Contents

BOARD OF DIRECTORS	Mr. Muneer Nawaz	Chairman
	Mr. M. Naeem	Chief Executive
	Mr. Mahmood Nawaz	
	Mr. Saleem Zamindar (NIT)	
	Mr. Sohail Habib	
	Mr. Toqueer Nawaz	
	Mrs. Sadia Mohammad	
	Mr. Muhammad Usman Khalid	
	Lt. Col. (Retd.) R.D. Shams	
COMPANY SECRETARY	Mr. Jamil Ahmad Butt, FCMA	
AUDIT COMMITTEE OF THE BOARD	Mr. Toqueer Nawaz	Chairman
	Mr. Muneer Nawaz	Member
	Mr. Saleem Zamindar	Member
	Mr. Jamil Ahmad Butt, FCMA	Secretary
HUMAN RESOURCE AND REMUNERATION COMMITTE OF THE BOARD	Mr. Muner Nawaz	
	Mr. M. Naeem	
	Mr. Muhammad Usman Khalid	

AUDITORS

Deloitte Yousuf Adil.
Chartered Accountants.
Cavish Court, A-35, Block 7 & 8 KCHS,
Shahrah-e-Faisal, Karachi 75350.

BANKS

Bank Alfalah Limited
Meezan Bank Ltd.
The Bank of Punjab
MCB Bank Limited
Faysal Bank Limited
Habib Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited
Bank Al-Habib Limited

LEGAL ADVISOR

Mr. Ras Tariq Chaudhary
30-Mall Mansion
The Mall
Lahore.

HEAD OFFICE

Shahnawaz Building, 19-Dockyard Road,
West Wharf, Karachi-74000
Ph: 32313934-8, 32312834, 32310973
Fax: 32205723, 32310623
Website: www.shahtaj.com

REGISTERED OFFICE

27-C Abdalian Co-oporetive
Hosing Society, Lahore,
Ph: (042) 35313891-92, 35301596-99
Fax: (042) 35301594

MARKETING OFFICE

27-C Abdalian Co-oporetive
Hosing Society, Lahore,
Ph: (042) 35313891-92, 35301596-99
Fax: (042) 35301594

FACTORY

46 K.M. Lahore/Multan Road
Chunian Industrial Estate
Bhai Pheru, Distt. Kasur, Punjab.
Ph: (049) 4540430-32, 4540133, 4540234
Fax: (049) 4540031

SHARE REGISTRAR

Evolution Factor (Pvt.) Limited
Suite # 407,408, 4th Floor, Al-Ameera Centre,
Shahrah-e-Iraq, Near Passport Office, Saddar Karachi.
Tel: 35662023-24 Fax: 35221192

To,

All the Shareholders,

Notice is hereby given to all the shareholders of SHAHTAJ TEXTILE LIMITED that the 26th Annual General Meeting of the Company will be held on Saturday, the 31st October 2015, at 11:30 A.M at PC Hotel, Shahrah-e-Quaid-e-Azam, Lahore to transact the following business:

1. To confirm the minutes of Extra Ordinary General Meeting held on 05th January, 2015.

2. To consider and adopt audited Financial Statements of the Company for the year ended June 30, 2015 together with Auditors' and Directors' Reports thereon.

3. To approve a cash Dividend @ 25% i.e. Rs. 2.50 per share for the year ended June 30, 2015 as recommended by the Directors.

4. To appoint Auditors of the Company for the year 2015-2016 and to fix their remuneration. The present Auditors M/s. Deloitte Yousuf Adil, Chartered Accountants, being eligible, have offered themselves for reappointment.

5. To transact any other ordinary business with the permission of the Chair.

By Order of the Board

(JAMIL AHMAD BUTT)
Company Secretary

Karachi: September 29, 2015

Notes:

1. The share transfer books of the Company will remain closed from 23rd October to 4th November 2015, (both days inclusive).

2. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote. Proxies in order to be effective must be received at the Company's Registered Office not less than 48 hours before the meeting and must be duly stamped, signed and witnessed.

3. Holders of Accounts and Sub-accounts for Company's shares in Central Depository Company of Pakistan Limited, who wish to attend this Annual General Meeting may do so by identifying themselves through their original CNIC/Passport and providing a copy thereof.

4. Consent for video conference facility

   For this AGM, under following conditions, Members can also avail video conference facility at Karachi.

   f the company receives consent from members holding in aggregate 10 % or more share holding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of meeting, the company will arrange video conference facility in that city subject to availability of such facility in that city.

   The company will intimate members regarding venue of video conference facility 5 days before the date of general meeting along with complete information necessary to enable them to access such facility.

   In this regard please send a duly signed request as per following format to the registered address of the company 10 days before holding of general meeting.

   I/We, ________________________ of ______________________ being a member of SHAHTAJ TEXTILE LIMITED, holder of ______________ ordinary share(s) as per registered Folio No___________ hereby opt for video conference facility at Karachi.

OUR VISION:

To attain leadership position in the textile sector in Pakistan.

OUR MISSION:

To make the name of Shahtaj synonymous with Quality by striving for the highest level of efficiency, productivity, profitability, customers satisfaction, congenial employees relations and profit sharing with shareholders.

OVERALL CORPORATE STRATEGY:

To develop and market products in the high-end of the textile sector through effective utilization of men, material and machines by encouraging, supporting and rewarding the employees, eliminating any waste, reducing costs aiming at establishing SHAHTAJ TEXTILE LIMITED as the most trusted, efficient and successful name among all stake-holders.

1. The directors will ensure implementation of Company's corporate strategy, keeping in view Company's vision and mission and complying with is Memorandum and Articles of Association.

2. They will provide due guidance and discharge their duties to the best of their ability.

3. They will attend meetings of Board of Directors, Audit Committee of the Board, any other Committee and General Meeting of Company.

4. They will disclose their interest in any contract and appointments of the company officers and ownership of company shares and any changes therein.

5. They will not engage in any business competing with the company's business.

6. They will not allow contribution by the company to any political party or for any political purpose to any individual or body.

7. They will ensure maintenance and upkeep of company property, other assets and its record.

8. They will strictly observe all laws of land in running of the company affairs.

9. All company employees will perform their duties faithfully, truly and to the best of their judgment, skill and ability according to company rules and policies.

10. Company employees will not divulge any information about the company or otherwise which comes to their knowledge during the course of employment to any person not connected therein either with in the company or outside.

11. Company employees will not involve in any indiscipline, misbehavior or misconduct, dishonesty, theft or fraud.

12. They will refrain from making commitments on behalf of the company beyond their delegated authority or detrimental to the interest of the company.

13. They will not engage directly or indirectly without the permission of the company in any other business or paid occupation while in the service of the company.

14. They will not give or take bribes or any illegal gratifications.

15. They will be punctual in attendance.

Directors are pleased to present the 26th Annual Report of the Company for the Financial Year ended June 30, 2015.

Financial Results and Prospects

By the Grace of Allah the Company performed well during the year and earned Rs.74.289 million as profit before tax which is marginally more than previous year. As reported earlier the textile industry is suffering from a long spell of slow down in the market. It has resulted in a massive drop in Company's sales reaching only Rs.3.292 billion i.e. much below Rs.4 billion which the Company was able to achieve every year during last 4 years. Still, due to savings in some production costs the gross profit on sales was higher than the previous year which helped to offset impact of inflationary increases in other costs. However since no prior year tax adjustment was available this year, tax for the year was more and resulted in a lesser after tax profit of Rs.58.244 million with an EPS of Rs.6.03.

Hoping for betterment in market conditions, Company as always will be continuing to make efforts to achieve still higher level of efficiency and cost control.

Dividend

To share the profits with the shareholders, Directors are pleased to recommend a 25% cash dividend for this year. This payment is 41.5% of after tax profit of the Company for the year 2014-15. A sum of Rs. 25 million is proposed to be transferred to general reserve.

Code of Corporate Governance

Company is cognizant of all requirements of Code of Corporate Governance and is complying with the same. A Review Report by external auditors on Statement of Compliance is annexed.

Corporate and Financial Reporting Statements

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

b. Proper books of accounts have been maintained.

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

d. International Accounting 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.

Six Years Review

Key operating and financial data and ratios of the company for the last six years are annexed.

Board of Directors

During the year election of the Board were held for the new tenure of 3 years starting from 1st January, 2015. This election brought two new directors on the Board. NIT nominated Mr. Saleem Zamindar replacing Mr. Farooq Hassan who remained on the Board for 9 years. Company greatly benefited by his rich experience during all this period.

Further Mr. Sohail Habib was elected to the Board as another independent director.

Company hopes to equally benefit from the positive contribution and support of the new directors.

During the year 5 meetings of the Board were held and were attended as follows:

Name of Director	Eligible to attend /Number of Meetings attended
Mr. Muneer Nawaz	5/5
Mr. M. Naeem	5/5
Mr. Mahmood Nawaz	5/5
Mr. Saleem Zamindar	3/3
Mr. Sohail Habib	3/1
Mr. Toqueer Nawaz	5/5
Mrs. Sadia Muhammad	5/4
Mr. Muhammad Usman Khalid	5/5
LT. Col. (Retd) Rashiduddin Shams	5/2
Mr. Farooq Hassan	2/2

Leave of absence was granted to Directors who could not attend the meetings.

Audit Committee was reconstituted after election of new Board of Directors.

During the year four meetings of the Audit Committee of the Board of Directors were held and attended as under:

Mr. Toqueer Nawaz	2/2
Mr. Muneer Nawaz	4/4
Mr. Saleem Zamindar	2/2
Mr. Mahmood Nawaz	2/2
Mr. Muhammad Usman Khalid	2/2

HR&R Committee was reconstituted after the election of new Board of Directors.

During the year two meetings of Human Resource and Remuneration Committee of the Board was held and was attended by the following members:

Mr. Muneer Nawaz	2/2
Mr. M. Naeem	2/2
Mr. Muhammad Usman Khalid	1/1
Mr. Farooq Hassan	1/1

Pattern of Shareholding

The pattern of shareholding as on 30th June, 2015 listing the required details, is annexed.

Trading of Shareholding

During the year under review, no shares of the Company were traded by Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, their spouses and minor children.

Auditors

The Audit Committee of the Board has recommended the appointment of present Auditors, M/s. Deloitte Yousuf Adil., Chartered Accountants, as Auditors of the Company for the year 2015-2016. Board agrees to this recommendation.

Appreciation

Directors acknowledge with thanks the hard work put in by all the employees of the Company.

for and on behalf of the Board of Directors

(M. NAEEM)
Chief Executive

Karachi: September 29, 2015

SHAHTAJ TEXTILE LTD.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented by the Board of Directors (the Board) of Shahtaj Textile Limited (the Company) to comply with the Code of Corporate Governance (the Code) contained in the Regulations of the Karachi Stock Exchange Limited and the Lahore 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 on its Board of Directors. At present the Board includes:.

Category	Names
Independent Directors	Mr. Saleem Zamindar (NIT)
	Mr. Sohail Habib
Executive Directors	Mr. Muhammad Naeem
	Lt. Col(Retd.) Rashiduddin Shams
Non-Executive Directors	Mr. Muneer Nawaz
	Mr. Mahmood Nawaz
	Mr. Toqueer Nawaz
	Mrs. Sadia Muhammad
	Mr. Muhammad Usman Khalid

The independent directors meet the criteria of independence under para 5.19.1 (b) of the Code.

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

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

4. There has been no casual vacancy in the Board during the year under review.

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

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

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration of terms and conditions of employment of the 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 circulated and at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The directors are conversant with the relevant laws applicable to the company, its policies and procedures and provisions of memorandum and articles of association and are aware of their duties and responsibilities. Four directors of the Company have minimum of 14 years of education and 15 years of experience on the board of a listed company and therefore exempted from director's training program. Further, four directors have completed the Director's Training Program and become the certified director from Pakistan Institute of Corporate Governance (PICG).

10. There was no appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit during the year.

11. The Directors' report for the year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

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

13. The directors, Chief Executive Officer and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholdings.

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, all of whom are non-executive directors including the chairman of the committee.

16. The meetings of the audit committee were held once every quarter prior to approval of interim and final results of the company as required by the Code of Corporate Governance. The terms of reference of the committee have been framed and advised to the committee for compliance.

17. The Board has formed an HR and Remuneration Committee. It comprises three members, of whom two including the chairman of the committee, are non-executive directors.

18. The board has outsourced the internal audit function to M/s Moeed & Co. Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company. Currently, the Company has not appointed or designated any person as a head of internal audit.

19. As required by the Code, the Company has developed the mechanism for an annual evaluation of the Board's performance within its stipulate time lines. The Board, in its meeting held on September 29, 2015 has evaluated its current year annual performance.

20. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, 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 Institute of Chartered Accountants of Pakistan.

21. 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.

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

23. Material / price sensitive information has been disseminated among all market participants at once through stock exchanges.

24. We confirm that all other material principles enshrined in the Code have been complied with except that the secretary to the audit committee was neither company secretary nor head of internal audit. However, subsequent to the year end, the Company Secretary has been designated as secretary to the Audit Committee.

for and on behalf of the Board of Directors

(M. NAEEM)
Chief Executive

(Muneer Nawaz)
Chairman

Karachi: September 29 , 2015

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Shahtaj Textile Limited for the year ended June 30, 2015 to comply with the requirements of the regulations of Karachi and Lahore Stock Exchanges where the Company is listed.

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

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

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

Based on our review. nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicale to the Company for the year ended June 30, 2015.

Further, we highilight below instances of non-compliance with the requirements of the Code as reflected in the paragraph reference where these are stated in the Statement of Compliance.

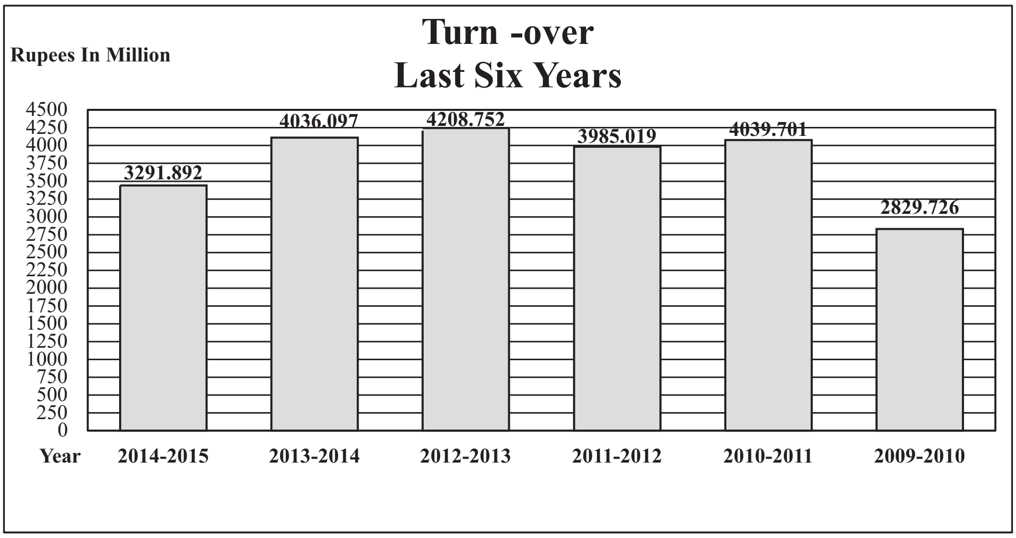
Paragraph reference	**Description**
18	Company has not appointed or designated a fulltime employee as Head of Internal Audit as required by clause 5.19.21 of the KSE Rule Book
24	Designated Secretary of the Audit Committee was neither Company Secretary nor Head of Internal Audit as required by clause 5.19.20 of the KSE Rule Book. However, subsequent to the year end, the Company Secretary was designated as secretary to the Audit Committee.

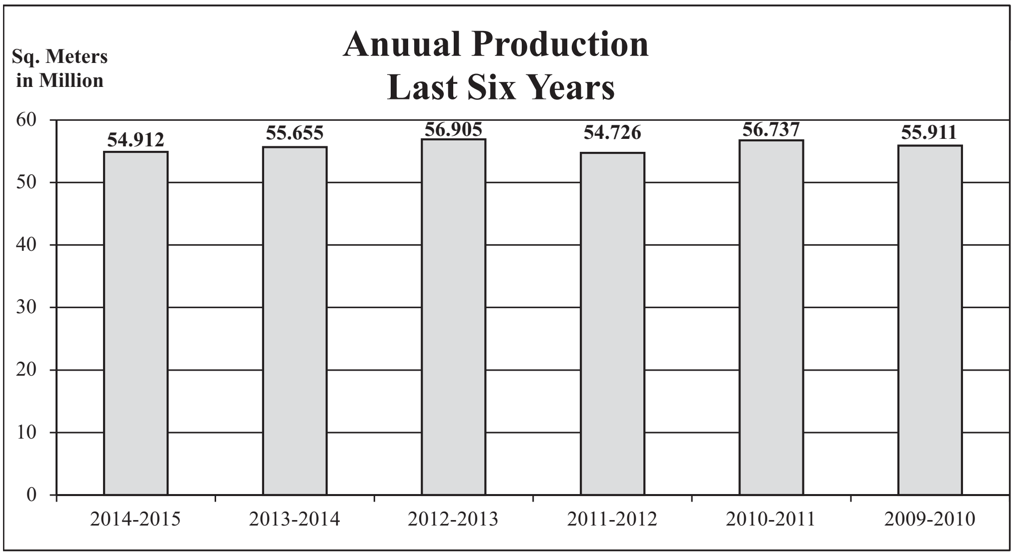
Chartered Accountants

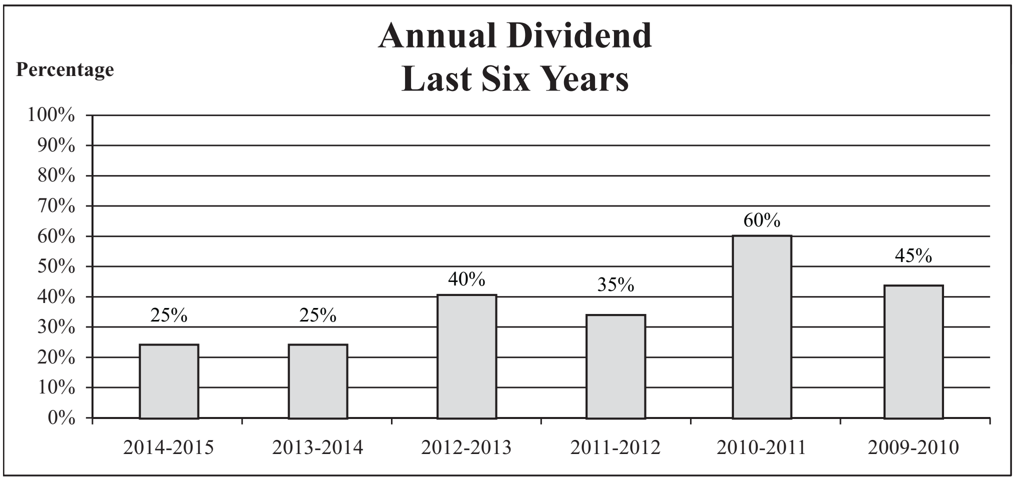
Deloitte Yousuf Adil

Karachi: September 29 , 2015

	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010
	All figures are in Million Rupees other than where percentages and ratio sign appear.					
PROFIT & LOSS ACCOUNT						
Net turnover	3291.892	4036.097	4208.752	3985.019	4039.701	2829.226
Gross profit	309.329	292.339	432.924	332.672	443.376	333.746
Operating profit	130.673	129.669	243.336	212.857	344.522	215.158
Profit before tax	74.289	73.010	146.441	91.596	234.480	133.328
Profit after tax	58.244	71.177	112.897	87.280	204.734	107.795
Earnings per share (Rs.)	6.03	7.37	11.69	9.04	21.19	11.16
Cash dividend	25%	25%	40%	35%	60%	45%
Dividend payment ratio	41.5%	34%	34%	38%	28%	40%
Cash distribution per share in Rupees	2.50	2.50	4.00	3.50	6.00	4.50
BALANCE SHEET						
Shareholders funds	96.600	96.600	96.600	96.600	96.600	96.600
Reserves	722.403	676.173	624.725	540.186	504.861	337.737
Property plant and equipment	858.610	987.473	995.632	884.750	859.041	685.171
Long term liabilities	171.029	159.893	201.717	336.986	457.044	154.491
Net current assets / liabilities	198.150	210.529	208.141	198.173	336.047	85.473
INVESTORS INFORMATION						
Gross profit ratio	9.40%	7.24%	10.29%	8.84%	10.97%	11.75%
Profit before tax ratio	2.26%	1.81%	3.49%	2.30%	5.80%	4.71%
Inventory turnover ratio	9.15	7.60	7.13	12.60	9.47	12.44
Fixed asset turnover ratio	3.83	4.09	4.22	4.50	4.70	4.11
Return on equity	7.11%	9.21%	15.65%	13.71%	34.04%	24.82%
Debt equity ratio	17:83	17:83	22:78	35:65	43:51	26 : 74
Current ratio	1.35:1	1.36:1	1.37:1	1.27:1	1.42:1	1.11 : 1
Interest cover ratio	2.32	2.29	2.51	1.76	4.03	2.63
STATEMENT OF VALUE ADDED DISTRIBUTION						
Employees remuneration	237.97	211.584	190.649	159.379	137.811	113.541
Government as taxes	82.847	84.761	33.543	4.316	29.746	25.532
Shareholders as dividends	24.150	24.150	38.640	33.810	57.960	43.470
Retained with in business	34.094	47.027	74.258	53.470	146.774	64.325
Financial charges to providers of finance	56.384	56.659	96.895	121.261	110.042	81.831


Turn -over
Last Six Years
Rupees In Million
4500
4250
4000
3750
3500
3250
3000
2750
2500
2250
2000
1750
1500
1250
1000
750
500
250
0
3291.892
4036.097
4208.752
3985.019
4039.701
2829.726
Year
2014-2015
2013-2014
2012-2013
2011-2012
2010-2011
2009-2010


Anuual Production
Last Six Years
Sq. Meters
in Million
60
50
40
30
20
10
0
54.912
55.655
56.905
54.726
56.737
55.911
2014-2015
2013-2014
2012-2013
2011-2012
2010-2011
2009-2010


Annual Dividend
Last Six Years
Percentage
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
25%
25%
40%
35%
60%
45%
2014-2015
2013-2014
2012-2013
2011-2012
2010-2011
2009-2010

Pattern of shares held by shareholders as at June 30, 2015 is as under:

Serial Number	NUMBER OF SHARE HOLDERS	SHARE HOLDING FROM		TO	TOTAL SHARES HELD
1	241	1	-	100	10,915
2	158	101	-	500	57,962
3	571	501	-	1000	335,301
4	93	1001	-	5000	195,711
5	25	5001	-	10000	165,331
6	10	10001	-	15000	121,120
7	5	15001	-	20000	90,100
8	5	20001	-	25000	111,310
9	1	25001	-	30000	26,012
10	1	30001	-	35000	30,600
11	1	40001	-	45000	43,493
12	2	45001	-	50000	99,585
13	2	50001	-	55000	105,750
14	2	90001	-	95000	188,500
15	1	100001	-	105000	103,068
16	2	110001	-	115000	227,500
17	1	115001	-	120000	118,000
18	1	200001	-	205000	202,016
19	1	270001	-	275000	271,584
20	1	285001	-	290000	289,655
21	2	290001	-	295000	589,141
22	1	310001	-	315000	311,904
23	1	335001	-	340000	335,200
24	1	350001	-	355000	352,243
25	1	395001	-	400000	396,750
26	1	475001	-	480000	475,726
27	1	505001	-	510000	506,000
28	1	525001	-	530000	529,670
29	1	655001	-	660000	657,782
30	1	725001	-	730000	729,500
31	1	830001	-	835000	832,571
32	1	1145001	-	1150000	1,150,000
	1,137				**9,660,000**

The slabs with nil holding have been omitted.

PATTERN OF SHARE HOLDING AS AT JUNE 30, 2015

SHARE HOLDER'S CATEGORY

		Number of Share Held	Percentage of shareholding
(i)	**Associated Companies, undertaking & related parties (name wise details);**		
	Shahtaj Sugar Mills Limited	**1,150,000**	**11.90%**
(ii)	**Mutual Funds (name wise details);**		
	NH Capital Fund Ltd	1,000	0.01%
(iii)	**Directors and Their spouse(s) and minor childern (name wise details);**		
1	Mr. Mahmood Nawaz	294,821	
	Mr. Mahmood Nawaz (CDC)	118,000	
	Mrs. Bushra Mahmood Nawaz	115,000	
	Mrs. Bushra Mahmood Nawaz (CDC)	17,825	
2	Mr. Muneer Nawaz (Chairman)	832,571	
	Mrs. Abida Muneer Nawaz (Wife)	396,750	
3	Mr. M. Naeem (CEO)	103,068	
	Mrs. Amtul Bari Naeem	506,000	
	Mrs. Amtul Bari Naeem (CDC)	529,670	
4	Lt. Col. (Retd.) Rashiduddin Shams	3,450	
5	Sadia Taqi (CDC)	2,500	
6	Toqueer Nawaz	294,320	
	Toqueer Nawaz (CDC)	54,000	
7	Muhammad Usman Khalid	289,655	
	Muhammad Usman Khalid (CDC)	10,350	
8	Mr. Sohail Habib (CDC)	1,000	
		3,568,980	**36.95%**
(iv)	**Executives**	**12,650**	**0.13%**
(v)	**Public sector companies and corporations;**		
	National Bank of Pakistan, Trustee Deptt. (CDC) (Represented on Board of Directors)	475,726	
		475,726	**4.92%**
(vi)	**Banks, Development Finance Institutions, Non Banking Fiance Companies, Insurance Companies, Takaful, Mudarbas, and Pension Funds.**		
	Habib Bank Limited (CDC)	75	
	National Bank of Pakistan(CDC)	267	
	NIB Bank Limited (CDC)	14,500	
	Progressive Investment Management (Pvt)Ltd., (CDC)	500	
	H.M. Investment (Pvt) Ltd., (CDC)	230	
	Ismail Abdul Shakoor Securities (Private) Limited (CDC)	50	
	M.R. Securities (SMC) (Private) Limited (CDC)	150	
	Muhammad Ahmed Nadeem Securities (Private) Limited (CDC)	75	
	N.H Securities (Private) Limited (CDC)	75	
	S.H Bukhari Securities (Private) Limited (CDC)	575	
	Y.S Securities & Services (Private) Limited (CDC)	3,075	
	Fair Deal Securities (Private) Limited (CDC)	425	
	Trustee National Bank of Pakistan Employees Pension Fund (CDC)	43,493	
		63,490	**0.66%**
(vii)	**General Public**		
	Local	2,060,786	
	Local (CDC)	2,327,368	
	Foreign	-	
		4,388,154	**45.43%**
		9,660,000	**100.00%**

Shareholder holding 5% or more voting rights in the listed company (name wise details);

Shahtaj Sugar Mills Limited	1,150,000	11.90%
Mr. Ahmed Naeem	1,087,982	11.26%
Mrs. Amtul Bari Naeem	1,035,670	10.72%
Mr. Muneer Nawaz	832,571	8.62%
Treet Corporation Limited	735,100	7.61%
	4,841,323	**50.12%**

We have audited the annexed balance sheet of SHAHTAJ TEXTILE LIMITED (the Company) as at June 30, 2015 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, 2015 and of the profit, its cash flows and changes in equity for the year then ended; and

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

Chartered Accountants

Deloitte Yousuf Adil

Engagement Partner:
Mushtaq Ali Hirani

Karachi: September 29, 2015

SHAHTAJ TEXTILE LTD.

BALANCE SHEET AS AT JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
SHARE CAPITAL AND RESERVES			
Authorized 10,000,000 ordinary shares of Rs. 10/- each		**100,000,000**	100,000,000
Issued, subscribed and paid-up capital	4	**96,600,000**	96,600,000
General reserve		**590,000,000**	550,000,000
Unappropriated profit		**132,403,138**	126,172,939
		819,003,138	772,772,939
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	5	**5,946,191**	184,572,820
NON-CURRENT LIABILITIES			
Long-term finance	6	**171,029,540**	159,893,081
Deferred liabilities	7	**89,765,794**	108,746,642
		260,795,334	268,639,723
CURRENT LIABILITIES			
Trade and other payables	8	**199,928,540**	255,975,688
Interest accrued	9	**10,148,848**	13,893,670
Short-term borrowings	10	**299,610,612**	200,434,419
Current portion of long-term finance	6	**54,748,541**	116,823,541
		564,436,541	587,127,318
CONTINGENCIES AND COMMITMENTS	11		
		1,650,181,204	1,813,112,800

	Note	2015 Rupees	2014 Rupees
NON-CURRENT ASSETS			
Property, plant and equipment	12	**858,610,203**	987,473,676
Long-term loans	13	**1,666,885**	665,075
Long-term deposits	14	**27,317,444**	27,317,444
		887,594,532	1,015,456,195
CURRENT ASSETS			
Stores, spares and loose tools	15	**48,447,618**	44,409,630
Stock-in-trade	16	**295,903,749**	306,773,757
Trade debts	17	**267,843,648**	277,489,046
Loans and advances	18	**3,514,068**	5,273,975
Trade deposits and short-term prepayments	19	**637,400**	174,989
Other receivables	20	**6,186,204**	5,728,568
Taxation - net		**71,912,828**	55,192,947
Sales tax refundable		**47,322,565**	79,406,359
Other financial assets	21	**7,471,614**	6,085,466
Cash and bank balances	22	**13,346,978**	17,121,868
		762,586,672	797,656,605
		1,650,181,204	1,813,112,800

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

(M. Naeem)
Chief Executive

(Muneer Nawaz)
Chairman

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
Sales - net	23	**3,291,892,388**	4,036,097,201
Cost of goods sold	24	**(2,982,563,266)**	(3,743,757,369)
Gross profit		**309,329,122**	292,339,832
Distribution expenses	25	**(62,380,549)**	(68,357,507)
Administrative expenses	26	**(113,756,102)**	(86,991,255)
Other operating expenses	27	**(6,448,847)**	(8,664,041)
Finance cost	28	**(56,384,160)**	(56,659,490)
		(238,969,658)	(220,672,293)
		70,359,464	71,667,539
Other income	29	**3,929,664**	1,342,603
Profit before taxation		**74,289,128**	73,010,142
Taxation	30	**(16,045,122)**	(1,832,558)
Profit after taxation		**58,244,006**	71,177,584
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods			
- Remeasurement of defined benefit obligation		**556,036**	(4,635,613)
- Impact of deferred tax		**(56,671)**	455,750
		499,365	(4,179,863)
Total comprehensive income for the year		**58,743,371**	66,997,721
Earnings per share - basic and diluted	31	**6.03**	7.37

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

(M. Naeem)
Chief Executive

(Muneer Nawaz)
Chairman

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**74,289,128**	73,010,142
Adjustments for:			
Depreciation	12.2	**93,297,872**	100,798,214
Finance cost	28	**56,384,160**	56,659,490
Gain on disposal of property, plant and equipment	29	**(128,617)**	(895,096)
Provision for gratuity and leave encashment	7	**18,908,724**	16,595,764
Provision for doubtful debts	17.3	**34,918,890**	15,515,511
Property and equipment written off		**3,434,140**	4,625,335
Stores and spares written off	27	**793,280**	1,893,021
Interest income	29	**(620,566)**	(500,428)
Operating cash flows before movements in working capital		**281,277,011**	267,701,953
(Increase) / decrease in current assets			
Stores, spares and loose tools		**(4,831,268)**	(4,496,346)
Stock-in-trade		**10,870,008**	(6,861,337)
Trade debts		**(25,273,492)**	29,451,001
Loans and advances		**1,759,907**	5,500,456
Trade deposits and short-term prepayments		**(462,411)**	4,211,099
Other receivables		**(457,636)**	(1,180,129)
Sales tax refundable		**32,083,794**	(25,896,976)
Other financial assets		**(1,386,148)**	(101,069)
(Decrease) / increase in current liabilities			
Trade and other payables		**(54,992,286)**	5,362,709
Cash generated from operations		**238,587,479**	273,691,361
Gratuity and leave encashment paid		**(16,175,110)**	(12,661,184)
Interest paid		**(60,128,982)**	(56,299,460)
Income taxes paid		**(37,340,687)**	(41,137,042)
Net cash from operating activities		**124,942,700**	163,593,675
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(158,376,381)**	(97,951,789)
Proceeds from disposal of property, plant and equipment		**5,517,242**	1,581,220
Long-term loans		**(1,001,810)**	(62,284)
Decrease in long-term deposits		**-**	(7,107)
Interest received		**620,566**	500,428
Net cash used in investing activities		**(153,240,383)**	**(95,939,532)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of long-term finance		**(169,257,541)**	(110,681,541)
Long term finance obtained		**118,319,000**	75,000,000
Dividend paid		**(23,714,859)**	(37,875,334)
Net cash used in financing activities		**(74,653,400)**	**(73,556,875)**
Net decrease in cash and cash equivalents		**(102,951,083)**	(5,902,732)
Cash and cash equivalents at July 1		**(183,312,551)**	(177,409,819)
Cash and cash equivalents at June 30	32	**(286,263,634)**	(183,312,551)

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

(M. Naeem)	(Muneer Nawaz)
Chief Executive	Chairman

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2015

	Note	Share capital	Revenue reserve: General reserve	Revenue reserve: Unappropriated profit	Total
		……………… Rupees ………………			
Balance as at July 1, 2013		**96,600,000**	**470,000,000**	**154,724,849**	**721,324,849**
Comprehensive income					
Profit after taxation for the year ended June 30, 2014		-	-	71,177,584	71,177,584
Other comprehensive income - net of tax		-	-	(4,179,863)	(4,179,863)
Total comprehensive income		-	-	66,997,721	66,997,721
Transferred from surplus on revaluation of property, plant and equipment on account of:					
- incremental depreciation net of deferred taxation	5	-	-	20,745,097	20,745,097
- disposal net of deferred tax		-	-	2,345,272	2,345,272
Transferred to general reserve		-	80,000,000	(80,000,000)	-
Transactions with owners					
Final dividend for the year ended June 30, 2013 @ Rs. 4 per share		-	-	(38,640,000)	(38,640,000)
Balance as at June 30, 2014		**96,600,000**	**550,000,000**	**126,172,939**	**772,772,939**
Comprehensive income					
Profit after taxation for the year ended June 30, 2015		-	-	58,244,006	58,244,006
Other comprehensive income - net of tax		-	-	499,365	499,365
Total comprehensive income		-	-	58,743,371	58,743,371
Transferred from surplus on revaluation of property, plant and equipment on account of:					
- incremental depreciation net of deferred taxation	5	-	-	11,549,496	11,549,496
- disposal net of deferred tax		-	-	87,332	87,332
Transferred to general reserve		-	40,000,000	(40,000,000)	-
Transactions with owners					
Final dividend for the year ended June 30, 2014 @ Rs. 2.50 per share		-	-	(24,150,000)	(24,150,000)
Balance as at June 30, 2015		**96,600,000**	**590,000,000**	**132,403,138**	**819,003,138**

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

(M. Naeem)
Chief Executive

(Muneer Nawaz)
Chairman

1. STATUS AND NATURE OF BUSINESS

Shahtaj Textile Limited (the Company) is limited by shares, incorporated in Pakistan on January 24, 1990 under the Companies Ordinance, 1984, as a public limited Company. The shares of the Company are quoted on Karachi and Lahore Stock Exchanges. The principal business of the Company is to manufacture and sale of textile goods. The registered office of the Company is situated at 27-C, Abdalian Cooperative Housing Society Limited, Opposite Expo Center, Lahore, Pakistan and the manufacturing facility of the Company is located at 46 KM. Lahore/Multan Road, Chunian Industrial Estate, Bhai Pheru, Distt. Kasur in the province of Punjab; however, the Head Office is located at Shahnawaz Building, 19 - Dockyard Road, West Wharf, Karachi - 74000.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost basis modified by:

- revaluation of certain property, plant and equipment;
- financial instruments at fair value;
- obligation under defined benefit plan at net present value.

2.3 Presentation and functional currency

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

2.4 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2015

The following standards, amendments and interpretations are effective for the year ended June 30, 2015. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Standards or Interpretations	**Effective date (accounting periods beginning on or after)**
Amendments to IAS 19 Employee Benefits: Employee contributions	January 01, 2014
Amendments to IAS 32 Financial Instruments: Presentation - Offsetting financial assets	January 01, 2014
IAS 36 Impairment of Assets - Recoverable amount disclosures for non-financial assets	January 01, 2014
IAS 39 Financial Instruments: Recognition and measurement - Novation of derivatives	January 01, 2014
IFRIC 21 - Levies	January 01, 2014

2.5 New, revised and amended standards and IFRIC interpretations to the existing standards that are not yet effective and have not been early adopted by the Company.

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

Standards or Interpretations	Effective date (accounting periods beginning on or after)
Amendments to IAS 16 and IAS 38 Clarification of acceptable methods of depreciation	January 01, 2016
Amendments to IAS 16 and IAS 41 Agriculture: Bearer plants	January 01, 2016
IAS 27 (Revised 2011) – Separate Financial Statements	January 01, 2015. IAS 27 (Revised 2011) will concurrently apply with IFRS 10.
IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures	January 01, 2015
IFRS 10 – Consolidated Financial Statements	January 01, 2015
IFRS 11 – Joint Arrangements	January 01, 2015
IFRS 12 – Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13 – Fair Value Measurement	January 01, 2015

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant 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, 2014 and are enumerated as follows:

3.1 Defined benefit plan - staff gratuity

The Company operates an unfunded gratuity scheme for all its employees who have completed the minimum qualifying period of service as defined under the scheme. Provisions are made to cover the obligations under the scheme on the basis of actuarial valuation and are charged to income. The most recent valuation was carried out as at June 30, 2015 using the "Project unit Credit Method".

Details of the scheme are given in note 7.1 to these financial statements.

3.3 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation, after taking into account tax rebates and tax credits available, if any, or turnover at the specified rate whichever is higher. Charge for current tax also includes adjustments, where necessary, relating to prior years which arise from assessment framed / finalized during the year. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred

Deferred tax is provided using the balance sheet liability method for temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release – 27 of Institute of Chartered Accountants of Pakistan.

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

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

3.4 Trade and other payables

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

3.5 Provisions

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.6 Property, plant and equipment

Property, plant and equipment, except plant and machinery are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land is stated at cost.

Plant and machinery are stated at revalued amount being the fair value at the date of revaluation, less subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity so that the fair value and carrying value do not differ materially at the balance sheet date. Any revaluation increase arising on the revaluation of such assets is credited in 'Surplus on Revaluation of Property, Plant and Equipment' shown below equity in the balance sheet. The Company has adopted the following accounting treatment of depreciation on revalued assets.

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

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

Depreciation is charged to profit and loss account applying the reducing balance method at the rate specified in note 12.1, whereby the cost of the asset is written over its useful life. Depreciation on all additions in fixed assets is charged from the month in which the asset is available for use and on disposals up to the month preceding the month of disposal.

Assets' residual values, if significant, and their useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

When parts of an item of Property, Plant and Equipment have different useful lives, they are recognized as separate items of Property Plant and Equipment.

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

Gains or losses on disposal of assets, if any, are recognized as and when incurred.

Capital work-in-progress

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when these assets are available for use.

3.7 Investments

Regular way purchase or sale of investments

All purchases and sales of investments are recognized using settlement date accounting. Settlement date is the date that the investments are delivered to or by the Company.

Held-to-maturity

Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity. Held-to-maturity investments are initially recognized at fair value plus transaction cost and are subsequently carried at amortized cost using effective interest rate method.

Derecognition

All investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

3.8 Stores, spares and loose tools

These are valued at lower of cost and net realizable value, determined on moving average cost less allowance for obsolete and slow moving items. Items in transit are valued at invoice values plus other charges incurred thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less cost to be incurred for its sale.

The company writes off stores and spares which at the end of the financial year have remained in stocks from the date of purchase for a period as prescribed under:

Stores general	held over 5 years
Spares	held over 10 years

The above write off is charged to profit and loss account in the period such items are written off.

3.9 Stock-in-trade

These are valued at lower of cost and net realizable value. Methods used for determining costs are as follows:

Raw and packing materials	Moving average cost.
Work-in-process	Average manufacturing cost.
Finished goods	Average manufacturing cost.

Raw material-in-transit are valued at cost comprising of cost and freight value plus other charges incurred thereon up to the balance sheet date.

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

Net realizable value (NRV) signifies the estimated selling price in the ordinary course of business less estimated costs of completion and cost necessary to make the sale.

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

The company writes off stocks which at close of the financial year have remained in stocks for more than 3 years from the date of purchase. The write off is charged to profit and loss account in the period such stocks are written off.

3.10 Trade debts and other receivables

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

3.11 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and liabilities is taken to profit and loss account directly.

Other particular recognition methods adopted by the Company are disclosed in the individual policy statements associated with each item of financial instruments.

3.12 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks, highly liquid short-term investments and short-term running finance under mark-up arrangements.

3.13 Impairment

Financial assets

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

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Non-financial assets

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

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit and loss account, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.14 Offsetting of financial assets and financial liabilities

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

3.15 Revenue recognition

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

- Revenue from sale of goods and services is recognized on dispatch of goods where risks and rewards are transferred to the customers and rendering of services to customers, as the case may be."

- Export rebate is recognized on accrual basis at the time of recognizing export sale.

- Interest / mark-up income is accounted on a time proportionate basis using effective interest rate.

3.16 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. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit and loss in the period in which they are incurred.

3.17 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved by the appropriate authority.

3.18 Foreign currency translation

Transactions in foreign currencies are translated into reporting currency at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated into reporting currency equivalents using foreign currency rates ruling on the balance sheet date. Exchange differences on foreign currency transactions are included in the income currently.

3.19 Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The Company considers the Board of Directors as the CODM, who is responsible for allocating resources and assessing performance of the operating segments. As disclosed in note 1 to the financial statements, the Company has manufacturing facility located at Lahore/Multan Road, Chunian Industrial Estate, Bhai Pheru, District Kasur in the province of Punjab. Management has determined that the Company has a single reportable segment, as the Board of Directors views the Company's operations as one reportable segment because of the similarity in nature of the products and services, nature of the production processes, type or class of customers for the products and services and the methods used to distribute the products.

3.20 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.

3.21 Critical judgments and estimates in applying the accounting policies

In the process of applying the Company's accounting policies, the management has not identified any area where significant judgments have been exercised which have material impact on the financial statements, except as mentioned below. Further, there are no key assumptions concerning the future and other key sources of estimating uncertainty at the balance sheet date that have significant risks of causing a material adjustment within the next financial year. The Company has used significant judgments and estimates in the following areas:

- Provision for gratuity (notes 3.1 and 7.1)
- Provision for taxation and deferred tax (notes 3.3, 7.2 and 30)
- Provision for doubtful debts (note 3.10)
- Useful lives and residual values of property, plant and equipment (notes 3.6 and 12)
- Net realizable value of stock in trade (notes 3.9 and 16)
- Contingencies and commitments (note 11)

4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2015	2014		**2015**	2014
Number of shares			**Rupees**	Rupees
		Ordinary shares of Rs.10 each fully paid		
8,400,000	8,400,000	In cash	**84,000,000**	84,000,000
1,260,000	1,260,000	As bonus shares	**12,600,000**	12,600,000
9,660,000	9,660,000		**96,600,000**	96,600,000

4.1 Shahtaj Sugar Mills Limited (an associated company) held 1,150,000 (2014: 1,150,000) fully paid ordinary shares of Rs. 10 each at year end.

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

5. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	2015	2014
	Rupees	Rupees
Surplus on revaluation of property, plant and equipment as at July 01	**204,697,672**	230,305,693
Deficit on plant and machinery during the year	**(185,119,217)**	-
	19,578,455	230,305,693
Transfer to unappropriated profit on account of:		
- incremental depreciation - net of deferred tax	**(11,549,496)**	(20,745,097)
- disposal of property, plant and equipment - net of deferred tax	**(87,332)**	(2,345,272)
Related deferred tax liability	**(1,320,613)**	(2,517,652)
	(12,957,441)	(25,608,021)
Surplus on revaluation of property, plant and equipment as at June 30	**6,621,014**	204,697,672
Related deferred tax liability on:		
- revaluation surplus as at July 01	**(20,124,852)**	(21,159,336)
- (increase) / decrease in deferred tax for change in rate of deferred tax	**(737,935)**	(1,483,168)
- deficit on revaluation of plant and machinery realized during the year	**18,867,351**	-
Transfer to unappropriated profit on account of incremental depreciation - net of deferred tax	**1,310,702**	2,261,936
Disposal of plant- net of deferred tax	**9,911**	255,716
	19,450,029	1,034,484
	(674,823)	(20,124,852)
	5,946,191	184,572,820

	Note	2015 Rupees	2014 Rupees
6. LONG-TERM FINANCE			
Secured			
From banking companies		**225,778,081**	276,716,622
Less: Current portion shown under current liabilities		**(54,748,541)**	(116,823,541)
	6.1	**171,029,540**	159,893,081

6.1 Details and movement are as follows:

	Bank of Punjab				Standard Chartered Bank	Faysal Bank Limited	2015	2014
	Demand Finance - III	Demand Finance - IV	Demand Finance - V	Demand Finance - VI	Term Finance	Term Finance	Total	Total
	Rupees							
Balance at July 01	26,449,000	63,245,000	50,146,000	-	61,876,622	75,000,000	**276,716,622**	312,398,163
Obtained during the year	-	-	-	118,319,000	-	-	**118,319,000**	75,000,000
	26,449,000	63,245,000	50,146,000	118,319,000	61,876,622	75,000,000	**395,035,622**	387,398,163
Repaid during the year	(26,449,000)	(62,662,000)	(50,146,000)	-	(20,625,541)	(9,375,000)	**(169,257,541)**	(110,681,541)
	-	583,000	-	118,319,000	41,251,081	65,625,000	**225,778,081**	276,716,622
Payable within next one year	-	(583,000)	-	(14,790,000)	(20,625,541)	(18,750,000)	**(54,748,541)**	(116,823,541)
Balance at June 30	-	-	-	103,529,000	20,625,540	46,875,000	**171,029,540**	159,893,081
Mark up rate (per annum)	SBP rate +215 bps (2014: SBP rate +215 bps)	SBP rate +185 bps (2014: SBP rate +185 bps)	SBP rate +185 bps (2014: SBP rate +185 bps)	SBP rate +120 bps -	6 months KIBOR - 3% (2014: 6 months KIBOR - 3%)	SBP rate + 100 bps (2014: SBP rate + 185 bps)		
Installment repayable		Bi-annually		Bi-annually	Bi-annually	Bi-annually		
Mark up payable		Quarterly		Quarterly	Bi-annually	Quarterly		
Loan period		5 years		5 years	6 years	5 years		
Grace period		1 year from last drawn date		1 year from last drawn date	1 year from last drawn date	1 year from last drawn date		
Sub-note		6.2		6.3	6.4	6.5		

6.2 The loan is secured by way of first pari passu fixed charge over all present and future fixed assets of the Company including land, building, plant and machinery for Rs. 200 million with 25% margin by way of second Supplemental Memorandum of Deposit of the Title Deed dated December 30, 2010.

6.3 The loan is secured by way of first pari passu hypothecation charge over the movable fixed assets of the company for Rs. 157 million with 25 % margin.

6.4 The loan is secured by way of first pari passu hypothecation charge over the movable fixed assets of the company for Rs. 138 million with 10 % margin.

6.5 The loan is secured by first pari passu hypothecation and mortgage charge over land, building, plant and machinery of the Company for Rs. 100 million.

	Note	2015 Rupees	2014 Rupees
7. DEFERRED LIABILITIES			
Staff gratuity	7.1	**49,855,297**	48,046,959
Deferred taxation	7.2	**35,913,044**	57,071,470
Leave encashment	7.3	**3,997,453**	3,628,213
		89,765,794	108,746,642
7.1 Staff gratuity			
Liability recognized in the balance sheet		**49,855,297**	48,046,959
7.1.1 Movement in liability during the year			
Balance as at July 01		**48,046,959**	38,977,558
Charge for the year	7.1.4	**15,597,174**	12,914,121
Total remeasurement recognized in other comprehensive income	7.1.2 & 7.1.5	**(556,036)**	4,635,613
Payments made during the year		**(13,232,800)**	(8,480,333)
Balance as at June 30		**49,855,297**	48,046,959

7.1.2 It includes losses amounting to Rs. Nil (2014: Rs 2,656,745) arising in prior years on account of remeasurements recognized in the current year.

	Note	2015 Rupees	2014 Rupees
7.1.3 Changes in present value of defined benefit obligation			
Present value of defined benefit obligation on July 1		**48,046,959**	41,634,303
Current service cost for the year	7.1.4	**10,107,625**	8,987,737
Interest cost for the year	7.1.4	**5,489,549**	3,926,384
Benefits paid during the year		**(13,232,800)**	(8,480,333)
Actuarial (gains) / losses arised during the year	7.1.5	**(556,036)**	1,978,868
Present value of defined benefit obligation on June 30		**49,855,297**	48,046,959
7.1.4 Amount recognized in profit or loss			
Current service cost		**10,107,625**	8,987,737
Interest cost on defined benefit obligation		**5,489,549**	3,926,384
		15,597,174	12,914,121
7.1.5 Remeasurement (losses) / gains recognized in other comprehensive income			
Unrecognized actuarial (loss) / gain as at July 1		**-**	(2,656,745)
Actuarial gains / (losses) arised during the year		**556,036**	(1,978,868)
Amount recognized through Other Comprehensive Income	7.1.1	**(556,036)**	4,635,613
Unrecognized actuarial losses as at June 30		**-**	-

7.1.6 The principal assumptions used in the actuarial valuations carried out as of June 30, 2015, using the 'Projected Unit Credit' method, are as follows:

	2015	2014
Discount rate per annum %	**9.75%**	13.25%
Expected per annum rate of increase in future salaries %	**8.75%**	12.25%
Expected average remaining working lives	**6 Years**	**6 Years**
Expected mortality rate	**SLIC (2001-2005) Setback 1 year**	SLIC (2001-2005) Setback 1 year
Expected withdrawal rate	**Age based**	**Age based**

7.1.7 **Sensitivity analysis for actuarial assumptions**

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

		Increase / (decrease) in defined benefit obligation	
	Change in assumption	**Increase in assumption**	**Decrease in assumption**
		Rupees	**Rupees**
Discount rate	**1%**	**(2,703,835)**	**3,076,829**
Future salary increase rate	**1%**	**3,200,288**	**(2,864,950)**

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

7.1.8 The Plan expose the Company to the actuarial risks such as:

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

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

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

7.1.9 Expected gratuity expense for the year ending June 30, 2016 is Rs. 13,456,088.

7.1.1.9 The weighted average duration of the defined benefit obligation for the year ended June 30, 2015 is 6 years.

7.1.10 The expected maturity analysis of undiscounted benefit obligation is:

	Undiscounted payments Rupees
Less than a year	14,625,646
Between 1 to 2 years	7,879,603
Between 2 to 3 years	6,924,565
Between 3 to 4 years	7,278,277
Between 4 to 5 years	5,419,682
Between 6 to 10 years	43,118,255
11 years and above	256,516,677

7.2 Deferred taxation

	Opening balance	Recognized in profit and loss account	Recognized in other comprehensive income	Recognized in surplus on revaluation of assets	Closing balance
	----------	----------	Rupees	----------	----------
Movement for the year ended June 30, 2015					
Deferred tax liabilities on taxable temporary differences arising in respect of:					
- property, plant and equipment - owned assets	**43,638,174**	**2,280,207**	**-**	**-**	**45,918,381**
- surplus on revaluation of property, plant and equipment	**20,124,852**	**(1,320,613)**	**-**	**(18,129,416)**	**674,823**
	63,763,026	**959,594**	**-**	**(18,129,416)**	**46,593,204**
Deferred tax assets on deductible temporary differences arising in respect of:					
- staff gratuity	**(4,723,737)**	**(414,186)**	**56,671**	**-**	**(5,081,252)**
- doubtful debts	**(1,967,819)**	**(3,631,089)**	**-**	**-**	**(5,598,908)**
	(6,691,556)	**(4,045,275)**	**56,671**	**-**	**(10,680,160)**
	57,071,470	**(3,085,681)**	**56,671**	**(18,129,416)**	**35,913,044**
Movement for the year ended June 30, 2014					
Deferred tax liabilities on taxable temporary differences arising in respect of:					
- property, plant and equipment - owned assets	41,215,132	2,423,042	-	-	43,638,174
- surplus on revaluation of property, plant and equipment	21,159,336	(2,517,652)	-	1,483,168	20,124,852
	62,374,468	(94,610)	-	1,483,168	63,763,026
Deferred tax assets on deductible temporary differences arising in respect of:					
- staff gratuity	(3,256,677)	(1,011,310)	(455,750)	-	(4,723,737)
- provision for doubtful debts	(2,724,404)	756,585	-	-	(1,967,819)
	(5,981,081)	(254,725)	(455,750)	-	(6,691,556)
	56,393,387	(349,335)	(455,750)	1,483,168	57,071,470

	Note	2015 Rupees	2014 Rupees
7.3 Leave encashment			
Balance as at July 01		**3,628,213**	4,127,421
Provision during the year		**3,311,550**	3,681,643
Paid during the year		**(2,942,310)**	(4,180,851)
Balance as at June 30		**3,997,453**	3,628,213
8. TRADE AND OTHER PAYABLES			
Creditors		**109,796,062**	126,463,569
Accrued liabilities		**72,506,158**	68,272,220
Advance from customers		**1,282,511**	45,236,783
Due to an associated undertaking	8.1	**10,099**	102,813
Workers' Profit Participation Fund	8.2	**3,989,749**	3,921,061
Workers' Welfare Fund		**1,516,105**	1,490,003
Unpaid and unclaimed dividend		**7,438,784**	7,003,643
Retention payable		**730,707**	678,195
Withheld sales tax		**797,076**	906,541
Others		**1,861,289**	1,900,860
		199,928,540	255,975,688

8.1 This represents payable to Shahnawaz (Private) Limited, a related party, on account of software maintenance charges.

Trade payables are non interest bearing and are normally settled between 1 to 30 days credit term.

	Note	2015 Rupees	2014 Rupees
8.2 Workers' Profit Participation Fund			
Balance as at July 01		**3,921,061**	7,864,691
Interest on funds utilized in the Company's business @ 18.25% (2014: 30%)		**76,541**	212,508
		3,997,602	8,077,199
Payments made during the year		**(3,997,602)**	(8,077,199)
		-	-
Allocation for the year		**3,989,749**	3,921,061
Balance as at June 30		**3,989,749**	3,921,061

9. INTEREST ACCRUED

		2015	2014
Interest accrued on:			
- long-term finance		**5,470,231**	8,312,147
- short-term borrowings		**4,678,617**	5,581,523
		10,148,848	13,893,670

10. SHORT-TERM BORROWINGS

	Note	2015	2014
Banking companies- Secured			
Running finances under markup arrangement	10.1	**299,610,612**	200,434,419

10.1 The Company can avail finance facilities from various banks aggregating to Rs. 1,395 million (2014: Rs. 1,010 million). The unavailed facilities as at year end were Rs. 1,096 million (2014: Rs. 810 million). The facilities are secured by hypothecation of stocks and book debts. These are subject to mark-up ranging from KIBOR plus 0.35% to 1.5% per annum (2014: KIBOR plus 0.5% to 2% per annum).

11. CONTINGENCIES AND COMMITMENTS

	2015 Rupees	2014 Rupees
Contingencies		
Guarantees issued by banks on behalf of the Company in favor of Sui Northern Gas Pipelines Limited (SNGPL)	**20,400,000**	20,400,000
Bills discounted with recourse	**23,465,830**	101,274,567
Tax contingency has been disclosed in note 30.3 to the financial statements.		
Commitments outstanding		
Capital expenditure	**-**	11,500,000
Letters of credit other than for capital expenditure	**-**	1,896,000
Sales contracts to be executed	**508,600,363**	538,186,367

11.1 The Government of Pakistan has enacted the Gas Infrastructure Development Cess Act, 2015, in May 2015. Under this act a Gas Infrastructure Development (GID) Cess on gas bills at the rate of Rs. 100 per MMBTU on all industrial consumers and 200 per MMBTU on all Captive Power Plants has been levied. Further, Government also ordered recovery of cess charged under GIDC Act 2011 and GIDC Ordinance 2014 from all gas consumers except Industrial sector. The Company received demand in respect of GIDC arrears amounting to Rs 31.882 million at a rate of Rs. 200 per MMBTU consumed, in the gas bill for the month of June 2015.

A suit was filed before Lahore High Court that the company falls under the definition of Industrial Consumer therefore recovery of arrears and charging of gas tariff of Captive power to the Company is illegal. The Lahore High Court has restrained the Federation and gas companies from recovery of gas bills at the higher rates designed for Captive Power Consumes and directed to charge tariff designed for Industrial consumers.

The management is confident that the subject matter will be decided in favour of the company and accordingly no provision has been made against the aforementioned demand.

	Note	2015 Rupees	2014 Rupees
12. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	12.1	**832,731,258**	981,507,506
Capital work in progress	12.6	**25,878,945**	5,966,170
		858,610,203	987,473,676

12.1 Operating fixed assets

	Freehold land	Buildings on freehold land: Mills building	Buildings on freehold land: Labour colony	Buildings on freehold land: Marketing Office and others	Plant and machinery *	Furniture and fixtures	Equipment and installations	Computer equipment	Vehicles	Others - arms	Total
	Rupees										
Year ending June 30, 2015											
As at July 01											
Cost / revalued amount	31,121,190	159,445,200	33,383,890	20,464,578	1,439,223,203	9,925,162	5,666,129	5,337,164	29,505,385	80,470	1,734,152,371
Accumulated depreciation	-	(89,150,577)	(22,053,614)	(6,295,579)	(610,562,800)	(2,340,380)	(1,978,240)	(3,423,865)	(16,769,393)	(70,417)	(752,644,865)
Net book value	31,121,190	70,294,623	11,330,276	14,168,999	828,660,403	7,584,782	3,687,889	1,913,299	12,735,992	10,053	981,507,506
Additions / transfer	-	2,383,527	-	-	132,585,972	851,900	207,084	441,100	1,994,023	-	138,463,606
Disposals	-	-	-	-	(21,730,766)	-	-	(603,929)	(2,649,440)	-	(24,984,135)
Write off	-	-	-	-	(40,439,436)	-	(61,900)	(318,406)	-	-	(40,819,742)
Revaluation during the year											
- cost	-	-	-	-	(135,035,337)	-	-	-	-	-	(135,035,337)
- accumulated depreciation	-	-	-	-	(50,083,880)	-	-	-	-	-	(50,083,880)
Depreciation charge for the year	-	(7,109,131)	(1,133,027)	(708,450)	(79,763,244)	(798,871)	(373,281)	(618,401)	(2,792,463)	(1,004)	(93,297,872)
Accumulated depreciation on disposals / write off	-	-	-	-	54,130,619	-	22,283	660,421	2,167,789	-	56,981,112
Closing net book value	31,121,190	65,569,019	10,197,249	13,460,549	688,324,331	7,637,811	3,482,075	1,474,084	11,455,901	9,049	832,731,258
As at June 30											
Cost / revalued amount	31,121,190	161,828,727	33,383,890	20,464,578	1,374,603,636	10,777,062	5,811,313	4,855,929	28,849,968	80,470	1,671,776,763
Accumulated depreciation	-	(96,259,708)	(23,186,641)	(7,004,029)	(686,279,305)	(3,139,251)	(2,329,238)	(3,381,845)	(17,394,067)	(71,421)	(839,045,505)
Net book value	31,121,190	65,569,019	10,197,249	13,460,549	688,324,331	7,637,811	3,482,075	1,474,084	11,455,901	9,049	832,731,258
Depreciation rate	-	10%	10%	5%	10%	10%	10%	30%	20%	10%	

*** Carried at revalued amount.**

	Freehold land	Buildings on freehold land: Mills building	Buildings on freehold land: Labour colony	Buildings on freehold land: Marketing Office and others	Plant and machinery *	Furniture and fixtures	Equipment and installations	Computer equipment	Vehicles	Others - arms	Total
Year ending June 30, 2014											
As at July 01											
Cost / revalued amount	31,121,190	159,445,200	33,383,890	20,464,578	1,367,819,405	5,485,785	5,773,378	7,348,492	31,111,635	80,470	1,662,034,023
Accumulated depreciation	-	(81,339,874)	(20,794,700)	(5,549,831)	(543,819,405)	(3,228,737)	(1,823,641)	(4,723,924)	(14,892,007)	(69,300)	(676,241,419)
Net book value	31,121,190	78,105,326	12,589,190	14,914,747	824,000,000	2,257,048	3,949,737	2,624,568	16,219,628	11,170	985,792,604
Additions / transfer	-	-	-	-	94,843,072	6,035,576	201,457	438,620	305,850	-	101,824,575
Disposals	-	-	-	-	-	-	-	(1,034,000)	(1,912,100)	-	(2,946,100)
Write off	-	-	-	-	(23,439,274)	(1,596,199)	(308,706)	(1,415,948)	-	-	(26,760,127)
Depreciation charge for the year	-	(7,810,703)	(1,258,914)	(745,748)	(86,033,423)	(358,746)	(396,433)	(793,472)	(3,399,658)	(1,117)	(100,798,214)
Accumulated depreciation on disposals	-	-	-	-	19,290,028	1,247,103	241,834	2,093,531	1,522,272	-	24,394,768
Closing net book value	31,121,190	70,294,623	11,330,276	14,168,999	828,660,403	7,584,782	3,687,889	1,913,299	12,735,992	10,053	981,507,506
As at June 30											
Cost / revalued amount	31,121,190	159,445,200	33,383,890	20,464,578	1,439,223,203	9,925,162	5,666,129	5,337,164	29,505,385	80,470	1,734,152,371
Accumulated depreciation	-	(89,150,577)	(22,053,614)	(6,295,579)	(610,562,800)	(2,340,380)	(1,978,240)	(3,423,865)	(16,769,393)	(70,417)	(752,644,865)
Net book value	31,121,190	70,294,623	11,330,276	14,168,999	828,660,403	7,584,782	3,687,889	1,913,299	12,735,992	10,053	981,507,506
Depreciation rate	-	10%	10%	5%	10%	10%	10%	30%	20%	10%	

* Carried at revalued amount.

12.2 The depreciation charge for the year has been allocated as follows:

	Note	2015 Rupees	2014 Rupees
Cost of goods sold	24	**88,123,968**	95,227,857
Distribution cost	25	**589,882**	620,931
Administrative expenses	26	**4,584,022**	4,949,426
		93,297,872	100,798,214

12.3 The Company had its plant and machinery revalued by independent valuers M/s Minhas Associates, Projects (Private) Limited, Joseph Lobo (Private) Limited and Asif Associates (Private) Limited in February 2003, March 2008, June 2013 and Feb 2015 respectively on the basis of depreciated replacement value. The revaluation surplus, net of deferred tax, is credited to 'Surplus on revaluation of property, plant and equipment'.

An amount equal to incremental depreciation net of deferred tax for the year is transferred from "Surplus on revaluation of property, plant and equipment" account to "Unappropriated profit" for recording realization of surplus to the extent of incremental depreciation net of deferred tax charged during the year.

12.4 Had there been no revaluation, the carrying amount of the relevant plant and machinery would have been as follows:

	2015 Rupees	2014 Rupees
Cost	**1,358,412,462**	1,287,771,089
Accumulated depreciation	**(676,709,238)**	(663,808,358)
Written down value	**681,703,224**	623,962,731

12.5 **Disposal and write off of property, plant and equipment**

Particulars	Cost	Accumulated Depreciation	Written Down Value	Sales Proceeds	Mode of Disposal	Name
Plant and machinery	21,730,766	16,975,611	4,755,155	4,800,000	Negotiation	M/s Seiko Enterprises*
Vehicle:						
- Motor cars - Motor cycles	2,470,440	2,160,383	310,057	409,622	Company's policy	Employees
Vehicle	179,000	7,405	171,595	172,000	Insurance claim	Alpha Insurance Company Limited**
Computer equipment	603,929	452,111	151,818	135,620	Company's policy	Employees
Write off:						
- Machinery	40,439,436	37,155,009	3,284,427	-	n/a	n/a
- Equipment	61,900	22,283	39,617	-	n/a	n/a
- Computer equipment	318,406	208,310	110,096	-	n/a	n/a
June 30, 2015	**65,803,877**	**56,981,112**	**8,822,765**	**5,517,242**		
June 30, 2014	2,496,100	2,259,976	686,124	1,581,220		

* M/s Seiko Enterprises (14-A/III Golf Course Road 2, Phase IV, DHA, Karachi).

** Alpha Insurance Company Limited (4th Floor, Building no. 1B, State Life Square, off I.I. Chundrigar Road, Karachi).

12.6 Capital work in progress

	Civil work	Plant and machinery	Total
	……….. Rupees	………..	
As at July 1, 2013	-	9,838,956	**9,838,956**
Additions	-	89,411,786	**89,411,786**
Transferred to operating assets	-	(93,284,572)	**(93,284,572)**
As at June 30, 2014	-	5,966,170	**5,966,170**
Additions	2,383,527	151,176,180	**153,559,707**
Transferred to operating assets	(2,383,527)	(131,171,615)	**(133,555,142)**
Adjustment	-	(91,790)	**(91,790)**
As at June 30, 2015	-	25,878,945	**25,878,945**

13. LONG-TERM LOANS

	Note	2015 Rupees	2014 Rupees
Considered good - unsecured			
Loan to employees		**2,031,893**	909,428
Less: Recoverable within one year shown under current assets	18	**(365,008)**	(244,353)
	13.1	**1,666,885**	665,075

13.1 Reconciliation of carrying amount of long term loans given is as follows:

	2015 Rupees	2014 Rupees
Balance at July 1,	**909,428**	895,543
Disbursements during the year	**1,432,762**	557,009
	2,342,190	1,452,552
Received during the year	**(310,297)**	(543,124)
Balance at June 30,	**2,031,893**	909,428
Current portion of long term loans	**(365,008)**	(244,353)
	1,666,885	665,075

13.2 Unsecured loans are provided to employees as per the Company's policy. These include both interest bearing and non-interest bearing loans, repayable in 60 equal monthly installments. Interest is charged at the rate of 8% (2014: 10%) per annum.

14. LONG-TERM DEPOSITS

	2015 Rupees	2014 Rupees
Security deposits against:		
Utilities	**27,232,444**	27,232,444
Others	**85,000**	85,000
	27,317,444	27,317,444

15. STORES, SPARES AND LOOSE TOOLS

	2015 Rupees	2014 Rupees
Stores	**26,966,201**	23,921,477
Spares	**18,233,447**	17,284,314
Loose tools	**3,247,970**	3,203,839
	48,447,618	44,409,630
Provision for obsolete stores and spares		
Provision made during the year	**793,280**	1,893,021
Written off during the year	**(793,280)**	(1,893,021)
	-	-
Balance as at June 30	**48,447,618**	44,409,630

		Note	2015 Rupees	2014 Rupees
16.	**STOCK-IN-TRADE**			
	Raw and packing materials			
	in hand		**63,121,550**	97,398,845
	in transit		**12,130**	381,924
	Work-in-process		**29,838,660**	40,983,908
	Finished goods		**202,931,409**	168,009,080
			295,903,749	306,773,757
	Provision for obsolete stock in trade-(Raw material)			
	Provision made during the year		**334,498**	232,872
	Written off during the year		**(334,498)**	(232,872)
	Balance as at June 30		**-**	-
			295,903,749	306,773,757

		Note	2015 Rupees	2014 Rupees
17.	**TRADE DEBTS**			
	Secured - considered good			
	Export	17.1	**36,474,201**	57,370,909
	Local	17.1	**-**	2,657,262
			36,474,201	60,028,171
	Unsecured - considered good			
	Local		**231,369,447**	217,460,875
	Unsecured - considered doubtful			
	Local		**54,934,342**	20,015,452
	Provision for doubtful debts	17.3	**(54,934,342)**	(20,015,452)
			-	-
		17.2	**267,843,648**	277,489,046

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

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

17.3 **Movement of provision for doubtful debts**

	2015 Rupees	2014 Rupees
Balance as at July 01	**20,015,452**	26,122,642
Provision made during the year	**34,918,890**	15,515,511
Written off during the year	**-**	(21,622,701)
Balance as at June 30	**54,934,342**	20,015,452

As at June 30, 2015, trade debts aggregating Rs. 123.45 million (2014: Rs. 125.77 million) were past due for which the Company has not made any provision. Based on past experience, past track record of recoveries, management believes that the said past due trade debts do not require any provision for impairment.

		Note	2015 Rupees	2014 Rupees
18.	**LOANS AND ADVANCES**			
	Advances - considered good			
	Employees		**100,698**	729,992
	Suppliers and contractors		**3,048,362**	4,299,630
			3,149,060	5,029,622
	Current portion of long-term loans			
	Employees	13	**365,008**	244,353
			3,514,068	5,273,975

		Note	2015 Rupees	2014 Rupees
19.	**TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS**			
	Trade deposits against container		**350,000**	120,000
	Short-term prepayments			
	Import prepayments		**236,640**	6,929
	Subscription		**50,760**	48,060
			287,400	54,989
			637,400	174,989
20.	**OTHER RECEIVABLES**			
	Considered good			
	Export rebate		**5,746,792**	5,298,634
	Others		**439,412**	429,934
			6,186,204	5,728,568
21.	**OTHER FINANCIAL ASSETS**			
	Investment - held-to-maturity			
	- Treasury Bills	21.1	**7,471,614**	6,085,466

21.1 This represents investment made in 6 months treasury bills having maturity date October 1, 2015 with a mark-up rate of 6.75% per annum (2014: 9.66% per annum).

		Note	2015 Rupees	2014 Rupees
22.	**CASH AND BANK BALANCES**			
	Cash at bank			
	- current accounts		**5,833,956**	17,043,166
	- savings account	22.1	**7,440,582**	17,512
	Cash in hand		**72,440**	61,190
			13,346,978	17,121,868

22.1 This carries mark-up rate of 5.5% per annum (2014: 5% per annum).

		2015 Rupees	2014 Rupees
23.	**SALES - NET**		
	Export	**1,132,082,095**	1,260,000,060
	Indirect export	**856,397,970**	1,771,166,399
	Local	**1,392,451,023**	1,106,041,029
		3,380,931,088	4,137,207,488
	Export rebate	**772,320**	1,316,292
	Waste sales	**9,378,872**	11,049,639
		3,391,082,280	4,149,573,419
	Less sales tax	**(66,802,059)**	(82,929,219)
		3,324,280,221	4,066,644,200
	Commission	**(32,387,833)**	(30,546,999)
		3,291,892,388	4,036,097,201

	Note	2015 Rupees	2014 Rupees
24. COST OF GOODS SOLD			
Raw and packing materials	24.1	**2,451,690,836**	3,048,143,649
Stores and spares	24.2	**30,403,159**	35,242,295
Manufacturing expenses			
Salaries, wages and benefits	24.3	**168,172,775**	147,759,645
Director's remuneration		**4,096,200**	3,915,600
Fuel and power		**246,945,538**	387,313,218
Repairs and maintenance		**4,345,190**	4,034,974
Insurance		**5,387,244**	4,105,724
Depreciation	12.2	**88,123,968**	95,227,857
Plant and machinery written off		**3,284,427**	4,149,247
Others		**913,165**	952,416
		3,003,362,502	3,730,844,625
Work-in-process			
Opening stock		**40,983,908**	39,470,045
Closing stock	16	**(29,838,660)**	(40,983,908)
		11,145,248	(1,513,863)
Cost of goods manufactured		**3,014,507,750**	3,729,330,762
Finished goods			
Opening stock		**168,009,080**	179,911,840
Closing stock	16	**(202,931,409)**	(168,009,080)
		(34,922,329)	11,902,760
		2,979,585,421	3,741,233,522
Outside processing charges		**2,977,845**	2,523,847
		2,982,563,266	3,743,757,369

24.1 Raw and packing materials consumed

	Note	2015 Rupees	2014 Rupees
Opening stock		**97,398,845**	80,530,535
Purchases		**2,417,413,541**	3,065,011,959
		2,514,812,386	3,145,542,494
Closing stock	16	**(63,121,550)**	(97,398,845)
		2,451,690,836	3,048,143,649

24.2 Stores and spares consumed

	Note	2015 Rupees	2014 Rupees
Opening stock		**44,409,630**	41,806,305
Purchases and purchase expenses		**34,441,147**	37,845,620
		78,850,777	79,651,925
Closing stock	15	**(48,447,618)**	(44,409,630)
		30,403,159	35,242,295

24.3 Salaries, wages and benefits include Rs. 12,226,641 (2014: Rs. 8,085,564) in respect of staff retirement gratuity.

		Note	2015 Rupees	2014 Rupees
25.	**DISTRIBUTION COST**			
	Export related			
	Ocean freight		**32,413,977**	40,125,994
	Insurance		**502,204**	584,325
	Forwarding		**125,000**	203,000
	Export duty		**2,998,991**	3,283,088
	Entertainment		**2,331**	89,519
	Postage and courier		**311,370**	345,851
	Fees and subscription		**1,037,253**	1,257,716
	Travelling and conveyance		**3,802,358**	2,741,029
	Other		**1,129,368**	1,034,897
			42,322,852	49,665,419
	Local			
	Salaries and benefits	25.1	**15,122,625**	13,256,896
	Local freight		**1,537,696**	1,495,884
	Travelling and conveyance		**298,992**	223,615
	Sales promotion		**602,896**	566,363
	Marketing office		**1,859,378**	2,369,516
	Depreciation	12.2	**589,882**	620,931
	Insurance		**38,280**	30,948
	Other		**7,948**	127,935
			20,057,697	18,692,088
			62,380,549	68,357,507

25.1 Salaries and benefits include Rs. 1,407,651 (2014: Rs. 1,325,620) in respect of staff retirement gratuity.

		Note	2015 Rupees	2014 Rupees
26.	**ADMINISTRATIVE EXPENSES**			
	Salaries and benefits	26.1	**43,978,135**	39,832,080
	Director's remuneration		**6,600,000**	6,820,000
	Provision for doubtful debts		**34,918,890**	15,515,511
	Travelling and conveyance		**909,955**	1,652,476
	Vehicles running and maintenance		**4,564,439**	5,116,218
	Telephone and fax		**854,669**	838,512
	Postage and courier		**280,163**	345,855
	Printing and stationery		**2,115,655**	1,992,544
	Computer expenses		**811,547**	750,891
	Rent, rates and taxes		**679,765**	347,576
	Repairs and maintenance		**1,898,683**	2,039,937
	Insurance		**867,693**	959,480
	Auditors' remuneration	26.2	**727,000**	667,200
	Legal and professional		**4,707,181**	787,191
	Advertising		**114,263**	-
	Entertainment		**341,007**	203,225
	Fees and subscription	26.4	**1,991,940**	2,309,464
	Donations	26.3	**1,000,000**	100,000
	Depreciation	12.2	**4,584,022**	4,949,426
	Share registrar services		**137,953**	114,173
	Other		**1,673,142**	1,649,496
			113,756,102	86,991,255

26.1 Salaries and benefits include Rs. 1,962,882 (2014: Rs. 3,502,937) in respect of staff retirement gratuity .

	Note	2015 Rupees	2014 Rupees
26.2 Auditors' remuneration			
Audit fee		**500,000**	500,000
Half yearly review fee		**75,000**	50,000
Review of statement of compliance and other certifications		**65,000**	-
Out of pocket expenses		**87,000**	117,200
		727,000	667,200

26.3 No director or his / her spouse had any interest in the donee institutions.

26.4 This includes fee paid to non-executive directors amounting to Rs. 1,150,000 (2014: Rs. 950,000) on account of meeting fee.

27. OTHER OPERATING EXPENSES

	Note	2015 Rupees	2014 Rupees
Workers' Profit Participation Fund	8.2	**3,989,749**	3,921,061
Workers Welfare Fund		**1,516,105**	1,490,003
Exchange loss		**-**	883,868
Property and equipment written off		**149,713**	476,088
Stores and spares written off		**793,280**	1,893,021
		6,448,847	8,664,041

28. FINANCE COST

	Note	2015 Rupees	2014 Rupees
Mark-up on:			
Long-term finance		**27,210,178**	28,441,656
Short-term borrowings		**21,951,691**	22,169,161
Discounting charges		**4,180,231**	2,478,057
Interest on Workers' Profit Participation Fund	8.2	**76,541**	212,508
Bank charges and commission		**2,965,519**	3,358,108
		56,384,160	56,659,490

29. OTHER INCOME

	Note	2015 Rupees	2014 Rupees
Income from financial assets			
Return on bank deposits		**5,190**	1,324
Interest on Treasury Bills		**615,376**	499,104
Income from other than financial assets			
Net (loss) / income from trading	29.1	**(46,830)**	(52,921)
Exchange gain		**3,227,311**	-
Gain on disposal of property, plant and equipment		**128,617**	895,096
		3,929,664	1,342,603

29.1 Net (loss) / income from trading

		2015 Rupees	2014 Rupees
Sales - Local		**1,855,472**	5,599,471
Cost - Purchases and related expenses		**(1,902,302)**	(5,652,392)
		(46,830)	(52,921)

30. TAXATION

Current			
for the year		**19,995,037**	20,133,648
for prior years		**(864,234)**	(17,951,755)
Deferred		**(3,085,681)**	(349,335)
	30.1	**16,045,122**	1,832,558

30.1 Relationship between tax expense and accounting profit

	2015 Rupees	2014 Rupees
Accounting profit before tax	**74,289,128**	73,010,142
Tax rate %	**33**	34
Tax on accounting profit	**24,515,412**	24,823,448
Income tax for prior years	**(864,234)**	(17,951,755)
Effect of income subject to final tax regime	**5,749,847**	8,716,512
Effect of income subject to minimum tax	**2,988,375**	5,950,918
Effect of tax credits	**(17,908,800)**	(21,213,781)
Effect on deferred tax balances due to change in rate	**1,354,753**	1,483,168
Others	**209,769**	24,048
Tax charge for the year	**16,045,122**	1,832,558

30.2 The return of income for the tax year 2014, has been filed as per the provision of section 120 of the Income Tax Ordinance, 2001. Under this section when a complete return of income is filed with the Commissioner, it results in deemed assessment of taxable income / loss and tax payable / refundable on the date return is filed.

30.3 The Company received an amended assessment order during the year pertaining to the tax year 2011 raising an additional demand of Rs. 370.7 million. The Company has filed an appeal against the order and the tax demand was annulled by CIR (Appeals). The department later filed an appeal against the said order to Income Tax Appellate Tribunal (ITAT); the decision of which is pending. No provision against the said demand has been made based on the tax advisor's opinion who expects a favorable outcome.

31. EARNINGS PER SHARE - BASIC AND DILUTED

		2015	2014
Profit after taxation for the year	**Rupees**	**58,244,006**	71,177,584
Weighted average number of ordinary shares in issue	**Number**	**9,660,000**	9,660,000
Earnings per share - basic and diluted	**Rupees**	**6.03**	7.37

31.1 There is no dilutive effect on the basic earnings per share of the Company.

32. CASH AND CASH EQUIVALENTS

	Note	2015 Rupees	2014 Rupees
Cash and bank balances	22	**13,346,978**	17,121,868
Short-term borrowings	10	**(299,610,612)**	(200,434,419)
		(286,263,634)	(183,312,551)

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2015			2014		
	Chief Executive	**Executive Director**	**Executives**	Chief Executive	Executive Director	Executives
	………	………	………	Rupees ………	………	………
Remuneration	**2,640,000**	**2,032,800**	**13,223,717**	2,640,000	1,792,800	11,786,694
Bonus	**440,000**	**224,100**	**1,419,000**	440,000	194,100	1,240,000
Retirement benefits	**440,000**	**254,100**	**1,653,000**	440,000	224,100	1,520,000
House rent	**1,200,000**	**609,840**	**3,967,545**	1,200,000	537,840	3,536,039
Ex-gratia	**440,000**	**318,800**	**2,047,949**	660,000	408,200	2,493,267
Medical	**720,000**	**203,280**	**1,322,369**	720,000	179,280	1,178,670
Utilities	**720,000**	**203,280**	**1,322,369**	720,000	179,280	1,178,670
Performance reward	**-**	**250,000**	**1,930,000**	-	400,000	2,360,000
Leave encashment	**-**	**-**	**642,068**	-	-	448,781
	6,600,000	**4,096,200**	**27,528,017**	6,820,000	3,915,600	25,742,121
Number of persons	**1**	**1**	**13**	1	1	13

33.1 In addition, the Chief Executive is provided with Company owned and maintained car for personal and official use.

33.2 In addition, the Executive Directors and Executives are provided with Company's owned and maintained cars for official use.

33.3 In addition to above, fee paid to other non-executive directors during the year amounted to Rs. 1,150,000 (2014: Rs. 950,000) on account of meeting fee (Note 26.4).

34. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, key management personnel and post employment benefit plans. The transactions between the Company and the related parties are carried out as per agreed terms. Amounts due from and to related parties have been disclosed in the notes to the financial statement as follows:

- Due to associated undertakings under payables in note 8.
- Remuneration of key management personnel is disclosed in note 33.

Other significant transactions with related parties are as follows:

Relationship with the Company	**Name**	**Nature of transactions**	**2015 Rupees**	2014 Rupees
Associated undertakings	Shahtaj Sugar Mills Limited	Services rendered	**360,000**	360,000
	Shahnawaz (Private) Limited	Computers, computer supplies and others purchases	**469,100**	1,900,338
		Services received for office facility	**678,032**	713,583
		Software development charges	**247,500**	295,000
		Services received for vehicle repairs and other computer related	**9,654**	41,950
	Shezan International Limited	Purchase of goods	**351,814**	294,094

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

35.1 Financial instruments by category

Financial assets as per balance sheet

	2015 Rupees	2014 Rupees
Held to maturity		
Other financial assets	**7,471,614**	6,085,466
Loans and receivables at amortized cost		
Long-term loans	**1,666,885**	665,075
Long-term deposits	**27,317,444**	27,317,444
Trade debts	**267,843,648**	277,489,046
Loans and advances	**465,706**	974,345
Trade deposits	**350,000**	120,000
Other receivables	**439,412**	439,834
Cash and bank balances	**13,346,978**	17,121,868
	311,430,073	324,127,612

	2015 Rupees	2014 Rupees
Financial liabilities as per balance sheet		
Financial liabilities measured at amortized cost		
Long-term financing	**225,778,081**	276,716,622
Trade and other payables	**193,140,175**	205,327,841
Interest accrued	**10,148,848**	13,893,670
Short-term borrowings	**299,610,612**	200,434,419
	728,677,716	696,372,552

35.2 Financial risk factors

Introduction and overview

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

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

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

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

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

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

35.3 The Company's principal financial liabilities comprise long-term finances, short-term borrowings, accrued markup/interest and trade and other payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company's financial assets comprise of trade debts, loans and advances, trade deposits, other receivables, other financial assets and cash and bank balances that arrive directly from its operations.

35.3.1 Market risk

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

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

(a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company exports fabric to local and foreign customers which exposes it to currency risk. As at June 30, 2015, financial assets include Rs. 35.46 million (2014: Rs. 72.89 million) equivalent to US$ 0.34 million (2014: US$ 0.74 million) and financial liabilities include foreign commission payable amounting to Rs. 7.33 million (2014: Rs. 10.48 million) equivalent to US$ .07 million (2014: US$ 0.11 million). The average rates applied during the year is Rs. 100.5 / US $ (2014: Rs. 102.09 /US $) and the spot rate as at June 30, 2015 was Rs. 101.57 / US$ (2014: Rs. 98.55 /US$).

At June 30, 2015, if the Pakistani Rupee had weakened / strengthened by 10% against the US Dollar with all other variables held constant, profit for the year would have been lower / higher by Rs. 2.9 million (2014: Rs. 6.2 million), mainly as a result of foreign exchange losses / gains on translation of US Dollar-denominated trade debts and Trade payables.

(b) Interest rate risk management

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

The Company's interest rate risk arises from bank deposit accounts, long term finance and short term borrowings amounting to Rs. 533 million (financial liabilities on a net basis) (2014: Rs. 477 million). These are benchmarked to variable rates which exposes the Company to cash flow interest rate risk only.

	Carrying amount	
Variable rate instruments	**2015**	2014
Financial assets		
- Bank balances - Saving accounts	**7,440,582**	17,512
Financial liabilities		
- Long term finance	**225,778,081**	276,716,622
- Short term borrowings	**299,610,612**	200,434,419
	525,388,693	477,151,041
Net financial liabilities at variable interest rates	**(517,948,111)**	(477,133,529)

Cash flow sensitivity analysis for variable rate instrument

A change of 100 basis points in interest rates at the year end would have increased or decreased the profit / loss for the year and shareholder's equity by Rs. 4.3 million (2014: Rs. 4.85 million). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for 2014.

Fixed rate instruments

The Company does not have any fixed rate instrument as at June 30, 2015.

(c) Equity price risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. As at year end, there are no financial instruments of the Company which are subject to equity price risk.

35.4 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Out of the total financial assets of Rs. 336.51 million (2014: Rs. 324.12 million), the financial assets which are subject to credit risk amounted to Rs. 328.97 million (2014: Rs. 324.06 million).

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

Credit risk related to cash and bank balances

	Rating agency	Credit rating	
Name of bank		**Short-term**	**Long-term**
Habib Bank Limited	JCR-VIS	A-1+	AAA
United Bank Limited	JCR-VIS	A-1+	AA+
Faysal Bank Limited	PACRA	A1+	AA
Bank of Punjab	PACRA	A1+	AA-
Bank Alfalah Limited	PACRA	A1+	AA
Allied Bank Limited	PACRA	A1+	AA+
MCB Bank Limited	PACRA	A1+	AAA
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA

Credit risk related to receivables

The Company's main credit exposure is with trade receivables. The Company has adopted a policy of only dealing with creditworthy counterparties and majority of the transactions are made through post dated cheques. Further, the Company’s credit exposure is continuously monitored and the aggregate value of transactions are spread amongst approved counterparties, and overdue counterparties are pursued efficiently by the management for recovery. 11 % (2014: 20%) of the credit exposure of the Company at year end is secured against letters of credit.

Trade debts consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate. The major credit exposure of the Company from its top six customers is 85 % of the total trade receivables as at year end.

The total exposure of the Company in trade debts is Rs. 322.78 million (2014: Rs. 297.6 million), which has been discussed as follows:

The Company has the policy to grant credit of 7 days to 120 days to their customers. The exposure of the Company in trade receivables, which are neither overdue nor impaired, is Rs. 144.39 million (2014: Rs. 151.71 million).

Trade receivables, which have crossed their credit days limits, amounting to Rs. 178.39 million (2014: Rs. 145.78 million) for which the company has provided Rs. 54.934 million (2014: 20.015 million) and the remaining amounts are still considered recoverable.

The aging of such overdue but not impaired trade receivables is as follows:

	2015 Rupees	2014 Rupees
Less than 1 month	**71,142,094**	37,779,791
1 - 3 months	**5,016,826**	6,677,283
3 - 6 months	**75,938**	44,647
6 months - 1 year	**1,656,670**	10,050
1 - 3 years	**45,560,511**	81,254,717
	123,452,039	125,766,488

The aging of overdue and impaired trade receivables is as follows:

	2015 Rupees	2014 Rupees
1 - 3 years	**34,918,890**	20,015,452
Over 3 Years	**20,015,452**	-
	54,934,342	20,015,452

35.5 Liquidity risk management

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

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and long-term loans. 67% of the Company's long-term and short-term debt will mature in less than one year at June 30, 2015 (2014: 76%) based on the carrying value of borrowings as given below. However, the Company has an un-availed aggregated short-term and long-term borrowings facilities of Rs. 1,096 million (2014: Rs. 810 million) which can be utilized to encounter unseen liquidity problems.

35.5.1 Liquidity and interest risk table

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

	2015				
	Long-term finance	**Short-term borrowings**	**Trade and other payables**	**Interest accrued**	**Total**
	Rupees				
With in 1 year	**71,459,058**	**299,610,612**	**193,140,175**	**10,148,848**	**574,358,693**
1 - 5 years	**190,333,762**	**-**	**-**	**-**	**190,333,762**
	261,792,820	**299,610,612**	**193,140,175**	**10,148,848**	**764,692,455**
Weighted average effective rate of interest	**9.36%**	**10.38%**	**-**	**-**	**-**

	2014				
	Long-term finance	Short-term borrowings	Trade and other payables	Interest accrued	Total
	Rupees				
With in 1 year	140,607,802	200,434,419	205,327,841	13,893,670	560,263,732
1 - 5 years	181,170,749	-	-	-	181,170,749
	321,778,551	200,434,419	205,327,841	13,893,670	741,434,481
Weighted average effective rate of interest	9.62%	11.06%	-	-	-

35.6 Operational risks

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

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

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

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

36. Fair values of financial assets and liabilities

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

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

(b) Fair Value Estimation

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

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

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

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

As at June 30, 2015, other financial assets was categorized in level 2 (2014: Level 2).

37. CAPITAL RISK MANAGEMENT

The objectives of the Company when managing capital are to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for stakeholders, and to maintain a strong capital base to support the sustained development of its business.

The capital structure of the Company consists of share capital and reserves as well as debts of the Company. Share capital and reserves consist of share capital, reserves and unappropriated profit and debts consist of short-term borrowings and long-term financing. The Company manages its capital structure by monitoring return on total capital employed and makes adjustments to it in the light of changes in economic conditions and monitoring its gearing ratio. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders, issue new shares or adjust its debts. The Company's overall strategy is to reduce the gearing ratio gradually. The gearing ratio analysis is as follows:

	2015 Rupees	2014 Rupees
Total borrowings	**525,388,693**	477,151,041
Less: Cash and bank balances	**(13,346,978)**	(17,121,868)
Net debt	**512,041,715**	460,029,173
Total equity	**819,003,138**	772,772,939
Total capital employed	**1,331,044,853**	1,232,802,112
Gearing ratio	**38%**	37%

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

38. OPERATING SEGMENT

38.1 These financial statements have been prepared on the basis of single reportable segment.

38.2 Revenue from sales of fabric represents 99.94% (2014: 99.86%) of total revenue whereas, remaining represents revenue from trading.

38.3 All non current assets of the Company as at June 30, 2015 are located in Pakistan.

38.4 66% (2014: 69%) of sales of fabric are local and indirect export sales whereas 34% (2014: 31%) of sales are export / foreign sales. All sales were made to external customers.

38.5 Revenue from three major customers of the Company represent 40% (2014: 35%) of total revenue of the Company.

39. PLANT CAPACITY AND ACTUAL PRODUCTION

	Note	2015	2014
Number of looms installed		**176**	188
Number of looms worked		**176**	188
100% Plant capacity at 60 picks (Sq. Meters)		**61,125,886**	69,430,650
Actual production converted to 60 picks (Sq. Meters)	39.1	**54,912,991**	55,655,168
Shifts per day		**3**	3
Number of days worked during the year		**365**	365

39.1 Calculation of rated capacity is based on a fixed fabric width and looms speed. In actual these factors vary with the ever changing qualities under production. Further, 100% efficiency level is notional and in practice elusive, hence, actual production figure is less than the rated capacity.

40. NUMBER OF PERSONS EMPLOYED

	2015	2014
As on the year end	591	698
Average number of employees during the year	645	692

41. NON ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

Subsequent to year end, the directors propose to pay cash dividend of Rs. 2.5 (2014: Rs. 2.5) per ordinary share of Rs. 10 each. This dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting and has not been reflected as a liability in these financial statements, which will be accounted for subsequently after the approval of shareholders.

42. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the Board of Directors of the Company and authorized for issue on September 29, 2015.

43. GENERAL

Figures have been rounded off to the nearest Rupee.

(M. Naeem)	(Muneer Nawaz)
Chief Executive	Chairman

SHAHTAJ TEXTILE LTD.

PROXY FORM

Please quote

Folio No.	**Shares Held**

I/We ______________________________ of ______________________

in the district of ______________________ being a member of SHAHTAJ TEXTILE LIMITED

hereby appoint ______________________ of ______________________

as my/our proxy to vote for me/us and on my/our behalf at the 26th Annual General Meeting of the Company to be held on 31st October, 2015 and at any adjournment thereof.

As witnessed given under my/our hand(s) this ______________ day of ________ 2015.

Witness Signature

Name: ______________________

C.N.I.C. No. ______________________

Applicable Revenue Stamp

Member's Signature

Notes:

1. This form of Proxy must be deposited duly completed, at the company's Registered Office, not less than 48 hours before the meeting
2. A Proxy of individual members must be a member of the Company.
3. In case of corporates the Board of Directors' resolution/power of attorney with the specimen signature shall be submitted along with proxy form to the company
4. Signature should agree with the specimen signature registered with the Company.
5. For CDC account holders/corporates in addition to the above following requirements have to be met:

   i) Attested copy of C.N.I.C. or the passport of the beneficial owner shall be provided with proxy form.

   ii) Proxy shall produce his/her original C.N.I.C. or original passport at the time of meeting.