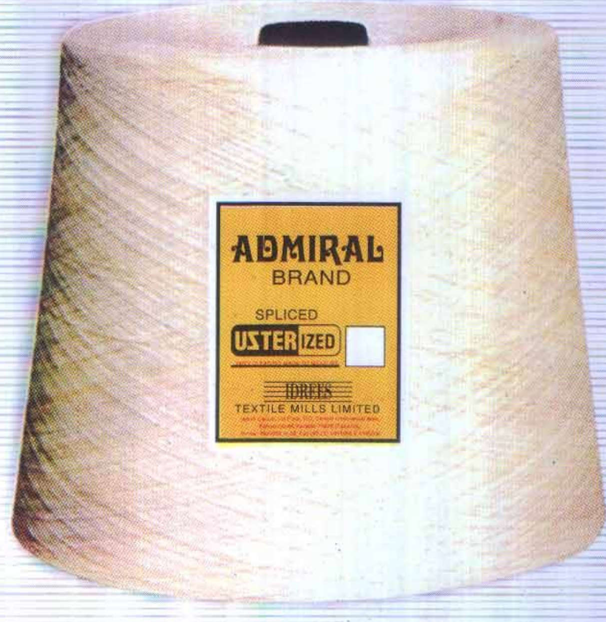
IDREES
TEXTILE MILLS LIMITED

Annual Report 2016



CONTENTS

COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. S.M. Idrees Allawala	- Chairman
	Mr. S. M. Mansoor Allawala	- CEO
	Mr. Kamran Idrees Allawala	- Director
	Mr. Naeem Idrees Allawala	- Director
	Mr. Omair Idrees Allawala	- Director
	Mr. Rizwan Idrees Allawala	- Director
	Mr. Muhammad Israil	- Director
	Mr. Muhammad Saeed	- Director
AUDIT COMMITTEE	Mr. Rizwan Idrees Allawala	- Chairman
	Mr. Muhammad Saeed	- Member
	Mr. Muhammad Israil	- Member
	Syed Shahid Sultan	- Secretary
COMPANY SECRETARY	Syed Shahid Sultan	
CHIEF FINANCIAL OFFICER	Mr. Muhammad Jawaid	
AUDITORS	M/s. Deloitte Yousuf Adil Chartered Accountants	
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mr. Kamran Idrees Allawala	- Chairman
	Mr. Rizwan Idrees Allawala	- Member
	Mr. Muhammad Saeed	- Member
BANKERS	National Bank of Pakistan Bank Alfalah Limited Habib Metropolitan Bank Ltd. Soneri Bank Limited Silk Bank Ltd. Meezan Bank Ltd. Bank of Punjab Ltd. BankIslami Pakistan Ltd. Bank Al Habib Ltd. Dubai Islamic Bank Pakistan Ltd.	
REGISTERED OFFICE	6-C, Ismail Centre, 1st Floor, Central Commercial Area, Bahadurabad, Karachi - 74800.	
SHARES REGISTRAR	M/S. NI Associates (Pvt) Ltd.	
MILLS	Kot Shah Mohammad, Tehsil Nankana, District Nankana, Punjab.	

Notice is hereby given that the 27st Annual General Meeting of the Shareholders of Idrees Textile Mills Limited will be held on Monday, October 31, 2016 at 12.00 noon. at Sadabahar, 53 Kokan Society, Alamgir Road/Hyder Ali Road, Karachi to transact the following business:

ORDINARY BUSINESS;

1. To confirm the minutes of the last Annual General Meeting held on October 30, 2015.

2. To receive, consider and adopt reports of the Directors and Auditors together with audited financial statements of the company for the year ended June 30, 2016.

3. To appoint Auditors and fix their remuneration for the year ending on June 30, 2017. The retiring Auditors, M/s Deloitte Yousuf Adil, Chartered Accountants, being eligible, offer themselves for re-appointment.

4. To transact any other business that may be placed before the meeting with the permission of the Chair.

By order of the Board

Karachi
October 03, 2016

Syed Shahid Sultan
Company Secretary

Note:

(i) Shareholders are advised to promptly notify any change in their address.

(ii) Share Transfer books of the Company will remain closed from October 26, 2016 to November 03, 2016. (Both days inclusive)

(iii) A member eligible to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote for him/her.

(iv) An instrument of proxy, in order to be valid, must be deposited at the Registered Office of the Company not less than 48 hours before the time of holding of the Meeting

(v) Shareholders of the Company whose shares are registered in their account/sub-account with Central Depository System (CDS), entitled to attend and vote at this meeting, must bring their Original CNIC or passport to prove their identity and, in case of Proxy must enclose additionally an attested copy of their CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose.

The Directors of your Company are pleased to present the financial statements for the year ended June 30, 2016.

FINANCIAL AND OPERATIONAL RESULTS

During the year under review, the Company's turnover amounted to Rs. 1.586 billion as compare to Rs. 2.307 billion last year. Gross profit declined to Rs.122.207million compared to Rs.192.774 million in the last year and loss after tax amounted to Rs.(11.602 million) against profit after tax of Rs.5.168 million in the comparable period

FY16 has been a tough year for the spinning sector. Raw material price remained volatile due to shrinkage in Pakistan's cotton crop. The Company could not make profit from the sale of yarn owing to lacklustre activity in the yarn market keeping the price of yarn extremely low. Economic slowdown in China, which is a major destination for Pakistan's yarn export , has added fuel to the fire. Rising cost of production has rendered Pakistan's products uncompetitive in the international market, as compared to other regional players, causing decline in global market share. Expensive energy due to high tariff & imposition of various surcharges, infrastructure cess, high taxes and increase in minimum wage are major contributors to cost escalation.

On the brighter side, with the supply of Re-gasified Liquefied Natural Gas (RLNG) to the textile sector for power generation, we expect better results for FY17.

EARNING PER SHARE

The earnings/(loss) per share for the year under review worked out to Re.(0.64) as compare to Re.0.29 for the corresponding period.

DIVIDEND

In view of net loss suffered by the Company, your directors have decided not to recommend any dividend this year.

FUTURE OUTLOOK

The Textile Policy 2014-2019 aims to double the textile exports in a period of five years by shifting the focus from primary products to value-added ones. Achievement of the goals set out in the policy largely depends on government's initiative which should lead from the front and should effectively engage all the stake holders. On the external front, foreign exchange reserves remained stable due to lower oil prices, healthy workers' remittances and adequate official capital inflows. Successful end to the IMF program is also likely to bring the much-needed confidence boost to our economy.The remarkably low markup rate is offering the industry to make the most out of it which is possible only if it is provided an enabling environment by the government. Infrastructure projects planned under the US$ 46 billion 'China-Pakistan Economic Corridor' (CPEC) mega project has a lot to offer to the country in the shape of world-class shipping infrastructure at Gwadar port, employment generation, transport infrastructure and power generation from gas, coal & solar energy. It would create favorable investment environment which is necessary to sustain economic growth. The economic outlook largely depends on early realization of these projects.

On a long standing demand of the business community, FBR has finally restored the 'Zero-rated Regime' of sales tax under SRO 1125 for the textile sector which shall benefit the industry in terms of competitiveness. Some other promising developments that would surely benefit the spinning sector are (i) the State Bank of Pakistan (SBP) has declared eligibility of the spinning sector to avail the 'Long Term Finance Facility' (LTFF) scheme of SBP for import of textile machinery at lower markup rate and (ii) the Ministry of Petroleum and Natural Resources, through gas companies, is providing uninterrupted supply of Re-gasified Liquefied Natural Gas (RLNG) to captive power plants of the textile sector.

However, any setback to security situation, unexpected increase in oil prices deterioration in global trade due to slowdown in China, uncertainties about recovery in the EU in the post Brexit period can have repercussions for financial inflows and trade to the country.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

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

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

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

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

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

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

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

(h) The book value of investments made by the Employees' Provident Fund, being operated for head office employees only, is Rs.13,276,669/- (2014:Rs.12,770,153) as per audited financial statements of the Fund as on June 30, 2015.

Mills employees are entitled to gratuity as per law and appropriate provision has been made in the financial statements.

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

(j) During the year under review, seven Board of Directors, six Audit Committee and one Human Resource & Remuneration Committee (HR&RC) meetings were held and attended as follows:

Name of Director	Board of Directors	Audit Committee	HR & RC
Mr.S.M. Idrees Allawala	07	N/A	N/A
Mr.S.M.Mansoor Allawala	07	N/A	N/A
Mr.Kamran Idrees Allawala	07	N/A	01
Mr.Naeem Idrees Allawala	06	N/A	N/A
Mr.Rizwan Idrees Allawala	07	N/A	01
Mr.Omair Idrees Allawala	07	06	N/A
Mr.Muhammad Israil	07	06	N/A
Mr. Muhammad Saeed	07	06	01

(k) During the year under review, there has been no trading in shares of the Company by CEO, Directors and their Spouses.

AUDITORS

The retiring Auditors M/s Deloitte Yousuf Adil, Chartered Accountants have offered themselves for re-appointment for the ensuing year 2016-2017. The audit committee in its meeting held on September 30, 2016 has recommended the appointment of the retiring auditors.

ACKNOWLEDGEMENT

The directors are thankful to the bankers, suppliers and customers of the Company for their continued support and appreciate the hard work by the employees of the Company.

By order of the Board
S.M. IDREES ALLAWALA
Chairman/Director

Karachi.
October 03, 2016

	2011	2012	2013	2014	2015	2016
Sales	1,203,111,500	1,169,019,495	2,242,355,182	2,901,068,553	2,306,871,955	1,586,062,979
Cost of goods sold	(1,042,952,530)	(1,003,060,782)	(1,997,815,097)	(2,687,542,978)	(2,114,097,785)	(1,463,856,118)
Gross Profit	160,158,970	165,958,713	244,540,085	213,525,575	192,774,170	122,206,861
Other operating Income/loss	83,003,886	(2,373,975)	3,156,568	8,772,603	3,590,645	33,176,150
	243,162,856	163,584,738	247,696,653	222,298,178	196,364,815	155,383,011
Distribution Cost	(3,063,407)	(871,811)	(8,206,345)	(17,520,357)	(22,100,541)	(11,538,415)
Administration expenses	(32,468,721)	(34,409,770)	(46,294,576)	(65,360,402)	(64,211,617)	(61,391,867)
Other operating expenses	(20,242,315)	(3,888,380)	(22,832,524)	(7,725,995)	(15,491,593)	(20,355,264)
Finance cost	(95,932,992)	(81,873,201)	(91,103,014)	(106,021,261)	(94,073,566)	(97,348,847)
	(151,707,435)	(121,043,162)	(168,436,459)	(196,628,015)	(195,877,317)	(190,634,393)
Profit/(Loss) before taxation	91,455,421	42,541,576	79,260,194	25,670,163	487,498	(35,251,382)
Taxation	(39,396,035)	(8,850,417)	(17,712,110)	5,634,909	4,680,745	23,649,372
Profit/(Loss) after taxation	52,059,386	33,691,159	61,548,084	31,305,072	5,168,243	(11,602,010)
Other Comprehensive income for the year	-	-	-	65,152	485,406	2,967,482
Total comprehensive income for the year	52,059,386	33,691,159	61,548,084	31,370,224	5,653,649	(8,634,528)
Earning/(Loss) per shares	2.88	1.87	3.41	1.73	0.29	-0.64

This statement is being presented to comply with the Code of Corporate Governance ("the Code") contained in Regulation No. 5.19 of the Rule Book of the Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

Categories	**Names**
Independent Director	Mr. Muhammad Saeed
Executive Directors	Mr. S. M. Mansoor Allawala Mr. Naeem Idrees Allawala Mr. Omair Idrees Allawala
Non-Executive Directors	Mr. S. M. Idrees Allawala Mr. Kamran Idrees Allawala Mr. Rizwan Idrees Allawala Mr. Muhammad Israil

   The independent director meets the criteria of independence under clause 5.19.1 (b) of the Code.

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

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

4. There was no change in the Board of Directors during the year.

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

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

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

8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were also circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The directors have been made aware of the Listing regulations of the Stock Exchange, the Company's Memorandum and Articles of Association and the Code during various Board meetings. The directors are therefore well conversant with their duties and responsibilities. Five out of eight directors meet the exemption requirement of the Directors' Training Program. Two directors have completed the Directors' Training Program and became certified directors and out of the two directors, one director has completed the Directors' Training Program in the current year. The Company plans to arrange training program for the remaining director by June 30, 2018.

10. The Chief Financial Officer (CFO), the Company Secretary and the Head of Internal Audit continued their services and no change in these positions were made during this financial year.

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

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of share holding

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

15. The Board has formed an Audit Committee. It comprises of three members of whom one is an independent director and two are non-executive directors. Chairman of the Audit Committee is a non-executive director.

16. The meetings of the Audit Committee were held once in every quarter prior to approval of interim and final results of the Company as required by the Code.The terms of reference of the Audit Committee have been formed and approved by the Board and advised to the Audit Committee for compliance.

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

18. The Board has set up an effective internal audit function within the Company. The Head of Internal Audit and the staff are experienced for the purpose and are conversant with the policies and procedures of the Company.

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

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

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

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

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

For and on behalf of the Board

S M Mansoor Allawala
Chief Executive
Karachi
October 03, 2016

We have reviewed the enclosed Statement of Compliance (the Statement) with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors (the Board) of **Idrees Textile Mills Limited** (the Company) for the year ended June 30, 2016 to comply with Regulation No. 5.19 of the Rule Book of the Pakistan Stock Exchange Limited, where the Company is listed.

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

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval the Company's 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 prices 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 approval of the related party transactions by the Board 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 prices or not.

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

Chartered Accountants

Deloitte Yousuf Adil

Engagement Partner
Nadeem Yousuf Adil

Karachi
October 03, 2016

A member firm of
Deloitte Touche Tohmatsu Limited

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

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

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

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

b) in our opinion:

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

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

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

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

d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Chartered Accountants

Deloitte Yousuf Adil

Engagement Partner
Nadeem Yousuf Adil

Karachi
October 03, 2016

A member firm of
Deloitte Touche Tohmatsu Limited

	Note	2016 Rupees	2015 Rupees
SHARE CAPITAL AND RESERVES			
Share capital	4	180,480,000	180,480,000
Revenue reserve			
Unappropriated profit		487,455,878	455,620,076
		667,935,878	636,100,076
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net of tax	5	633,801,984	544,894,888
NON-CURRENT LIABILITIES			
Long-term finance			
Banking company	6	9,689,400	-
Related parties	7	75,379,415	68,045,303
		85,068,815	68,045,303
Liabilities against assets subject to finance lease	8	49,801,114	72,213,511
Deferred liabilities	9	279,704,517	293,428,229
CURRENT LIABILITIES			
Trade and other payables	10	306,150,375	262,158,421
Interest / mark-up accrued	11	20,605,454	12,446,560
Short-term borrowings	12	880,745,622	782,091,973
Current portion of			
long-term finance	6	6,459,600	-
liabilities against assets subject to finance lease	8	52,287,236	58,246,798
Provision for taxation		16,312,378	18,795,754
		1,282,560,665	1,133,739,506
CONTINGENCIES AND COMMITMENTS	13		
		2,998,872,973	2,748,421,513

CHIEF EXECUTIVE

	Note	2016 Rupees	2015 Rupees
NON-CURRENT ASSETS			
Property, plant and equipment	14	1,566,331,401	1,455,823,917
Long-term deposits	15	20,768,751	26,606,009
		1,587,100,152	1,482,429,926
CURRENT ASSETS			
Stores, spares and loose tools	16	35,181,990	39,362,182
Stock-in-trade	17	579,045,301	668,568,133
Trade debts	18	672,058,634	429,974,424
Loans and advances	19	42,046,643	66,372,792
Deposits and short-term prepayments	20	10,218,383	8,965,747
Other receivables	21	34,759,053	9,555,205
Other financial asset	22	36,050,710	33,550,710
Cash and bank balances	23	2,412,107	9,642,394
		1,411,772,821	1,265,991,587
		2,998,872,973	2,748,421,513

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

DIRECTOR

	Note	2016 Rupees	2015 Rupees
Sales - net	24	1,586,062,979	2,306,871,955
Cost of sales	25	(1,463,856,118)	(2,114,097,785)
Gross profit		122,206,861	192,774,170
Distribution cost	26	(11,538,415)	(22,100,541)
Administrative expenses	27	(61,391,867)	(64,211,617)
		(72,930,282)	(86,312,158)
		49,276,579	106,462,012
Finance cost	28	(97,348,847)	(94,073,566)
Other operating expenses	29	(20,355,264)	(15,491,593)
		(68,427,532)	(3,103,147)
Other income	30	33,176,150	3,590,645
(Loss) / profit before taxation		(35,251,382)	487,498
Taxation	31	23,649,372	4,680,745
(Loss) / profit for the year		(11,602,010)	5,168,243
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss		-	-
Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit obligation	9.2.6	3,965,812	675,670
- Related tax	9.1	(998,330)	(190,264)
		2,967,482	485,406
Total comprehensive income for the year		(8,634,528)	5,653,649
Earnings per share - basic and diluted	32	(0.64)	0.29

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

CHIEF EXECUTIVE **DIRECTOR**

		Note	2016 Rupees	2015 Rupees
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**			
	(Loss) / profit before taxation		(35,251,382)	487,498
	Adjustments for :			
	Depreciation		91,252,882	90,312,668
	Provision for slow moving store items		538,513	914,644
	(Reversal of provision) / provision for doubtful debts		(2,846,563)	10,648,778
	Provision for staff gratuity		15,479,212	14,456,260
	Finance cost		97,348,847	94,073,566
	Loss on disposal of property, plant and equipment - net		16,233,770	-
	Operating cash flows before working capital changes		182,755,279	210,893,414
	(Increase) / decrease in current assets			
	Stores, spares and loose tools		3,641,679	486,076
	Stock-in-trade		89,522,832	(259,990,916)
	Trade debts		(239,237,647)	(17,281,490)
	Loans and advances		21,624,966	20,511,609
	Deposits and short-term prepayments		(1,252,636)	4,550,004
	Other receivables		(25,203,848)	2,896,289
	Increase in current liabilities			
	Trade and other payables		46,121,032	56,784,009
	Working capital changes		(104,783,622)	(192,044,419)
	Cash generated from operations		77,971,657	18,848,995
	Finance cost paid		(81,855,841)	(89,761,086)
	Staff gratuity paid		(15,768,290)	(8,463,380)
	Income tax paid		(16,457,270)	(21,758,370)
	Long-term deposits - net		5,837,258	(5,890,318)
	Net cash used in operating activities		(30,272,486)	(107,024,159)
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
	Additions to property, plant and equipment		(23,182,844)	(40,464,613)
	Proceeds from disposal of property, plant and equipment		2,425,000	-
	Other financial asset - net		(2,500,000)	(1,541,000)
	Net cash used in investing activities		(23,257,844)	(42,005,613)
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
	Long-term finance repaid		-	(9,428,523)
	Long-term finance obtained		16,149,000	-
	Liabilities against assets subject to finance lease - net		(65,308,045)	(84,527,993)
	Dividend paid		(3,194,561)	(4,411,896)
	Net cash used in financing activities		(52,353,606)	(98,368,412)
	Net decrease in cash and cash equivalents (A+B+C)		(105,883,936)	(247,398,184)
	Cash and cash equivalents at the beginning of the year		(772,449,579)	(525,051,395)
	Cash and cash equivalents at the end of the year	33	(878,333,515)	(772,449,579)

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

CHIEF EXECUTIVE **DIRECTOR**

	Note	Issued, subscribed and paid-up capital	Unappropriated profit	Total
		------------------------------ Rupees	------------------------------	
Balance as at July 1, 2014		180,480,000	391,660,728	572,140,728
Total comprehensive income for the year				
Profit for the year		-	5,168,243	5,168,243
Other comprehensive income		-	485,406	485,406
		-	5,653,649	5,653,649
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation charged thereon - net of tax	5	-	31,851,227	31,851,227
Transactions with owners recognized directly in equity				
Present value adjustment on interest free loan from related parties	7	-	32,284,698	32,284,698
Final cash dividend for the year ended June 30, 2014 @ Re. 1 per share to minority shareholders		-	(5,830,226)	(5,830,226)
Balance as at June 30, 2015		**180,480,000**	**455,620,076** *	**636,100,076**
Total comprehensive income for the year				
Loss for the year		-	(11,602,010)	(11,602,010)
Other comprehensive income		-	2,967,482	2,967,482
		-	(8,634,528)	(8,634,528)
Transfer from surplus on revaluation of property, plant and equipment on account of:				
- incremental depreciation charge thereon - net of tax	5	-	31,695,808	31,695,808
- disposals - net of tax	5	-	11,689,635	11,689,635
Transaction with owners recognized directly in equity				
Final cash dividend for the year ended June 30, 2015 @ Re. 0.5 per share to minority shareholders		-	(2,915,113)	(2,915,113)
Balance as at June 30, 2016		**180,480,000**	**487,455,878** *	**667,935,878**

* This includes the unamortized portion of interest free loan obtained from related parties amounting to Rs. 24,950,586/- (2015: Rs. 32,284,698/-) which is not available for distribution.

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

CHIEF EXECUTIVE **DIRECTOR**

1. STATUS AND NATURE OF BUSINESS

1.1 Idrees Textile Mills Limited (the Company) was incorporated in Pakistan as an unquoted public limited company on June 5, 1990 under the Companies Ordinance, 1984 and was listed on Karachi and Lahore Stock Exchanges (now integrated / merged into Pakistan Stock Exchange Limited) on April 28, 1992. The registered office of the Company is situated at 6-C, Ismail Centre, 1st floor, Central Commercial Area, Bahadurabad, Karachi, in the Province of Sindh. The principal activity of the Company is manufacturing, processing and sale of fabrics and all kinds of yarn. The Company's manufacturing facility is located at Kot Shah Muhammad, District Nankana in the Province of Punjab.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

These financial statements have been prepared under historical cost convention except that certain categories of property, plant and equipment are stated at revalued amounts and the Company's liability under defined benefit plan (gratuity) is stated at present value of defined benefit obligation.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest rupee.

2.4 Use of estimates and judgments

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

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of approved accounting standards, as applicable in Pakistan, that have a significant effect on the financial statements and estimates with significant risk of material judgment in the next financial year are set forth below:

- assumptions and estimates used in accounting for defined benefit plan (notes 3.1.1 and 9.2);

- assumptions and estimates used in determining revalued amounts of certain items of property, plant and equipment (notes 3.5 and 14.1);

- assumptions and estimates used in determining residual values, useful lives and recoverable amount of property, plant and equipment (notes 3.5, 3.14.2 and 14.1);

- assumptions and estimates used in determining provision for taxation including deferred taxation (notes 3.2, 9.1 and 31);

- assumptions and estimates used in determining the provision for slow moving stores and spares (notes 3.8 and 16.1);
- assumptions and estimates used in writing down items of stock-in-trade to their net realizable value (notes 3.9 and 17) and;
- assumptions and estimates used in calculating the provision for impairment for trade debts (notes 3.10 and 18).

2.5 New / revised standards that are effective in the current year

The following new / revised standards are effective from July 01, 2015. These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

- IFRS 10 'Consolidated Financial Statements'
- IFRS 11 'Joint Arrangements'
- IFRS 12 'Disclosure of Interests in Other Entities'
- IAS 27 (Revised 2011) 'Separate Financial Statements'
- IAS 28 (Revised 2011) 'Investments in Associates and Joint Ventures'

In addition to above standards, IFRS 13 'Fair Value Measurement' also became effective in the current year. IFRS 13 consolidates the guidance on how to measure fair value, which was spread across various IFRSs, into one comprehensive standard. It introduces the use of an exit price, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments into the fair value hierarchy. The application of IFRS 13 did not have an impact on the financial statements of the Company, except certain additional disclosures (refer note 42).

2.6 Amendments to published approved accounting standards

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

	Effective date (accounting periods beginning on or after)
- Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	January 01, 2018
- Amendments to IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures' - Applying the consolidation exception	January 01, 2016
- Amendments to IFRS 11 'Joint Arrangements' - Amendments regarding the accounting for acquisitions for an interest in a joint venture	January 01, 2016
- Amendments to IAS 1 'Presentation of Financial Statements' - Amendments as a result of the disclosure initiative	January 01, 2016
- Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	January 01, 2017
- Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses	January 01, 2017
- Amendments to IAS 16 'Property, Plant and Equipment' and IAS 38 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortization	January 01, 2016
- Amendments to IAS 16 'Property, Plant and Equipment' and IAS 41 'Agriculture' - Bearer plants	January 01, 2016
- 'Amendments to IAS 27 'Separate Financial Statements' equity method in separate financial statements	January 01, 2016

In addition to above, the following new standards have been issued by IASB, which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are the same, as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2015 and are enumerated as follows:

3.1 Staff retirement benefits

3.1.1 Defined benefit plan

The Company operates an unfunded gratuity scheme covering all its factory workers who have completed the minimum qualifying period of service as defined under the scheme. The Company's obligation under the scheme is determined through actuarial valuation carried out at each year end under the Projected Unit Credit Method. Remeasurements which comprise actuarial gains and losses are recognized immediately in other comprehensive income.

The Company determines the interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of benefit payments. Interest expense and current service cost are recognized in profit and loss account. The most recent valuation of the scheme was carried out as at June 30, 2016. Details of the scheme are given in note 9.2 of these financial statements.

3.1.2 Defined contribution plan

The Company operates an approved funded contributory provident fund scheme for all head office staff. Equal monthly contributions are made both by the Company and the employees at the rate of 8.33% of basic salary per annum.

3.2 Taxation

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

3.2.1 Current tax

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

3.2.2 Deferred tax

Deferred tax is recognized using the balance sheet liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantively enacted at the balance sheet date.

The Company recognizes a deferred tax asset to the extent that it is probable that taxable profits in the foreseeable future will be available against which the assets can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Further, the Company also recognizes a deferred tax asset / liability on deficit / surplus on revaluation of property, plant and equipment which is adjusted against the related deficit / surplus.

3.3 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

3.4 Markup bearing borrowings

Markup bearing borrowings are recognized initially at fair value, less attributable transaction cost. Subsequent to initial recognition, markup bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in profit and loss account over the period of borrowings on an effective interest basis.

3.5 Property, plant and equipment

3.5.1 Owned assets

Property, plant and equipment are stated as follows:

- Land is stated at revalued amount less impairment loss, if any;

- Building, labour colony, plant and machinery, electric installations and mill equipment are stated at revalued amounts less accumulated depreciation and impairment losses, if any; and

- Office equipment, furniture and fixtures and vehicles are stated at cost less accumulated depreciation and impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of an asset including borrowing costs, if any. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs are included in an asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. Cost incurred to replace a component of an item of property, plant and equipment is capitalized and the asset so replaced is derecognized. Normal repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

Depreciation is charged to the profit and loss account on a straight line basis at the rates specified in note 14.1. Depreciation on additions is charged from the month an asset is available for use upto the month prior to its disposal.

Depreciation methods, useful lives and residual values of each item of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed and adjusted, if appropriate at each balance sheet date.

Surplus on revaluation of assets is credited to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the estimated fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of assets (net of deferred taxation) is transferred directly to retained earnings (unappropriated profit).

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognized in other income / other expenses in the profit and loss account. When revalued assets are sold, any related amount included in the surplus on revaluation is transferred to retained earnings (unappropriated profit).

Capital work-in-progress

Capital work-in-progress is stated at cost less impairment loss, if any, and consists of expenditure incurred and advances made in respect of assets in the course of their acquisition, construction and installation. Transfers are made to relevant asset categories as and when assets are available for intended use.

3.5.2 Leased assets

Leases which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item are classified as finance leases and are capitalized at the inception of the lease at the fair value of leased assets or, if lower, at the present value of the minimum lease payments. Other leases are classified as operating leases.

Plant and machinery acquired under finance lease is stated at revalued amounts less accumulated depreciation and impairment losses, if any. Vehicles acquired under finance lease are stated at cost less accumulated depreciation and impairment losses, if any. Assets acquired under finance lease are depreciated over the useful life of the assets commencing from the year in which the leased assets are put into operation. Depreciation and other policies are same as for the owned assets described above.

3.6 Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Company. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as liabilities against assets subject to finance lease. Lease payments are apportioned between finance charges and reduction of the liabilities against assets subject to finance lease so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit and loss account, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's policy on borrowing costs.

3.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of the respective assets until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in profit and loss account in the period in which they are incurred.

3.8 Stores, spares and loose tools

These are stated at lower of moving average cost and net realizable value, less allowance for obsolete and slow moving items (if any). Items in transit are stated at cost comprising invoice value plus other charges incurred thereon upto the balance sheet date. Provision for obsolete and slow moving stores, spares and loose tools is determi ned based on the management's estimate regarding their future usability.

Net realizable value signifies the estimated selling price in the ordinary course of business less the net estimated costs necessary to be incurred to make the sale.

3.9 Stock-in-trade

These are stated at lower of cost and net realizable value applying the following basis:
Cost signifies in relation to:

- Raw material	Weighted average cost
- Stock-in-transit	Cost accumulated up to balance sheet date
- Work-in-process and finished goods	Average manufacturing cost
- Waste	Net realizable value.

Average manufacturing cost in relation to work-in-process and finished goods signifies cost including a portion of related direct overheads.

Net realizable value (NRV) signifies the estimated selling price in the ordinary course of business less the net estimated costs necessary to be incurred to make the sale.

3.10 Trade debts and other receivables

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortized cost less provision for impairment, if any. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written-off.

3.11 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand and balances with banks in current and deposit accounts. Short-term borrowings availed by the Company, which are payable on demand and form an integral part of the Company's cash management, are included as part of cash and cash equivalents for the purpose of the cash flow statement.

3.12 Financial instruments

All financial assets and liabilities are recognized at the time when the Company becomes a party to the contractual provision of instruments. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets or liabilities is taken to profit and loss account.

3.13 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only where there is legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3.14 Impairment

3.14.1 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

3.14.2 Non-financial assets

The carrying amounts of non-financial assets, other than inventories and deferred tax asset, are reviewed at each balance sheet date to ascertain whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.15 Foreign currency translation

Transactions in foreign currencies are translated into Pakistani Rupees at the rates of exchange approximating those prevailing on the date of transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at the rates of exchange prevailing on the balance sheet date.

Exchange differences are included in the profit and loss account currently.

3.16 Provisions

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

3.17 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable in the normal course of business.

- Revenue from sales of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

- Revenue from export sales are recognized upon transfer of significant risks and rewards of ownership, which coincides with date of bill of lading.

- Interest income is recognized on a time-apportioned basis using the effective rate of return.

3.18 Dividend and appropriation to / from reserves

Dividend distribution to the Company's shareholders and appropriations to / from reserves is recognized in the period in which these are approved.

3.19 Earnings per share

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

4. SHARE CAPITAL

2016	2015		2016	2015
Number of shares			Rupees	Rupees
		Authorized		
22,000,000	22,000,000	Ordinary shares of Rs. 10/- each	220,000,000	220,000,000
		Issued, subscribed and paid-up		
18,048,000	18,048,000	Ordinary shares of Rs. 10/- each fully paid in cash	180,480,000	180,480,000

4.1 The Company has one class of ordinary shares which carry equal voting rights but no right to fixed income.

	Note	2016 Rupees	2015 Rupees
5. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net of tax			
As at July 1,		718,616,332	762,152,342
Surplus arising during the year		160,300,206	-
Less: transferred to unappropriated profit on account of:			
- incremental depreciation - net of tax		(31,695,808)	(31,851,227)
- related deferred tax liability		(11,628,151)	(11,684,783)
- disposals - net of tax		(11,689,635)	-
- related deferred tax liability		(4,288,543)	-
		(59,302,137)	(43,536,010)
As at June 30,		819,614,401	718,616,332
Less: related deferred tax liability on:			
Revaluation surplus as at July 1,		173,721,444	234,613,180
Surplus arising during the year	9.1	37,826,629	-
Adjustment due to change in tax rate	9.1	(9,818,962)	(49,206,953)
Incremental depreciation charged during the year		(11,628,151)	(11,684,783)
Assets disposed-off during the year		(4,288,543)	-
	9.1	185,812,417	173,721,444
		633,801,984	544,894,888

	Note	2016 Rupees	2015 Rupees
6. LONG-TERM FINANCE - Banking company - secured			
Term finance	6.1	16,149,000	-
Less: current portion shown under current liabilities		(6,459,600)	-
		9,689,400	-

6.1 This represents long-term finance facility obtained by the Company for the purpose of retirement of LC opened to procure machinery. The facility carries markup at SBP LTF-EOP rate + 2% per annum and is payable in 10 quarterly instalments within a period of 2.5 years. The loan is secured against first pari passu charge of Rs. 21.532 million (with 25% margin) over fixed assets including land, building, plant and machinery of the Company and personal guarantees of all the directors.

	Note	2016 Rupees	2015 Rupees
7. LONG-TERM FINANCE - Related parties - unsecured			
Interest free loan	7.1	100,330,001	100,330,001
Less: present value adjustment		(24,950,586)	(32,284,698)
		75,379,415	68,045,303

7.1 During the previous year, the Company entered into agreements with various related parties (directors / shareholders and their closed family members) in their capacity as sponsors, whereby the repayment of the loan paid in previous years was deferred for a period of four years from the date of the agreement, i.e., June 4, 2015. The loans are interest free, unsecured and are repayable in full at the end of four-year period until further extended by mutual agreement. Using the discount rate of 10% per annum, the fair value of the loans was estimated at Rs. 68.045 million at June 30, 2015. The difference of Rs.32.285 million between the gross proceeds and the fair value of the loan had been recognized in equity through a transfer to unappropriated profit (the unamortized portions are not available for distribution). The interest (i.e. unwinding of the difference between present value on initial recognition and the amount received) is being recognized on the loan in the profit and loss account using the effective interest method.

	2016 Rupees	2015 Rupees
8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Present value of minimum lease payments	102,088,350	130,460,309
Less: current portion shown under current liabilities	(52,287,236)	(58,246,798)
	49,801,114	72,213,511

These represent plant and machinery and vehicles acquired under finance leases (and musharaka arrangement) from leasing companies and financial institutions. Future minimum lease payments under lease together with the present value of the net minimum lease payments are as follows:

	2016			2015		
	Minimum lease payments	Finance cost	Present value	Minimum lease payments	Finance cost	Present value
	Rupees					
Not later than one year	57,427,975	5,140,739	52,287,236	65,084,080	6,837,282	58,246,798
Later than one year but not later than five years	52,143,835	2,342,721	49,801,114	78,196,287	5,982,776	72,213,511
Total	109,571,810	7,483,460	102,088,350	143,280,367	12,820,058	130,460,309

The rates of mark-up ranges from 8.61% to 13.44% (2015: 9.81% to 15.42%) per annum and are used as discounting factor. The lease terms are 3 to 5 years. The Company intends to exercise its option to purchase the leased assets upon completion of the lease period. Liabilities are secured against leased assets, demand promissory notes and security deposits.

		Note	2016 Rupees	2015 Rupees
9.	**DEFERRED LIABILITIES**			
	Deferred taxation - net	9.1	**253,264,693**	264,583,145
	Staff gratuity	9.2	**30,960,314**	35,215,204
	Less: gratuity due but not yet paid	10	**(4,520,490)**	(6,370,120)
			26,439,824	28,845,084
			279,704,517	293,428,229
9.1	**Deferred taxation - net**			
	Balance as at July 1,		**264,583,145**	337,226,208
	Reversal to profit and loss account	31	**(40,324,449)**	(23,626,374)
	Charged to other comprehensive income		**998,330**	190,264
	Adjustment to the related deferred tax liability on revaluation surplus	5	**(9,818,962)**	(49,206,953)
	Surplus arising on revaluation of property, plant and equipment	5	**37,826,629**	-
	Balance as at June 30,		**253,264,693**	264,583,145
	This comprises of the following:			
	Deferred tax credits:			
	- accelerated depreciation on property, plant and equipment		**120,466,666**	118,168,655
	- surplus on revaluation of property, plant and equipment	5	**185,812,417**	173,721,444
			306,279,083	291,890,099
	Deferred tax debits:			
	- provision for doubtful trade debts		**2,996,791**	3,388,587
	- provision for stores and spares		**561,386**	446,562
	- provision for doubtful other receivables		**1,447,492**	1,273,763
	- provision for staff gratuity		**7,793,766**	9,324,617
	- minimum tax		**33,653,333**	12,873,425
	- unused tax losses		**6,561,622**	-
			(53,014,390)	(27,306,954)
			253,264,693	264,583,145
9.2	**Staff gratuity**			
	Mill	9.2.2	**30,707,942**	34,962,832
	Head Office	9.2.11	**252,372**	252,372
			30,960,314	35,215,204

9.2.1 Staff gratuity - defined benefit plan

The Projected Unit Credit Method based on following significant assumptions was used for valuation of the scheme. The basis of recognition together with details as per actuarial valuation are as under:

	2016	2015
The principal assumptions used are as follows:		
- Discount rate	**7.25% p.a.**	9.75% p.a.
- Expected rate of salary increase	**6.25% p.a.**	8.75% p.a.
- Mortality rate	**SLIC 2001-2005 set back one year**	SLIC 2001-2005 set back one year

	Note	2016 Rupees	2015 Rupees
9.2.2 Liability recognized in the balance sheet			
Present value of defined benefit obligation (DBO)	9.2.3	26,187,452	28,592,712
Benefits due but not yet paid	9.2.4	4,520,490	6,370,120
		30,707,942	34,962,832
9.2.3 Movement in defined benefit obligation (DBO) during the year			
Balance as at July 1,		28,592,712	24,556,422
Expense recognized in profit and loss account	9.2.5	15,479,212	14,456,260
Total remeasurements recognized in other comprehensive income	9.2.6	(3,965,812)	(675,670)
Benefits paid		(11,396,990)	(4,393,030)
Benefits due but not yet paid		(2,521,670)	(5,351,270)
		26,187,452	28,592,712
9.2.4 Movement in benefits due but not yet paid			
Balance as at July 1,		6,370,120	5,089,200
Add: transfer from DBO during the year		2,521,670	5,351,270
Less: payments made during the year		(4,371,300)	(4,070,350)
		4,520,490	6,370,120
9.2.5 Expense recognized in profit and loss account			
Current service cost		13,369,957	11,848,094
Interest cost		2,109,255	2,608,166
		15,479,212	14,456,260
9.2.6 Total remeasurements recognized in other comprehensive income			
Actuarial loss on liability arising on			
- financial assumptions		(228,869)	-
- demographic assumptions		-	-
- experience adjustments		(3,736,943)	(675,670)
- remeasurement loss of prior year		-	-
		(3,965,812)	(675,670)

9.2.7 Sensitivity analysis

The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

		Increase / (decrease) in defined benefit obligation due to	
	Change in assumption	**Increase in assumption**	**Decrease in assumption**
		Rupees	**Rupees**
Discount rate	**1%**	**(1,610,477)**	**1,848,587**
Salary growth rate	**1%**	**1,927,543**	**(1,712,426)**

9.2.8 The gratuity scheme exposes the Company to the following risks:

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

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

Withdrawal risk: The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the defined benefit obligation. The movement of the liability can go either way.

9.2.9 The weighted average duration of the benefit obligation as at June 30, 2016 is 7 years (2015: 8 years).

9.2.10 Number of employees covered by the scheme are 584 (2015: 1,004) employees.

	Note	2016 Rupees	2015 Rupees
9.2.11 Staff gratuity - head office			
Balance as at July 1,		252,372	252,372
Paid during the year		-	-
Balance as at June 30,	9.2.12	252,372	252,372

9.2.12 This amount relates to the unfunded gratuity scheme for the head office staff which has been freezed since 2002, as per the Company policy.

	Note	2016 Rupees	2015 Rupees
10. TRADE AND OTHER PAYABLES			
Creditors	10.1	23,845,732	99,001,907
Accrued liabilities		29,817,252	52,336,342
Bills payable		34,407	23,054,054
Advance from customers		207,717,027	11,024,070
Workers' profit participation fund	10.2	28,683	26,181
Workers' welfare fund		8,474,582	8,474,582
Infrastructure cess	10.3	19,126,284	15,035,290
Unclaimed dividend		3,380,903	3,660,351
Provident fund		317,924	262,099
Gratuity due but not yet paid	9	4,520,490	6,370,120
Withholding tax payable		8,887,091	12,683,455
Murabaha finance	10.4	-	30,229,970
		306,150,375	262,158,421

10.1 Trade payables are non-interest bearing and are normally settled on 90-days term.

	Note	2016 Rupees	2015 Rupees
10.2 Workers' profit participation fund			
Balance as at July 1,		26,181	1,396,709
Allocation during the year	29	-	26,181
Interest on funds utilized in Company's business	28	2,502	99,577
		28,683	1,522,467
Paid during the year		-	(1,496,286)
Balance as at June 30,		28,683	26,181

10.3 The Government of Sindh through Sindh Finance Act, 1994 provided for imposition of an infrastructure fee for the development and maintenance of infrastructure on goods entering or leaving the Province through air or sea at prescribed rates. The levy was challenged by the Company along with other companies in the High Court of Sindh through civil suits which were dismissed by the single judge of the High Court of Sindh through its decision in October 2003. On appeal filed there against, the High Court of Sindh has held through an order passed in September 2008 that the levy as imposed through the Sindh Finance Act, 1994 (amended time to time) was not valid till December 28, 2006, however, thereafter on account of an amendment in the Sindh Finance (Amendment) Ordinance, 2006, it had become valid and is payable by the Appellants. The Company, along with other companies, filed an appeal in the Supreme Court of Pakistan against the aforementioned order of the High Court of Sindh. The Supreme Court granted stay by passing an interim order on January 22, 2009. The order passed by the High Court of Sindh was set aside by the Supreme Court vide its order dated May 20, 2011. Consequently, a new petition has been filed in the High Court of Sindh. Through the interim order passed on May 31, 2011, the High Court has ordered that for every consignment cleared after December 28, 2006, 50% of the value of infrastructure fee should be paid in cash and a bank guarantee for the remaining amount should be submitted until the final order is passed.

The Management is confident for a favorable outcome. However, as a matter of prudence, the Company has made provision as follows:

	Note	2016 Rupees	2015 Rupees
Balance as at July 1,		15,035,290	12,464,837
Charge for the year		8,181,988	5,140,906
		23,217,278	17,605,743
Payments made during the year		(4,090,994)	(2,570,453)
Balance as at June 30,		19,126,284	15,035,290

10.4 The murabaha finance facility was paid in full during the year.

	Note	2016 Rupees	2015 Rupees
11. INTEREST / MARK-UP ACCRUED			
Long-term finance		159,428	-
Short-term borrowings		20,446,026	12,446,560
		20,605,454	12,446,560
12. SHORT-TERM BORROWINGS			
From banking companies-secured			
Running finance		332,046,340	284,536,833
Cash finance		232,417,002	198,619,433
Finance Against Imported Merchandise (FIM)		316,282,280	298,935,707
	12.1	880,745,622	782,091,973

12.1 Facilities for running finance, cash finance, FIM and murabaha are available from various banks up to Rs. 1,795 million (2015: Rs. 1,095 million). These facilities are subject to mark-up at the rates ranging from 3 month to 6 month KIBOR plus 1.75% to 3% (2015: KIBOR plus 1.75% to 3%) per annum payable quarterly. These are secured against various assets including first pari passu hypothecation charge over present and future stock-in-trade, pledge of cotton, first hypothecation charge over present and future book debts, ranking charge on the stocks and receivables of the Company, equitable mortgage on various properties and personal guarantees of all directors of the Company.

The aggregate unavailed short-term borrowing facilities amounted to Rs. 926 million (2015: Rs. 537.7 9 million).

	2016 Rupees	2015 Rupees

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

13.1.1 Letters of guarantee issued by banks on behalf of the Company to:

	2016 Rupees	2015 Rupees
- Lahore Electric Supply Company Limited	9,975,220	9,975,220
- Sui Northern Gas Pipelines Limited	24,314,000	24,314,000
- Excise and Taxation Office	17,758,600	15,258,600

13.1.2 In August 2013, the Oil and Gas Regulatory Authority (OGRA) vide its S.R.O. # 726(I)/2015 notified the sale price for sale of natural gas at Rs. 573.28/MMBTU for captive power consumption (CPP) with immediate effect. Subsequent to the said S.R.O the Company received gas bills at Rs. 573.28/MMBTU, being considered as CPP by the utility company. The Company, considering itself as industrial consumer paid gas charges at the rate applicable before August 2013 on the basis of the stay order obtained from the Court.

Subsequently, on September 1, 2015, OGRA vide its S.R.O. # 876(I)/2015 notified the price for sale of natural gas at Rs. 600/MMBTU for industrial consumers and on captive power consumption, with effect from September 1, 2015. Aggrieved by the notification, the Company filed a suit in the Lahore High Court contending that the mandatory procedures as laid down in the OGRA Ordinance, 2002 and Rules made thereunder were not fulfilled while issuing the notification. Hence, the Company paid / accrued gas charges at rates applicable before the above S.R.O. # 726(I)/2015 on the basis of stay orders obtained from Lahore high Court, Multan bench, from time to time, until November 2015 (see below).

From December 2015, the gas company has started supplying imported Liquified Natural Gas (LNG) resulting in the change in rates over which no dispute has been raised by the Company.

13.1.3 Under the Gas Infrastructure Development Cess Act, 2011, Government of Pakistan levied Gas Infrastructure Development (GID) Cess on gas bills at the rate of Rs. 13 per MMBTU on all industrial consumers. In the month of June 2012, the Federal Government revised GID Cess rate from Rs. 13 per MMBTU to Rs. 100 per MMBTU.

The Company along with group of other plaintiffs filed a suit before the High Court of Sindh, challenging the applicability of Gas Infrastructure Cess Act, 2011. The Sindh High Court had restrained the Federation and gas companies from recovering GID Cess over and above Rs. 13 per MMBTU. On August 22, 2014, the Supreme Court of Pakistan declared that the levy of GID Cess as a tax was not validly levied in accordance with the Constitution.

In September 2014, the Federal Government promulgated Gas Infrastructure Cess (GIDC) Ordinance No. V I of 2014. In May 2015, the said Ordinance was approved in the parliament and became an Act. Under the Act, GID Cess at the rate of Rs. 100 per MMBTU on all industrial consumers and Rs. 200 per MMBTU on all Captive Power Plant (CPP) has been levied.

Subsequent to the approval of the Act, the Company received gas bills at the rate of Rs. 200 per MMBTU, as the Company was considered a CPP by the utility company. The Company, while considering itself as industrial consumer, has paid / accrued GID Cess at the rate of Rs. 100 per MMBTU till August 2015. However, the Company along with group of other plaintiffs has challenged the act through a writ petition filed in the Lahore High Court. Considering the ongoing writ petition, the Company has not recorded GIDC in these financial statements from September 2015 till November 2015, as it is confident that the decision of the case will come in its favor. As disclosed in note 13.1.2, from December 2015, the gas company has started supplying imported Liquified Natural Gas (LNG) resulting in the change in method of billing due to which no GIDC has been levied thereafter in the gas bills. As at June 30, 2016, the estimated amount of GIDC levied in the gas bill but not recorded as provision amounts to Rs. 8.2 million.

13.2 Commitments

Letters of credit opened and outstanding for import of:

	Note	2016 Rupees	2015 Rupees
- plant and machinery		-	13,363,845
- raw material		64,311,975	44,641,500
- stores and spares		2,342,339	14,423,390

14. PROPERTY, PLANT AND EQUIPMENT

	Note	2016 Rupees	2015 Rupees
Operating fixed assets	14.1	1,564,932,648	1,455,723,917
Capital work-in-progress - civil work		1,398,753	100,000
		1,566,331,401	1,455,823,917

14.1 Operating fixed assets

Particulars	COST / REVALUATION					ACCUMULATED DEPRECIATION					Carrying value as at June 30, 2016	Dep. rate %
	As at July 1, 2015	Additions/ (disposals)	Transfer *	Revaluation adjustment	As at June 30, 2016	As at July 1, 2015	Depreciation/ (adjustment) for the year	Transfer *	Revaluation adjustment	As at June 30, 2016		
	---Rupees---											
Owned assets												
Land - freehold	80,125,000	-	-	10,015,625	90,140,625	-	-	-	-	-	90,140,625	-
Mills building on freehold land	334,772,589	-	-	(156,158,561)	178,614,028	151,961,630	18,232,896	-	(170,194,526)	-	178,614,028	5 - 10
Labour colony on freehold land	45,007,494	-	-	(20,916,999)	24,090,495	18,944,506	2,831,153	-	(21,775,659)	-	24,090,495	10
Plant and machinery	1,649,170,131	21,727,120 (40,660,591)	43,840,426	(640,462,926)	1,033,614,160	726,284,798	52,688,948 (22,001,821)	2,927,356	(759,899,281)	-	1,033,614,160	4 - 10
Electric installations	84,679,421	-	-	(43,069,934)	41,609,487	41,538,981	3,797,546	-	(45,336,527)	-	41,609,487	5 - 10
Mill equipment	21,310,214	-	-	(11,379,429)	9,930,785	10,773,487	908,761	-	(11,682,248)	-	9,930,785	5 - 10
Office equipment	12,148,009	142,671	-	-	12,290,680	8,854,076	444,255	-	-	9,298,331	2,992,349	10
Furniture and fixtures	3,711,503	14,300	-	-	3,725,803	3,606,514	13,938	-	-	3,620,452	105,351	10
Vehicles	39,375,462	- (1,790,954)	16,337,000 **	-	53,921,508	35,762,240	1,415,418 (1,790,954)	10,726,859 **	-	46,113,563	7,807,945	20
	2,270,299,823	21,884,091 (42,451,545)	60,177,426	(861,972,224)	1,447,937,571	997,726,232	80,332,915 (23,792,775)	13,654,215	(1,008,888,241)	59,032,346	1,388,905,225	
Leased assets												
Plant and machinery	149,322,127	36,936,086	(43,840,426)	8,320,979	150,738,766	4,011,966	3,978,600	(2,927,356)	(5,063,210)	-	150,738,766	4 - 10
Vehicles	51,562,500	-	(16,337,000)	-	35,225,500	13,722,335	6,941,367	(10,726,859)	-	9,936,843	25,288,657	20
	200,884,627	36,936,086	(60,177,426)	8,320,979	185,964,266	17,734,301	10,919,967	(13,654,215)	(5,063,210)	9,936,843	176,027,423	
	2,471,184,450	58,820,177 (42,451,545)	-	(853,651,245)	1,633,901,837	1,015,460,533	91,252,882 (23,792,775)	-	(1,013,951,451)	68,969,189	1,564,932,648	

* Represents transfer from leased assets to owned assets on maturity of leasing arrangements.

** This includes vehicles having cost of Rs. 6.892 million and accumulated depreciation of Rs. 4.748 million of which the title has not been transferred to the Company as at June 30, 2016, due to certain formalities required to be fulfilled.

Particulars	COST / REVALUATION				ACCUMULATED DEPRECIATION				Carrying value as at June 30, 2015	Dep. Rate %
	As at July 1, 2014	Additions/ (disposals)	Transfer *	As at June 30, 2015	As at July 1, 2014	Depreciation/ (adjustment) for the year	Transfer *	As at June 30, 2015		
	Rupees									
Owned assets										
Land - freehold	80,125,000	-	-	80,125,000	-	-	-	-	80,125,000	-
Mills building on freehold land	334,772,589	-	-	334,772,589	133,728,735	18,232,895	-	151,961,630	182,810,959	5 - 10
Labour colony on freehold land	42,968,810	2,038,684	-	45,007,494	16,289,885	2,654,621	-	18,944,506	26,062,988	10
Plant and machinery	1,509,338,159	39,394,198	100,437,774	1,649,170,131	662,439,488	51,070,814	12,774,496	726,284,798	922,885,333	4 - 10
Electric installations	84,679,421	-	-	84,679,421	37,741,436	3,797,545	-	41,538,981	43,140,440	5 - 10
Mill equipment	21,262,215	47,999	-	21,310,214	9,865,368	908,119	-	10,773,487	10,536,727	5 - 10
Office equipment	11,519,633	628,376	-	12,148,009	8,457,096	396,980	-	8,854,076	3,293,933	10
Furniture and fixtures	3,659,462	52,041	-	3,711,503	3,594,084	12,430	-	3,606,514	104,989	10
Vehicles	39,033,463	341,999	-	39,375,462	34,273,867	1,488,373	-	35,762,240	3,613,222	20
	2,127,358,752	42,503,297	100,437,774	2,270,299,823	906,389,959	78,561,777	12,774,496	997,726,232	1,272,573,591	
Leased assets										
Plant and machinery	175,151,993	74,607,908	(100,437,774)	149,322,127	11,527,464	5,258,998	(12,774,496)	4,011,966	145,310,161	4 - 10
Vehicles	41,610,000	9,952,500	-	51,562,500	7,230,442	6,491,893	-	13,722,335	37,840,165	20
	216,761,993	84,560,408	(100,437,774)	200,884,627	18,757,906	11,750,891	(12,774,496)	17,734,301	183,150,326	
	2,344,120,745	127,063,705	-	2,471,184,450	925,147,865	90,312,668	-	1,015,460,533	1,455,723,917	

* Represents transfer from leased assets to owned assets on maturity of leasing arrangements.

	Note	2016 Rupees	2015 Rupees
14.2 Depreciation for the year has been allocated as under			
Cost of sales	25	82,437,906	81,922,995
Administrative expenses	27	8,814,976	8,389,673
		91,252,882	90,312,668

14.3 The following operating fixed assets were disposed off during the year:

Description	Cost / Revaluation	Accumulated Depreciation	Carrying Value	Sale Proceeds	Mode of Disposal	Particulars
Plant and Machinery - Owned	6,150,350	3,220,383	2,929,967	500,000	Negotiation	Samira Industries (Pvt.) Limited Samira House, 55-P, Gulberg II, Lahore.
Plant and Machinery - Owned	31,982,600	17,366,383	14,616,217	1,000,000	Negotiation	Dawood Spinning Mills (Pvt.) Limited House # 39-B, Ahmed Block, New Garden Town, Lahore.
Plant and Machinery - Owned	2,527,641	1,415,055	1,112,586	300,000	Negotiation	Salman Noman Enterprises House # 55-B, Ahmed Block, New Garden Town, Lahore.
Vehicle	1,790,954	1,790,954	-	625,000	Negotiation	Muhammad Shahid Muhammadi Karachi
	42,451,545	**23,792,775**	**18,658,770**	**2,425,000**		

14.4 The Company carries its land, building, labour colony, plant and machinery, electric installations and mill equipment at revalued amounts under IAS 16 'Property, Plant and Equipment'. As at June 30, 2016, the revaluation of these assets was carried out by M/s Al-Noor Consultants & Evaluators (an independent valuer located in Lahore) on the basis of present market values, which resulted in surplus on revaluation amounting to Rs. 160.3 million.

The Company commissioned independent valuations of land, building, labour colony, plant and machinery, electric installations and mill equipment during the years ended June 30, 2006, June 30, 2010 and June 30, 2013. The resulting cumulative revaluation surpluses have been disclosed in notes 5 and 14.1 to the financial statements and have been credited to the revaluation surplus account net of their related tax effect.

The carrying amount of the aforementioned assets as at June 30, 2016, if the said assets had been carried at historical cost, would have been as follows:

	2016			2015		
	Cost	Accumulated Depreciation	Carrying Value	Cost	Accumulated Depreciation	Carrying Value
	Rupees					
Land - freehold	8,772,600	-	8,772,600	8,772,600	-	8,772,600
Mills building on freehold land	140,359,650	(98,286,273)	42,073,377	140,359,650	(95,754,608)	44,605,042
Labour colony on freehold land	17,173,197	(15,343,138)	1,830,059	17,173,197	(15,150,561)	2,022,636
Plant and machinery	1,251,676,967	(620,835,789)	630,841,178	1,216,576,957	(607,444,904)	609,132,053
Electric installations	48,897,080	(25,963,204)	22,933,876	48,897,080	(23,957,639)	24,939,441
Mill equipment	7,083,976	(4,411,121)	2,672,855	7,083,976	(4,300,472)	2,783,504
	1,473,963,470	(764,839,525)	709,123,945	1,438,863,460	(746,608,184)	692,255,276

		Note	2016 Rupees	2015 Rupees
15.	**LONG-TERM DEPOSITS**			
	Deposits			
	- lease		28,157,045	32,046,313
	- others		2,754,586	3,045,263
			30,911,631	35,091,576
	Less: current portion	20	(10,142,880)	(8,485,567)
			20,768,751	26,606,009
16.	**STORES, SPARES AND LOOSE TOOLS**			
	Stores		22,915,854	26,645,787
	Spares		13,787,704	13,787,704
	Stores and spares in transit		643,924	555,670
	Loose tools		64,585	64,585
			37,412,067	41,053,746
	Less: provision for slow moving items	16.1	(2,230,077)	(1,691,564)
			35,181,990	39,362,182
16.1	**Movement in provision for slow moving items**			
	Balance as at July 1,		1,691,564	776,920
	Provision made during the year	25	538,513	914,644
	Balance as at June 30,		2,230,077	1,691,564
17.	**STOCK-IN-TRADE**			
	Raw material			
	- In hand		323,114,209	305,798,539
	- In transit		67,935	143,925,681
	Work-in-process		17,736,292	20,104,990
	Finished goods		236,284,119	192,958,198
	Waste		1,842,746	5,780,725
			579,045,301	668,568,133

17.1 The Company has recognized a write down of Rs. Nil (2015: Rs. 19.6 million) to adjust the carrying value of stock-in-trade to net realizable value.

		Note	2016 Rupees	2015 Rupees
18.	**TRADE DEBTS**			
	Considered good	18.1	672,058,634	429,974,424
	Considered doubtful		9,989,304	12,835,867
			682,047,938	442,810,291
	Less: Provision for doubtful debts	18.3	(9,989,304)	(12,835,867)
			672,058,634	429,974,424

18.1 Trade debts are non-interest bearing and are generally on 60 to 90 days terms.

18.2 Trade debts include debtors with a carrying amount of Rs. 361.96 million (2015: Rs. 192.23 million) which are past due at the reporting date for which the Company has not made any provision for doubtful recovery as there has not been a significant change in credit quality and the amounts are still considered recoverable.

		Note	2016 Rupees	2015 Rupees
18.3	**Movement in provision for doubtful debts**			
	Balance as at July 1,		12,835,867	2,187,089
	(Reversal of provision) / provision during the year	30 & 29	(2,846,563)	10,648,778
	Balance as at June 30,		9,989,304	12,835,867
18.4	**Ageing of trade debts past due but not impaired**			
	91-180 days		257,931,734	106,817,209
	181 days and above		104,030,515	85,415,700
			361,962,249	192,232,909
19.	**LOANS AND ADVANCES**			
	Considered good			
	Loans to employees - unsecured		1,229,261	471,571
	Advance to employees		-	597,100
	Advances - unsecured			
	to suppliers		5,755,612	28,787,505
	for expenses		3,359,861	2,113,524
			9,115,473	30,901,029
	Advance income tax		31,701,909	34,403,092
			42,046,643	66,372,792
20.	**DEPOSITS AND SHORT-TERM PREPAYMENTS**			
	Current portion of long-term deposits	15	10,142,880	8,485,567
	Prepayments		75,503	480,180
			10,218,383	8,965,747
21.	**OTHER RECEIVABLES**			
	Sales tax			
	- considered good		17,643,198	7,209,288
	- considered doubtful		2,507,844	2,507,844
	Export rebate - considered doubtful		2,194,344	2,194,344
	Cotton quality and weight claims			
	- considered good		16,015,168	997,739
	- considered doubtful		122,785	122,785
	Profit on deposits		814,127	1,158,377
	Others		286,560	189,801
			39,584,026	14,380,178
	Less: provision for doubtful receivables		(4,824,973)	(4,824,973)
			34,759,053	9,555,205
22.	**OTHER FINANCIAL ASSET**			
	Term Deposit Receipts	22.1	36,050,710	33,550,710

22.1 This represents term deposit receipts with various banks for a period ranging from six months to one year carrying mark-up at the rates ranging from 4.75% to 7.5% (2015: 7.0% to 9.7%) per annum. The banks have lien on these term deposit receipts on account of guarantees provided by such banks as disclosed in note 13.1.1 to the financial statements. These will mature upto February 28, 2017 (2015: June 30, 2016).

	Note	2016 Rupees	2015 Rupees
23. CASH AND BANK BALANCES			
Cash in hand		262,265	80,750
Cash at banks			
- in current accounts		2,115,239	9,527,907
- in saving account	23.1	34,603	33,737
		2,412,107	9,642,394

23.1 It carries markup of 3.25% (2015: 5% to 7.25%) per annum.

	Note	2016 Rupees	2015 Rupees
24. SALES - NET			
Yarn			
- Local		1,222,705,358	1,726,768,043
- Export		309,726,996	537,315,687
		1,532,432,354	2,264,083,730
Fabric - Local		50,414,280	22,711,946
Waste - Local		52,489,131	71,190,189
		1,635,335,765	2,357,985,865
Less:			
Sales tax on local sales		42,778,408	35,387,310
Brokerage and commission		6,494,378	15,726,600
		(49,272,786)	(51,113,910)
		1,586,062,979	2,306,871,955
25. COST OF SALES			
Raw material consumed	25.1	927,655,356	1,489,759,877
Salaries, wages and benefits	25.2	135,436,823	168,525,086
Fuel and power		239,924,479	248,934,415
Depreciation	14.2	82,437,906	81,922,995
Stores and spares consumed		36,849,778	42,761,616
Packing material		27,236,826	40,775,613
Insurance		6,664,658	7,281,865
Repairs and maintenance		6,166,959	3,953,093
Vehicles running and maintenance		2,105,066	2,300,743
Provision for slow moving store items	16.1	538,513	914,644
Fabric processing cost		-	5,250,000
Other manufacturing overheads		3,759,000	6,853,993
		541,120,008	609,474,063
		1,468,775,364	2,099,233,940
Work-in-process			
Opening stock		20,104,990	26,464,751
Closing stock		(17,736,292)	(20,104,990)
		2,368,698	6,359,761
Cost of goods manufactured		1,471,144,062	2,105,593,701

	2016 Rupees	2015 Rupees
Finished goods		
Opening stock	198,738,923	207,243,007
Fabric purchased	32,099,998	-
Closing stock	(238,126,865)	(198,738,923)
	(7,287,944)	8,504,084
	1,463,856,118	2,114,097,785

25.1 Raw material consumed

	2016 Rupees	2015 Rupees
Opening stock	305,798,539	174,655,732
Purchases - net	944,971,026	1,620,902,684
	1,250,769,565	1,795,558,416
Closing stock	(323,114,209)	(305,798,539)
	927,655,356	1,489,759,877

25.2 Salaries, wages and benefits include Rs. 15.48 million (2015: Rs. 14.75 million) in respect of staff retirement benefits.

26. DISTRIBUTION COST

	Note	2016 Rupees	2015 Rupees
Freight and octroi		5,250,689	14,820,199
Commission and other charges		1,769,552	2,427,098
Clearing and forwarding		1,845,262	3,510,981
Business promotion expenses		1,902,053	-
Export development surcharge		770,859	1,342,263
		11,538,415	22,100,541

27. ADMINISTRATIVE EXPENSES

	Note	2016 Rupees	2015 Rupees
Salaries and benefits	27.1	37,381,463	36,204,116
Fees, subscription and periodicals		1,264,157	1,128,935
Entertainment		354,011	3,932,022
Traveling and conveyance		1,438,579	2,020,897
Postage and telephone		1,784,274	1,813,466
Electricity, gas and water		2,056,448	2,069,286
Vehicles running and maintenance		3,936,167	4,339,886
Depreciation	14.2	8,814,976	8,389,673
Legal and professional		300,000	898,829
Auditors' remuneration	27.2	865,000	865,000
Printing and stationery		423,896	459,971
Computer		142,250	152,870
Rest house		188,993	244,349
Advertisement		71,570	53,275
Donation	27.3	1,206,000	1,115,000
Others		1,164,083	524,042
		61,391,867	64,211,617

27.1 Salaries and benefits include Rs. 1.03 million (2015: Rs. 0.92 million) in respect of staff retirement benefits.

		Note	2016 Rupees	2015 Rupees
27.2	**Auditors' remuneration**			
	Audit fee		625,000	625,000
	Half year review fee		120,000	120,000
	Other services		45,000	45,000
	Out of pocket expenses		75,000	75,000
			865,000	865,000

27.3 No director or their spouse had any interest in the donees' fund.

28. FINANCE COST

Markup / interest on:

	Note	2016 Rupees	2015 Rupees
Long-term finance		159,428	221,095
Short-term borrowings		75,001,651	71,276,957
Finance lease arrangements		9,706,485	11,038,111
Unwinding of discount on long-term finance from related parties	7.1	7,334,112	-
Murabaha finance		253,339	1,570,130
Workers' profit participation fund	10.2	2,502	99,577
Markup charges on letters of credit		1,959,659	5,131,337
Bank charges, guarantee commission and other related charges		2,931,671	4,736,359
		97,348,847	94,073,566

29. OTHER OPERATING EXPENSES

	Note	2016 Rupees	2015 Rupees
Workers' profit participation fund	10.2	-	26,181
Workers' welfare fund		-	9,949
Infrastructure cess		4,090,994	2,570,453
Provision for doubtful debts	18.3	-	10,648,778
Exchange loss		-	1,561,902
Demurrage charges		-	674,330
Commission on sale of Machinery		30,500	-
Loss on disposal of property, plant and equipment		16,233,770	-
		20,355,264	15,491,593

30. OTHER INCOME

	Note	2016 Rupees	2015 Rupees
Income from financial assets			
Profit on deposits		1,976,613	2,909,321
Income from non-financial assets			
Operating income on trading of raw material	30.1	28,042,103	100,074
Reversal of provision for doubtful debts	18.3	2,846,563	-
Exchange gain		140,871	-
Sale of scrap		170,000	581,250
		33,176,150	3,590,645

30.1 Operating income on trading of raw material

	2016 Rupees	2015 Rupees
Local sales	332,571,623	9,214,173
Less: cost of sales	(303,349,307)	(9,068,028)
brokerage and commission	(1,180,213)	(46,071)
	(304,529,520)	(9,114,099)
	28,042,103	100,074

		Note	2016 Rupees	2015 Rupees
31.	**TAXATION**			
	Current			
	- for the year		16,312,378	18,795,754
	- prior year		362,699	149,875
			16,675,077	18,945,629
	Deferred	9.1	(40,324,449)	(23,626,374)
			(23,649,372)	(4,680,745)

		2016	2015
31.1	**Relationship between tax expense and accounting profit**		
	Accounting (loss) / profit before tax	(35,251,382)	487,498
	Tax @ 32% (2015: 33%)	(11,280,442)	160,874
	Effect of:		
	Tax effect of rebate / credits	(2,646,689)	(4,522,373)
	Tax effect due to transactions under Final Tax Regime	1,388,116	5,346,649
	Effect of change in prior year's tax	362,699	149,875
	Effect of minimum tax	(4,467,530)	17,944,970
	Effect of change in tax rate	(6,598,130)	(24,201,066)
	Tax effect of permanent difference	2,732,836	(367,950)
	Others	(3,140,232)	808,276
		(23,649,372)	(4,680,745)

32. EARNINGS PER SHARE - BASIC AND DILUTED

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

		2016	2015
(Loss) / profit for the year	Rupees	(11,602,010)	5,168,243
Weighted average number of ordinary shares outstanding during the year		18,048,000	18,048,000
Earnings per share	Rupees	(0.64)	0.29

33. CASH AND CASH EQUIVALENTS

	Note	2016	2015
Cash and bank balances	23	2,412,107	9,642,394
Short-term borrowings	12	(880,745,622)	(782,091,973)
		(878,333,515)	(772,449,579)

34. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, key management personnel and post employment contribution plan. Long-term loans obtained from directors and associated undertakings (and unwinding of discount thereon) and remuneration of Chief Executive Officer, directors and executives are disclosed in note 7, note 28 and note 35 respectively. Other significant transaction with a related party is as follows:

	Note	2016 Rupees	2015 Rupees
Contribution to employees' provident fund	27.1	1,029,771	923,730

35. REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2016				2015			
	Chief Executive	Directors		Executives	Chief Executive	Directors		Executives
		Executive	Non-executive			Executive	Non-executive	
	Rupees							
Remuneration	1,280,004	2,160,000	1,080,000	6,563,770	1,253,336	2,106,664	1,053,332	4,836,112
House rent allowance	384,000	648,000	324,000	2,443,430	376,000	632,000	316,000	1,489,724
Utilities	127,992	216,000	108,000	656,358	125,328	210,672	105,336	507,024
Medical	128,004	216,000	108,000	456,648	125,336	210,664	105,332	289,204
	1,920,000	3,240,000	1,620,000	10,120,206	1,880,000	3,160,000	1,580,000	7,122,064
Number of persons	1	2	1	9	1	2	1	7

The Chief Executive, directors and some executives are provided with free use of Company maintained cars.

36. OPERATING SEGMENTS

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision maker. The Chief Executive of the Company has been identified as the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

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

37. PLANT CAPACITY AND ACTUAL PRODUCTION

	2016	2015
Installed production capacity 20/s count - yarn in kgs.	14,795,745	14,795,745
Actual production during the year at 20/s count - yarn in Kgs.	6,155,176	7,635,988

Variation between actual and installed capacity is due to power and gas load shedding during the year. Further, it is difficult to describe precisely the production capacity and compare it with actual production in the textile industry since it fluctuates widely depending upon various factors such as count of yarn spun, spindles speeds, twist per inch, raw material used, etc.

38. NUMBER OF EMPLOYEES

The total and average number of employees during the year and as at June 30, 2016 and 2015 respectively are as follows:

	2016	2015
Average number of employees during the year	836	985
Number of employees as at June 30	624	1,047

39. PROVIDENT FUND

The financial information of the Fund is as follows:

	2016 Rupees (Unaudited)	2015 Rupees (Audited)
a) Size of the fund - Net assets	20,770,386	18,437,456
Cost of investments made	15,284,205	14,434,665
Fair value of investments	15,657,680	14,612,102
Percentage of investments made (%)	75%	79%

	2016 Rupees	2016 %	2015 Rupees	2015 %
b) The break-up of fair value of investments is:				
Bank balances	367,016	2	1,335,433	9
Fixed income securities	10,500,000	67	3,000,000	21
Mutual funds	4,790,664	31	10,276,669	70
	15,657,680	100	14,612,102	100

39.1 The 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 the purpose.

40. FINANCIAL INSTRUMENTS BY CATEGORY

	2016 Rupees	2015 Rupees
Financial assets as per balance sheet		
Loans and receivables		
Security deposits	30,911,631	35,091,576
Trade debts	672,058,634	429,974,424
Loans and advances	1,229,261	1,068,671
Other receivables	17,115,855	2,345,917
Other financial asset	36,050,710	33,550,710
Cash and bank balances	2,412,107	9,642,394
	759,778,198	511,673,692
Financial liabilities as per balance sheet		
At amortized cost		
Long-term financing		
- from banking company	16,149,000	-
- from related parties	75,379,415	68,045,303
Liabilities against assets subject to finance lease	102,088,350	130,460,309
Trade and other payables	61,916,708	214,914,843
Interest / mark-up accrued	20,605,454	12,446,560
Short-term borrowings	880,745,622	782,091,973
	1,156,884,549	1,207,958,988

41. FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management. To assist the Board in discharging its oversight responsibility, management has been made responsible for identifying, monitoring and managing the Company's financial risk exposures. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

41.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same party, or when counter parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk of the Company arises principally from the trade debts, security deposits, loans and advances, other financial asset and bank balances. 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 Rupees	2015 Rupees
Security deposits	30,911,631	35,091,576
Trade debts	672,058,634	429,974,424
Loans and advances	1,229,261	1,068,671
Other receivables	17,115,855	2,345,917
Other financial asset	36,050,710	33,550,710
Cash and bank balances	2,149,842	9,561,644
	759,515,933	511,592,942

Trade debts

The trade debts at year end are primarily due from local customers against local sales. Management assesses the credit quality of customers, taking into account their financial position, past experience and other factors. The Company's exposure to credit risk arising from trade debtors is mainly influenced by the individual characteristics of each customer. The Company has no major concentration of credit risk with any single customer. The Company establishes an allowance for impairment that represents its estimate of incurred losses for overdue balances based on analysis of each customer. The trade debts that are past due but not impaired are disclosed in note 18.4.

Deposits

Deposits primarily include deposits given to leasing companies / financial institutions for lease of plant and machinery and vehicles. These deposits are usually adjusted at the end of lease term against the purchase of leased asset.

Loans and advances

These include loans and advances given primarily to employees against salaries, which will be adjusted against their future salaries.

Other financial asset and balances with banks

The Company deposits its funds and invests in term deposit receipts (other financial assets) with banks carrying good credit standings assessed by reputable credit agencies. These banks are credit rated as follows:

	Rating Agency	Short term	Long term
Bank Al-Falah Limited	PACRA	A1+	AA
Bank Al-Habib Limited	PACRA	A1+	AA+
Bank Islami Pakistan Limited	PACRA	A1	A+
Dubai Islami Bank Limited	JCR-VIS	A1	A+
Faysal Bank Limited	PACRA	A1+	AA
Habib Bank Limited	JCR-VIS	A1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
J.S Bank Limited	PACRA	A1+	A+
Meezan Bank Limited	JCR-VIS	A1+	AA
National Bank of Pakistan	PACRA	A1+	AAA
Silkbank Limited	JCR-VIS	A2	A-
Sindh Bank Limited	JCR-VIS	A1+	AA
Soneri Bank Limited	PACRA	A1+	AA-
The Bank of Punjab	PACRA	A1+	AA-
United Bank Limited	JCR-VIS	A1+	AAA

41.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or would have difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk by maintaining sufficient cash and bank balances and availability of financing through banking arrangements. The following are the contractual maturities of financial liabilities, including interest payments, excluding the impact of netting agreements:

	June 30, 2016			
	Carrying amount	Contractual maturities	Maturity upto one year	Maturity after one year
	----------- Rupees -----------			
Long-term financing				
- from related parties	75,379,415	100,330,001	-	100,330,001
- from banking company	16,149,000	16,149,000	6,459,600	9,689,400
Liabilities against assets subject to finance lease	102,088,350	109,571,810	57,427,975	52,143,835
Trade and other payables	61,916,708	61,916,708	61,916,708	-
Interest / markup accrued	20,605,454	20,605,454	20,605,454	-
Short-term borrowings	880,745,622	880,745,622	880,745,622	-
	1,156,884,549	1,189,318,595	1,027,155,359	162,163,236

	June 30, 2015			
	Carrying amount	Contractual maturities	Maturity upto one year	Maturity after one year
	----------- Rupees -----------			
Long-term financing				
- from related parties	68,045,303	100,330,001	-	100,330,001
Liabilities against assets subject to finance lease	130,460,309	143,280,367	65,084,080	78,196,287
Trade and other payables	214,914,843	214,914,843	214,914,843	-
Interest / markup accrued	12,446,560	12,446,560	12,446,560	-
Short-term borrowings	782,091,973	782,091,973	782,091,973	-
	1,207,958,988	1,253,063,744	1,074,537,456	178,526,288

41.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The Company is primarily exposed to interest rate risk only.

41.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short-term borrowings, liabilities against assets subject to finance lease, other financial assets and bank balances in saving account.

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

	Carrying Amount	
	2016	2015
	Rupees	Rupees
Fixed rate instruments		
Financial assets	36,085,313	33,584,447
Financial liabilities	91,528,415	68,045,303
Variable rate instruments		
Financial liabilities - KIBOR based	982,833,972	912,552,282

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points in KIBOR based financial liabilities at the reporting date would have increased / (decreased) equity and profit before tax by Rs. 4.91 million (2015: Rs. 4.71 million). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as in 2015.

41.4 Capital risk management

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend to the shareholders or issue bonus / new shares.

The Company is not subject to externally imposed capital requirements.

42. Fair value of financial instruments

IFRS 13 "Fair Value Measurement" defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

IFRS 13 requires the Company to classify financial instruments using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

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

The Company does not have any financial assets and liability measured at fair value other certain items of property, plant and equipment as disclosed below.

The Company's land, building, labour colony, plant and machinery, electric installations and mill equipment are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent depreciation and subsequent accumulated impairment losses, if any. The fair value measurements of the Company's land, building, labour colony, plant and machinery, electric installations and mill equipment as at June 30, 2016 was performed by M/s Al-Noor Consultants & Evaluators (an independent valuer).

When measuring the fair value of an assets or a liability, the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorized in to different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Details of fair value hierarchy and information relating to fair value of Company's free hold land, building, electric installations and plant and machinery is as follows:

	Level 1	Level 2	Level 3	Total
	----------	---------- Rupees	----------	----------
As at June 30, 2016				
Land - freehold	**-**	**90,140,625**	**-**	**90,140,625**
Mills building of freehold land	**-**	**178,614,028**	**-**	**178,614,028**
Labour Colony on freehold land	**-**	**24,090,495**	**-**	**24,090,495**
Plant and machinery - owned	**-**	**1,033,614,160**	**-**	**1,033,614,160**
Plant and machinery - leased	**-**	**150,738,766**	**-**	**150,738,766**
Electric installations	**-**	**41,609,487**	**-**	**41,609,487**
Mill equipment	**-**	**9,930,785**	**-**	**9,930,785**
	-	**1,528,738,346**	**-**	**1,528,738,346**
As at June 30, 2015				
Land - freehold	-	80,125,000	-	80,125,000
Mills building of freehold land	-	182,810,959	-	182,810,959
Labour Colony on freehold land	-	26,062,988	-	26,062,988
Plant and machinery - owned	-	922,885,333	-	922,885,333
Plant and machinery - leased	-	145,310,161	-	145,310,161
Electric installations	-	43,140,440	-	43,140,440
Mill equipment	-	10,536,727	-	10,536,727
	-	1,410,871,608	-	1,410,871,608

There were no changes in valuation techniques during the year.

42.1 The carrying values of other financial assets and financial liabilities reported in the financial statements approximate their fair values.

43. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 03, 2016 by the Board of Directors of the Company.

Chief Executive **Director**

NO. OF SHAREHOLDERS	SHARE-HOLDING FROM	SHARE-HOLDING TO	TOTAL SHARES HELD
369	1	100	27,799
844	101	500	385,100
110	501	1000	108,251
93	1001	5000	251,289
18	5001	10000	148,200
9	10001	15000	111,450
16	15001	20000	311,400
5	20001	25000	119,500
4	25001	30000	116,085
1	30001	35000	32,500
2	50001	55000	107,547
1	55001	60000	59,000
1	60001	65000	65,000
2	65001	70000	134,970
2	70001	75000	148,400
3	75001	80000	240,000
1	80001	85000	81,500
1	95001	100000	100,000
1	115001	120000	118,500
1	160001	165001	165,000
1	170001	175000	173,900
1	220001	225000	221,300
1	295001	300000	300,000
2	375001	380000	751,231
1	445001	450000	450,000
1	610001	615000	611,700
1	805001	810000	364,980
2	880001	885000	1,762,478
1	965001	970000	968,692
1	1145001	1150000	1,150,000
1	1910001	1915000	1,910,966
1	2510001	2515000	2,512,838
1	4035001	4040000	4,038,424
1,499			18,048,000

CATEGORIES OF SHAREHOLDERS	NUMBER	SHARES HELD	PERCENTAGE
Associated Companies, Undertaking, and Related Parties	1	1,150,000	6.372
Directors, CFO & their Spouse & Minor Children	10	11,047,774	61.213
Joint Stock Companies	7	2,301	0.013
Bank, Development Finance Institutions Insurance Companies, Modarabas	3	169,400	0.939
Individuals	1478	5,678,525	31.463
	1499	18,048,000	100.00

Categories of Shareholders	No. of Shareholders	Shares held	Percentage
Associated Companies, Undertaking			
and Related Paraties	1		
Mr. Omar Idrees Allawala		1,150,000	6.372
Directors, CFO & their Spouse and			
Minor Children	10		
Mr. S. M. Idrees Allawala		500	0.003
Mr. S. M. Mansoor Allawala		1,910,966	10.588
Mr. Kamran Idrees Allawala		2,512,838	13.923
Mr. Naeem Idrees Allawala		4,038,424	22.376
Mr. Rizwan Idrees Allawala		881,239	4.883
Mr. Omair Idrees Allawala		881,239	4.883
Mr. Muhammad Israil		2,000	0.011
Mr. Muhammad Saeed		80,000	0.443
Mrs. Saba Kamran W/o Kamran Idrees Allawala		375,588	2.081
Mrs. Ambreen Mansoor W/o S. M. Mansoor Allawala		364,980	2.022
Executive	-	-	-
Joint Stock Companies	7	2,301	0.013
NIT & ICP	-	-	-
Banks, Development Finance Institutions,			
Non-Banking Finance Institutions, Insurance			
Companies, Modarabas & Mutual Funds	3	169,400	0.939
Shareholders holding 5% or more voting interest			
Mr. S. M. Mansoor Allawala		1,910,966	10.588
Mr. Kamran Idrees Allawala		2,512,838	13.923
Mr. Naeem Idrees Allawala		4,038,424	22.376
Mr. Omar Idrees Allawala		1,150,000	6.372
Mr. Muhammad Iqbal		968,692	5.367

FORM OF PROXY

The Secretary
IDREES TEXTILE MILLS LTD.
Ismail Centre, 1st Floor,
6-C, Central Commercial Area,
Bahadurabad, Karachi - 74800

I/We ____

of ____

being a member of Idrees Textile Mills Ltd. hereby appoint ____________________

of ____

or failing ____

of ____

As my/our proxy in my/our absence to attend and vote for me/us on my/our behalf at the 27th Annual General Meeting of the Company to be held on Monday October 31, 2016 and at any adjournment thereof.

As witness my hand this ______________________________ of 2016

Signed by the said ______________________________ in the presence of

1. Witness:

Signature ____________________

Name: ____________________

Address ____________________

Signature on Five Rupees Revenue Stamp

____
Signature of Member

2. Witness:

Signature ____________________ Shareholder's Folio No. ____________________

Name: ____________________ CDC Participants I.D./Sub A/C # ____________________

Address ____________________ CNIC No. | | | | | | | | | | | | | | |

(Important: This form of Proxy, duly completed and signed across a Rs. 5/-revenue stamp, must be deposited at the Company's Registered Office not less than 48 hours before the time for holding the meeting).