying costs as well as take advantage of falling prices towards end of season. This coupled with our aggressive marketing helped us to reduce the negative effects on our results.

Rs. in Million

Particular	2016	2015
Sales	7,712	8,562
Gross profit	672	898
Operating profit	555	770
Financial cost	62	65
Profit before taxation	493	706
Provision for taxation	67	114
Profit after taxation	425	591

The Company's sales decreased by approximately 10%, due to lower end product prices with a marked decline in exports of about 50.65% and slightly increase in local sales of 4.37%. Export sales reduced because of almost negligible demand from China as well as lower sales prices. It is becoming very difficult to maintain market share in view of increasing competition from India and Vietnam. Domestic fabric demand in both local and export markets remained weak with low prices and low operating margins.

There was an increase in administration costs of approximately 23% as compared to the corresponding period. Distribution costs declined by 16% mainly due to the reduction in export sales on account of freight and forwarding, sales commissions and other related expenses.

For the period under review, financial charges were marginally lower as compared to the corresponding period. Reduction on this account is largely due to business cash flows and the company's income from financial assets. Other income rose by approximately 13% and this includes dividend income from investments as well as gain on disposal of fixed assets.

Statements on Corporate and Financial Reporting Frame Work

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- Proper books of account of the Company have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained;
- The System of Internal Control is sound in design and has been effectively implemented and monitored; and
- There are no significant doubts upon the company's ability to continue as a going concern;
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;
- Key operating and financial data of last six years in a summarized form is annexed;
- The following is the value of investment in respect of retirement benefit funds: Provident Fund: Rs. 206.28 Million (2015: Rs. 198.22 Million);

Directors' Report

- j. All the statutory payments on account of taxes, duties, levies and charges have been made except those disclosed in financial statement;
- k. Five meetings of the Board of Directors were held during the year 2015-16. Attendance by each director was as under;

Sr. No.	Name of Director	No. Of Meetings Attended
1.	Mr. Ahsan Bashir	05
2.	Mr. Amjad Mahmood	05
3.	Mr. Adil Bashir	01
4.	Mr. Humayun Maqbool	04
5.	Mr. Khalid Bashir	05
6.	Mr. Nadeem Maqbool	05
7.	Mr. Mohammad Iqbal	04
8.	Mr. Sharik Bashir	01
9.	Mr. Asif Bashir	03

(However, leave of absence was granted to the Directors who could not attend the Board Meetings due to preoccupations)

Audit Committee

The Board of Directors in compliance to the Code of Corporate Governance has established an Audit Committee and the following directors are its members. Five audit committee meetings were held:

Sr. No.	Name of Director	No. Of Meetings Attended
1.	Mr. Humayun Maqbool	05
2.	Mr. Ahsan Bashir	05
3.	Mr. Adil Bashir	01
4.	Mr. Asif Bashir	03

Human Resource & Remuneration Committee

The Board of Directors in compliance to the Code of Corporate Governance has established a Human Resource & Remuneration Committee and the following directors are its members:

Sr. No.	Name of Director	
1.	Mr. Ahsan Bashir	Chairman
2.	Mr. Asif Bashir	Member
3.	Mr. Humayun Maqbool	Member

Directors' Training Programme:

The present Board elected on March 26, 2016 and five Directors out of seven have been exempted from Directors' Training Programme due to 14 years of education and 15 years of experience on the board of listed companies. Remaining directors will undergo Directors' Training Programme within the time allowed by CCG.

Investor Value

The Board of Directors has recommended a final cash dividend of Rs. 5/- per share & 1 bonus share for every 10 shares for approval by the shareholders in the next Annual General Meeting.

The Break up value per share for the year is Rs. 184.20 (2015: Rs. 188)

Directors

Election of Directors was held on March 26, 2016 and the term of office of Directors will expire on March 26, 2019.

The Board is pleased to inform that Mr. Nadeem Maqbool has been re-appointed by the new Board of Directors as the Chief Executive of the Company with effect from March 27, 2016 for a period of three years, Mr. Nadeem Maqbool is entitled a gross managerial remuneration of Rs. 1,015,000/- per month. The managerial remuneration is subject to a 10% annual increase and adjustment to related benefits effective from April 2016. Remaining entitlements remain unchanged.

Further the Board has also revised the gross managerial remuneration of Mr. Ahsan Bashir, Executive Director as Rs. 870,000/- per month. The managerial remuneration is subject to a 10% annual increase and adjustment to related benefits effective from April 2016. Remaining entitlements remain unchanged.

Furthermore the Board also appointed Mr. Adil Bashir as an Executive Director with the gross managerial

Directors' Report

remuneration Rs. 580,000/- per month. The managerial remuneration is subject to a 10% annual increase and adjustment to related benefits effective from April 2016. Remaining entitlements remain as per management policy.

Auditors

As recommended by the Audit Committee, the present auditor M/s E Y Ford Rhodes, Chartered Accountants retire and being eligible, offer themselves for re-appointment.

Pattern of Shareholding

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

Key Operating and Financial Data

The key operating and financial data for the last six years is annexed.

Corporate Governance

Your Company has been complying with the rules of Securities and Exchange Commission of Pakistan and has implemented better internal control policies with more rigorous checks and balances.

Future Outlook

Although your company has managed to retain profitability, we feel that the problems faced by the textile industry are serious and long term measures are needed in order to help maintain competitiveness and arrest the rapid decline in exports.

In view of lower demand from our traditional markets and regional competition, it is necessary that our input costs need to be aligned with other countries, especially energy and related costs. In Pakistan, our costs have increased with the burden of Gas Infrastructure Development Cess, increase in natural gas prices and imposition of electricity surcharges. The Government should move to bring our input costs in line with the region so that the industry is able to compete.

It is forecast that the current cotton crop is expected to be higher than last year but still will not be able to meet

the local industry's requirements. Pakistan will have to import its balance requirements which will further increase its productions costs due to imposition of 4% import duty. We hope that the crop harvest will be in line with expectations so that prices remain in line with international levels. Crops in other producing countries are also expected to be good which will be a positive sign. From the demand side the pressure on margins will continue and until that time we do not expect profitability to improve significantly. Further, India and Vietnam are eroding our market share in China. India is also exporting yarn to Pakistan and beginning to effect our domestic market as well.

The government needs to take immediate and decisive action if it is to save the textile industry, which is contributing significantly to the national exchequer. There is a need to reduce the cost of doing business and special emphasis needs to be laid on the provision of uninterrupted and fairly priced utilities. The advantage of lower oil prices should be passed on to the industry so that it can become competitive and move to regain its share.

We continue our focus on improving efficiencies and productivity within the existing plants. We had spoken about new investments in our existing plants and diversification in the last review. In order to achieve economies of scale and take advantage of new technologies, we are proceeding with an expansion of our spinning facilities. This will be a state of the art plant incorporating the latest technological advances in spinning. We hope this will bring further efficiencies to our operations so that we are able to remain competitive and continue our efforts to enhance stakeholder value.

Acknowledgements

On behalf of the Board of Directors, I would take this opportunity to thank all our partners and employees for their continued support. I would also take this opportunity to express my gratitude to the Board for their valuable insights and guidance.

Nadeem Maqbool
Chief Executive

September 20, 2016
Lahore

ڈائریکٹر رپورٹ

سکے۔ ضرورت اس امر کی ہے کہ کاروباری لاگت کو کم کیا جائے اور صنعت کو چلانے کیلئے مناسب قیمتوں پر سہولیات میسر کی جائیں۔ تیل کی قیمتوں میں کمی کا اطلاق صنعت پر بھی ہونا چاہئے تاکہ کاسٹ انڈسٹری کے شیئرز کو دوبارہ حاصل کیا جاسکے۔ ہم موجودہ پلانٹس پر بہتر سے بہتر کارکردگی دکھانے کی بھرپور کوشش کر رہے ہیں۔ ہم اپنے موجودہ پلانٹس پر مزید سرمایہ کاری اور گزشتہ جائزہ میں وسعت کے ارادے کا ذکر کر چکے ہیں۔ بہتر معیشت کے معیار کے حصول اور نئی ٹیکنالوجی سے فائدہ اٹھانے کیلئے ہم اپنی بنائی (Spinning) کے وسائل میں توسیع کر رہے ہیں۔ یہ ایک سٹیٹ آف دی آرٹ پلانٹ ہوگا جس میں بنائی (Spinning) کی جدید ٹیکنالوجی کا استعمال کیا گیا ہے۔ ہمیں اُمید ہے کہ اس اقدام سے مثبت تبدیلی رونما ہوگی اور سٹیک ہولڈرز کی اہمیت میں بھی اضافہ ہوگا۔

اظہار تشکر

تمام بورڈ آف ڈائریکٹرز کی جانب سے میں تمام پارٹنرز اور ایمپلائز کا شکریہ ادا کرتا ہوں۔ میں بورڈ کی جانب سے مسلسل راہنمائی پر تہ دل سے مشکور ہوں

ندیم مقبول
چیف ایگزیکٹو

20 ستمبر 2016ء، لاہور

ڈائریکٹر رپورٹ

دوسری متعلقہ مراعات بھی دی جائیں گی جس کا اطلاق اپریل 2016 سے ہوگا۔ بقیہ مراعات میں کوئی تبدیلی نہیں ہوگی۔ اسکے علاوہ بورڈ نے جناب عادل بشیر کو ایگزیکٹو ڈائریکٹر بنایا ہے اور انکی کی ماہانہ تنخواہ 580,000 روپے مقرر کی ہے۔ جس میں سالانہ 10 فیصد اضافہ کیساتھ دوسری متعلقہ مراعات بھی دی جائیں گی جس کا اطلاق اپریل 2016 سے ہوگا۔ بقیہ مراعات کا اطلاق مینجمنٹ کی پالیسیوں کے مطابق ہوگا

آڈیٹرز

آڈٹ کمیٹی کی تجویز کے مطابق موجودہ آڈیٹر میسرز ای وائے فور ڈی ہوڈس، ریٹائرڈ چارٹرڈ اکاؤنٹنٹس دوبارہ بھرتی کیلئے اپلائی کرنے کے اہل ہیں۔

شیئر ہولڈنگ کا پیٹرن

کمپنیز آرڈیننس 1984ء اور کوڈ آف کارپوریٹ گورننس کے سیکشن 236 کے تحت مطلوبہ شیئر ہولڈنگ کا پیٹرن منسلک ہے۔

کی آپریٹنگ اینڈ فنانشل ڈیٹا

گزشتہ 6 سال کا آپریٹنگ اور فنانشل ڈیٹا منسلک کیا گیا ہے

کارپوریٹ گورننس

آپ کی کمپنی سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے قوانین کی تعمیل کر رہی ہے اور منوٹر چیک اینڈ بیلنس کیساتھ بہتر انٹرنل کنٹرول پالیسیوں پر عمل کیا ہے۔

فیوچر آؤٹ لک

تاہم آپ کی کمپنی نے منافع برقرار رکھنے میں کامیاب رہی لیکن شدت سے یہ ضرورت محسوس کی جا رہی ہے کہ ٹیکسٹائل صنعت کو درپیش مسائل انتہائی سنجیدہ نوعیت اختیار کرتے جا رہے ہیں اور جس کے سدباب کیلئے طویل المیعادی منصوبہ بندی کرنا ہوگی تاکہ ایکسپورٹ کو بڑھایا جاسکے اور مانگ میں اضافہ کیا جاسکے۔

ہماری روایتی مارکیٹ کی طرف سے کم مانگ اور علاقائی سطح پر مقابلہ کی وجہ سے ضروری ہے کہ ہماری پیداواری لاگت دیگر ممالک کی لاگت کے موافق ہو۔ پاکستان میں بجلی اور گیس کی بڑھتی ہوئی قیمتوں کی وجہ سے نتیجتاً مصنوعات کی قیمت میں بھی اضافہ ہوتا ہے۔ حکومت کو چاہئے کہ وہ ہماری پیداواری لاگت کو کم کرنے کیلئے فوری اقدامات اٹھائے تاکہ ہماری صنعت کو فروغ مل سکے۔

پچھلے سال کی نسبت اس سال کپاس کی زیادہ پیداوار متوقع ہے لیکن اس کے باوجود ہم مقامی صنعت کی ضروریات کو پورا نہیں کر پارہے ہیں۔ پاکستان کو اپنے ضروریات کو پورا کرنے کیلئے ایکسپورٹ کرنی پڑے گی جس سے پیداواری لاگت میں 4 فیصد ایکسپورٹ ڈیوٹی کی وجہ سے اضافہ ہوگا۔ ہمیں اُمید ہے کہ کپاس کے کاشتکار کپاس کی بھرپور پیداوار کی طرف توجہ دیں گے تاکہ قیمتوں کو بین الاقوامی معیار کے مطابق لایا جاسکے۔ کپاس کی پیداوار کے دیگر ممالک بھی بہتر جا رہے ہیں جو کہ ایک اچھی علامت ہے۔ طلب میں اضافہ ہو رہا ہے اور منافع میں کوئی خاطر خواہ اضافہ نہیں ہو پا رہا جسکی وجہ سے منافع کے خاطر خواہ بڑھنے کی امید نہیں کی جاسکتی۔ انڈیا اور ویتنام، چائینہ میں ہمارے مارکیٹ شیئر زکو ختم کر رہے ہیں۔ انڈیا پاکستان کو دھاکا ایکسپورٹ کر رہا ہے جس سے ہماری مقامی مارکیٹ پر اثرات مرتب ہو رہے ہیں۔

حکومت کو چاہئے کہ وہ ٹیکسٹائل انڈسٹری کی بقاء کیلئے فوری اور فیصلہ کن اقدامات اٹھائے تاکہ ملکی خزانہ میں اپنا بھرپور حصہ ڈالنے والی اس صنعت کو بچایا جاسکے۔

ڈائریکٹر رپورٹ

تاہم غیر حاضری کی رخصت ان ڈائریکٹروں کو دی گئی جو کسی وجہ سے میٹنگ میں حاضر نہیں ہو سکتے تھے

آڈٹ کمیٹی

کوڈ آف کارپوریٹ گورننس کی تعمیل کیلئے بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کا قیام کیا ہے اور درج ذیل ڈائریکٹر اسکے ممبر ہیں۔ اب تک پانچ آڈٹ کمیٹی

میٹنگ ہوئی ہیں

سیریل نمبر	ممبر کا نام	میٹنگ میں حاضری کی تعداد
1	جناب ہمایوں مقبول صاحب	05
2	جناب احسن بشیر صاحب	05
3	جناب عادل بشیر صاحب	01
4	جناب آصف بشیر صاحب	03

ہیومن ریسورس اینڈ ریمونریشن کمیٹی

کارپوریٹ گورننس کے کوڈ کی تعمیل میں بورڈ آف ڈائریکٹرز نے ہیومن ریسورس اینڈ ریمونریشن کمیٹی قائم کی ہے۔ جس کے ممبران درج ذیل ڈائریکٹر ہیں۔

1	جناب احسن بشیر صاحب	چیئر مین
2	جناب عادل بشیر صاحب	ممبر
3	جناب ہمایوں مقبول صاحب	ممبر

ڈائریکٹر ٹیننگ پروگرام

موجودہ بورڈ کا انتخاب 26 مارچ 2016 کو ہوا اور سات میں سے پانچ ڈائریکٹرز کو 14 سالہ تعلیمی اور 15 سالہ تجربہ لسطہ کمپنیوں کے بورڈ پر کی بنیاد پر استثنیٰ حاصل ہو گئی ہے۔

انویسٹر ویلیو

بورڈ آف ڈائریکٹرز نے فی شیئر کا فائنل کیش ڈیویڈنڈ مبلغ 5 روپے اور ہرڈ شیئر پر ایک بونس شیئر کی سفارش کی ہے جو اگلی ایپریل جنرل میٹنگ میں شیئر ہولڈرز کی منظوری سے ادا کیا جائے گا۔

سال کیلئے فی شیئر کی حیثیت کا تخمینہ مبلغ 184.20 روپے ہے (2015: 188 روپے)

ڈائریکٹرز

ڈائریکٹروں کے الیکشن 26 مارچ 2016 کو ہوئے اور ڈائریکٹر کے دفتر کی مدت 26 مارچ 2019 کو ختم ہوگی۔ بورڈ یہ بتاتے ہوئے خوشی محسوس کرتا ہے کہ جناب ندیم مقبول صاحب نئے بورڈ آف ڈائریکٹرز کی جانب سے تین سال دوران یہ کیلئے دوبارہ کمپنی کے چیف ایگزیکٹو مقرر ہوئے ہیں۔ جس کا اطلاق 27 مارچ 2016 سے ہوگا جناب ندیم مقبول کو ان کی خدمات کے عوض ماہانہ -/1,015,000 روپے تنخواہ دی جائے گی جس میں سالانہ 10 فیصد اضافہ کیساتھ دوسری متعلقہ مراعات بھی دی جائیں گی جس کا اطلاق اپریل 2016 سے ہوگا۔ بقیہ مراعات میں کوئی تبدیلی نہیں ہوگی۔

اسکے علاوہ بورڈ نے ایگزیکٹو ڈائریکٹر جناب احسن بشیر کی ماہانہ تنخواہ کو دوہرا کر 870,000 روپے کر دیا ہے۔ جس میں سالانہ 10 فیصد اضافہ کیساتھ

ڈائریکٹر رپورٹ

پچھلے سال کے مقابلہ میں اس سال انتظامی اخراجات میں 23 فیصد اضافہ ہوا۔ بیرونی سیلز میں مال برداری، ترسیل، سیل کمیشن اور دیگر اخراجات میں کمی کی وجہ سے ڈسٹری بیوٹن کاسٹ میں 16 فیصد کمی ہوئی ہے۔ موجودہ سال فنانشل خرچہ کم رہا۔ فنانشل خرچہ میں کمی اچھی کیش کی ترسیل کی وجہ سے ہوئی۔ اور دیگر آمدنی تقریباً 13% بڑھی اور اس میں ڈیویڈنڈ اور مقرر اثاثوں کی فروخت شامل ہے۔

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک پر بیانات

- کمپنی کی انتظامیہ کی جانب سے فنانشل سٹیٹمنٹ، تمام معاملات کو واضح کرتے ہیں جیسے سرگرمیوں کے نتائج، رقم کی آمدورفت اور کاروباری کاروباری سرمایہ میں ہونے والی تبدیلیاں۔
- کمپنی کی باقاعدہ بکس آف اکاؤنٹس برقرار رکھی گئی ہیں۔
- فنانشل سٹیٹمنٹ کی تیاری کیلئے مسلسل مناسب اکاؤنٹس پالیسیاں اختیار کی گئی ہیں اور گوشوارے ہمیشہ انتہائی منطقی اور محتاط اندوزوں پر مشتمل ہوتے ہیں۔
- فنانشل سٹیٹمنٹ بنانے کیلئے پاکستان میں رائج بین الاقوامی اکاؤنٹنگ معیارات کو ملحوظ خاطر رکھا گیا ہے اور کسی بھی قسم کے انحراف کی وضاحت کی گئی ہے۔
- اندرونی نظام فعال ہے جس پر منوثر طریقہ کار کے مطابق نگرانی اور عمل درآمد کیا جاتا ہے
- کمپنی کی اہلیت کے معیار پر کوئی شک نہیں کیا جاسکتا
- کمپنی میں ضابطہ برائے کاروباری نظم و نسق میں بیاں کردہ ضابطوں کی خلاف ورزی کی واضح اطلاع سامنے نہیں آئی ہے
- پچھلے 6 سالوں کے آپریٹنگ اور فنانشل ڈیٹا کا خلاصہ منسلک ہے
- ریٹائرمنٹ بینیفٹ فنڈ کے ذمے میں سرمایہ کاری درج ذیل ہے پروڈیٹ فنڈ 206.28 ملین روپے (2015 198.22 ملین روپے)
- ٹیکس ڈیویڈنڈ، لیویز، اور چارجز کے سبب تمام تر قانونی ادائیگیاں کی جا چکی ہیں ماسوائے جو فنانشل سٹیٹمنٹ میں دئے گئے ہیں۔

سال 2015 تا 2016 کے دوران بورڈ آف ڈائریکٹر کی پانچ میٹنگ ہوئیں۔ ہر ڈائریکٹر کی حاضری درج ذیل ہے۔

سیریل نمبر	ڈائریکٹر کا نام	میٹنگ میں حاضری کی تعداد
1	جناب احسن بشیر صاحب	05
2	جناب امجد محمود صاحب	05
3	جناب عادل بشیر صاحب	01
4	جناب ہمایوں مقبول صاحب	04
5	جناب خالد بشیر صاحب	05
6	جناب ندیم مقبول صاحب	05
7	جناب محمد اقبال صاحب	04
8	جناب شارق بشیر صاحب	01
9	جناب آصف بشیر صاحب	03

ڈائریکٹر رپورٹ

میں بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2016ء کے اختتام پر کمپنی کی فنانشل اور آپریٹنگ پرفارمنس پیش کرتا ہوں۔ سال بھر سرد بازاری کی وجہ سے انڈسٹری کو حالیہ کاروبار میں مہنگائی کا سامنا کرنا پڑا ہے۔ بہر حال کمپنی منافع پوسٹ کرنے میں کامیاب رہی جو پچھلے سال کے مقابلے میں کم ہے۔ اس دورانیہ کا منافع 425.22 ملین تھا جو کہ پچھلے سال کے مقابلے میں 28% کم ہے اور فی شیئر کمائی 16.13 روپے رہی۔

مالیاتی نتائج

اس سال کمپنی کی کارکردگی تسلی بخش رہی اور ہمارے نتائج اس حقیقت کا ثبوت ہیں۔ ہماری روایتی برآمدات میں خطے کے مزید ممالک کی طرف سے مقابلے کی فضا کی وجہ سے پاکستانی صنعت کی مانگ میں قدرے کمی آئی ہے۔ چائے اور مقامی مارکیٹ میں دھاگے اور کپڑے کی قیمت گرتی چلی گئی تاہم بہتر فنانش مینجمنٹ اور انونٹری کنٹرول کے ذریعے ہم سال کی کلوزنگ کو مثبت طور پر بند کرنے میں کامیاب رہے۔ موسم کے اختتام تک گرتی ہوئی قیمتوں سے ہم نے فائدہ اٹھانے میں اور ترسیل کی قیمت کو بچانے میں ہماری خام مال کی فراہمی کی پالیسی نے بہت مدد کی ہے۔ اس نے ہمارے فعال مارکیٹنگ کے ساتھ مل کر نتائج پر منفی اثرات مرتب کرنے پر کافی حد کا قابو پایا۔

(مبلغ: ملین میں)

2016	2015	
7,712	8,562	سیلز
672	898	خام منافع
555	770	آپریٹنگ منافع
62	65	فنانشل کاسٹ
493	706	ٹیکسیشن سے پہلے منافع
67	114	ٹیکسیشن کیلئے پروویژن
425	591	ٹیکسیشن کے بعد منافع

تیار مصنوعات کی قیمتوں میں کمی، ایکسپورٹ میں 50.65% کمی اور مقامی سیلز میں 4.37% اضافہ کی وجہ سے کمپنی کی سیل میں 10% فیصد کمی ہوئی۔ ایکسپورٹ میں کمی چائے کی طرف سے ڈیمانڈ اور سیلز پرائس میں کمی کی وجہ سے ہوئی ہے۔ انڈیا اور ویتنام کی جانب سے مقابلہ کی سطح میں اضافہ کی وجہ سے مارکیٹ شیئرز کو برقرار رکھنا بہت مشکل ہو گیا ہے۔ مقامی اور بیرونی مارکیٹوں میں مقامی فیبرک کی مانگ میں کمی واقع ہوئی اور حالیہ کم منافع کم قیمت کی وجہ سے ہے۔

Statement of Compliance with the Best Practices of Corporate Governance

This statement is being presented to comply with the best practices of the Code of Corporate Governance as contained in regulation no. 5.19 of the listing regulation of Pakistan Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

- At present the Board included:

Category	Names
1 Executive Directors	Mr. Ahsan Bashir Mr. Adil Bashir Mr. Nadeem Maqbool
2 Non-Executive Directors	Mr. Khalid Bashir Mr. Amjad Mahmood Mr. Humayun Maqbool Mr. Mohammad Iqbal Mr. Sharik Bashir

- The directors have confirmed that none of them is serving as a director in more than seven listed companies including this Company.
- All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.
- No causal vacancy occurred on the Board during the financial year 2015-2016.
- 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 supporting policies & procedures.
- 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 dates on which they were approved or amended has been maintained.
- All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive and non-executive directors, have been taken by the Board/Shareholders.
- 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 meetings were appropriately recorded and circulated.
- The present Board elected on March 26, 2016 and five Directors out of seven are exempt from Directors' Training Programme due to 14 years of education and 15 years of experience on the board of listed companies. Remaining directors will undergo Directors' Training Programme within the time allowed by CCG.
- The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
- The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
- The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
- The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
- The Company has complied with all the corporate and financial reporting requirements of the CCG.
- The Board has formed an audit committee. It comprises of 3 (three) members, of whom one is non executive Directors and the Chairman of the Committee.

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 CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises three members, of whom one is non-executive and the chairman of the committee is an executive director.
18. The Board has set-up effective internal audit function by appointing a full-time Head of Internal Audit. The day to day operations of this function are being performed and supervised by the Head of Internal Audit, who is conversant with the policies and procedures of the Company. Further the company engaged KPMG Taseer Hadi & Company, Chartered Accountants as an internal auditor.
19. The statutory auditors of the Company have confirmed that they have given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period' prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the CCG have been complied with except for the following, toward which reasonable progress is being made by the company to seek compliance by next accounting year:
 - 1- There is no independent director as required by the clause 5.19.1 (b) of the code of corporate governance.
 - 2- Only one member of the audit committee is non-executive director which is non-compliance of the clause 5.19.16 (a) of the code of corporate governance.
 - 3- The majority of the members of Human Resource and Remuneration (HR&R) committee are not non-executive director as required by clause 5.19.16 (a) of the code of corporate governance.

Nadeem Maqbool

Chief Executive

September 20, 2016

Lahore

Pattern of Shareholding

As at June 30, 2016

No. of Shareholders	Shareholding		Total
	From	To	
185	1	100	6,403
218	101	500	57,043
107	501	1,000	80,409
100	1,001	5,000	224,342
32	5,001	10,000	221,951
10	10,001	15,000	113,718
10	15,001	20,000	171,167
13	20,001	25,000	289,989
4	25,001	30,000	106,012
1	30,001	35,000	32,941
1	35,001	40,000	37,487
1	40,001	45,000	43,923
1	45,001	50,000	48,315
2	50,001	55,000	103,385
1	55,001	60,000	59,895
1	65,001	70,000	65,333
2	85,001	90,000	175,871
1	90,001	95,000	91,505
1	105,001	110,000	106,146
1	130,001	135,000	131,972
1	155,001	160,000	156,102
3	170,001	175,000	519,094
1	210,001	215,000	214,197
1	230,001	235,000	234,691
1	270,001	275,000	273,405
1	300,001	305,000	302,500
1	330,001	335,000	332,750
1	525,001	530,000	528,499
1	565,001	570,000	568,222
1	735,001	740,000	738,637
1	795,001	800,000	796,164
2	830,001	835,000	1,666,097
1	875,001	880,000	878,312
1	1,210,001	1,215,000	1,212,290
1	1,480,001	1,485,000	1,484,671
1	1,685,001	1,690,000	1,686,233
1	1,780,001	1,785,000	1,781,751
1	10,810,001	10,815,000	10,812,378
713			26,353,800

INFORMATION REQUIRED AS PER CODE OF CORPORATE GOVERNANCE

As at June 30, 2016

Categories of Share Holders	Net Holding	Percentage
Directors, Chief Executive Officer, Their Spouses and Minor Children		
Chief Executive		
Mr. Nadeem Maqbool	89,523	0.34
Directors		
Mr. Adil Bashir	1,781,751	6.76
Mr. Ahsan Bashir	1,484,671	5.63
Mr. Amjad Mahmood	11,576	0.04
Mr. Humayun Maqbool	20,677	0.08
Mr. Khalid Bashir	1,212,290	4.60
Mr. Muhammad Iqbal	131,972	0.50
Mr. Sharik Bashir	2,500	0.01
Mrs. Nazia Maqbool (W/o Mr. Nadeem Maqbool)	15,518	0.06
Mrs. Tanveer Khalid (W/o Mr. Khalid Bashir)	796,164	3.02
Mrs. Naheed Amjad (W/o Mr. Amjad Mahmood)	27,228	0.10
Mrs. Humera Iqbal (W/o Mr. Mohammad Iqbal)	1,686,233	6.40
	7,260,103	27.55
Associated Companies, Undertakings & Related Parties:		
Crescent Powertec Limited	11,647,053	44.19
Premier Insurance Limited	878,312	3.33
	12,525,365	47.53
NIT & ICP (Name Wise Detail)		
CDC - Trustee National Investment (Unit) Trust	568,222	2.16
	568,222	2.16
Banks, NBFCs, DFIs, Takaful, Pension Funds		
	227,880	0.86
Insurance Companies		
	11	0.00
Other Companies, Corporate Bodies, Trust etc.		
	1,595,345	6.05
General Public		
	4,176,874	15.91
	26,353,800	100.00
Shareholders More Than 5.00%		
Crescent Powertec Limited	11,647,053	44.19
Mr. Adil Bashir	1,781,751	6.76
Mrs. Humera Iqbal	1,686,233	6.40
Mr. Ahsan Bashir	1,484,671	5.63

Details of Purchase / Sale of shares by Directors / CEO / Company Secretary / CFO and Their Spouses / Minor Children during 2016

15,000 shares purchased by Mr. Khalid Bashir

14,600 shares purchased by Mr. Ahsan Bashir

10,000 shares purchased by Mrs. Tanveer Khalid Bashir w/o Mr. Khalid Bashir

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Financial Statements

For the year ended 30 June 2016

Review Report to the Members on Statement of Compliance with the Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices (the statement) contained in the Code of Corporate Governance prepared by the Board of Directors of Suraj Cotton Mills Limited (the Company) for the year ended 30 June 2016 to comply with the regulation no. 5.19 of the rule book of Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange, in which the Lahore and Islamabad Stock Exchanges have merged), where the Company is listed.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal controls covers all the risks and 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 of Corporate Governance as applicable to the Company for the year ended 30 June 2016.

Paragraph Reference	Description
24	There is no independent director as required by the clause 5.19.1 (b) of the code of corporate governance.
24	Only one member of the audit committee is non-executive director which is noncompliance of the clause 5.19.16 (a) of the code of corporate governance.
24	The majority of the members of Human Resource and Remuneration (HR&R) committee are not non-executive director as required by clause 5.19.16 (a) of the code of corporate governance.

Chartered Accountants

Engagement Partner: Naseem Akbar

Lahore:
September 20, 2016

Auditors' Report to The Member

We have audited the annexed balance sheet of Suraj Cotton Mills Limited ("the Company") as at 30 June 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the 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 conduct 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 except for changes as stated in note 4.1 with which we concur;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company.
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2016 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Chartered Accountants

Engagement Partner: Naseem Akbar

Lahore:
September 20, 2016

Balance Sheet

as at 30 June 2016

	Note	2016 (Rupees in thousand)	2015
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
50,000,000 (2015: 50,000,000) ordinary			
shares of Rupees 10/- each		500,000	500,000
Issued, subscribed and paid up share capital	5	263,538	239,580
Share premium		29,000	29,000
Revenue reserves		4,433,155	4,151,685
Available for sale reserve		129,129	82,785
		4,854,822	4,503,050
Non-current liabilities			
Long term financing	6	287,773	90,263
Liabilities against assets subject			
to finance lease	7	2,586	399
Deferred taxation	8	197,795	213,970
		488,154	304,632
Current liabilities			
Trade and other payables	9	1,041,073	987,599
Accrued interest on financing	10	17,576	12,425
Short term borrowings	11	357,536	149,857
Current portion of long term liabilities	12	44,801	54,827
		1,460,986	1,204,708
		1,949,140	1,509,340
TOTAL EQUITY AND LIABILITIES		6,803,962	6,012,390

CONTINGENCIES AND COMMITMENTS

13

The annexed notes from 1 to 48 form an integral part of these financial statements.

As the Chief Executive Officer of the Company is not present in Pakistan, therefore these financial statements have been signed by two directors of the Company in accordance with the requirements of Section 241 (2) of the Companies Ordinance, 1984.

DIRECTOR

Balance Sheet

as at 30 June 2016

	Note	2016 (Rupees in thousand)	2015
ASSETS			
Non-current assets			
Property, plant and equipment:			
Operating fixed assets	14	2,291,827	1,921,544
Assets subject to finance lease	15	4,113	928
Capital work in progress	16	121,384	48,139
		2,417,324	1,970,611
Investment properties	17	100,000	100,000
Investment in joint venture	18	50,000	-
Long term deposits	19	19,879	19,531
		2,587,203	2,090,142
Current assets			
Stores, spare parts and loose tools	20	88,839	83,027
Stock-in-trade	21	988,336	933,159
Trade debts	22	433,422	230,127
Loans and advances	23	136,659	43,482
Trade deposits and short term prepayments	24	13,406	4,105
Balances with statutory authorities	25	120,878	57,710
Taxation-net		61,390	12,131
Other receivables		3,993	2,916
Short term investments	26	2,136,361	2,448,452
Cash and bank balances	27	222,084	95,556
		4,205,368	3,910,665
Assets held for sale	28	11,391	11,583
		4,216,759	3,922,248
TOTAL ASSETS		6,803,962	6,012,390

DIRECTOR

Profit and Loss Account

For the year ended 30 June 2016

	Note	2016 (Rupees in thousand)	2015
Sales	29	7,712,885	8,562,185
Cost of sales	30	7,041,161	7,664,263
Gross profit		671,724	897,922
Operating expenses			
Distribution cost	31	134,646	160,620
Administrative expenses	32	143,753	116,095
Other operating expenses	33	72,614	57,396
		320,711	563,811
Other income	34	233,894	206,282
		554,605	770,093
Finance cost	35	62,090	64,518
Profit before taxation		492,515	705,575
Taxation	36	67,297	114,084
Profit for the year		425,218	591,491
Earnings per share - basic and diluted (Rupees)	37	16.13	Restated 22.44

The annexed notes from 1 to 48 form an integral part of these financial statements

As the Chief Executive Officer of the Company is not present in Pakistan, therefore these financial statements have been signed by two directors of the Company in accordance with the requirements of Section 241 (2) of the Companies Ordinance, 1984.

DIRECTOR

DIRECTOR

Statement of Comprehensive Income

For the year ended 30 June 2016

	2016 (Rupees in thousand)	2015
Profit for the year	425,218	591,491
Other comprehensive income:		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Net unrealized gain on available for sale investments	46,344	73,118
Items not to be reclassified to profit or loss in subsequent periods	-	-
Total other comprehensive income, net of tax	46,344	73,118
Total comprehensive income for the year	471,562	664,609

The annexed notes from 1 to 48 form an integral part of these financial statements.

As the Chief Executive Officer of the Company is not present in Pakistan, therefore these financial statements have been signed by two directors of the Company in accordance with the requirements of Section 241 (2) of the Companies Ordinance, 1984.

DIRECTOR

DIRECTOR

Statement of Changes in Equity

For the year ended 30 June 2016

	Share capital	Share premium	Revenue Reserves			Available for sale reserve	Total
			General	Unappropriated profit	Sub total		
Balance as at 01 July 2014	217,800	29,000	2,964,000	726,874	3,690,874	9,667	3,947,341
Profit for the year ended 30 June 2015	-	-	-	591,491	591,491	-	591,491
Other comprehensive income	-	-	-	-	-	73,118	73,118
Total comprehensive income for the year	-	-	-	591,491	591,491	73,118	664,609
Transfer to general reserve	-	-	750,000	(750,000)	-	-	-
Bonus shares issued for the year ended 30 June 2014 at the rate of 10%	21,780	-	-	(21,780)	(21,780)	-	-
Final dividend for the year ended 30 June 2014 at the rate of Rs. 5 per share	-	-	-	(108,900)	(108,900)	-	(108,900)
Balance as at 30 June 2015	239,580	29,000	3,714,000	437,685	4,151,685	82,785	4,503,050
Profit for the year ended 30 June 2016	-	-	-	425,218	425,218	-	425,218
Other comprehensive income	-	-	-	-	-	46,344	46,344
Total comprehensive income for the year	-	-	-	425,218	425,218	46,344	471,562
Bonus shares issued for the year ended 30 June 2015 at the rate of 10%	23,958	-	-	(23,958)	(23,958)	-	-
Final dividend for the year ended 30 June 2015 at the rate of Rs. 5 per share	-	-	-	(119,790)	(119,790)	-	(119,790)
Balance as at 30 June 2016	263,538	29,000	3,714,000	719,155	4,433,155	129,129	4,854,822

The annexed notes from 1 to 48 form an integral part of these financial statements.

As the Chief Executive Officer of the Company is not present in Pakistan, therefore these financial statements have been signed by two directors of the Company in accordance with the requirements of Section 241 (2) of the Companies Ordinance, 1984.

DIRECTOR

DIRECTOR

Cash Flow Statement

For the year ended 30 June 2016

	Note	2016 (Rupees in thousand)	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	38	222,228	1,733,959
Finance cost paid		(56,939)	(71,306)
Workers' profit participation fund paid		(37,136)	(40,446)
Income tax paid		(132,731)	(139,005)
Dividend paid		(119,790)	(108,900)
		(346,596)	(359,657)
Net cash (used in) / generated from operating activities		(124,368)	1,374,302
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(589,569)	(192,358)
Proceeds from disposal of operating fixed assets		12,137	7,350
Increase in long term deposits - net		(348)	-
Increase in capital work in progress		(73,245)	(2,275)
Decrease / (increase) in short term investments - net		451,386	(1,026,868)
Dividend received		41,212	22,525
Proceeds from disposal of asset classified as held for sale		15,501	-
Net cash used in investing activities		(142,926)	(1,191,626)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase / (decrease) in long term financing - net		186,483	(222,172)
Increase / (decrease) in short term borrowings - net		207,679	(55,419)
Finance lease liabilities repaid		(340)	(202)
Net cash generated from / (used in) financing activities		393,822	(277,793)
Net increase / (decrease) in cash and cash equivalents		126,528	(95,117)
Cash and cash equivalents at the beginning of year		95,556	190,673
Cash and cash equivalents at the end of year	27	222,084	95,556

The annexed notes from 1 to 48 form an integral part of these financial statements.

As the Chief Executive Officer of the Company is not present in Pakistan, therefore these financial statements have been signed by two directors of the Company in accordance with the requirements of Section 241 (2) of the Companies Ordinance, 1984.

DIRECTOR

DIRECTOR

Notes to the Financial Statements

For the year ended 30 June 2016

1. THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan as a public limited company under the Companies Act, 1913 (now Companies Ordinance, 1984) and is listed on Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange in which Lahore and Islamabad stock exchanges have merged). The Company is engaged in the manufacturing, sale and trading of yarn, cloth and processing of cloth. Registered Office of the Company is situated at 7-B-III, Aziz Avenue, Gulberg-V, Lahore

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives prevail

3. BASIS OF PREPARATION

3.1 These financial statements have been prepared under the historical cost convention except for certain financial instruments, which are carried at their fair values.

3.2 Significant accounting judgments and critical accounting estimates / assumptions

The Company's main accounting policies affecting its result of operations and financial conditions are set out in note 4 to these financial statements. Judgments and assumptions have been used by the management in applying the Company's accounting policies in many areas. Actual results may differ from estimates calculated using these judgments and assumptions. Key sources of estimation, uncertainty and critical accounting judgments are as follows:

a) Income taxes (note 4.2)

The Company takes into account relevant provisions of the current income tax laws while providing for current and deferred taxes.

b) Useful lives, patterns of economic benefits and impairments (note 4.5)

Management has made estimates of residual values, useful lives and recoverable amounts of certain items of property, plant and equipment. Any change in these estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment loss.

Notes to the Financial Statements

For the year ended 30 June 2016

c) Provision for slow moving /obsolete items (note 4.9)

Provision is made for slow moving and obsolete items. Provisions are made against those having no activity during the current and last three years and are considered obsolete by the management.

d) Provision for doubtful debts (note 4.11)

An estimate is made for doubtful receivables based on review of outstanding amounts at the year end, if any. Provisions are made against those having no activity during the current period and are considered doubtful by the management. Balances considered bad and irrecoverable are written off when identified.

3.3 Functional and presentation currency

These financial statements are presented in Pak rupee, which is the functional and presentation currency of the Company. Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of financial statements of the Company are consistent with previous year except as discussed in note 4.1 to these financial statements and are as follows:

4.1 New and amended standards and interpretations become effective

The Company has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

IFRS 10 – Consolidated Financial Statements

IFRS 11 – Joint Arrangements

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 13 – Fair Value Measurement

Improvements to Accounting Standards Issued by the IASB

IAS 27 – Separate Financial Statements

IAS 28 – Investment in Associates and Joint Ventures

The adoption of the above amendments, revisions, improvements to accounting standards and interpretations did not have any effect on the financial statements.

Notes to the Financial Statements

For the year ended 30 June 2016

4.2 Taxation

Current

Provision for taxation on income from local sales and other income is based on taxable income at current rates after taking into account tax rebates and credits available, if any. The Company falls in the ambit of presumptive tax regime under section 169 of the Income Tax Ordinance, 2001 to the extent of its export sales. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed during the year.

Deferred

Deferred taxation is accounted for using the balance sheet liability method providing for temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary timing differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized

Deferred tax is calculated based on the rates that have been enacted or substantively enacted up to the balance sheet date and are expected to apply to the period when the difference will be reversed.

4.3 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

4.4 Provisions

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

4.5 Property, plant and equipment

Owned

These are stated at cost less accumulated depreciation and impairment, if any, except freehold land which is stated at cost. Cost of operating fixed assets comprises historical cost, borrowing cost and other expenditure pertaining to the acquisition, construction, erection and installation of these assets.

Depreciation is charged to profit and loss account using the reducing balance method to write off the cost over the expected useful life of assets at rates, which are disclosed in note 14 to these financial statements. Leasehold land is amortized over the lease period using straight-line method. Depreciation on additions to property, plant and equipment is charged from the month in which the asset is acquired / available for use as intended by the management or capitalized, while no depreciation is charged for the month in which the asset is disposed off.

Notes to the Financial Statements

For the year ended 30 June 2016

Residual value and the useful life of assets are reviewed at each financial year end and if expectations differ from previous estimates the change is accounted for as change in accounting estimate in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

Normal repairs and maintenance costs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized. Gains and losses on disposal of property, plant and equipment are taken to profit and loss account.

Leased

Leased assets in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Leased assets are stated at an amount equal to the lower of its fair value and the present value of minimum lease payments at the inception of lease, less accumulated depreciation and any identified impairment loss.

Each lease payment is allocated between the liability and finance charge so as to achieve a constant rate on the balance outstanding. Financial charges element of the rental is charged to profit and loss account.

Depreciation on assets subject to finance lease is recognized in the same manner as for owned assets.

Capital work in progress

Capital work-in-progress represents expenditure on property, plant and equipment which are in the course of construction and installation. Transfers are made to relevant property, plant and equipment category as and when assets are available for use.

Capital work-in-progress is stated at cost less any identified impairment loss.

Impairment

The Company assesses at each balance sheet date whether there is any indication that assets excluding inventory 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 amounts. Where the carrying value exceeds the recoverable amount, assets are written down to the recoverable amount and the difference is charged to the profit and loss account.

4.6 Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets classified as held for sale are presented separately as current assets in the balance sheet.

4.7 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, these are measured under the cost model in IAS 40, Investment Properties.

Notes to the Financial Statements

For the year ended 30 June 2016

4.8 Investments

Investment in associates

Investment in associates where the Company holds 20% or more of the voting power of the investee companies and where significant influence can be established are accounted for using the equity method. Investments in associates other than those described as above are classified as "available for sale".

In case of investments accounted for under the equity method, the method is applied from the date when significant influence is established until the date when that significant influence ceases.

Investment in joint venture

The Company has interest in various joint ventures, which are jointly controlled entity, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entity. The agreement requires unanimous agreement for financial and operating decisions among the venturers. The Company recognizes its interest in the Joint Ventures using the equity method.

The financial statements of the Joint Ventures are prepared for the same financial year as that of the Company. Adjustments are made where necessary to bring accounting policies of the Joint Ventures in line with the Company.

Available for sale

These are initially measured at cost, being the fair value of consideration given. Cost of purchase includes transaction cost. At subsequent reporting dates, these investments are re-measured at fair value. For listed securities, fair value is determined on the basis of period end bid prices obtained from stock exchange quotations, while for unquoted securities, these are valued at lower of cost and break-up value.

All purchases and sales of investments are recognized on the trade date which is the date that the Company commits to purchase or sell the investment.

Changes in carrying value are recognized in statement of comprehensive income until the investment is sold or determined to be impaired at which time the cumulative gain or loss previously recognized in statement of comprehensive income is included in profit and loss account for the year.

Held for trading

Investments that are acquired principally for the purpose of generating a profit from short term fluctuations in price are classified as held for trading investments and are included in current assets. These are initially measured at cost and at subsequent reporting dates, these investments are remeasured at fair value. Cost of purchase includes transaction cost. Realized and unrealized gains and losses arising from changes in fair value are included in profit and loss account for the year in which they arise.

The fair value of publicly traded securities is based on market prices quoted on the Pakistan Stock Exchange at the balance sheet date.

All purchases and sales of investments are recognized on the trade date which is the date that the Company commits to purchase or sell the investment.

Notes to the Financial Statements

For the year ended 30 June 2016

Impairment

At each balance sheet date, the Company reviews the carrying amounts of the investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense. In respect of 'available for sale' financial assets, cumulative impairment loss less any impairment loss on that financial assets previously recognized in profit and loss account is removed from statement of comprehensive income at disposal or derecognition and recognized in the profit and loss account. Impairment losses recognized in the profit and loss account on equity instruments are not reversed through the profit and loss account.

4.9 Stores, spare parts and loose tools

These are valued at the lower of cost, which is carried at moving average, and net realizable value less provision for slow moving and obsolete items except for items in transit, which are valued at cost comprising invoice value, plus other charges paid thereon. Provision is made for slow moving and obsolete items

Spare parts of capital nature which can be used only in connection with an item of property, plant and equipment are classified as operating fixed assets under "Plant and machinery" category and are depreciated over a time period not exceeding the useful life of the related assets.

4.10 Stock in trade

These are valued at the lower of cost and net realizable value except waste, which is valued at net realizable value determined on the basis of contract price. Cost is determined as under:

Raw materials	- Weighted average cost
Materials in transit	- At invoice value plus other charges incurred thereon
Work-in-progress and finished goods	- At average manufacturing cost including a proportion of production overheads

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and selling expenses.

4.11 Trade debts

Trade debts are carried at the amounts billed / charged which is fair value of consideration to be received in the future. An estimate is made for doubtful receivables based on review of outstanding amounts at the year end, if any. Provisions are made against those having no activity during the current period and are considered doubtful by the management. Balances considered bad and irrecoverable are written off when identified.

4.12 Other receivables

Other receivables are recognized at nominal amount which is fair value of the consideration to be received in the future.

Notes to the Financial Statements

For the year ended 30 June 2016

4.13 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset. The Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

Any gain or loss on de-recognition of the financial assets and financial liabilities is taken to profit and loss account.

4.14 Impairment of financial assets

The Company assesses at each balance sheet date whether there is any indication that financial assets may be impaired. If such indication exists, the carrying amounts of such financial assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceeds recoverable amount, financial assets are written down to the recoverable amount and the difference is charged to profit and loss account.

4.15 Off setting of financial assets and financial liabilities

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

4.16 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date on which derivative contract is entered into and subsequently re-measured at fair value. Any change in the fair value of the derivative financial instruments is taken to profit and loss account. Derivatives with positive market values are included in other receivables and derivatives with negative market values are included in other liabilities in the balance sheet.

4.17 Foreign currency translation

Monetary assets and liabilities in foreign currencies excluding derivative financial instruments are translated at the rates of exchange prevailing at balance sheet date while foreign currency transactions are recorded at the rates of exchange prevailing at the transaction date. Exchange gains and losses are charged to profit and loss account.

4.18 Revenue recognition

Local sales are recognized on dispatch of goods to customers whereas export sales are recognised on the date of bill of lading, which is the time when the risks and rewards are transferred.

Dividend income is recognized when the right to receive dividend is established.

Profit on bank deposits is recognized on time proportion basis taking into account principal outstanding and effective rates of profit applicable thereon.

Notes to the Financial Statements

For the year ended 30 June 2016

4.19 Share of profit from joint ventures

A joint venturer shall recognize its interest in a joint venture as an investment and shall account for that investment using the equity method in accordance with IAS 28 Investments in Associates and Joint Ventures.

Under the equity method, on initial recognition the investment in an associate or a joint venture is recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The investor's share of the investee's profit or loss is recognized in the investor's profit or loss.

4.20 Employees' benefits

Defined contribution plan

The Company operates a funded employee's provident fund scheme for its permanent employees. Equal monthly contributions at the rate of six percent of basic pay are made both by the Company and employees to the fund.

Compensated absences

Compensated absences are accounted for in the period in which the absences are earned.

4.21 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to profit and loss account whenever incurred. Finance cost is accounted for on accrual basis.

4.22 Related party transactions and transfer pricing

Transactions and contracts with the related parties are based on the policy that all transactions between the Company and related parties are carried out at an arm's length.

4.23 Business segments

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. Business segments are the primary reporting format and the Company is organized into two business segments:

Spinning: Production of different quality of yarn using natural and artificial fibers.

Weaving: Production of different quality of greige fabric using yarn.

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

Notes to the Financial Statements

For the year ended 30 June 2016

4.23.1 Segment assets and liabilities

The assets of a segment include all operating assets used by a segment and consists principally of property, plant and equipment, long and short term investments, inventories, trade debts, receivables and cash & bank balances, net of allowances and provisions, if any.

Segment liabilities include all operating liabilities consisting principally of long term and short term financing, liabilities against assets subject to finance lease, deferred liabilities and trade & other payables.

4.23.2 Allocation of segment expenses

All identifiable expenses are directly attributed to the respective segments.

4.24 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

4.25 Dividends

Dividend distribution to the Company's shareholders is recognized as a liability in the year in which dividends are approved by Company's shareholders.

4.26 Standards, Interpretations and Amendments to Published Approved Accounting Standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 2: Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates – Investment Entities: Applying the Consolidation Exception (Amendment)	01 January 2016
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	01 January 2016
IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)	01 January 2016
IAS 7 Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	01 January 2017
IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017

Notes to the Financial Statements

For the year ended 30 June 2016

IAS 16 Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment) 01 January 2016

IAS 16 Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment) 01 January 2016

IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment) 01 January 2016

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

Standard	IASB effective date (Annual periods beginning on or after)
IFRS 9 -Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 - Regulatory Deferral Accounts	01 January 2016
IFRS 15 -Revenue from Contracts with Customers	01 January 2018
IFRS 16 – Leases	01 January 2019

5. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2016 (No. of Shares)	2015		2016 (Rupees in thousand)	2015
17,400,000	17,400,000	Ordinary shares of Rupees 10 each fully paid up in cash	174,000	174,000
8,953,800	6,558,000	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	89,538	65,580
26,353,800	23,958,000		263,538	239,580

5.1 Reconciliation of ordinary shares

2016 (No. of Shares)	2015		2016 (Rupees in thousand)	2015
23,958,000	21,780,000	Balance at 1 June	239,580	217,800
2,395,800	2,178,000	Bonus shares issued during the year	23,958	21,780
26,353,800	23,958,000	Balance at 30 June	263,538	239,580

5.2 Ordinary shares of the Company held by related parties as at year end were as follows:

Crescent Powertec Limited	11,647,053	10,588,231
Premier Insurance Limited	878,312	798,466
	12,525,365	11,386,697

Notes to the Financial Statements

For the year ended 30 June 2016

	Note	2016 (Rupees in thousand)	2015
6. LONG TERM FINANCING			
From banking companies - secured			
Finance 1		-	4,630
Finance 2		-	6,397
Finance 3	(6.1)	1,724	3,447
Finance 4	(6.2)	44,135	73,558
Finance 5	(6.3)	44,405	56,806
Finance 6	(6.4)	151,130	-
Finance 7	(6.5)	89,927	-
		331,321	144,838
Less: Current portion taken as current liability	(12)	43,548	54,575
		287,773	90,263

- 6.1** This finance has been obtained from MCB Bank Limited to retire letter of credit opened for importing compact frames and air compressor for industrial use. It carries markup at 1 month KIBOR plus 2.25% (2015: 1 month KIBOR plus 2.25%) per annum to be paid quarterly. This finance is secured against first pari passu charge over all present and future fixed assets of the Company aggregating to Rs. 897,000 thousands. The principal portion is to be repaid in five years through seven equal half yearly installments starting from November 2013 after grace period of one and a half year.
- 6.2** This finance has been obtained from MCB Bank Limited for import of compact frames, blow room medication and high production cards. It carries markup at 6 month KIBOR plus 1.75% (2015: 6 month KIBOR plus 1.75%) per annum to be serviced quarterly. This finance is secured against first pari passu charge over all present and future fixed assets of the Company aggregating to Rs. 897,000 thousands and personal guarantees of the sponsoring directors. The principal portion of loan is to be repaid in five years through sixteen equal quarterly installments starting from February 2014 with grace period of one year.
- 6.3** This finance has been obtained from United Bank Limited to retire letter of credit for import of new machinery. It carries markup at 6 month KIBOR plus 1.25% (2015: 6 months KIBOR plus 1.25%) per annum to be serviced quarterly. This finance is secured against first pari passu charge by way of equitable mortgage charge of land, building and hypothecation of machinery aggregating to Rs. 334,000 thousands and personal guarantees of sponsoring directors. The principal portion is to be repaid in seven years through ten equal semi annual installments starting from April 2015 with grace period of two years.
- 6.4** During the year, this finance has been obtained from MCB Bank Limited for import of machinery. It carries mark up at SBP refinance rate plus 0.75% per annum payable quarterly. This finance is secured against first pari passu charge over all fixed assets (including land and building) of the Company aggregating to Rs. 897,000 thousands. The principal portion of loan is to be repaid in seven years through eleven equal semi-annually installments starting from September 2017 with grace period of one and a half year.
- 6.5** During the year, this finance has been obtained from MCB Bank Limited for import of machinery. It carries markup at 3 month KIBOR plus 1% per annum to be serviced quarterly. This finance is secured against first pari passu charge over all fixed assets of the Company aggregating to Rs. 897,000 thousands. The principal portion of loan is to be repaid in seven years through eleven equal semi-annually installments starting from September 2017 with grace period of one and a half year.

Notes to the Financial Statements

For the year ended 30 June 2016

	Note	2016 (Rupees in thousand)	2015
7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
The amount of future rentals and periods during which they fall due are as under:			
Not later than one year		1,834	370
Later than one year but not later than five years		2,506	454
		4,340	824
Less : future financial charges		501	173
Present value of minimum lease payments	(7.1)	3,839	651
Less : current portion taken as current liability	(12)	1,253	252
		2,586	399
7.1 Present value of minimum lease payments			
Within one year		1,253	252
Within two to five years		2,586	399
		3,839	651
7.2	The value of the minimum lease payments has been discounted at an implicit interest rate of 12 month KIBOR plus 4% (2015: 12 month KIBOR plus 4%) per annum. The balance rentals are payable in monthly installments. In case of termination of the agreement, the Company shall pay entire amount of rentals for un-expired period of lease agreement.		
8. DEFERRED TAXATION			
Taxable temporary differences			
Accelerated tax depreciation		197,795	228,046
Finance lease arrangements		-	60
		197,795	228,106
Deductible temporary differences			
Provision for doubtful debts		-	(8,612)
Provision for slow moving / obsolete items		-	(5,524)
		-	(14,136)
		197,795	213,970

Notes to the Financial Statements

For the year ended 30 June 2016

	Note	2016 (Rupees in thousand)	2015
9. TRADE AND OTHER PAYABLES			
Creditors	(9.1)	394,540	363,153
Accrued liabilities		542,970	519,741
Workers' profit participation fund	(9.2)	26,451	37,136
Excise duty payable on loans		11,707	11,707
Income tax deducted at source		437	1,351
Payable to employees' provident fund trust		5	2
Unclaimed dividend		2,552	2,149
Workers welfare fund	(9.3)	62,411	52,360
		1,041,073	987,599

9.1 These include an amount of Rs. 24,302 thousand (2015: Rs. 22,246 thousand) due to associated undertakings.

9.2 Workers' profit participation fund

Balance at the beginning of the year		37,136	40,446
Allocation for the year	(33)	26,451	37,136
		63,587	77,582
Payments made during the year		(37,136)	(40,446)
Closing balance		26,451	37,136

9.3 Workers welfare fund

Balance at the beginning of the year		52,360	51,452
Allocation for the year	(33)	10,051	15,157
		62,411	66,609
Payments made during the year	(9.3.1)	-	(14,249)
Closing balance		62,411	52,360

9.3.1 No payment was made during the year as the case regarding collection of Workers Welfare Fund (WWF) by provincial governments after the passage of the 18th Amendment is pending before Honourable Supreme Court.

Notes to the Financial Statements

For the year ended 30 June 2016

	Note	2016 (Rupees in thousand)	2015
10. ACCRUED INTEREST ON FINANCING			
Long term financing		7,421	5,366
Short term borrowings		10,094	7,042
Liabilities against assets subject to finance lease		61	17
		17,576	12,425
11. SHORT TERM BORROWINGS			
From banking companies - secured			
Cash finance	(11.1)	80,834	-
Running finance	(11.1)	276,702	149,857
		357,536	149,857
11.1	Finance facilities aggregating to Rs. 2,275,000 thousand (2015: Rs. 2,275,000 thousand) are available under mark-up agreements and carry mark up ranging from KIBOR plus 0.20 % to 1.75 % (2015: KIBOR plus 0.20 % to 1.75 %) per annum. The aggregate short term finances are secured by way of charge on all present and future current assets of the Company and lien on export letters of credit or firm contracts.		
12. CURRENT PORTION OF LONG TERM LIABILITIES			
Long term financing	(6)	43,548	54,575
Liabilities against assets subject to finance lease	(7)	1,253	252
		44,801	54,827

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

Contingencies as on balance sheet date were Rs. Nil (2015: Rs. 810 thousand)

13.2 Commitments

13.2.1 As on balance sheet date the commitments in respect of letters of credit for capital expenditure was amounted to Rs. 1,277,285 thousand (2015: Rs. 266,658 thousand) and commitment in respect of other capital expenditure was amounted to Rs. 283,257 thousand (2015: Nil).

Notes to the Financial Statements

For the year ended 30 June 2016

14. OPERATING FIXED ASSETS

DESCRIPTION	BALANCE AS AT 01 JULY 2015					BALANCE AS AT 30 JUNE 2016					RATES %
	FOR THE YEAR										
	Cost	Accumulated depreciation	Net Book Value	Additions	Transfer Cost / (accumulated depreciation)	Disposal Cost / (accumulated depreciation)	Depreciation charge	Cost	Accumulated depreciation	Net Book Value	
----- (Rupees in thousand) -----											
Leasehold:											
Land	2,108	637	1,471	-	-	-	21	2,108	658	1,450	1.01
Building on leasehold land	332,574	222,562	110,012	-	-	-	9,396	332,574	231,958	100,616	10
Owned:											
Land	88,004	-	88,004	350,786	-	-	-	438,790	-	438,790	-
Building on owned land	82,310	70,691	11,619	-	-	-	2,767	82,310	73,458	8,852	10
Plant and machinery	3,904,433	2,288,409	1,616,024	236,198	23,710	49,768	177,745	4,067,153	2,406,696	1,660,457	10
					(16,407)	(43,051)					
Electric installations	83,626	57,648	25,978	-	-	-	2,612	83,626	60,260	23,366	10
Furniture and fixtures	3,549	2,607	942	-	-	-	96	3,549	2,703	846	10
Office equipment	38,624	25,471	13,153	-	-	-	1,309	38,624	26,780	11,844	10
Vehicles	100,726	46,385	54,341	2,585	-	680	11,185	102,631	57,025	45,606	20
						(545)					
	4,635,954	2,714,410	1,921,544	589,569	23,710	50,448	205,131	5,151,365	2,859,538	2,291,827	
					(16,407)	(43,596)					
----- (Rupees in thousand) -----											
DESCRIPTION	BALANCE AS AT 01 JULY 2014					BALANCE AS AT 30 JUNE 2015					RATES %
	FOR THE YEAR										
	Cost	Accumulated depreciation	Net Book Value	Additions	Transfer Cost / (accumulated depreciation)	Disposal Cost / (accumulated depreciation)	Depreciation charge	Cost	Accumulated depreciation	Net Book Value	
----- (Rupees in thousand) -----											
Leasehold:											
Land	2,108	616	1,492	-	-	-	21	2,108	637	1,471	1.01
Building on leasehold land	332,574	219,487	113,087	-	-	-	3,075	332,574	222,562	110,012	10
Owned:											
Land	69,173	-	69,173	18,831	-	-	-	88,004	-	88,004	-
Building on owned land	82,310	60,251	22,059	-	-	-	10,440	82,310	70,691	11,619	10
Plant and machinery	3,756,919	2,115,647	1,641,272	147,514	-	-	172,762	3,904,433	2,288,409	1,616,024	10
Electric installations	83,626	54,746	28,880	-	-	-	2,902	83,626	57,648	25,978	10
Furniture and fixtures	3,549	2,500	1,049	-	-	-	107	3,549	2,607	942	10
Office equipment	38,624	24,017	14,607	-	-	-	1,454	38,624	25,471	13,153	10
Vehicles	88,297	44,159	44,138	26,013	-	13,584	10,966	100,726	46,386	54,341	20
						(8,740)					
	4,457,180	2,521,423	1,935,757	192,358	-	13,584	201,727	4,635,954	2,714,410	1,921,544	
						(8,740)					
----- (Rupees in thousand) -----											
14.1 Depreciation charge for the year on operating fixed assets has been allocated as follows:	2016					2015					Note
	Rupees in thousand					Rupees in thousand					
Cost of sales							(30)	192,647		189,318	
Administrative expenses							(32)	12,484		12,409	
								205,131		201,727	

Notes to the Financial Statements

For the year ended 30 June 2016

14.2 Disposal of operating fixed assets

Description	Cost	Accumulated Depreciation	Net Book Value	Sale Proceeds	Mode of Disposal	Gain / (loss)	Sold to
Plant and Machinery:							
Related party:							
Draw Frame - DX-8 - 01 No	4,484	1,923	2,561	2,700	Negotiation	139	Equity Textile Mills Limited, Karachi
Others:							
Carding Machine - MK-4 Crosol - 02 No's	3,498	3,086	412	450	Negotiation	38	Lahore Textile Mills Limited, Lahore
Carding Machine - MK-4 Crosol - 06 No's	10,494	9,258	1,236	1,500	Negotiation	264	Asian Spinning Mills Limited, Lahore
Draw Frame - DYH 500 C - 02 No's	10,292	9,638	654	1,200	Negotiation	546	Taymoor Spinning Mills Limited, Faisalabad
Roving Simplex Frame - FL 16 - 02 No	10,500	9,585	915	2,000	Negotiation	1085	Waqas Rafique International, Lahore
Roving Simplex Frame - FL 16 - 01 No	5,250	4,776	474	2,600	Negotiation	2126	Sana Industries Limited, Lahore
Roving Simplex Frame - FL 16 - 01 No	5,250	4,785	465	1,282	Negotiation	817	Swabi Textile Mills (Pvt) Limited, Swabi
Vehicles:							
RAM FSC-07-5289	358	315	43	205	Negotiation	162	Ifikhar Ahmed, Lahore
Suzuki Alto - ALU-176	322	230	92	200	Negotiation	108	Adnan Khan, Karachi

15. ASSETS SUBJECT TO FINANCE LEASE

DESCRIPTION	BALANCE AS AT 01 JULY 2015				FOR THE YEAR				BALANCE AS AT 30 JUNE 2016				RATES %
	Cost	Accumulated depreciation	Net Book Value	Additions	Transfer		Depreciation charge	Cost	Accumulated depreciation	Net Book Value			
					Cost / (accumulated depreciation)								
Vehicles	1,673	745	928	3,528	-	343	5,201	1,088	4,113	20			
----- (Rupees in thousand) -----													
2015													
DESCRIPTION	BALANCE AS AT 01 JULY 2013				FOR THE YEAR				BALANCE AS AT 30 JUNE 2015				RATES %
	Cost	Accumulated depreciation	Net Book Value	Additions	Transfer		Depreciation charge	Cost	Accumulated depreciation	Net Book Value			
					Cost / (accumulated depreciation)								
Vehicles	1,673	513	1,160	-	-	232	1,673	745	928	20			
----- (Rupees in thousand) -----													

Depreciation charge for the year has been allocated to administrative expenses.

Notes to the Financial Statements

For the year ended 30 June 2016

	Note	2016 (Rupees in thousand)	2015
16. CAPITAL WORK IN PROGRESS			
Opening balance		48,139	45,864
Add : additions	(16.1)	73,245	2,275
Closing balance		121,384	48,139
16.1 Breakup of capital work in progress			
Factory building		1,647	-
Office building	(16.2)	110,633	44,209
Plant and machinery		8,036	3,659
Electric installations		1,068	271
		121,384	48,139

16.1 This represents advance given to M/s Tricon Developers of Rs. 110,633 thousands (2015: 44,209 thousands) for purchase of office. The title of the office is already executed in the favour of Company. The office was still under construction as on 30 June 2016.

17. INVESTMENT PROPERTIES

Land	(17.1)	100,000	100,000
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17.1 This represents residential plots stated at cost. As at 01 September 2016 and 15 September 2015, the fair values of these properties were Rs. 175,000 thousand and Rs. 104,000 thousand respectively. These valuation were performed by an independent accredited valuer, Jasper & Jasper, who has appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. The valuation is based on comparable market transactions that considers sales of similar properties that have been transacted in open market.

17.2 The Company has no restrictions on the realisability of its investment property and no contractual obligations to purchase or develop the investment properties.

18. INVESTMENT IN JOINT VENTURE

Land	(18.1)	50,000	-
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18.1 The Company has a partnership interest in Knightbridge Residential Real Estate Partners, a joint venture involved in the development and marketing of residential society in or around Lahore. Currently, the management of the joint venture is in the process of gathering investments and no operations has been started yet.

19. LONG TERM DEPOSIT

These mainly includes interest free deposits made to utility companies for the provision of utility connection.

Notes to the Financial Statements

For the year ended 30 June 2016

	Note	2016 (Rupees in thousand)	2015
20. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores in transit		9,321	2,887
Stores		97,672	102,436
Spare parts		7,230	3,172
Loose tools		190	106
		114,413	108,601
Less : provision for slow moving / obsolete items		25,574	25,574
		88,839	83,027
21. STOCK-IN-TRADE			
Raw material		306,876	246,928
Work in process		106,511	103,093
Finished goods		561,769	577,158
Waste		13,180	5,980
		988,336	933,159
22. TRADE DEBTS			
Considered good:			
Secured against letters of credit		60,011	60,973
Unsecured	(22.1)	373,411	169,154
		433,422	230,127
Considered doubtful - unsecured		28,709	28,709
Less: Provision for doubtful debts	(22.3)	(28,709)	(28,709)
		-	-
		433,422	230,127
22.1 This includes amount due from following associated companies:			
Crescent Textile Mills Limited		-	54
Crescent Bahuman Limited		159	171
		159	225
22.2 There were no past due or impaired receivables from related parties as on 30 June 2016 and 2015.			
22.3 Provision for doubtful debts			
Opening balance		28,709	28,482
Addition during the year	(33)	-	227
		28,709	28,709

Notes to the Financial Statements

For the year ended 30 June 2016

	Note	2016 (Rupees in thousand)	2015
22.4	The aging of trade debts and related impairment loss at balance sheet date was:		
	Age analysis of trade debts - not impaired		
	Not past due	197,417	128,754
	Past due 0 - 180 days	224,398	85,539
	Past due 180 - 365 days	713	11,059
	365 - 730 days	10,894	4,775
		433,422	230,127
	Age of impaired trade debts		
	More than 730 days	28,709	28,709
		28,709	28,709
23.	LOANS AND ADVANCES		
	Loans to employees - considered good - unsecured (23.1)	5,152	4,156
	Advances - considered good:		
	To suppliers - unsecured	110,058	21,176
	Due from associated companies (23.2)	9,501	11,916
	Against letters of credit - secured	11,948	6,234
		131,507	39,326
	(23.3)	136,659	43,482
23.1	These represent short term loans given to employees at the rate of 6% (2015 : 6%).		
23.2	Due from associated companies:		
	Crescent Powertec Limited	-	9,920
	Crescent Textile Mills Limited	-	1,996
	Kiren Cotton Mills Limited	39	-
	S2 Hydro Limited	3,136	-
	S2 Solar Limited	2,828	-
	S2 Power Limited	3,498	-
		9,501	11,916

23.3 None of the above loans and advances are sharia-compliant or based on Islamic mode of financing.

Notes to the Financial Statements

For the year ended 30 June 2016

	Note	2016 (Rupees in thousand)	2015
24. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits	(24.1)	624	656
Short term prepayments		12,782	3,449
		13,406	4,105
24.1	These includes interest free security deposits made for tender placement. None of the above deposits are sharia-compliant or based on Islamic mode of financing.		
25. BALANCES WITH STATUTORY AUTHORITIES			
Sales tax refundable		118,639	55,471
Export rebate		2,239	2,239
		120,878	57,710
26. SHORT TERM INVESTMENTS			
Available for sale	(26.1)	1,017,171	698,207
Held for trading	(26.2)	1,119,190	1,750,245
		2,136,361	2,448,452

Notes to the Financial Statements

For the year ended 30 June 2016

Note	2016				2015			
	Cost	Provision for impairment loss	Unrealized gain / (loss)	Market value	Cost	Provision for impairment loss	Unrealized gain / (loss)	Market value
----- (Rupees in thousand) -----								
26.1 Available for sale								
Investments in related party								
Premier Insurance Limited								
678,076 (2015: 565,064) fully paid ordinary shares of Rupees 10 each.	12,290	(2,130)	6,453	16,613	12,135	(2,130)	5,778	15,783
Crescent Textile Mills Limited								
1,104,000 (2015: Nil) fully paid ordinary shares of Rupees 10 each.	21,030	-	476	21,506	-	-	-	-
Others								
Samba Bank Limited								
1,652,306 (2015: 1,652,306) fully paid ordinary shares of Rupees 10 each.	15,875	(10,132)	6,896	12,639	15,875	(10,132)	3,096	8,839
NIB Bank Limited								
1,000,000 (2015: 1,000,000) fully paid ordinary shares of Rupees 10 each.	4,574	(2,332)	(332)	1,910	4,574	(2,332)	(222)	2,020
Nimir Industrial Chemical Limited								
Nil (2015: 75,000) fully paid ordinary shares of Rupees 10 each.	-	-	-	-	621	-	879	1,500
Jahangir Siddiqui & Co. Limited								
179,853 (2015: 149,878) fully paid ordinary shares of Rupees 10 each.	2,032	-	1,529	3,561	1,733	-	1,992	3,725
DG Khan Cement Company Limited								
1,550,000 (2015: 1,010,000) fully paid ordinary shares of Rupees 10 each.	179,332	-	77,830	257,162	92,386	-	51,812	144,198
Engro Corporation Limited								
90,000 (2015: 75,000) fully paid ordinary shares of Rupees 10 each.	18,485	-	11,482	29,967	12,386	-	9,875	22,261
Tripack Films Limited								
198,799 (2015: 30,000) fully paid ordinary shares of Rupees 10 each.	8,211	-	(1,154)	7,057	7,822	-	(2,291)	5,531
Pakistan Oilfield Limited								
62,200 (2015: 50,000) fully paid ordinary shares of Rupees 10 each.	20,455	(4,663)	5,822	21,614	18,781	-	1,410	20,191

Notes to the Financial Statements

For the year ended 30 June 2016

Note	2016				2015			
	Cost	Provision for impairment loss	Unrealized gain / (loss)	Market value	Cost	Provision for impairment loss	Unrealized gain / (loss)	Market value
----- (Rupees in thousand) -----								
Fauji Cement Company 256,500 (2015: 250,000) fully paid ordinary shares of Rupees 10 each.	8,800	-	383	9,183	6,460	-	2,258	8,718
Fatima Fertilizer Company Limited 475,000 (2015: 400,000) fully paid ordinary shares of Rupees 10 each.	17,626	-	(1,505)	16,121	15,267	-	361	15,628
Fauji Fertilizer Company Limited 325,000 (2015: 200,000) fully paid ordinary shares of Rupees 10 each.	38,887	-	(1,603)	37,284	23,422	-	6,462	29,884
Pakistan Petroleum Limited 300,640 (2015: 250,640) fully paid ordinary shares of Rupees 10 each.	49,093	(13,576)	11,098	46,615	44,107	-	(2,937)	41,170
Crescent Steel and Allied Products Limited 300,000 (2015: 250,000) fully paid ordinary shares of Rupees 10 each.	18,984	-	15,399	34,383	12,604	-	388	12,992
Nishat Mills Limited 1,250,000 (2015: 894,700) fully paid ordinary shares of Rupees 10 each.	141,368	-	(6,493)	134,875	102,039	-	162	102,201
Bank Al Falah Limited 1,300,000 (2015: 1,000,000) fully paid ordinary shares of Rupees 10 each.	35,476	-	(2,235)	33,241	27,754	-	(2,454)	25,300
Engro Polymer Chemicals Limited 800,000 (2015: 800,000) fully paid ordinary shares of Rupees 10 each.	9,332	-	(2,532)	6,800	9,332	-	(1,500)	7,832
PICIC Growth Fund 250,000 (2015: 250,000) fully paid ordinary shares of Rupees 10 each.	6,163	-	(213)	5,950	6,163	-	700	6,863
Fauji Fertilizer Bin Qasim Limited Nil (2015: 200,000) fully paid ordinary shares of Rupees 10 each.	-	-	-	-	9,042	-	2,022	11,064
Faisal Bank Limited 1,989,325 (2015: 1,989,325) fully paid ordinary shares of Rupees 10 each.	31,630	-	(5,550)	26,080	31,630	-	(358)	31,272

Notes to the Financial Statements

For the year ended 30 June 2016

Note	2016				2015			
	Cost	Provision for impairment loss	Unrealized gain / (loss)	Market value	Cost	Provision for impairment loss	Unrealized gain / (loss)	Market value
----- (Rupees in thousand) -----								
Pakistan State Oil Limited								
120,000 (2015: 80,000) fully paid ordinary shares of Rupees 10 each.	42,644	-	2,411	45,055	28,633	-	2,230	30,863
Engro Fertilizers Limited								
1,043,000 (2015: 412,500) fully paid ordinary shares of Rupees 10 each.	77,239	-	(9,986)	67,253	34,025	-	2,560	36,585
Shell Pakistan Limited								
30,000 (2015: 30,000) fully paid ordinary shares of Rupees 10 each.	7,766	-	940	8,706	7,766	-	(178)	7,588
Oil & Gas Development Company Limited								
200,000 (2015: 100,000) fully paid ordinary shares of Rupees 10 each.	31,323	(8,963)	5,254	27,614	19,884	-	(1,960)	17,924
GlaxoSmithKline Pakistan Limited								
35,000 (2015: 35,000) fully paid ordinary shares of Rupees 10 each.	7,650	-	(401)	7,249	7,650	-	(806)	6,844
National Bank of Pakistan								
30,000 (2015: 30,000) fully paid ordinary shares of Rupees 10 each.	2,084	-	(350)	1,734	2,084	-	(488)	1,596
The Searle Company Limited								
21,750 (2015: 9,000) fully paid ordinary shares of Rupees 10 each.	6,567	-	6,837	13,404	2,177	-	710	2,887
IGI Insurance Limited								
25,000 (2015: 25,000) fully paid ordinary shares of Rupees 10 each.	6,761	-	(1,990)	4,771	6,761	-	(1,638)	5,123
IBL Healthcare Limited								
Nil (2015: 25,000) fully paid ordinary shares of Rupees 10 each.	-	-	-	-	3,713	-	(863)	2,850
Cherat Cement Limited								
35,000 (2015: 450,000) fully paid ordinary shares of Rupees 10 each.	7,653	-	4,304	11,957	34,439	-	4,724	39,163
Kot Adu Power Company Limited								
325,000 (2015: 275,000) fully paid ordinary shares of Rupees 10 each.	26,613	-	2,393	29,006	22,350	-	1,311	23,661
Pakistan Telecommunication Limited								
500,000 (2015: 300,000) fully paid ordinary shares of Rupees 10 each.	9,438	-	(1,923)	7,515	6,401	-	(251)	6,150

Notes to the Financial Statements

For the year ended 30 June 2016

Note	2016				2015			
	Cost	Provision for impairment loss	Unrealized gain / (loss)	Market value	Cost	Provision for impairment loss	Unrealized gain / (loss)	Market value
----- (Rupees in thousand) -----								
TPL Trakker Limited								
202,500 (2015: Nil) fully paid ordinary shares of Rupees 10 each.	3,468	-	(922)	2,546	-	-	-	-
United Bank Limited								
124,400 (2015: Nil) fully paid ordinary shares of Rupees 10 each.	21,952	-	57	22,009	-	-	-	-
Attock Refinery Limited								
50,000 (2015: Nil) fully paid ordinary shares of Rupees 10 each.	10,016	-	3,992	14,008	-	-	-	-
First Equity Modaraba								
1,436,000 (2015: Nil) fully paid ordinary shares of Rupees 10 each.	6,867	-	(1,123)	5,744	-	-	-	-
K-Electric Limited								
900,000 (2015: Nil) fully paid ordinary shares of Rupees 10 each.	6,788	-	466	7,254	-	-	-	-
Kohinoor Textile Mills Limited								
115,000 (2015: Nil) fully paid ordinary shares of Rupees 10 each.	6,156	-	3,048	9,204	-	-	-	-
Nishat Chunian Power Limited								
50,000 (2015: Nil) fully paid ordinary shares of Rupees 10 each.	5,009	-	247	5,256	-	-	-	-
Al Ghazi Tractors Limited								
10,000 (2015: Nil) fully paid ordinary shares of Rupees 10 each.	4,200	-	20	4,220	-	-	-	-
Unquoted Investments in related party								
Premier Financial Services (Private) Limited								
2,200 (2015: 2,200) fully paid ordinary shares of Rupees 1,000 each.	2,200	(2,200)	-	-	2,200	(2,200)	-	-
Crescent Spinning Mills Limited								
208,800 (2015: 208,800) fully paid ordinary shares of Rupees 10 each.	(26.1.1) 2,088	(2,088)	-	-	2,088	(2,088)	-	-
Glaxosmithkline Consumer Healthcare Pakistan Limited								
10,500 (2015: Nil) fully paid ordinary shares of Rupees 10 each.	-	-	105	105	-	-	-	-
	934,125	(46,084)	129,130	1,017,171	634,304	(18,882)	82,784	698,206

26.1.1 The official liquidator had submitted the statement in Lahore High Court for final liquidation of the Company and final decision is still awaited.

Notes to the Financial Statements

For the year ended 30 June 2016

	Note	2016 (Rupees in thousand)	2015
26.2 Held for trading			
HBL Asset Management Fund			
Nil (2015: 3,461,015) Units		-	350,000
MCB Pakistan Cash Management Fund			
Nil (2015: 6,981,026) Units		-	350,121
ABL Cash Fund			
5,460,682 (2015: 34,937,811) Units		54,747	350,087
MCB Cash Management Optimizer			
2,597,920 (2015: 3,496,909) Units		260,670	350,037
Faisal Money Market Fund			
Nil (2015: 3,463,974) Units		-	350,000
Faysal Income & Growth Fund			
1,928,619 (2015: Nil) Units		203,585	-
NAFA Financial Sector Income Fund			
11,333,522 (2015: Nil) Units		118,688	-
PICIC Cash Fund			
998,904 (2015: Nil) Units		100,438	-
UBL - Stock Advantage Fund (With Capital Protection)			
1,110,037 (2015: Nil) Units		69,688	-
UBL - Growth and Income Fund (With Capital Protection)			
1,121,237 (2015: Nil) Units		95,086	-
UBL - Stock Advantage Fund (Without Capital Protection)			
603,759 (2015: Nil) Units		37,904	-
UBL - Al-Ameen Shariah Stock Fund (Without Capital Protection)			
294,796 (2015: Nil) Units		37,908	-
UBL - Liquidity Plus Fund (Without Capital Protection)			
107,852 (2015: Nil) Units		10,844	-
UBL - Government Securities Fund (Without Capital Protection)			
202,966 (2015: Nil) Units		21,409	-
UBL - Liquidity Plus Fund			
1,076,336 (2015: Nil) Units		108,223	-
		1,119,190	1,750,245

26.3 The realized gain from sale of above investments are disclosed in note 34.1.4

Notes to the Financial Statements

For the year ended 30 June 2016

	Note	2016 (Rupees in thousand)	2015
27. CASH AND BANK BALANCES			
Cash in hand		2,498	1,135
Balances with banks in:			
Current accounts		11,552	5,773
Deposit accounts	(27.1)	208,034	88,648
		219,586	94,421
	(27.2)	222,084	95,556
28. ASSETS HELD FOR SALE			
Assets at the beginning of the year		11,583	11,583
Addition for the year		7,303	-
		18,886	11,583
Disposal during the year		(7,495)	-
Assets at the end of the year		11,391	11,583

- 28.1** These include items of plant and machinery. The carrying amounts of these assets will be recovered principally through a sale transaction rather than through continuing use. The company intends to dispose off this plant and machinery and anticipates that the disposal will be completed by 30 June 2017. The company is currently in negotiation with some potential buyers and the directors of the company expect that the fair value less cost to sell of these assets will be higher than the aggregate carrying amount of the related assets. Therefore no impairment loss was recognized on reclassification of the assets as held for sale nor as at 30 June 2016.

Notes to the Financial Statements

For the year ended 30 June 2016

	Note	2016 (Rupees in thousand)	2015
29. SALES			
Local		6,641,515	6,363,586
Export		1,077,395	2,183,066
Waste		199,254	173,036
		7,918,164	8,719,688
Less: sales tax		205,279	157,503
		7,712,885	8,562,185
30. COST OF SALES			
Raw materials:			
Opening stock		246,928	496,082
Purchases		4,936,978	5,008,298
		5,183,906	5,504,380
Closing stock	(21)	(306,876)	(246,928)
Raw material consumed		4,877,030	5,257,452
Sizing expenses		59,952	59,570
Stores, spare parts and loose tools consumed		179,925	170,100
Packing material consumed	(30.1)	98,315	98,248
Salaries, wages and other benefits		638,184	586,118
Fuel and power		897,715	1,113,776
Repairs and maintenance		51,260	47,335
Insurance	(14.1)	25,179	24,135
Depreciation		192,647	189,318
Other overheads		16,183	17,376
		2,159,360	2,305,976
		7,036,390	7,563,428
Work-in-process			
Opening stock		103,093	113,163
Closing stock	(21)	(106,511)	(103,093)
		(3,418)	10,070
Cost of goods manufactured		7,032,972	7,573,498
Finished goods including waste:			
Opening stock		583,138	673,903
Closing stock	(21)	(574,949)	(583,138)
		8,189	90,765
		7,041,161	7,664,263

30.1 This includes contribution made to provident fund by the Company amounting to Rs 12,791 thousand (2015: 11,899 thousand).

Notes to the Financial Statements

For the year ended 30 June 2016

	Note	2016 (Rupees in thousand)	2015
31. DISTRIBUTION COST			
Salaries, wages and other benefits	(31.1)	3,042	2,773
Commission on sales		77,521	91,862
Freight and shipment		37,786	32,267
Clearing and forwarding		13,564	28,283
Export development surcharge		2,733	5,435
		134,646	160,620

31.1 This includes contribution made to provident fund by the Company amounting to Rs 114 thousand (2015: 82 thousand).

32. ADMINISTRATIVE EXPENSES

Salaries, wages and other benefits	(32.1)	77,820	69,239
Rent, rates and taxes		6,612	6,704
Electricity and gas		5,351	5,576
Traveling and conveyance		4,568	1,775
Repair and maintenance		4,486	2,442
Vehicle running and maintenance		5,067	5,066
Printing and stationery		4,420	2,044
Communication		3,376	2,983
Fee and subscription		2,823	1,924
Advertisement		318	556
Insurance		2,283	2,231
Depreciation	(14.1&15.1)	12,827	12,641
Entertainment		639	539
Research and development		663	1,360
Donation	(32.2)	12,500	1,015
		143,753	116,095

32.1 This includes contribution made to provident fund by the Company amounting to Rs 1,320 thousand (2015: 2,153 thousand).

32.2 None of the directors or their spouses have any interest in the donees.

Notes to the Financial Statements

For the year ended 30 June 2016

	Note	2016 (Rupees in thousand)	2015
33. OTHER OPERATING EXPENSES			
Legal and professional		4,839	3,526
Auditors' remuneration:			
Statutory audit		1,150	1,150
Half yearly review and other certifications		150	150
Out of pocket expenses		50	50
		1,350	1,350
Workers' profit participation fund	(9.2)	26,451	37,136
Workers welfare fund		10,051	15,157
Provision for doubtful debts	(22.3)	-	227
Impairment loss on investments	(33.1)	29,923	-
		72,614	57,396

33.1 The company recognised an impairment loss of Rs 29,923 thousands (2015: Nil) pertaining to quoted investments reflecting the write-down in the carrying value of the investments due to significant decline in their market price.

34. OTHER INCOME

Income from financial assets	(34.1)	217,528	197,854
Income from assets other than financial assets	(34.2)	16,366	8,428
		233,894	206,282
34.1 Income from financial assets			
Exchange gain - net	(34.1.1)	960	4,117
Profit on bank deposits	(34.1.2)	2,482	8,590
Dividend income	(34.1.3)	41,212	22,525
Net gain on remeasurement of held for trading investments		-	476
Net gain on short term investments	(34.1.4)	172,874	162,146
		217,528	197,854

34.1.1 Exchange gain relates to the difference in the exchange rates of foreign currency transactions at the time of recording of financial asset/liability and at the time of its settlement.

34.1.2 This includes profit on bank deposits earned on saving accounts. None of the above profit is earned on sharia-compliant or based on Islamic mode of financing.

Notes to the Financial Statements

For the year ended 30 June 2016

	Note	2016 (Rupees in thousand)	2015
34.1.3 Dividend income			
Investments			
Oil & Gas Development Company Limited		920	338
Pakistan Telecommunication Limited		300	-
United Bank of Pakistan		873	-
Attock Refinery Limited		250	-
Fauji Cement Company Limited		-	1,100
Fauji Fertilizer Bin Qasim Limited		190	1,600
Fatima Fertilizer Limited		-	550
Engro Fertilizers Limited		2,778	900
Fauji Fertilizer Company Limited		3,000	2,918
PICIC Growth Fund		-	900
IGI Insurance Limited		150	75
Hub Power Company Limited		-	1,100
Engro Corporation Limited		2,050	849
Pakistan Oilfields Limited		3,550	1,900
Pakistan Petroleum Limited		1,679	2,520
Arif Habib Corporation		-	376
Crescent Steel & Allied Products Limited		962	326
Cherat Cement Company Limited		1,800	-
Kot Adu Power Company Limited		2,475	-
Nimar Industries Chemicals Limited		150	-
D.G Khan Cement Company Limited		6,625	3,312
Kohinoor Textile Mills Limited		400	-
The Searle Company Limited		50	-
IBL Health Care Limited		100	-
Pakistan State Oil Company Limited		900	780
First Equity Modaraba		244	-
Nishat Mills Limited		5,850	1,200
Nishat Power Limited		-	100
Bank Alfalah Limited		1,200	490
National Bank Of Pakistan		225	165
Tri Pack Films Limited		114	-
MCB Bank Limited		208	-
Glaxo SmithKline Pakistan Limited		140	175
Pakistan Telecommunication Limited		500	-
Premier Insurance Limited		565	361
Shell Pakistan Limited		300	240
Al-Ghazi Tractors Limited		500	250
Faysal Bank Limited		1,989	-
Nishat Chunian Power Limited		175	-
		41,212	22,525

Notes to the Financial Statements

For the year ended 30 June 2016

	Note	2016 (Rupees in thousand)	2015
34.1.4 Net gain on short term investments:			
Crescent Textile Mills Limited		(2)	-
Nimir Industrial Chemical Limited		1,756	942
Al Ghazi Tractors Limited		-	322
DG Khan Cement Company Limited		41,325	8,748
Arif Habib Corporation Limited		-	1,412
Engro Corporation Limited		1,645	9,112
Tripack Films Limited		(653)	375
Pakistan Oilfields Limited		1,814	-
Eengro Fertilizer Limited		-	-
Fauji Cement Company Limited		3,151	2,543
Crescent Steel & Allied Products limited		2,711	-
Pakistan International Airlines Corporation		-	15
Nishat Mills Limited		495	-
PICIC Energy Fund		-	474
Fauji Fertilizer Bin Qasim Limited		3,300	3,519
Hub Power Company Limited		-	612
Nishat Power Limited		-	1,178
Pakgen Power Limited		-	913
Engro Fertilizer Limited		(105)	391
The Searle Company Limited		4,795	84
IBL Healthcare Limited		2,788	-
National Bank of Pakistan		-	-
Cherat Cement Limited		14,634	-
Ferozsons Laboratories Limited		363	-
MCB Bank Limited		1,054	-
HLB Asset Management Fund		6,136	10,250
MCB Pakistan Cash Management Fund		7,212	24,700
ABL Cash Fund		8,163	20,047
MCB Cash Management Optimizer		21,141	26,907
Faisal Money Market Fund		7,486	-
NAFA Financial Sector Income Fund		10,392	9,204
PICIC Cash Fund		576	-
UBL Stock Advantage Fund		22,895	-
UBL Liquidity Plus Fund		671	6,049
UBL Government Securities Fund		9,131	34,349
		172,874	162,146

Notes to the Financial Statements

For the year ended 30 June 2016

	Note	2016 (Rupees in thousand)	2015
34.2 Income from assets other than financial assets			
Sale of empties and scrap		3,075	5,922
Gain on disposal of operating fixed assets		5,285	2,506
Gain on disposal of assets classified as held for sale		8,006	-
		16,366	8,428
35. FINANCE COSTS			
Interest / markup on:			
Long term financing		21,226	25,252
Short term borrowings		33,777	30,587
Liabilities against assets subject to finance lease		99	109
		55,102	55,948
Bank charges and commission		6,988	8,570
		62,090	64,518
36. TAXATION			
Charge for the year:			
Current		83,472	115,649
Deferred			
Relating to origination of temporary difference		(14,177)	23,698
Due to reduction in tax rate		(1,998)	(25,263)
		(16,175)	(1,565)
	(36.1)	67,297	114,084
36.1 Relationship between tax expense and accounting profit			
Profit before taxation		492,515	705,575
Tax at applicable rate of 32% (2015: 33%)		157,605	232,840
Tax effect of:			
Expenses that are not deductible in determining taxable income		(58,210)	(34,614)
Presumptive tax regime		(34,655)	(81,460)
Decrease in opening deferred taxes resulting from reduction in tax rate		(1,998)	(25,263)
Tax credit and others		4,555	22,581
		67,297	114,084

Notes to the Financial Statements

For the year ended 30 June 2016

	2016	2015
37. EARNINGS PER SHARE - BASIC AND DILUTED		
Profit attributable to ordinary shareholders	425,218	591,491
	(Number of shares)	
Weighted average number of ordinary shares outstanding during the year	26,354	Restated 26,354
	Rupees	
Earnings per share - basic (Rupees)	16.13	Restated 22.44

37.1 No figure for diluted earnings per share has been presented as the Company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

	Note	2016 (Rupees in thousand)	2015
38. CASH GENERATED FROM OPERATIONS			
Profit before taxation		492,515	705,575
Adjustments to reconcile profit to net cash provided by operating activities			
Depreciation on operating fixed assets	(14.1)	205,131	201,727
Depreciation on assets subject to finance lease	(15.1)	343	232
Net gain on remeasurement of held for trading investments		-	(476)
Net gain on short term investments		(172,874)	(162,146)
Provision for doubtful debts		-	227
Exchange gain - net		(960)	(4,117)
Dividend income		(41,212)	(22,525)
Gain on disposal of operating fixed assets		(5,285)	(2,506)
Gain on disposal of assets classified as held for sale		(8,006)	-
Provision for workers' profit participation fund		26,451	37,136
Provision for workers welfare fund		10,051	15,157
Finance cost		62,090	64,518
Impairment loss on investments		29,923	-
Cash flows from operating activities before working capital changes		598,167	832,802

Notes to the Financial Statements

For the year ended 30 June 2016

	Note	2016 (Rupees in thousand)	2015
Working capital changes			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		(5,812)	6,819
Stock-in-trade		(55,177)	439,582
Trade debts		(202,335)	233,021
Loans and advances		(93,177)	12,564
Trade deposits and short term prepayments		(9,301)	513
Balances with statutory authorities		(63,168)	12,596
Other receivables		(1,077)	(2,099)
Increase in current liabilities:			
Trade and other payables		54,108	198,161
		(375,939)	901,157
		222,228	1,733,959

39. CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES' REMUNERATION

The aggregate amounts charged in the accounts for remuneration, allowances including all benefits to the Chief Executive, Director and other Executives of the Company are as follows:

	2016			2015		
	------(Rupees in thousand)-----					
	Chief Executive	Director	Executives	Chief Executive	Director	Executives
Managerial remuneration	8,090	6,864	22,545	7,442	6,291	18,822
House rent	2,831	2,402	10,101	2,605	2,202	8,517
Provident fund contribution	485	412	1,222	446	377	1,117
Reimbursable expenses	426	1,445	1,073	484	1,155	517
Others	809	686	4,063	744	629	4,140
	12,641	11,809	39,004	11,721	10,654	33,113
No. of persons	1	1	19	1	1	16

39.1 Chief Executive, Directors and Executives are provided with free use of Company maintained vehicles.

39.2 The aggregate amount charged in financial statements for the year against fees for attending five board meetings and five audit committee meetings was Rs. 750 thousand (2015: Rs. 750 thousand).

Notes to the Financial Statements

For the year ended 30 June 2016

40. RELATED PARTY DISCLOSURES

The related parties and associated undertakings comprise associated companies, associates, companies in which directors are interested, staff retirement funds, directors and key management personnel. Significant transactions with related parties and associated undertakings are as under:

Relationship with the Company	Nature of transactions	2016 (Rupees in thousand)	2015
Associated Companies	Purchases of goods and services	572,529	754,097
	Sales of goods and services	61,089	57,298
	Sale of fixed asset	2,700	-
	Insurance claim	9,664	7,000
	Dividend paid	50,120	51,758
	Dividend received	494	360
Provident Fund Trust	Amount contributed	14,225	14,134

The outstanding balances of such parties have been disclosed in respective notes to the financial statements.

41. OPERATING SEGMENT INFORMATION

The textile sector comprise of spinning, combing, weaving, dyeing, bleaching, printing, stitching, buying, selling and dealing in yarn, cloth and other goods and fabrics made from raw cotton and synthetic fibers. This sector also includes power generation facilities which provide electricity for internal consumption purposes.

41.1 Business segments

For management purposes, the Suraj Cotton Mills Limited is organized into business units based on their products and services and has two reportable operating segments as follows:

Spinning: Production of different quality of yarn using natural and artificial fibers.

Weaving: Production of different quality of greige fabric using yarn.

No other operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.

Notes to the Financial Statements

For the year ended 30 June 2016

	Spinning		Weaving		Elimination of Inter-segment transactions		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
(Rupees in thousand)								
Sales								
External	4,302,374	4,845,591	3,410,511	3,716,594	-	-	7,712,885	8,562,185
Inter-segment	1,183,169	1,262,575	-	-	1,183,169	1,262,575	-	-
	5,485,543	6,108,166	3,410,511	3,716,594	1,183,169	1,262,575	7,712,885	8,562,185
Cost of sales								
External	3,783,606	5,405,439	3,257,555	2,258,824	-	-	7,041,161	7,664,263
Inter-segment	1,183,169	-	-	1,262,575	1,183,169	1,262,575	-	-
	4,966,775	5,405,439	3,257,555	3,521,399	1,183,169	1,262,575	7,041,161	7,664,263
Gross profit	518,768	702,727	152,956	195,195	-	-	671,724	897,922
Distribution cost	53,541	68,604	81,105	92,016	-	-	134,646	160,620
Administrative expenses	117,511	94,495	26,242	21,600	-	-	143,753	116,095
	171,052	163,099	107,347	113,616	-	-	278,399	276,715
Profit before taxation and unallocated income and expenses	347,716	539,628	45,609	81,579	-	-	393,325	621,207

	2016	2015
(Rupees in thousand)		
Unallocated income and expenses:		
Other operating expenses	(72,614)	(57,396)
Other income	233,894	206,282
Finance cost	(62,090)	(64,518)
	99,190	84,368
Profit before taxation	492,515	705,575
Taxation	67,297	114,084
Profit for the year	425,218	591,491

Inter segment sales and purchases have been eliminated on consolidation.

Notes to the Financial Statements

For the year ended 30 June 2016

	Spinning		Weaving		Elimination of Inter-segment transactions		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
----- (Rupees in thousand) -----								
Segment operating assets	3,434,721	2,563,857	767,837	770,518	-	-	4,202,558	3,334,375
Unallocated:								
Capital work in progress							121,384	48,139
Investment in joint venture							50,000	-
Investment properties							100,000	100,000
Balances with statutory authorities							120,878	57,710
Taxation-net							61,390	12,131
Non current assets held for sale							11,391	11,583
Short term investments							2,136,361	2,448,452
Total operating assets							6,803,962	6,012,390
Segment operating liabilities	1,382,190	990,393	280,293	215,481	-	-	1,662,483	1,205,874
Unallocated:								
Deferred taxation							197,795	213,970
Workers' profit participation fund							26,451	37,136
Workers welfare fund							62,411	52,360
Total operating liabilities							1,949,140	1,509,340
Other disclosures								
Capital expenditure	614,961	173,488	47,853	21,145	-	-	662,814	194,633

41.2 Geographical segments

Secondary information is reported geographically.

The Company has sales in three major geographical segment i.e. Pakistan, Europe and Far East. The cumulative revenue attributable to foreign countries is disclosed in note 29.

Notes to the Financial Statements

For the year ended 30 June 2016

42. FINANCIAL RISK MANAGEMENT

42.1 Financial risk factors

Financial instruments comprise long term financing, liabilities against assets subject to finance lease, short term borrowings, trade and other payables, trade debts, loans to employees, other receivables, cash and bank balances, short term and long term deposits, available for investments and held for trading investments.

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

- Market risk
- Credit risk
- Liquidity risk

The Board of Directors has the overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

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

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react to changes in market conditions and the Company's activities.

(a) Market risk

(i) 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. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

Monetary items, including financial assets and financial liabilities, denominated in currency other than functional currency of the Company are periodically restated to Pak rupee equivalent and the associated gain or loss is taken to the profit and loss account.

The following analysis demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, of the Company's profit before tax.

	2016	2015
Rupees per US Dollar		
Reporting date rate	104.70	101.75
	Changes in US \$ Rate	Effects on Profit Before Tax
		(Rupees in thousand)
2016	+10%	6,001
	-10%	(6,001)
2015	+10%	6,097
	-10%	(6,097)

Notes to the Financial Statements

For the year ended 30 June 2016

(ii) Equity price risk

Equity price risk represents the risk that the fair value of equity investments will fluctuate because of changes in levels of indices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is exposed to equity price risk as the Company holds investments classified as available for sale and held for trading.

			2016	2015
Reporting date all index points			25313	24032
			Changes in PSX all Index	Effects on Profit Before Tax
				Effects on Other Comprehensive Income
(Rupees in thousand)				
Available for sale investments	2016	+10%	-	101,717
		-10%	-	(101,717)
	2015	+10%	-	69,821
		-10%	-	(69,821)
Held for trading investments	2016	+10%	111,919	-
		-10%	(111,919)	-
	2015	+10%	175,025	-
		-10%	(175,025)	-

(iii) Interest rate risk

Interest rate risk represents 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 has no significant long-term interest-bearing assets. The Company's interest rate risk arises from long term financing, short term borrowings and liabilities against assets subject to finance lease. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk. Borrowings obtained at fixed rate expose the Company to fair value interest rate risk. The Company mitigates its risk against the exposure by focusing on short-term investment and maintaining adequate bank balances.

Notes to the Financial Statements

For the year ended 30 June 2016

At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments is as follows:

	2016	2015
	(Rupees in thousand)	
Fixed rate instruments		
Financial liabilities		
Long term financing	151,130	11,027
Financial assets		
Loans to employees	5,152	4,156
Floating rate instruments		
Financial assets		
Bank balances - deposit accounts	208,034	88,648
Financial liabilities		
Long term financing	180,191	133,811
Liabilities against assets subject to finance lease	3,839	651
Short term borrowings	357,536	149,857

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

The following analysis demonstrates the sensitivity to a change in interest rates, with all other variables held constant, of the Company's profit before tax. This analysis is prepared assuming the amounts of floating rate instruments outstanding at balance sheet dates were outstanding for the whole year.

		Changes in Interest Rate	Effects on Profit Before Tax
			(Rupees in thousand)
Bank balances - deposit accounts	2016	+1.00	2,080
		-1.00	(2,080)
	2015	+1.00	(886)
		-1.00	886
Long term financing	2016	+1.00	(1,802)
		-1.00	1,802
	2015	+1.00	(1,338)
		-1.00	1,338

Notes to the Financial Statements

For the year ended 30 June 2016

		Changes in Interest Rate	Effects on Profit Before Tax (Rupees in thousand)
Liabilities against assets subject to finance lease	2016	+1.00	(38)
		-1.00	38
	2015	+1.00	(7)
		-1.00	7
Short term borrowings	2016	+1.00	(3,575)
		-1.00	3,575
	2015	+1.00	(1,499)
		-1.00	1,499

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2016	2015
	(Rupees in thousand)	
Long term deposits	19,879	19,531
Trade debts	433,422	230,127
Loans to employees	5,152	4,156
Trade deposits	624	656
Other receivables	3,993	2,916
Bank balances	219,586	94,421
	682,656	290,834

Credit risk related to trade debts is managed by established procedures and controls relating to customers credit risk management. Outstanding receivables are regularly monitored and shipments to foreign customers are covered by letters of credit.

The maximum credit risk exposure at reporting date is carrying value of financial assets stated above.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate. The table below shows the bank balances held with some major counterparties at the balance sheet date:

Notes to the Financial Statements

For the year ended 30 June 2016

	Rating			2016	2015
	Short Term	Long term	Agency	(Rupees in thousand)	
Banks					
MCB Bank Limited	A1+	AAA	PACRA	210,719	89,581
National Bank of Pakistan	A-1+	AAA	JCR - VIS	2,435	1,609
United Bank Limited	A-1+	AAA	JCR - VIS	8	236
Allied Bank Limited	A1+	AA+	PACRA	454	31
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	2,487	732
Habib Bank Limited	A-1+	AAA	JCR - VIS	-	44
Faysal Bank Limited	A-1+	AA	JCR - VIS	30	29
Bank Al-Habib Limited	A1+	AA+	PACRA	2,974	1,653
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	374	401
NIB Bank Limited	A1+	AA-	PACRA	102	102
Dubai Islamic Bank Limited	A-1	A+	JCR - VIS	3	3
				219,586	94,421

At 30 June 2016, the Company has 20 customers (2015: 24 customers) that owed the Company more than Rs. 2,500 thousand each and accounted for approximately 88 % (2015: 92 %) of all receivables.

There are 11 customers (2015: 9 customers) with balance greater than Rs. 7,000 thousand accounted for over 68 % (2015: 63 %) of total amount receivables.

The Company's exposure to credit risk related to trade debts is disclosed in Note 22.

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, the management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company maintains flexibility in funding by maintaining availability under committed credit lines.

The table below analysis the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Notes to the Financial Statements

For the year ended 30 June 2016

	Carrying Amount	Less than 1 year	Between 1 and 5 years	Over 5 years
------(Rupees in thousand) -----				
30 June 2016				
Long term financing	331,321	43,548	265,859	21,914
Liabilities against assets subject to finance lease	3,839	1,253	2,586	-
Trade and other payables	940,067	940,067	-	-
Accrued interest on financing	17,576	17,576	-	-
Short term borrowings	357,536	357,536	-	-
	1,650,339	1,359,980	268,445	21,914
------(Rupees in thousand) -----				
30 June 2015				
Long term financing	144,838	54,575	90,263	-
Liabilities against assets subject to finance lease	651	370	281	-
Trade and other payables	885,045	885,045	-	-
Accrued interest on financing	12,425	12,425	-	-
Short term borrowings	149,857	149,857	-	-
	1,192,816	1,102,272	90,544	-

42.2 Fair values of financial assets and liabilities

Fair value of financial assets classified as available-for-sale is derived from quoted market prices in active markets, if available. Fair value of unquoted available-for-sale financial assets is estimated using appropriate valuation techniques. The carrying values of other financial assets and financial liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either, directly or indirectly

Notes to the Financial Statements

For the year ended 30 June 2016

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

As at 30 June 2016, the Company hold the following financial instruments carried at fair value on the statement of financial position:

Assets measured at fair value

	2016	Level 1	Level 2	Level 3
	(Rupees in thousand)			
Held for trading				
Mutual fund units	1,119,190	1,119,190	-	-
Available for sale financial assets				
Equity shares	1,017,171	1,017,066	-	105 *

There were no liabilities measured at fair value as at 30 June 2016.

During the reporting year ended 30 June 2016, there were no transfers between Level 1 and Level 2 fair value measurements.

* The Company carries unquoted equity shares in Crescent Spinning Mills Limited, Premier Financial Services (Private) Limited and Glaxosmithkline Consumer Healthcare Pakistan Limited as available-for-sale financial instruments classified as Level 3 within the fair value hierarchy. The investment in Crescent Spinning Mills Limited, Premier Financial Services (Private) Limited have been fully impaired and are carried at nil value. The Company did not incur any gain or loss recorded in the profit & loss account and statement of comprehensive income as the impairment had been recorded prior to 01 July 2011.

* The Company has received shares of Glaxosmithkline Consumer Healthcare Pakistan Limited as a result of demerger of GlaxoSmithKline Pakistan Limited. Currently, the management of demerged company is in the process of listing. Therefore, the Company has recognized these shares on the basis of face value.

As at 30 June 2015, the Company held the following financial instruments measured at fair value:

Assets measured at fair value

	2015	Level 1	Level 2	Level 3
	(Rupees in thousand)			
Held for trading				
Mutual fund units	1,750,245	1,750,245	-	-
Available for sale financial assets				
Equity shares	698,207	698,207	-	- *

There were no liabilities measured at fair value as at 30 June 2015.

During the reporting year ended 30 June 2015, there were no transfers between Level 1 and Level 2 fair value measurements.

* The Company carries unquoted equity shares in Crescent Spinning Mills Limited and Premier Financial Services (Private) Limited as available-for-sale financial instruments classified as Level 3 within the fair value hierarchy. However, such investments have been fully impaired and are carried at nil value. The Company did not incur any gain or loss recorded in the profit & loss account and statement of comprehensive income as the impairment had been recorded prior to 01 July 2011.

Notes to the Financial Statements

For the year ended 30 June 2016

42.3 Financial instruments by categories

	2016				
	Cash and cash equivalents	Loans and advances	Available for sale	Held for trading	Total
	----- (Rupees in thousand) -----				
Assets as per balance sheet					
Long term deposits	-	19,879	-	-	19,879
Trade debts	-	433,422	-	-	433,422
Loans to employees	-	5,152	-	-	5,152
Trade deposits	-	624	-	-	624
Short term investments	-	-	1,017,171	1,119,190	2,136,361
Other receivables	-	3,993	-	-	3,993
Cash and bank balances	222,084	-	-	-	222,084
	222,084	463,070	1,017,171	1,119,190	2,821,515

	2016	
	Financial Liabilities at amortized cost (Rupees in thousand)	
Liabilities as per balance sheet		
Long term financing		331,321
Liabilities against assets subject to finance lease		3,839
Trade and other payables		1,041,073
Accrued interest on financing		17,576
Short term borrowings		357,536
		1,751,345

	2015				
	Cash and cash equivalents	Loans and advances	Available for sale	Held for trading	Total
	----- (Rupees in thousand) -----				
Assets as per balance sheet					
Long term deposits	-	19,531	-	-	19,531
Trade debts	-	230,127	-	-	230,127
Loans	-	4,156	-	-	4,156
Trade deposits	-	656	-	-	656
Short term investments	-	-	698,207	1,750,245	2,448,452
Other receivables	-	2,916	-	-	2,916
Cash and bank balances	95,556	-	-	-	95,556
	95,556	257,386	698,207	1,750,245	2,801,394

Notes to the Financial Statements

For the year ended 30 June 2016

	2015
	Financial Liabilities at amortized cost (Rupees in thousand)
Liabilities as per balance sheet	
Long term financing	144,838
Liabilities against assets subject to finance lease	651
Trade and other payables	987,599
Accrued interest on financing	12,425
Short term borrowings	149,857
	1,295,370

42.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide return for shareholders and benefits for other stakeholders and to maintain healthier capital ratios in order to support its business and maximize shareholders value. The Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payments to the shareholders, return on capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes from the previous year. The Company monitors capital using gearing ratio, which is debt divided by equity plus net debt. Debt represent long-term financing (including current portion) plus liabilities against assets subject to finance lease and short term borrowings obtained by the Company as referred to in note 6, note 7 and note 11. Total capital employed includes 'total equity' as shown in the balance sheet plus debt. The Company's strategy, which was unchanged from last year, was to maintain optimal capital structure in order to minimize cost of capital.

	Note	2016 (Rupees in thousand)	2015
The gearing ratio as at year ended 30 June 2016 and 30 June 2015 is as follows:			
Debt	(6) & (7) & (11)	692,696	295,346
Equity		4,854,822	4,503,050
Total capital employed		5,547,518	4,798,396
Gearing ratio		12.49%	6.16%

Notes to the Financial Statements

For the year ended 30 June 2016

	2016	2015
43. PLANT CAPACITY AND ACTUAL PRODUCTION		
Spinning:		
Spindle installed - Numbers	92,928	92,928
Spindle operated - Numbers	90,130	90,130
Production at normal capacity in 20 s count based on 3 shifts per day - Kgs	39,801,367	40,028,985
Actual production converted to 20 s count based on 3 shifts per day - Kgs	37,000,608	36,571,945
Weaving:		
Looms installed - Numbers	204	204
Looms worked - Numbers	204	204
Production at normal capacity in 50 picks based on 3 shifts per day - Square Meters	81,562,833	80,160,453
Actual production at normal capacity converted to 50 picks based on 3 shifts per day - Square Meters	71,395,406	69,346,607

43.1 Reason for low production

Under utilization of available capacity is due to normal repair and maintenance of plant and machinery.

44. PROVIDENT FUND TRUST

- 44.1 The Company has maintained an employee provident fund trust and investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance 1984, and the rules formulated for this purpose except the investments in the unit trusts schemes which exceed the limit prescribed in the clause (i) of the SRO 261(I)/2002 regarding the investment in listed unit trusts schemes.

The salient information of the fund is as follows:

	Note	2016 (Rupees in thousand)	2015
Size of the fund		217,605	202,950
Cost of investment made		138,684	157,314
Percentage of investment made		63.73%	77.51%
Fair value of investment	(44.2)	206,283	198,218

Notes to the Financial Statements

For the year ended 30 June 2016

	2016	2015
	(Rupees in thousand)	
44.2 Breakup of investment		
Investment in listed securities	7,629	7,156
Investment in funds	198,654	191,062
	206,283	198,218

	2016	2015
45. NUMBER OF EMPLOYEES		
Number of employees at the end of the year	2,509	2,582
Average number of employees during the year	2,568	2,585

46. EVENTS AFTER THE REPORTING DATE

The Board of Directors of the Company in its meeting held on September 20, 2016 has proposed a cash dividend in respect of the year ended 30 June 2016 of Rupees 4/- per share and 10% Bonus Shares (2015: Cash dividend of Rupees 5 per share and 10% bonus shares). The appropriation will be approved by the members in the forthcoming Annual General Meeting. These financial statements do not include the effect of these appropriations which will be accounted for subsequent to the year end.

47. DATE OF AUTHORIZATION

These financial statements have been authorized for issue by Board of Directors of the Company on September 20, 2016.

48. CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified, wherever necessary, for the purposes of comparison, however no significant rearrangement / reclassification have been made in these financial statements.

As the Chief Executive Officer of the Company is not present in Pakistan, therefore these financial statements have been signed by two directors of the Company in accordance with the requirements of Section 241 (2) of the Companies Ordinance, 1984.

DIRECTOR

DIRECTOR

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 32nd Annual General Meeting of the shareholders of Suraj Cotton Mills Limited will be held on Friday, October 28, 2016 at 9:30 a.m. at the Registered Office, 7-B III, Aziz Avenue, Gulberg V, Lahore to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Accounts together with the Directors' and Auditors' reports thereon for the year ended June 30, 2016.
2. To approve as recommended by Directors, the payment of Cash Dividend @ 50% i.e. Rs. 5/- per share and bonus @ 10% i.e. 1 share of every 10 shares for the year ended June 30, 2016.
3. To appoint auditors of the Company and fix their remuneration. The present auditor M/s EY Ford Rhodes Chartered Accountants retires and offers themselves for re-appointment.
4. To transact any other business with the permission of the Chair.

Lahore

By Order of the Board

October 07, 2016

Company Secretary

BOOK CLOSURE:

The Members' Register will remain closed from October 22, 2016 to October 28, 2016 (both day inclusive).

NOTES:

1. Transfer received in order at the Registered Office by the close of business hours on Friday, October 21, 2016 will be treated in time.
2. A member eligible to attend and vote at this Meeting may appoint another member as his/her proxy to attend and vote instead of him/her.
3. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarially attested copy of the power of attorney must be received by the Company at the Registered Office not later than 48 hours before the time for holding the Meeting.
4. CDC account holders will further have to follow the under mentioned guidelines as laid down in circular no. 1 dated January 26, 2000 of the Securities & Exchange Commission of Pakistan for attending the meeting:

For Attending the Meeting:

- i. In case of individuals, the account holder or sub-account holder and whose registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original National Identity Card (NIC) or passport at the time of attending the meeting.

Notice of Annual General Meeting

- ii. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

For Appointing Proxies:

- i. In case of individuals, the account holder or sub-account holder and whose registration details are uploaded as per the Regulations, shall submit the proxy form as per above requirement
 - ii. Attested copies of valid CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
 - iii. The proxy shall produce his/her original valid CNIC or original passport at the time of the meeting. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be produced (unless it has been provided earlier) at the time of meeting.
5. SECP has directed vide SRO No. 779(1)/2011 dated August 18, 2011 to issue dividend warrant only crossed as "A/c Payee only" and should bear the Computerized National Identity Card (CNIC) of the registered members. Members who have not yet submitted photocopy of their valid CNIC are requested to send the same to the Company's Registrar.
 6. As directed by SECP vide Circular NO. 18 of 2012 dated June 5, 2012, we give the shareholders the opportunity to authorize the Company to directly credit in your bank account with cash dividend, if any, declared by the Company in future. If you wish that the cash dividend if declared by the Company be directly, credited into your bank account, instead of issuing a dividend warrants, please provide the following details:

Folio No.	
Name	
Title of Bank Account	
Bank Account Number	
Bank's Name	
Branch Name & Address	
Cell Number of Transferee	
Landline Number of Transferee, if any	

Deduction of Tax on Dividend Income – Finance Act, 2016

It is hereby informed that pursuant to the Finance Act, 2016, effective from July 1, 2016, the rate of withholding tax under Section 150 of the Income Tax Ordinance, 2001 on dividend income has been segregated as follows:

- i) Rate of tax deduction on dividend income for filer of income tax return 12.5%
- ii) Rate of tax deduction of dividend income for non filer of income tax return 20.0%

Further you are therefore requested to please provide us the following details:

Name	Folio No. / CDC Account No.	National Tax No.	CNIC No. (for individual only) enclose a copy of valid CNIC, if not already provided

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Form of Proxy

Thirty Second Annual General Meeting

I/We _____ of _____
being a member of Suraj Cotton Mills Limited and holder of _____
shares as per Registered Folio No. _____

For Beneficial Owners as per CDC list

CDC Participant I. D. No. _____

Sub-Account No. _____

NIC No. _____ or Passport No. _____.

hereby appoint _____ of _____ Who is also a member of the Company, Folio No. _____ or failing him/her _____ of _____ who is also member of the Company vide Registered Folio No. _____ as my/our Proxy to attend, speak and vote for me/us and on my/our behalf at the 32nd Annual General Meeting of the Company to be held on Friday, October 28, 2016 at 09:30 a.m. at Registered Office, 7-B-III, Aziz Avenue, Gulberg-V Lahore and at any adjournment thereof.

Dated this _____ day of _____, 2016.

Witness 1:

Signature: _____

Name: _____

Address: _____

Affix
Revenue of Stamp
of Rs. 5/-

Witness 2 :

Signature: _____

Name: _____

Address: _____

Signature of Member(s)

Note:

1. Proxies in order to be effective, must be received at the Registered Office of the Company at 7-B-III, Aziz Avenue, Gulberg-V, Lahore not later than 48 hours before the meeting.
2. CDC Shareholders and their Proxies are each requested to attach an attested Photocopy of their National Identity Card or Passport with this proxy form before submission to the Company.

Second Fold

Affix Revenue
Stamp

The Company Secretary
Suraj Cotton Mills Limited
7-B-III, Aziz Avenue, Gulberg-V, Lahore.

Third Fold and Tuck In

First Fold

Suraj Cotton Mills Limited

7-B III, Aziz Avenue,
Gulberg-V, Lahore - Pakistan

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info@suraj.com

