

# spinning tomorrow

Annual Report 2016



gordon



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## our new identity our new theme

By taking the physicality of a spool and fusing it with the concept of infinity, we have been able to create an ultra modern namegraphic that not only pays heed to our past but also propels us rapidly into the future.

The namegraphic is infinity in motion — as it spools contemporary values of growth, momentum and inter-connectivity.

Innovative, creative, flexible, and progressive, our new identity is a true reflection of our values as we look to weave the magic of Gadoon across the globe.



# company information

## Board of Directors

Mr. Muḥammad Yunus Ṭabbā (Chairman)  
Mr. Muḥammad Sohail Ṭabbā (Chief Executive)  
Mr. Muḥammad Ali Ṭabbā  
Mr. Imrān Yunus  
Mr. Jawed Yunus Ṭabbā  
Mrs. Mariām Ṭabbā Khan  
Mrs. Zulekha Ṭabbā Māskatiya  
Mr. Saleem Zamindār (Independent Director)

## Audit Committee

Mr. Saleem Zamindār (Chairman)  
Mr. Muḥammad Ali Ṭabbā  
Mr. Jawed Yunus Ṭabbā  
Mrs. Zulekha Ṭabbā Māskatiya

## HR and Remuneration Committee

Mr. Jawed Yunus Ṭabbā (Chairman)  
Mrs. Mariām Ṭabbā Khan  
Mrs. Zulekha Ṭabbā Māskatiya

## Executive Director, CFO and CS

Mr. Abdul Sattar Abdullah

## Auditors

Deloitte Yousuf Adil  
Chartered Accountants  
A Member of Deloitte Touche Tohmatsu

## Chief Internal Auditor

Mr. Haji Muḥammad Mundia

## Registered Office

200-201, Gadoon Amāzai Industrial Estate,  
Distt. Swabi, Khyber Pakhtunkhwa  
Phone: 093-8270212-13  
Fax: 093-8270311  
E-mail: secretary@gadoontextile.com

## Karachi Office

7-A, Muḥammad Ali Housing Society, Abdul Aziz Haji  
Hashim Ṭabbā Street, Karachi-75350.  
Phone: 021-35205479-80  
Fax: 021-34382436

## Liaison Office

Syed's Tower, Third Floor, Opposite Custom House,  
Jamrud Road, Peshawar.  
Phone: 091-5701496  
Fax: 091-5702029  
E-mail: secretary@gadoontextile.com

## Factory Locations

- 200-201, Gadoon Amāzai Industrial Estate, Distt. Swabi, Khyber Pakhtunkhwa
- 57 K.M on Super Highway, near Karachi.

## Bankers

Allied Bank Limited  
Askari Bank Limited  
Bank Al-Falah Limited  
Bank Al-Habib Limited  
Bank Islami Pakistan Limited  
Dubai Islamic Bank Pakistan Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
NIB Bank Limited  
Soneri Bank Limited  
Standard Chartered Bank Pakistan Limited  
The Bank of Punjab Limited  
United Bank Limited

## E-Communication

Website: www.gadoontextile.com  
Facebook: www.facebook.com/GTML  
LinkedIn: www.linkedin.com/GadoonTextileLtd

## Share Registrar / Transfer Agent

Central Depository Company of Pakistan Limited  
CDC House, 99-B, Block B, S.M.C.H.S.  
Main Shahrāh-e-Faisal, Karachi.  
(Toll Free): 0800 23275

# gadoon at a glance

We at Gadoon Textile Mills Limited (GTML) are primarily engaged in the textile industry of Pakistan, the fiber spinning and knitting sector markedly. The company operates in the B2B segment of the industry and its production facilities comprise of spinning and processing all categories of cotton and manmade fibers including knitting home textiles and jersey. Our customers portfolio include a portion of the greatest names in the textile business of Pakistan and abroad. We appreciate connections that have been fashioned, kept up and reinforced amid the previous twenty eight years.

To provide an alternative source of employment and to eradicate the poppy cultivation prevalent in the Gadoon Amāzai area of District Swabi, Khyber Pakhtunkhwa; the Government, in the late 80's, invited the private sector to setup industrial units in the region. The Yunus Brothers Group (YBG) considered this as its corporate social responsibility to join hands with the Government in this noble cause and setup GTML.

Despite the fact that the Government unilaterally withdrew the incentive in 1991 that it offered for setting up of the industrial units, the management of GTML decided to continue its operations and further strive to achieve its goals. It is the timeless efforts of GTML that made it "ONE OF THE LARGEST SPINNING UNITS OF PAKISTAN"

Some of the notable and the wide range of products we deal in includes:

- Compact Yarn
- Murata Jet Spun Yarn
- Core Spun Yarn
- 100% Grey Cotton Ring Spun Yarn
- Man Made / Blended Yarn
- Poly/Cotton Yarn
- Murata Vortex Spun Yarn
- Open-End Yarn
- Siro Yarn
- Lycra Yarn
- Slub Yarn

- Slub Core Spun Yarn
- Compact Core Spun Yarn
- Double Compact Spun Yarn on Ring Machine (Without Doubling)
- Ring Spun/Compact Spun Double Yarn on Doubling Machine

## Knitted Fabric

- Grey and Dyed Fabric
- Knitted Fitted Sheet /Comforter

## About YBG

The YBG is a conglomerate with diversified interests in textiles, cement, power generation and chemicals etc.

The group was established in 1962 as a trading house and then grew rapidly over the years. Currently, YBG is one of the largest export houses as well as the largest cement and textile manufacturer in Pakistan.

Moreover, by virtue of the acquisition of ICI Pakistan Limited, YBG is now the largest manufacturer of Soda Ash and the second largest manufacturer of Polyester Staple Fiber in the country.



# group information

## Y.B. Pakistan Limited (YBPL)

Established in 1962 as a Partnership firm Yunus Brothers (YB) is the founding Company of the YBG. In 2011, it was converted into a Public Limited Company, YBPL. It is the trading arm of the YBG and trades in rice, wheat and other commodities both in the local and international market.

## Lucky Textile Mills Limited (LTML)

LTML was established in 1983 and since its incorporation it has remained one of the leading textile manufacturers in the country. The Company is engaged in the activity of manufacturing and export of fabrics, home textile and garments.

## Aziz Tabba Foundation (ATF)

ATF is a not for profit organization and was started in 1987. The Foundation has rendered its services to bring a transformative change in people's life by providing them shelter, education, marriage and health care facilities which in turn promotes positive behavior in the Society.

## Gadoon Textile Mills Limited (GTML)

GTML was established in 1988 and started production in 1990. Initially it started with 14,400 Spindles at Gadoon Amazai, which then gradually increased by installing a state of the art automatic machinery to reach at 210,000 spindles in Gadoon Amazai.

Subsequently, after 2012, GTML installed automatic specialized plants at its Karachi manufacturing facility with 40,000 spindles and with effect from October 2014, the textile business of Fazal Textile Mills Limited (FTML) was merged into GTML. After merger, GTML has now become the largest spinning mill of the Country with around 321,000 spindles. GTML also have in-house power plant with a generation capacity of 56 MW and is currently working on the Waste Heat Recovery Plant Project which will prove to be eco-friendly and cost efficient.

## Lucky Cement Limited (LCL)

LCL is the flagship Company of the YBG. Having solid history of exceptional growth since its inception in 1993, the Company has established its footing as one of the prominent Cement manufacturing Company in Pakistan. It strives to remain an efficient and low cost producer and was the first company to install Waste Heat Recovery Plant in Pakistan. It also has its own captive power generation facility of 180 MW and owns a fleet of Bulkers & Trailers which gives an added advantage in terms of logistics and efficient deliveries to its customers.

## Lucky Energy (Private) Limited (LEPL)

LEPL is a Government licensed Small Power Producer (SPP) under National Electric Power Regulatory Authority (NEPRA) incorporated in July 1993. LEPL, is a gas-based thermal power generation unit, with total production capacity of 46.57 Megawatts (MW). It is equipped with one of the most sophisticated and highly-efficient generators from Caterpillar USA and supplies un-interruptible power to its group companies.

## Aziz Tabba Kidney Centre (ATKC)

ATKC is a center of excellence providing treatment for all kidney related ailments under one roof. It is a 100-bed, specialist institution committed to providing complete care based on the highest international standards for prophylaxis and therapeutic management of nephro-urological diseases.

## Yunus Textile Mills Limited (YTML)

YTML is a vertically integrated brand new home textile unit established in 1998. In a short span of 10 years it has become the #1 home textile exporter of Pakistan. The company has also established its international warehousing, distribution, design and development offices in USA, UK and France.

## Tabba Heart Institute (THI)

THI is a specialized cardiac care hospital with a vision to provide quality services and compassionate care at an affordable cost. The hospital is equipped with the state-of-the-art equipment and very highly qualified professionals with a proven track record.

## Lucky Knits (Private) Limited (LKL)

LKL was incorporated in 2005 and is primarily engaged in knitting, processing and stitching of fabric and ready-made garments. It is equipped with state-of-the-art machinery, meeting high international standards, with a production capacity of about 350,000 Kgs of knitted and dyed fabric, 150,000 dozen under garments and 80,000 T-shirts. The Company has so far established itself as one of the most prominent garment export houses in Pakistan.

## Lucky-Paragon Readymix Limited (LPRL)

LPRL is the first professionally managed ready-mix concrete business in Pakistan. It is a joint venture established between YB Pakistan Ltd. & Paragon Constructors (Private) Limited in 2007. It offers full range of products from 1000 psi to 10,000 psi for both OP & SR cement types.

## LuckyOne (Private) Limited

Through this project, YBG aims to construct world class structures that would define the Real Estate sector of Pakistan. It is going to be a magnificent, multi-faceted, first-of-its-kind regional shopping mall that will revolutionize the shopping experience in Pakistan. The eclectic mix of high-end specialty stores, fine dining and leisure pursuits makes this project the premiere lifestyle destination for shopping, leisure and entertainment. It will also have a hi-end residential complex that will revolutionize the luxury living experience in Pakistan.

## Yunus Energy Limited (YEL)

The YBG has recently initiated this project of national importance in Pakistan. The Company is a 50 MW wind power project and will generate electricity through wind turbine generators. It is established at a site measuring 696 acres in Gharo Keti Bandar wind corridor. The wind turbine generators for the project are to be supplied by Nordex & Descon consortium "the EPCOM Contractors" who are backed by their parent company Nordex SE, Germany.

## ICI Pakistan Limited (ICIP)

ICI Pakistan is a leading manufacturer and distributor of polyester staple fiber (PSF), soda ash and some chemical products used in major industrial and other sectors. The Company is also a distributor of a diversified range of life science products. In 2012, LHL acquired majority shareholding in the Company and by virtue of this, ICI is now a part of YBG.

## Lucky Air (Private) Limited

Lucky Air (Private) Limited was incorporated in Pakistan on September 7, 2012 as a Private Limited Company. The objective of the Company is to operate passenger and cargo aircrafts for private as well as commercial use in Pakistan and internationally after obtaining the required permissions from government departments as applicable.

## Lucky Commodities (Private) Limited (LCPL)

LCPL was formed in early 2013 as a trading arm of the YBG. It is the largest importer of coal in Pakistan. At present, it is catering to nearly 40% of the country's coal market, ranging from Cement to Textile, Oil & Ghee, Paper, Chemical, Steel and other sectors.

## YB Holdings (Private) Limited

Y.B. Holdings (Private) Limited was incorporated in Pakistan on August 16, 2013 as a Group Holding Company. The Company invests mainly in its Group Companies.

## Lucky Electric Power Company Limited (LEPCL)

LEPCL is a fully owned subsidiary of LCL Holdings Limited and was incorporated in Pakistan in the year 2014, as a public unlisted Company. LEPCL has been incorporated with the objective of setting up of 660 MW super critical coal based power project for supplying electricity to the national grid.

## geographical spread



# key performance indicators

Revenue (Rs. in Million) % change

2016 21,269  
2015 23,003 **-8%**

Operating Profit (Rs. in Million) % change

2016 211  
2015 533 **-61%**

Loss before Tax (Rs. in Million) % change

2016 (92)  
2015 (90) **-2%**

Loss after Tax (Rs. in Million) % change

2016 (274)  
2015 (392) **30%**

EBITDA (Rs. in Million) % change

2016 1,168  
2015 1,479 **-21%**

EBITDA Margin (in %) % change

2016 5.5  
2015 6.43 **-14%**

Equity (Rs. in Million) % change

2016 6,534  
2015 6,818 **-4%**

Return on Capital Employed (in %) % change

2016 5.3  
2015 10.5 **-50%**

Return on Fixed Assets (in Times) % change

2016 2.75  
2015 2.76 **0%**

Earnings/Share (Rupees) % change

2016 (9.77)  
2015 (14.59) **33%**

Market Capitalization (Rs. in Million) % change

2016 36,043  
2015 38,616 **-7%**

Share Price (in Rs.) % change

2016 128.59  
2015 164.74 **-22%**

Net Cash from Operating Activities (Rs. in Million) % change

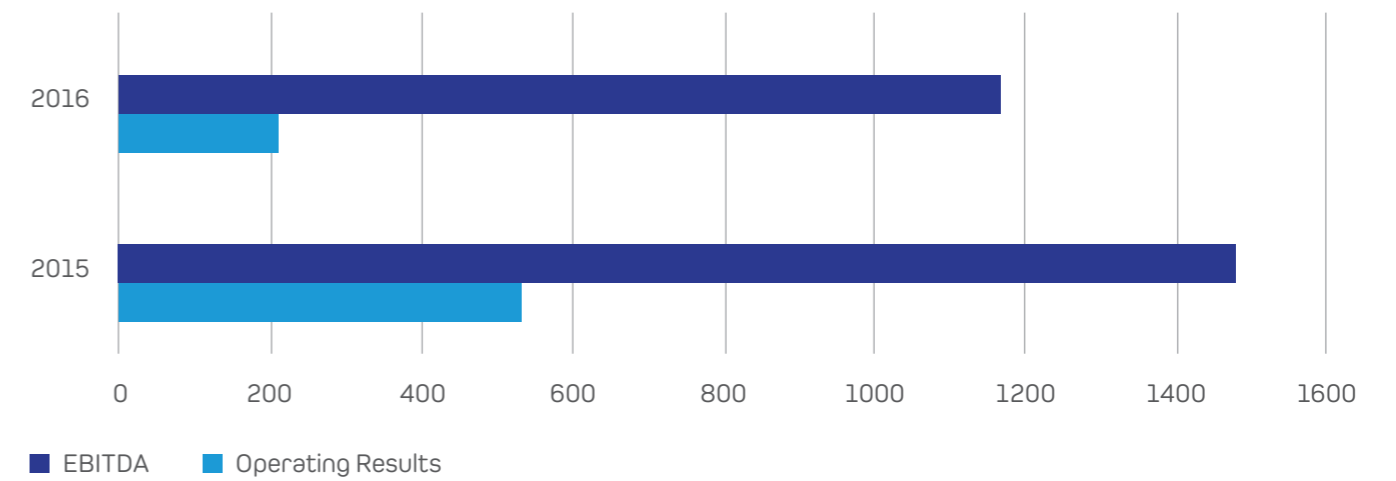
2016 1272  
2015 1,504 **-15%**

Capital Expenditure (Rs. in Million) % change

2016 227  
2015 439 **-48%**

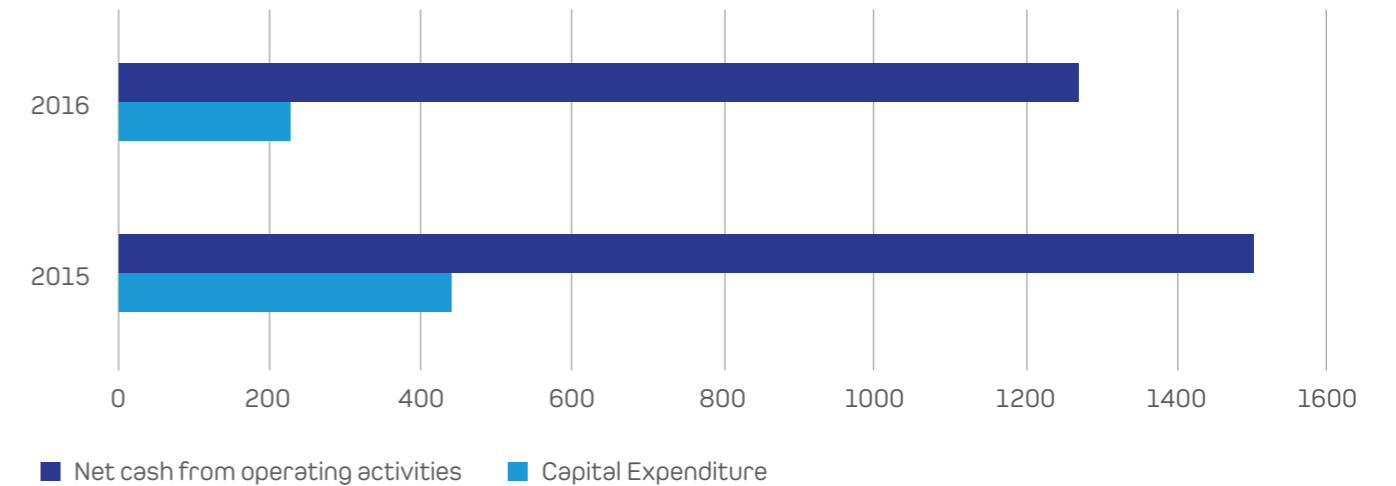
## Operating Results and EBITDA

Rs. in Million



## Operating Cashflows and Capital Expenditure

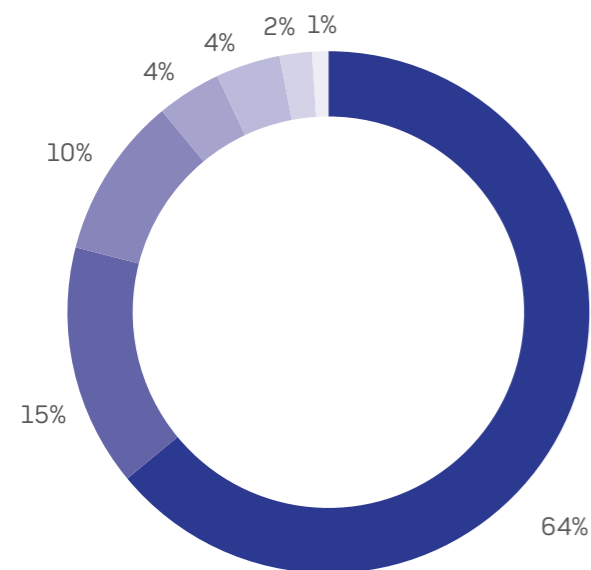
Rs. in Million



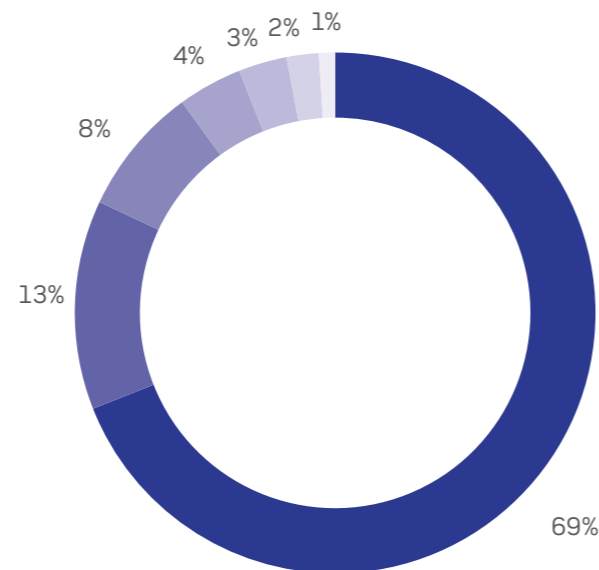
## analysis of costs

	2016		2015	
	Rs. in '000	%	Rs. in '000	%
Raw Material	13,009,669	64%	14,981,515	69%
Salaries & Wages	1,955,076	10%	1,788,155	8%
Store & Spares	626,252	4%	592,046	3%
Packing Material	498,457	2%	543,048	2%
Fuel and Power	3,049,830	15%	2,942,614	13%
Depreciation	789,825	4%	766,486	4%
Others	287,724	1%	260,503	1%
	<u>20,216,833</u>	<u>100%</u>	<u>21,874,367</u>	<u>100%</u>

2016



2015

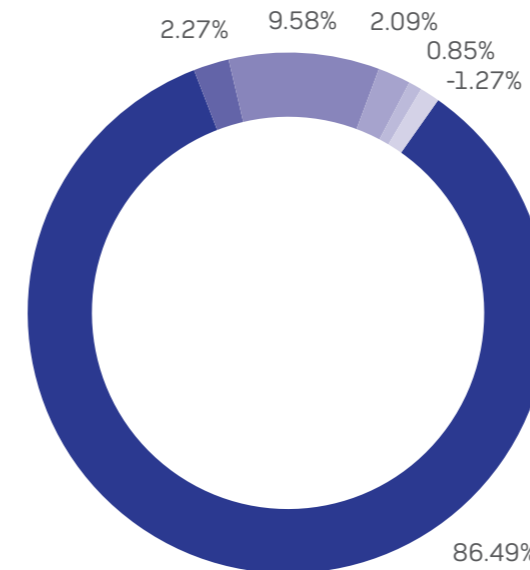


■ Raw Material   
 ■ Fuel & Power   
 ■ Salaries & Wages   
 ■ Depreciation  
■ Store & Spares   
 ■ Packing Material   
 ■ Others

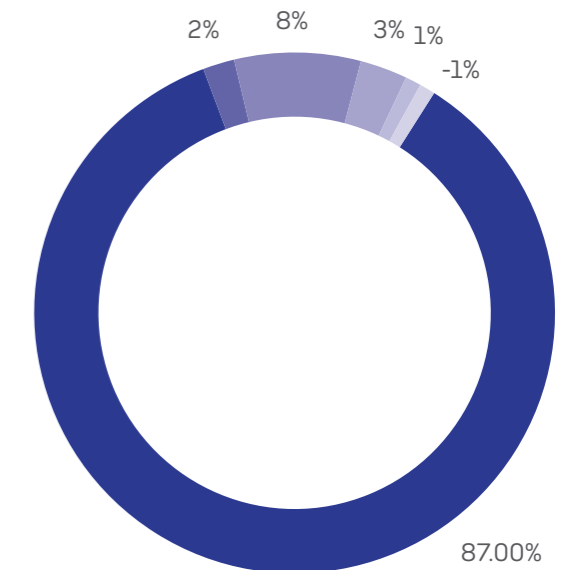
## statement of value additions and its distribution

	2016		2015	
	Rs. in '000	%	Rs. in '000	%
<b>Wealth Generated</b>				
Net Sales	21,269,477	98.96%	23,003,447	99.18%
Other operating income	223,139	1.04%	190,380	0.82%
	<u>21,492,616</u>	<u>100.00%</u>	<u>23,193,827</u>	<u>100.0%</u>
<b>Wealth Distribution</b>				
Cost of Sales	18,588,209	86.49%	20,085,470	87.00%
Administrative, Distribution and Others	487,355	2.27%	515,518	2.00%
Employees	2,060,040	9.58%	1,891,639	8.00%
Taxes	181,681	0.85%	302,053	1.00%
Financial Charges	449,176	2.09%	791,481	3.00%
Appropriated within business	(273,845)	(1.27%)	(392,334)	(1.00%)
	<u>21,492,616</u>	<u>100%</u>	<u>23,193,827</u>	<u>100%</u>

2016



2015



■ Cost of Sales   
 ■ Administrative, Distribution and Others,   
 ■ Employees  
■ Financial Charges   
 ■ Taxes   
 ■ Appropriated within business



# spinning dreams



## Vision

To be the textile manufacturer of first choice for customers at home and abroad, doggedly pursuing for sustained leadership in the markets where it competes and making its valuable contribution in the country's exports.

## Mission

Our mission is to manage a textile business entity aimed at producing quality yarns through innovative technology and effective resource management, maintaining high ethical and professional standards and coming up to the expectations of all our customers.

We persevere to achieve the highest possible operating efficiencies and lowest costs and expand the business through selective expansion so that we are able to deliver maximum value to stakeholders.

## Values

- Total Quality Management
- Ethical Practices
- Environmentally Conscious
- Innovation

# objectives

## Overall Strategic Objectives

- To contribute effectively as a corporate entity and play a vital role in flourishing the country's economy;
- To be the premier textile manufacturer for customers home and abroad; by producing high quality yarn;
- To further reinforce our strengths and deliver maximum utility to stakeholders, we are investing in diversified businesses and aiming to exploit the untapped markets;
- To acquire and implement innovative technology and techniques in order to enhance the overall productivity of the company;
- To maintain high ethical and professional standards, and provide a healthy working environment for our employees;
- To promote awareness and encourage best customs to support environmental sustainability.

## Management Objectives

### Objective 1

Sustain industry leadership

#### Strategy

Planned and regular up-gradation of production facilities; timely deployment of the latest technological advancements and manufacturing techniques to maximize overall efficiencies and production of customer centric products.

#### Priority

High

#### Status

Ongoing Process – Targets for the year achieved

#### Opportunities / Threats

Enables GTML to stay ahead of its' competitors, and helps achieve economies of scale in the long run.

Planned up-gradation will help the Company in ensuring minimum production downtime. However, the process of up-gradation and maintenance does result in high monetary costs, initially.

### Objective 2

Sales maximization and Global Footprint

#### Strategy

Maximize sales by exploring and entering new markets, both locally and internationally, hence increasing the global footprint of the Company.

#### Priority

High

#### Status

Ongoing Process

#### Opportunities / Threats

Increased globalization, coupled with the GSP+ status given to Pakistan pave way for exploring and entering in new global markets. The Government incentivized regional competitors pose a threat to the entire sector, as well as issues, distinctly related to power, tariff, incentive schemes and increased conversion costs would impede progress in the long run if not dealt by the Government with high priority.

### Objective 3

Diversify risks and provide maximum return to Shareholders by Identifying and Investing in diversified businesses

#### Strategy

Expand within and outside the Spinning Sector by continuously seeking for viable avenues.

#### Priority

High

#### Status

Ongoing Process

#### Opportunities / Threats

Diversifying into new avenues of business is a strategic decision that comes with high costs both in terms of capital expenditure as well as human capital requirements. Given the strong financial standing and experienced management pool, GTML regularly looks for opportunities to invest and diversify its investments and risks, thus ensuring maximum value for its shareholders.

### Objective 4

Create and achieve overall business synergies by maintaining operational efficiencies

#### Strategy

Constantly monitor the business processes and look for ways to make the overall process lean and efficient.

#### Priority

High

#### Status

Ongoing process – Targets for the year achieved.

#### Opportunities / Threats

The Company strongly believes in the notion of continuous improvement and focuses on ways to improve overall efficiencies. Sometimes this requires employment of unorthodox practices and therefore the Company invests substantially in the training and development of both staff and senior management.

## Significant Changes in Objectives and Strategies

The business objectives and strategies of the Company are a result of extensive planning and benchmark practices. In order to measure the Company's performance against the stated objectives, our management regularly monitors certain Critical Performance Indicators, which are looked upon in detail under 'CE Review' section of Annual Report. No significant changes have occurred during the year to affect our course of action for achievement of these objectives.

## Relationship between the Company's Results and Management's Objectives

The overall objectives set by the management are influenced by a variety of factors that includes strategic, commercial, operational and financial risks such as Government Policies, increase in prices of raw material and sluggish market demand. These risks have been explained in detail in the "RISKS AND OPPORTUNITY" section of the Annual Report 2016.



## our road to success



### 1990–1995

The Company started commercial production by producing Poly/Cotton yarn with 14,400 Spindles .

Number of spindles increased to 64,800.



### 1995–2000

Number of spindles increased to 128,160.

Introduced "Compact Spinning" with 15,840 spindles for the first time in Pakistan.



### 2000–2005

Pioneered and set up "Jet Spinners" in the country.

Replaced diesel generators with those operating on gas.

Acquired two gas generators.

Number of spindles increased to 194,392.

Acquired 14 acres of land for erecting additional sheds and underground water reservoir.



### 2005–2010

Set up an additional production facility at Karachi.

Performed marvelously despite the global financial meltdown.



### 2010–2014

Planned investment in environment-friendly 50 MW Wind Power Project.

Started commercial operations at Karachi Plant.

Number of spindles increased to around 245,000.

Acquired assets of another textile mill located in Gadoon Amazai Industrial Estate.

Invested in shares of ICI Pakistan Limited.

Acquired new electric generators based on natural gas to enhance generation capacity.

Signed EPC contract to generate additional 2.66 MW based on Waste Heat Recovery.



### 2015

FTML merged with and into GTML.

Number of spindles increased to around 321,000 by virtue of merger of FTML.



# spinning growth

## board of directors & ceo

It is true that we drive our desire for excellence in every aspect of our operations from our people. However, the right leadership is essential for any organization to weave all employees in one beautiful fabric.

Our Board of Directors and CEO have played a pivotal role in transforming GTML throughout the course of its operations; they have led GTML from the front and at the same time have stayed by their workforce through thick and thin. Their resolve for achieving excellence and staying by their employees is what drives GTML. Every day. Each moment.



## Mr. Muhammad Yunus Tabba

Chairman

Mr. Muhammad Yunus Tabba started his over forty-two years long career with YBG, as one of its founding members and has seen it rise through the ranks, against all odds. With his expertise and diversified experience, he has taken YBG to a level which is appreciated by both local and international business communities. He has also been awarded “Businessman of the Year” by the Chambers of Commerce several times during his career.

Under his leadership, the Group has achieved considerable breakthroughs and has received many awards from local and international institutions.

## Directorships

Aziz Tabba Foundation (Trustee)  
Fashion Textile Mills (Private) Limited  
Gadoon Textile Mills Limited  
LCL Holdings Limited  
Lucky Air (Private) Limited  
Lucky Cement Limited  
Lucky Electric Power Company Limited  
Lucky Energy (Private) Limited  
Lucky Textile Mills Limited  
Security Electric Power Company Ltd  
Y.B. Holdings (Private) Limited  
Y.B. Pakistan Limited  
Yunus Energy Limited  
Yunus Textile Mills Limited  
Yunus Wind Power Limited



## Mr. Muhammad Sohail Tabba

Chief Executive

Mr. Muhammad Sohail Tabba is a leading business magnate in Pakistan with vast experience in the textile, energy, real estate and cement sectors, achieved during an illustrious career spanning over two decades.

His association with YBG, one of the largest export houses of Pakistan, has successfully transformed the group’s textile concerns into leading global players including names such as GTML and LKL, where he serves as the Chief Executive, and YTML and LTML, where he serves as a Director on the Board.

Besides Textile Sector, he is also the Chief Executive of LEPL, YEL and LuckyOne (Private) Limited. He is also the Chairman of Lucky Paragon Readymix Concrete and a Director on the Board of the THI, ATF and LCL, the leading cement manufacturer and exporter of Pakistan.

He was appointed as a Non-Executive Director on the Board of ICI Pakistan Limited on December 28, 2012, and appointed as the Chairman of the Board of Directors of ICI Pakistan Limited on April 29, 2014.

Mr. Muhammad Sohail Tabba’s philanthropic and social engagements includes, but is not limited to, being the founding member of the Child Life Foundation and the Italian Development Council (IDC).

## Directorships

Aziz Tabba Foundation (Trustee)  
Childlife Foundation (Trustee)  
Gadoon Textile Mills Limited  
ICI Pakistan Limited  
LCL Holdings Limited  
Lucky Air (Private) Limited  
Lucky Cement Limited  
Lucky Commodities (Private) Limited  
Lucky Electric Power Company Limited  
Lucky Energy (Private) Limited  
Lucky Exim (Private) Limited  
Lucky Entertainment (Private) Limited  
Lucky Foods (Private) Limited  
Lucky Holdings Limited  
Lucky Knits (Private) Limited  
Lucky Landmark (Private) Limited  
Lucky Paragon Readymix Limited  
Lucky Textile Mills Limited  
LuckyOne (Private) Limited  
Security Electric Power Company Ltd  
Y.B. Holdings (Private) Limited  
Y.B. Pakistan Limited  
Yunus Energy Limited  
Yunus Textile Mills Limited  
Yunus Wind Power Limited



## Mr. Muhammad Ali Tabba

Director

Mr. Muhammad Ali Tabba is the Chief Executive Officer of LCL, succeeding his late father, Mr. Abdul Razzak Tabba in 2005, and started his career with YBG. He serves as the Chief Executive of YTML, a state-of-the-art home textile mill with subsidiaries in North America and Europe. Simultaneously spearheading both these organizations, he also plays a pivotal role in providing strategic vision to ICI Pakistan Limited as its Vice Chairman.

He is also a Trustee of the Fellowship Fund for Pakistan (FFFP) which sends a top Pakistani Scholar every year to Woodrow Wilson International Center for Scholars, a Think Tank based in Washington D.C. Additionally, he is a board member of Pakistan Business Council (PBC), a business advocacy forum comprising of leading private sector businesses. He has been nominated on the board of Pakistan - India Joint Business council (PIJBC), which promotes trade between the two countries.

He is also serving as the Chairman of All Pakistan Cement Manufacturing Association (APCMA) and has also been appointed by the Government of Pakistan to serve on the Board of Directors of Oil and Gas Development Company (OGDC). He also serves on the Board of Trade Development Authority of Pakistan.

With extensive engagements in many community welfare projects, he serves on the Board of Governors at numerous renowned universities, institutions and foundations. He is the Vice Chairman of a Not-for-Profit Organization, Aziz Tabba Foundation.

In recognition of his outstanding services and contributions in the social development sector of Pakistan, World Economic Forum (WEF) in 2010 bestowed the title of Young Global Leader (YGL) to him. He is also the recipient of Businessman of the Year gold medal award for 2012-2013 from Karachi Chamber of Commerce.

## Directorships

Aziz Tabba Foundation (Trustee)  
Fashion Textile Mills (Private) Limited  
Gadoon Textile Mills Limited  
ICI Pakistan Limited  
LCL Holdings Limited  
Lucky Air (Private) Limited  
Lucky Cement Limited  
Lucky Commodities (Private) Limited  
Lucky Electric Power Company Limited  
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Lucky Knits (Private) Limited  
Lucky Landmark (Private) Limited  
Lucky Paragon Readymix Limited  
Lucky Textile Mills Limited  
LuckyOne (Private) Limited  
NutriCo Pakistan (Private) Limited  
Oil and Gas Development Company Limited  
Security Electric Power Company Ltd  
Trade Development Authority of Pakistan  
Y.B. Holdings (Private) Limited  
Y.B. Pakistan Limited  
Yunus Energy Limited  
Yunus Textile Mills Limited  
Yunus Wind Power Limited



## Mr. Imran Yunus

Director

Mr. Imran Yunus is the Joint Chief Executive of one of the renowned textile companies in Pakistan and manages the administrative function of its units located in various parts of Karachi. Mr. Imran Tabba has contributed significantly in the performance of the companies where he serves as a director on the board.

## Directorships

Aziz Tabba Foundation (Trustee)  
Gadoon Textile Mills Limited  
Lucky Energy (Private) Limited  
Lucky Entertainment (Private) Limited  
Lucky Paragon Readymix Limited  
Lucky Textile Mills Limited  
Lucky Wind Power Limited  
Security Electric Power Company Limited  
Y.B. Holdings (Private) Limited  
Y.B. Pakistan Limited  
Yunus Energy Limited  
Yunus Textile Mills Limited  
Yunus Wind Power Limited



## Mr. Jawed Yunus Tabba

Director

Mr. Jawed Yunus Tabba has a rich experience in the textile industry and is currently the Chief Executive and Director of renowned textile mills. His untiring efforts have helped him acquire deep insight and expertise into the construction and energy sector along with, export and manufacturing activities. Currently, He is also the Chairman of the Corporate Governance Committee of the Board of LCL.

## Directorships

Aziz Tabba Foundation (Trustee)  
Gadoon Textile Mills Limited  
ICI Pakistan Limited  
Lucky Cement Limited  
Lucky Energy (Private) Limited  
Lucky Entertainment (Private) Limited  
Lucky Landmark (Private) Limited  
Lucky Textile Mills Limited  
LuckyOne (Private) Limited  
Security Electric Power Company Limited  
Y.B. Holdings (Private) Limited  
Y.B. Pakistan Limited  
Yunus Energy Limited  
Yunus Textile Mills Limited  
Yunus Wind Power Limited



## Mrs. Mariam Tabba Khan

Director

Mrs. Mariam Tabba Khan with a Master's degree in Business Administration started her professional career in 2005 and is currently heading one of its kind Not-for-Profit Cardiac Hospital in Karachi as its Chief Executive. Since she took over the hospital in 2005, the hospital has seen the best of its times and is now an icon in the cardiac health community.

## Directorships

Aziz Tabba Foundation (Trustee)  
Fashion Textile Mills (Private) Limited  
Gadoon Textile Mills Limited  
LCL Holdings Limited  
Lucky Air (Private) Limited  
Lucky Cement Limited  
Lucky Energy (Private) Limited  
Lucky Holdings Limited  
Lucky Paragon Readymix Limited  
Lucky Textile Mills Limited  
Security Electric Power Company Ltd  
Y.B. Pakistan Limited  
Y.B. Holdings (Private) Limited  
Yunus Energy Limited  
Yunus Textile Mills Limited  
Yunus Wind Power Limited



## Mrs. Zulekha Tabba Maskatiya

Director

Mrs. Zulekha Tabba Maskatiya pursued a Bachelor's degree in Management Sciences from the University of Warwick and a Master's degree in Management, Organizations and Governance from the London School of Economics and Political Science. She has been an indispensable part of the business. She not only holds a prestigious position within the YBG but her educational background brings the values of business focus, corporate governance and social responsibility to the organization. In addition to this, she is also the Founder and the Creative Director of the luxury jewelry brand, Lazuli, based in Pakistan.

## Directorships

Aziz Tabba Foundation (Trustee)  
Gadoon Textile Mills Limited  
Lucky Cement Limited  
Lucky Textile Mills Limited  
Y.B. Holdings (Private) Limited  
Y.B. Pakistan Limited  
Yunus Energy Limited  
Yunus Textile Mills Limited  
Yunus Wind Power Limited



## Mr. Saleem Zamindar

Director

Mr. Saleem Zamindar has a Bachelor of Arts (BA) degree in Economics from Boston University, USA and a Master of Business Administration (MBA) from Durham University Business School, UK. He has over 22 years of experience across four countries in investment management, board level general management and international banking. He is a Certified Company Director by the Pakistan Institute of Corporate Governance (PICG) and additionally also holds the globally prestigious Certificate in Company Direction from the Institute of Directors (IoD) UK.

Presently, he serves on the Board of Directors of several publicly listed & private limited companies. He was the past President of the Rotary Club of Karachi, the largest and oldest Rotary Club in District 3271 and is a former member of the Managing Committee of the Karachi Boat Club and a current member of the Karachi Council on Foreign Relations.

## Directorships

Gadoon Textile Mills Limited  
Pakistan Kuwait Investment Company (Private) Limited  
Shahtaj Textile Limited  
State Petroleum Refining & Petrochemical SSGC LPG (Private) Limited  
Corporation (Private) Limited (PERAC)  
Sui Southern Gas Company Limited  
Thatta Cement Company Limited



# board committees

## Audit Committee

Mr. Saleem Zamindar (Chairman)  
Mr. Muhammad Ali Tabba  
Mr. Jawed Yunus Tabba  
Mrs. Zulekha Tabba Maskatiya

## Terms of Reference

The Terms of Reference of Audit Committee were presented to the members as required under the Code of Corporate Governance and the same were approved by the Board. Accordingly, contents of the same are as under:

## Financial Reporting

- Company has followed appropriate accounting standards and made appropriate estimates and judgments, taking into account views of the external auditor.
- Review of quarterly, half-yearly and annual financial statements of the Company prior to their approval by the Board of Directors, focusing on:
  - › Major judgmental areas, where different approaches are possible;
  - › Significant adjustments resulting from the audit;
  - › Going concern assumption;
  - › Any changes in accounting policies and practices, on a year by year basis;
  - › Compliance with applicable accounting standards;
  - › Compliance with listing regulations and other statutory and regulatory requirements; and
  - › Significant related party transactions.
- Review of preliminary announcements of results prior to publication.

## Internal Controls and risk management systems

- Ensure the adequacy and effectiveness of the Company's internal control & risk management systems;
- Review and approve the statements to be included in the Directors' report about internal controls and risk management;
- Review of the scope and extent of internal audit and

ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;

- Determination of appropriate measures to safeguard the Company's assets and detection of frauds;
- Consideration of major findings as a result of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto.

## Compliance

- Determination of compliance with relevant statutory requirements;
- Review the adequacy and security of the Company's arrangements for its employees and its contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
- Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof, receiving reports on non-compliance (if any).

## External Audit

- Consider and make recommendations to the board in relation to the appointment, re-appointment and removal of the Company's external auditor. The Committee shall oversee the selection process for a new auditor and, if an auditor resigns, the committee shall investigate the issues leading to his resignation and decide whether any action is required;
- Review the management letter and management's response to the auditor's findings and recommendations;
- Develop and implement a policy on the supply of non-audit services by the external auditor, taking into account any relevant ethical guidance on the matter;
- Facilitating the external audit and discussion with external auditors on major observations arising from half-yearly and annual review and audit respectively, including any matter that the auditors may wish to highlight (in the absence of management, where necessary).

## Reporting Procedure

- The committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed;
- The committee shall produce a report on its activities to Board of Directors.

## Other Matters

- Be responsible for co-ordination of the internal and external auditors;
- Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body;
- Arrange for periodic reviews of its own performance and at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board for approval;
- Consideration of any other issue or matter as may be assigned by the Board of Directors.

## Review of Terms of Reference

The terms of reference of the Committee may be revised and modified with the approval of the Board.

## Human Resource Committee

### Terms of Reference

- To review and advise on the Human Resource policies of the Company and its revision from time to time as and when necessary;
- To determine the remuneration and terms of service of the Chief Executive and other non-board Directors of the Company including their performance benefits and other benefits such as gratuity, cars/car allowances and other contractual terms;

- To ensure that the best practices are adopted by the management of the Company with emphasis that:
  - › The people of appropriately high ability and caliber are recruited, retained and motivated by offering market competitive packages;
  - › Clear statement of job description and responsibilities for each individual position are defined for proper performance measurement;
  - › Performance evaluation process/mechanism are in place and carried out annually;
  - › Market competitive pay scales of comparable size and turnover of companies are determined through independent sources and compared with Company's existing pay scale;
  - › To review and advice on the training, development and succession planning for the senior management of the Company;
  - › To devise a mechanism for the approval of HR related policies of the Company; and
  - › To recommend any matter of significance to the Board of Directors.

## Review of Terms of Reference

The terms of reference of the Committee may be revised and modified with the approval of the Board.

# report of the audit committee

The Audit Committee comprises of four non-executive directors, and the Chairman of the Committee is an independent director.

The Audit Committee has concluded its annual review of the conduct and operations of the Company for the year ended June 30, 2016 and reports that:

- Four meetings of the Audit Committee were held during the year 2015-16;
- The Audit Committee reviewed quarterly, half yearly and annual financial statements of the Company and recommended the approval for Board of Directors;
- The Chief Executive Officer (CEO) attended Audit Committee meetings by invitation whereas the Chief Financial Officer (CFO) and the Chief Internal Auditor (CIA) also attended the Audit Committee meetings;
- The CIA has direct access to the Chairman of the Audit Committee and its members;
- The CIA reports functionally to the Audit Committee and carries out the audits of different functions based on the Annual Audit Plan;
- The Audit Committee reviewed the internal audit reports presented by CIA which encompasses Audit findings, process improvement avenues and control weaknesses. A rating system is used on the basis of likelihood and impact and as a result, high to low risk rating is assigned. The high risk findings along with action items were agreed with the management;
- The Company's Code of Conduct has been disseminated across the organization. Appropriate accounting policies have been consistently applied. All core and other applicable International Financial Reporting Standards were followed in preparation of financial statements of the Company on a going concern basis for the financial year ended June 30,

2016, which represent fairly the state of affairs, results of operations, cash flows and changes in equity of the Company;

- The CEO and the CFO have endorsed the financial statements of the Company. They acknowledge their responsibility for true and fair presentation of Company's financial statements in compliance with regulations and applicable accounting standards;
- Accounting estimates are based on reasonable and prudent judgement. Proper and adequate accounting records have been maintained by the Company in accordance with Companies Ordinance, 1984 and the external reporting is consistent with management processes and adequate for shareholder needs;
- The Audit Committee has reviewed the related party transactions and recommend for the approval of the BOD;
- The Company's system of internal controls is designed to manage and minimize the risk of not achieving business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.



# calendar of corporate events

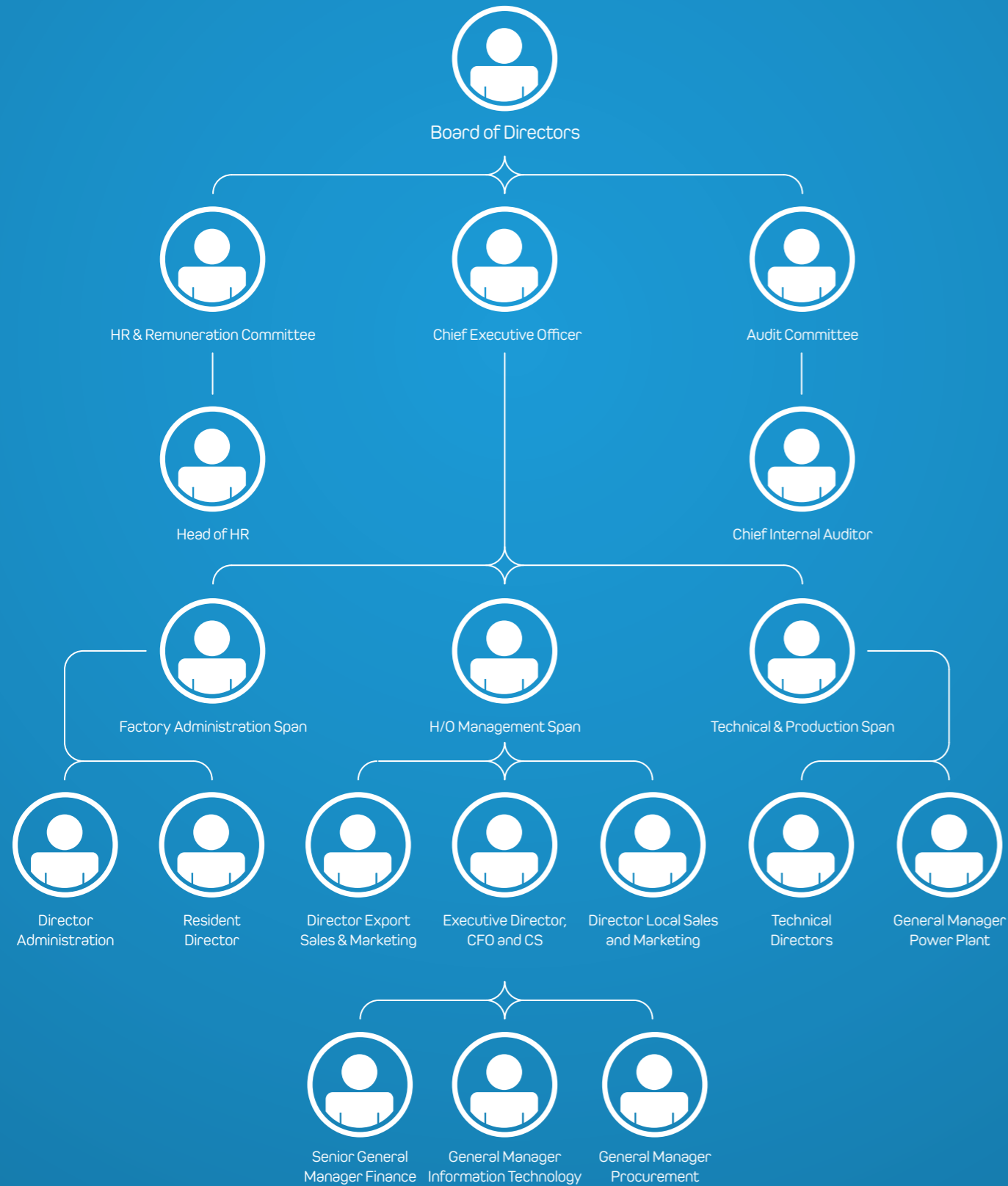
## Notable Events For The Financial Year

BOD Meeting for Issuance of swap shares	August 19, 2015
BOD Meeting for Yearly Accounts - 2015	September 30, 2015
BOD Meeting for first quarter ended September 30, 2015	October 26, 2015
Annual General Meeting - 2015	October 29, 2015
BOD Meeting for second quarter ended December 31, 2015	February 22, 2016
EOGM for Election of Directors	March 21, 2016
BOD Meeting for third quarter ended March 31, 2016	April 25, 2016
BOD Meeting for Yearly Accounts - 2016	September 2, 2016

## Tentative Dates for Next Financial Year

BOD Meeting for first quarter ending September 30, 2016	October 25, 2016
Annual General Meeting - 2016	October 29, 2016
BOD Meeting for second quarter ending December 31, 2016	February 21, 2017
BOD Meeting for third quarter ending March 31, 2017	April 25, 2017
BOD Meeting for fourth quarter ending June 30, 2017	September 20, 2017

# organizational chart



# senior management

## Head Office



**Mr. Muhammad Sohail Tabba**  
Chief Executive Officer



**Mr. Abdul Sattar Abdullah**  
Executive Director, CFO and CS



**Mr. Imroz Iqbal**  
Director Export Sales and Marketing



**Mr. Salam Chottani**  
Director Local Sales and Marketing



**Mr. Haji Muhammad Mundia**  
Chief Internal Auditor

## Gadoon Amazai Plant



**Mr. Viqar Ahmed Khan**  
Director Administration



**Mr. Iftikhar Ahmed**  
Director Technical



**Mr. Shafqat Mumtaz Ahmed**  
Director Technical



**Mr. Mohammad Nadeem Riaz**  
Director Technical



**Mr. Asad Ansari**  
General Manager Power Plant

## Karachi Plant



**Mr. Tahir Saleem**  
Executive Director (Technical)



**Mr. Akhtar Kamdar**  
Resident Director

## people at gadoon

We surely do produce the best quality yarn, but it is our people who really spin it for us in the right direction by putting their heart and soul into it.

GTML is defined by its people. We have always had the best available technology with us to produce quality yarns, yet it is our people who put their heart and soul to ensure that those machines produce nothing but the best quality yarns.

GTML has always laid immense focus on selecting and retaining the best talent pool available and has been a strong advocate of providing young, talented individuals the chance to develop their skills to their maximum potential.



head office  
management



Shabbir Hussain

Danish Moosani

Salam Chottani

Imroz Iqbal

Haji Muhammad Mundia

Abdul Sattar Abdullah

Imran Moten

Rafiq Khimani

Muhammad Faheemullah

Asif Rafiq



## ceo's message

We strongly believe in continuous improvement and this is well reflected in the measures taken by the Company to align itself with the ever-changing dynamics of the industry.

Alhamdulillah, this year marks the twenty-eighth year of prosperous operations of Gadoon Textile Mills Limited. Advancing on the road to success can be sourced back to our determined leaders and their team whose continuous efforts, together frames the GTML.

The profitability of your Company did fall this year; mainly due to the increase in conversion costs and other uncontrollable external factors. Although the impacts of these changes are expected to stay at least until the end of this calendar year, your Company has already implemented counter measures to minimize its impact.

We are staying firm on our commitment of investing back in the society and community we operate in; this is evident from the CSR activities that we conducted this year too. As a socially responsible entity, we are constantly exploring ways to minimize our waste and are taking all necessary steps to reduce its impact on the environment.

We strongly believe in continuous improvement and this is well reflected in the measures taken by the Company to align itself with the ever-changing dynamics of the industry.

In the end, I would like to thank all our stakeholders who have stayed alongside us throughout our journey till date, and hope that the bond we share, continue to grow further in years to come.

**Muhammad Sohail Tabba**

# spinning rewards



## directors' report

### Dear Members

The Directors of your Company take pleasure in presenting before you the performance review together with the audit report and the financial statements of the Company for the year ended June 30, 2016.

### Overview

Despite fierce competition between regional suppliers, your Company has managed to post a modest net revenue of Rs. 21 billion. In continuity with the depressing global trend, this year too started off with a backlash. Local cotton crop was destroyed significantly due to floods in major parts of the Punjab cotton belt, urging the management to proactively procure imported cotton from diverse sources in order to safeguard production requirements. As a result, cost of production increased and thereby affected profit margins; making the product less competitive in both local and international markets.

Although local sales contributed Rs. 13 billion (66% of total sales) to turnover this year, availability of imported yarn in domestic markets coupled with 25% decline in exports had adverse impact on profitability of the Company. Moreover, despite stringent competition, management penetrated locally, selling to nearly every corner of the domestic market; evident from the increase in local sales.

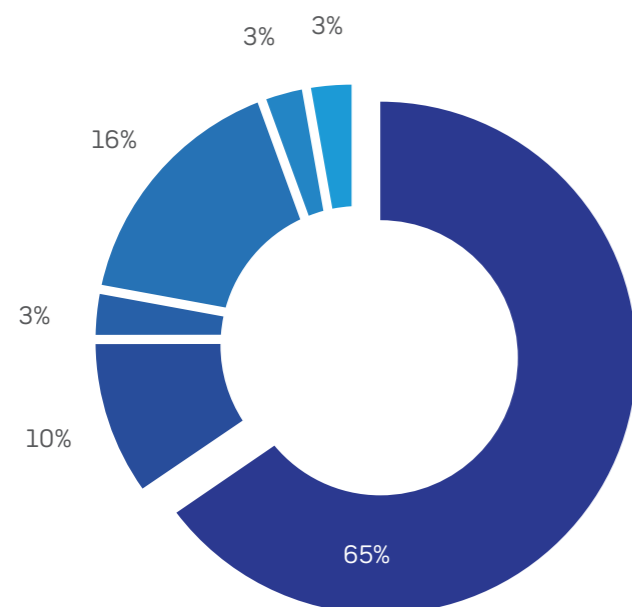
## Financial Results

A comparison of the key financial results of the Company for the year ended June 30, 2016 is as under:

Profit and loss summary	June 30, 2016 Rupees '000	June 30, 2015	Percentage Favorable/(Unfavorable)
Export	7,603,470	10,224,514	(25.63)
Local	13,666,007	12,778,932	6.94
Sales (net)	21,269,477	23,003,446	(7.54)
Gross Profit	726,192	1,129,822	(35.73)
Finance Cost	(449,176)	(791,481)	43.25
Administrative expenses	(215,697)	(226,862)	4.92
Loss before taxation	(92,164)	(90,281)	(2.09)
Loss for the year	(273,845)	(392,334)	30.20
Earnings per Share (Rs.)	(9.77)	(14.59)	

### Manufacturing Cost

- Raw materials consumed
- Power and fuel
- Salaries wages and benefits
- Depreciation
- Stores consumed
- Others



Raw material and power cost which accounts for major portion of the cost of goods manufactured has been the key element in scaling down profitability this year. In an effort to rationalize average production cost, management did procure wisely and altered consumption mix by greater use of furnace oil against natural gas. The timely decision to alter the power mix of gas and furnace allowed the Company to avail the maximum benefit of the arbitrage opportunity.

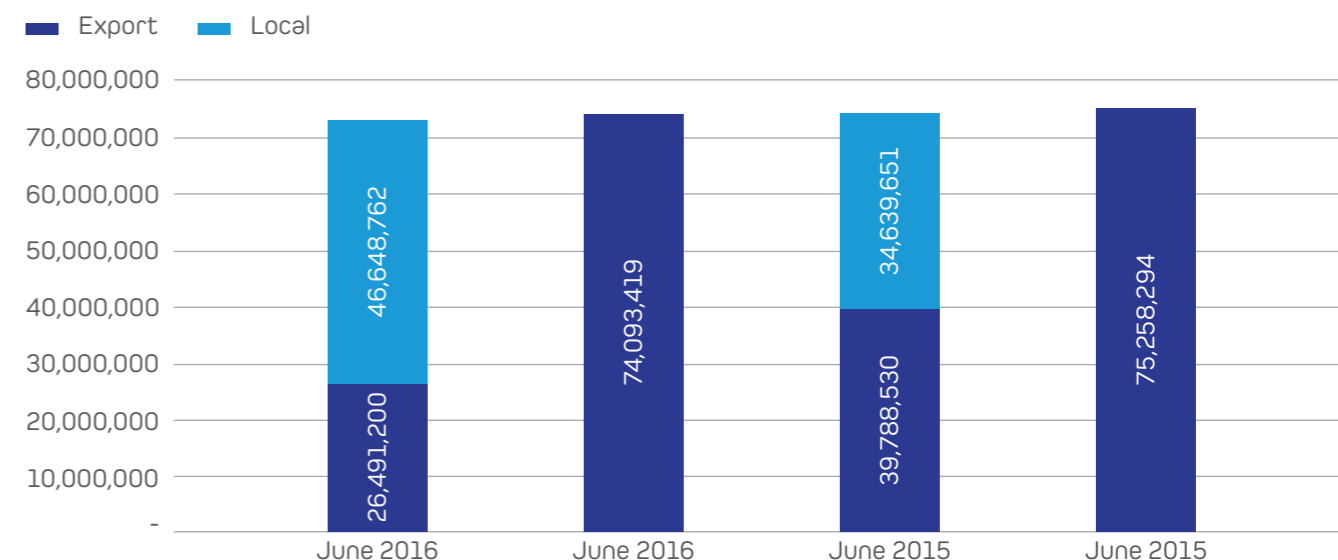
Moreover, it is evident from the figures above that management has begun to enjoy benefits in the form of economies of scale, utilization of management expertise and rationalization of related cost. Resultantly, administrative expenses are down by 4.92% compared to same period last year.

Subsequent to the year, domestic yarn prices have started to rise mainly due to amplifying concerns over declining international cotton stock balances and higher duty applicable on imported yarn, this may help local companies in better recovery of overheads.

## Operational Performance

The production and sales statistics for the year ended June 30, 2016 with its comparison of last year is presented below.

### Production & Sales of Yarn in KGS



### Cash Flow Strategy

Your Company has an effective cash flow strategy in place. This comprehensive strategy has always empowered your Company in smooth settlement of its financial commitments and hope to cater any and every challenge that will come its way.

In compliance of the above, the management has put constant endeavors to rationalize borrowing cost and enjoy maximum benefits of declining local and foreign currency borrowing rates. This is done by managing a balanced portfolio of sources of funds and efficient financing arrangements. In response to the current market condition, the Company has made a decision to limit its capital expenditure towards strategic avenues to augment economic efficiencies. Resultantly, borrowing cost has been restricted to Rs. 449 million against Rs. 791 million last year (down by 43.25%).

### Reason for not declaring dividend

Considering the market performance and Company's financial outlook, the Directors have not recommended any appropriations for the year ended June 30, 2016.

### Good Corporate Governance

The Directors of your Company are pleased to state that the Company is in compliance with the provisions of the Code of Corporate Governance as required by the Securities and Exchange Commission of Pakistan (SECP) and made part of the Listing Regulations of the Stock Exchange.

As a part of the Compliance of the Code, we confirm the following:

- The financial statements prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment. The system of internal controls is sound in design and is being effectively implemented and reviewed by internal audit function.



- International Financial Reporting Standards (IFRSs), as applicable in Pakistan, have been followed in preparation of financial statements and any departure thereof has been adequately disclosed.
- There is no significant doubt about the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the Listing Regulations.
- We have an Audit Committee, the members of which are from the Board of Directors.
- We have prepared and circulated a Statement of Ethics and Business Strategy amongst directors and employees.
- The Board has adopted a Mission Statement and a Statement of Overall Corporate Strategy.
- As required by the Code, we have included the following information in this Report:
  - › Statement of pattern of shareholding.
  - › Statement of shares held by associated undertaking and related persons.
  - › Statement of the Board meetings held during the year and attendance by each director.
  - › Key operating and financial statistics for the last 6 years.

## Board & Audit Committee Meetings

During the year, five Board and four Audit Committee meetings were held and attendance is as under:

### Board of Director Meetings

Director's Name	Meetings Attended
Mr. Muhammad Yunus Tabba (Chairman)	4/5
Mr. Muhammad Sohail Tabba (C.E.O)	5/5
Mr. Muhammad Ali Tabba	4/5
Mr. Imran Yunus*	0/5
Mr. Jawed Yunus Tabba	5/5
Mrs. Mariam Tabba Khan	3/5
Mrs. Zulekha Tabba Maskatiya**	3/5
Mr. Saleem Zamindar	5/5

\*Mr. Imran Yunus joined as a director on the board, with effect from 21st March 2016.

\*\*Mrs. Zulekha Tabba Maskatiya attended further two meetings as an alternate to Mrs. Rahila Aleem.

### Audit Committee Meetings

Member's Name	Meetings Attended
Mr. Saleem Zamindar	4/4
Mr. Muhammad Ali Tabba	3/4
Mr. Jawed Yunus Tabba	4/4
Mrs. Zulekha Tabba Maskatiya	2/4

### Role of Chairman and CEO

Principally, Chairman is in charge of leadership of the Board and to guarantee that the Board plays a compelling part in satisfying every one of its duties. Whereas, Chief Executive is an executive director and is responsible to act as the head of the Company.

#### The Roles and Responsibilities of the Chairman include:

- Setting agendas for the board's consideration.
- Leading the board and discussing all proposals put forward by the executive team.
- Liaising and coordinating with sub-committee chairs.
- Identifying and participating in selection of the Board members and overseeing a formal succession plan for the Board, CEO, CFO and key senior management.
- Managing conflicts of interest and to maintain an effective team.
- Ensuring that good relations are maintained with the Company's strategic stakeholders.
- To ensure that stakeholders' trust and confidence is maintained in the company.

#### The Roles and Responsibilities of the CEO include:

- Serving as Chief Representative of the Company.
- Overseeing the business operations and implementing the policies and strategies recommended and approved by the Board.
- Closely monitor the operating and financial results of the company against plans and budgets on a consistent basis.

- Ensuring that effective reporting mechanisms exist within the organization to provide feedback at all levels of management.
- Ensuring that the Company complies with all relevant laws and corporate governance principles and that these principles are recommended to and adopted by the Board to mitigate key risks.
- Setting the ethical tone in providing ethical leadership and creating an ethical environment.

### Performance Evaluation of Directors on the Board

The Board of Directors of your Company is a body of highly professional individuals. All Board members possess high caliber with diversified experience, in-depth business understanding and strategic thinking. The Board comprises of eight members including an independent director, having professional experience in various business disciplines.

The working of the Board is based on best business practices and is in line with the Code as defined by Securities and Exchange Commission of Pakistan (SECP). The Board has adopted a highly structured process to evaluate its own performance wherein individual Board members rate overall Board performance by responding to a series of performance evaluation questions. The responses of the directors are then compiled for a detailed discussion among the members. During the discussion, Board also evaluates its performance in fulfilling its fiduciary responsibilities, providing its leadership role, giving strategic direction and providing guideline to the management in compliance of policies and standards.

The Board has been proactive in setting up of committees with specific roles and responsibilities under Terms of References (ToRs). On an overall basis, Board performance of the Company has been highly satisfactory and the Board is cognizant of the fact that continuous improvement in its working is the basis of the Company's success.

### CEO Performance Evaluation

It has been a regular practice of the board members to evaluate the performance of the CEO and their recommendations are put forward to the Chairman. The performance of the CEO is evaluated on the basis of both qualitative and quantitative attributes, including but not limited to, overall company's financial performance, goal setting, leadership compliance and effective Governance.

Efforts for sustaining financial performance, increased customer base, stronger human capital and approaching new strategic avenues in the supply chain are some of the keystones of success of the CEO this year.

### Director's Training

During this year, the two directors met the training requirement of the Code and participated in the Corporate Governance Leadership Skills Program directed by the Pakistan Institute of Corporate Governance (PICG). The other Directors are either exempted from the training in lieu of their experience or have completed the training.

### Auditors

The present Auditors, M/s. Deloitte Yousuf Adil, Chartered Accountants have completed the annual audit for the year ended June 30, 2016 and issued an audit report. The auditors will retire on conclusion of the Annual General Meeting of the Company and being eligible; have offered themselves for reappointment. As proposed by the Audit Committee, the Board recommends their appointment as auditors of the Company for the year ending June 30, 2017.

### Pattern of Shareholding

The pattern of shareholding and additional information as at June 30, 2016 is part of the Annual Report of your Company. Associated companies and public sector companies own 69.74%, Banks/Insurance Companies/Mutual Funds own 7.18% and individuals own 23.08% of the entire shareholding.

## Future Outlook

In summary, competitive international textile market and absence of relief measures to support the industry pose great challenges for the Company. The export oriented sector in Pakistan is exposed to an impact of 5% on account of duties, taxes and surcharges in comparison to its regional competitors who enjoy benefit of no or less than 1% of such impact. Moreover, high energy cost, imposition of GIDC and other innovative taxes further effect viability of the export-oriented sector of the country.

The management is of the opinion that application of zero-rated taxation scheme for the textile industry

and other awaited favorable policies will help the industry to sustain in the said competitive environment. Despite all challenges, management is making efforts to provide maximum yield to its stakeholders and are taking measures to further curtail cost of production.

## Acknowledgements

The Directors of your company take this opportunity to recognize the relentless efforts and commitment of the Company's workers, staff and executives and would like to thank all the stakeholders for placing their trust in the company. We look forward to the continuous support of our stakeholders, to help us navigate through tough times.

For and on behalf of the Board



Chief Executive  
Karachi: September 02, 2016

## ce review

Dear Shareholders, GTML is well known as a trend setter in the industry it operates in. Besides being one of the largest spinning mills in Pakistan, we are also amongst the first ever spinners in the world to establish Core Spun Compact Yarn.

## Economic Standpoint

This Fiscal year 2015-2016 has been full of challenges, however, with constant determination, we were able to face the challenges head to head. Thus, standing proud as one of the largest spinning mills in the country.

According to Asian Development Bank (ADB), the year under review witnessed higher volumes of nationwide activity in the form of construction, manufacturing and services and resulted in an increase in the GDP by almost 0.4 percent to 4.5 percent (2015: 4.1 percent). At the same time, however, the country witnessed a decline in agricultural growth by 0.19 percent against the target of 3.9 percent.

Concurrently, our economy also suffered heavily due to uncontrollable circumstances such as the preceding floods in some parts of Pakistan, moderate energy outages, cross border instability, while, the uncertainty regarding the pending decision of GIDC and other innovative taxes, increased conversion costs added to the difficulty level for the local manufacturers to compete in both local and international markets of the industry.

One of the major setbacks was the power outages in the country, due to which the industry suffered profoundly. To counteract the effect, projects such as China Pakistan Economic Corridor (CPEC) were initiated. According to IMF, in their recent research on Pakistan Economic Program, "CPEC is contributing positively to the economy considering that it would enable our country to become the new trade hub for

Central Asian countries." Likewise, development of Gwadar port and a series of energy projects will additionally augment the development of the national economy and when mature will add 10,400 megawatts of energy to the National Grid.

Nevertheless, a challenging global environment and declining exports are weighing on growth prospects. Though, average inflation is expected at around 5.2 percent in FY 2016/17 (FY 2015-2016: 4.5 percent), remaining well-anchored by continued prudent monetary policy, the Gross International Reserves reached US\$18.1 billion at end-June 2016, covering over four months of prospective imports.

## Market Review

It cannot be denied that the textile industry in general was not able to perform as per expectations, including the spinning sector. Cotton ginning was also detrimental to the economic growth, showing a decline of 21 percent, contradicting the set targets. On a worldwide scale, Pakistan's offer in textiles and apparel exchange was effected due to the creation of an uneven playing field by the regional competitors by virtue of providing preferential trade agreements and subsidies.

On the domestic side, According to the Pakistan Economic Survey, the cotton output stood at 10.1 million bales against the target of 13.96 million bales, showing a negative growth of 27%. (FY 2015-2016 13.9 million bales) China's output grew by 6.4 percent, while, Pakistan's grew by only 2.3 percent. The performance of crops mainly

depended on weather along with government steps and efforts of the farmers.

Although there have been concerns on the long-term applicability of favourable Government policies, industry is yet to welcome 'Textile Policy 2014-2019' introduced by the ministry of textile industry. The proposed scheme hopes to achieve substantial targets over the next five years.

In order to ensure that the goals/targets set under the 'Textile Policy 2014-2019' are met, the Government has further developed a comprehensive budgetary support program which provides assistance in all major areas.

Fundamental features of the budgetary support program includes the Direct Cash Support to the tune of Rs. 40 billion, Concessions on Tax and Duty for Farmers which is approximated to Rs.15 billion. In addition to this, since, fertilizer plays a crucial part in the agricultural sector, the cut down in the prices of Urea from Rs.1800 to Rs.1400 which may encourage the farmers to expand cotton production.

During FY16, banks also made farming credit payment of Rs. 598.3 billion which is nearly 100 percent of the general yearly focus of Rs 600 billion and 16 percent higher than in FY15.

In addition to this, the implementation of the SRO 491(I)/2016 (amended SRO 1125(I)/2011) has been another supportive step by the government, as it includes the reintroduction of zero-rated sales tax to five export-oriented sectors. However, the only backside of this 'no tax no refund' policy is disallowance of input tax on packaging material thus, in turn increasing the overall cost of the product.

However, the unfortunate part of the entire predicament is that there is not much awareness at the production level to deal with this sector's crisis, due to the lack of research and development for cotton sowing by the government to keep the

farmers well-informed regarding any setback that can potentially occur. This can be evident from the fact that farmers are reluctant to sow cotton crop as there has been a slight decrease in the intention of the farmers to sow cotton following the last year's losses.

### Financial and Operational Performance

Cost synergies in terms of economies of scale, increased purchasing power and reduced overheads followed by revenue synergies from increased product portfolio, customer base and sharing of distribution channels acted as a supportive step, without which the company would not have been able to sustain its results.

Further, the management objectives set by the company during the year were also met with efficiency.

### Distinctive Traits

Following are the vital aspects that give us an edge over our competitors:

#### Market Dominance

GTML is well known as a trend setter in the industry it operates in. Besides being one of the largest spinning mills in Pakistan, we are also amongst the first ever spinners in the world to establish Core Spun Compact Yarn.

Your Company also enjoys the privilege of being the first ever compact spinner in Pakistan and is highly regarded as one of the best compact spinners around the globe. It is the only mill in the country to offer each Count as Compact Yarn, i.e.: NE 2/1 Compact to NE 200/1 Compact.

#### Energy efficiency

Energy efficiency paves way towards achieving a sustainable future. GTML has taken several different initiatives to play a dynamic role in conserving energy. We have successfully acquired state-of-the-art Waste Heat Recovery Plant and initial test run has begun at our production facilities. The finalization

would enable the Company to substantially reduce its costs and also ensure a greener environment by substantially reducing carbon dioxide emissions. The Company endeavors to guarantee that daylight is used where it is workable.

Another important factor that aids in this regard is the uninterrupted supply of electricity. GTML has its in-house power plant which satisfies the energy needs of the Company to ensure timely delivery of products to our esteemed customers.

#### Economies of Scale

Being the business sector pioneer, empowers GTML to appreciate the more prominent economies of scale over its rivals. The exceptionally capable administration consistently screens the occurrence of cost and continually searches for approaches to build effectiveness and further rationalizes the operating costs.

#### Modernization

In the rapidly advancing environment, GTML has been keen to stay updated in terms of innovations and processes. The Company has established a phase wise strategy to replace old and outdated

machinery to better serve to its customers in terms of quality and reduction of cost

#### Established Clientele

GTML is well known in the industry for its high quality yarn and thus remains the first choice for customers, both locally and internationally. Despite some very demanding challenges during the year, the team at GTML continued to perform with the customary dedication, skill and collective spirit that has defined the culture and this reputation is a result of decades of quality manufacturing and to provide maximum customer satisfaction to our valued clients. We demonstrate our admiration to the trust they put in the Company by guaranteeing that they are served in the best way.

#### Indicative Prospects of the Entity

Indicators are classified into financial and non-financial measures. Financial indicators are set on Revenue and Profitability, PE Ratio, Gearing (Debt/Equity) and Liquidity; while non-financial indicators include Market Share, Productivity, Sustainable Growth, Human Capital, Consumer Preference, Innovation, Expansion and Diversification.

Targets	Measures
Cost Reduction	Procurement of modernized and efficient machineries as part of BMR to reduce labor cost and overheads.
Profitability	Procuring quality raw material in a timely and cost effective manner to attain desired yield
Employee Development	Regular training and assessment of employees.
Diversification	Strategic investment in the shares of ICI Pakistan and Investment in Wind Power Project of YEL.

All the pre-determined objectives for the year were almost achieved which was imperative in order to maintain our competitive edge in the market. Factors

0.80, which is largely attributable to investment made in diversified ventures. Besides, there were no significant changes in the liquidity position of the entity.

#### Critical Performance Indicators

##### Market Leader

Our diverse product range enables us to respond to every viable enquiry and helps us in maintaining a strong position in the market.

##### Financial Performance

We strive to operate in the most efficient and effective manner in order to minimize our costs, achieve operational efficiencies and to provide maximum return to our stakeholders.

##### Sustain Customer Satisfaction

To continue to maintain the strong business relationships the Company has been maintaining since the past many years.

##### Investment in New Projects

Investing in expansion and diversification that enable GTML to meet its target ROI's, and secure high returns for the company and ultimately our shareholders.

beyond managements control as stated earlier in the Directors' report were the causes that restricted the profitability.

### Capital Structure

GTML continues to enjoy the great confidence that its valued stakeholders put in the entity and one of the main reasons in this regard is the strong capital base that the Company has been able to maintain since the past decades. The capital structure of your Company is mainly supported by equity finance and despite the fierce competition the company still manages to maintain zero long-term gearing.

### Significant Changes in Financial Position

During the year, the financial position of your Company did bear the brunt of the uncontrollable external factors prevalent in the economy. Furthermore, the current ratio declined marginally by 2.43%, from 0.82 to

### Contribution to National Exchequer and Economy

As always, GTML continued to actively contribute to economic prosperity in Pakistan by providing direct employment to around 4,900 permanent and contractual employees on average, along with compensation and benefits of Rs. 2.06 billion.

The Company also contributed an amount of Rs. 392 million (2015: Rs. 436 million) into the Government Treasury on account of all kinds of taxes, excise duty and sales tax. Furthermore, significant foreign exchange through export sales realized to the tune of more than US \$ 74 million was also brought to the reserves of the Central Bank of the country during the period.

During the year, GTML sold products worth Rs. 21.4 billion of cotton and man-made yarn by buying

local and imported raw materials worth Rs. 12.9 billion. Your Company has also contributed in the economy through payments to providers of funds to the tune of Rs. 537 million.

### Whistle Blowing Incidents

GTML is a quality cognizant organization and hence, our best efforts and abilities are employed towards developing practices that are open, transparent and in the best interest of the company. All stakeholders including employees, senior management, customers, suppliers, and contractors' etc. are motivated to advance their concerns in the most subtle manner

#### Procedure

Employees are firmly required to see if something within the workplace is believed to be negligent,

improper or illegal, then this should be reported to the immediate supervisor. Employee should not suffer any detrimental treatment for doing so, as long as correct processes are being followed. Conversely, the matter may be raised to senior management if it has some strategic significance.

On the other hand, the company's secretary may directly be contacted by the stakeholders where they may express their apprehensions.

#### Incidents reported during the year

No material incidents regarding operations of the entity or otherwise were reported to the Audit committee during the year.

# code of conduct

Code of Conduct clearly sets out the benchmark of proficient conduct that should guide executives in keeping up the most elevated and proficient level of moral behavior.

## Statement Of Intent

GTML requires its executive staff to observe the highest ethical standards in conducting its business activities. The Business Principles and Ethics Policy (BPEP) is intended to assist the Company's staff in meeting the standards of professional and personal integrity expected and required of them. GTML's staff will act with integrity at all times to protect and safeguard the reputation of the Company. Contravention of the BPEP will be regarded as misconduct.

The below mentioned Code of Conduct clearly sets out the benchmark of proficient conduct that should guide executives in keeping up the most elevated and proficient level of moral behavior. The administration will guarantee that through this BPEP and other different

methods for correspondence, its staff knows about the expected guidelines and directions. It is not possible to cover every eventuality in this document; hence, executives should remain vigilant of their personal behavior with respect to the company and its operation.

## Conflict of Interest

Conflict of Interest is a situation that has the potential to undermine the impartiality of a person because of the possibility of a clash between the person's self-interest and professional interest or public interest. All executives must avoid situations where there is a conflict of interest as inability to conform to these ethical policies may render an individual at risk to disciplinary activity, even subsequent dismissal in an instance where a severe breach of policy occurs.



## Confidentiality

Executives, during the course of their employment, come across confidential information and the company commends every one of its representatives for keeping the selectiveness of Company's trade secrets and individual data procured amid and after withdrawing from their service. As such information must be limited to those who are required to have access to it for operational reasons.

## Honesty and Integrity

In all aspects of occupation people are required to practice as earnestly as could be expected under the circumstances along with absence of bias in the execution of their duties for the Company. Executives will not convert for their personal use any funds or property which is not their own. The Company expects absolute honesty and integrity from the management.

## Health, Safety and Environment

Each executive must take reasonable care to ensure the health and safety of both self and colleagues who might be affected by one's acts or omissions at the work place. In order to secure safety, health and welfare of colleagues and protection of environment, no executive should tamper with or misuse any item belonging to the Company. Executives should ensure the trust of their surrounding communities through prudent operations of Company facilities.

## Harassment Free Workplace

GTML endeavors to keep up a workplace that is free from badgering whether physical, verbal or mental. Strict disciplinary moves are made against any individual found breaching such a principle.

## Business Ethics and Anti-corruption

Business Ethics has always been of fundamental value for the day to day operations at GTML. In this regard, the management upholds a zero-tolerance

policy towards unethical business practices and highly discourages corruption in every form, no matter how adverse the outcome. The company ensures that the entire staff at GTML complies with the 'Code of Conduct' and all the business dealings are done in the most transparent manner, maintaining the highest standards of ethical values. Any misconduct or failure in compliance with the Company's Code of Conduct will be liable to disciplinary action. The Audit committee of the Board met at regular intervals during the year to review the adequacy and effectiveness of the internal controls, including those relating to the strengthening of the Company's risk management policies and systems. There have been no significant incidents of corruption reported during the year ended June 30, 2016.

## Regulators

Our Corporate Affairs department ensures that all compliance requirements, for example circulation of material information to the Stock Exchange, submission of financial statements etc. are done in a timely order.

## Banks and Other Lenders

Maintaining strong business relationships with all the stakeholders is one of the primary aims of GTML. We consider our providers of fund to be our partners in success and ensure that they are frequently engaged with the Company and taken into confidence as and when required.

## Company's Website

We have updated our website as per the regulatory requirements of the SECP during the year. The website layout is more interactive and has a user-friendly interface. The website allows access to our Company's corporate details, financial reports, certifications etc and it may be accessed at [www.gadoontextile.com](http://www.gadoontextile.com)

## Policy and Procedure for Stakeholder Engagement

Activity	Activity Details	Frequency
Annual General Meeting	The AGM of the Company is convened in accordance with the Companies' Ordinance, 1984. AGM acts as a convenient platform for our stakeholders to voice their opinions and raise their concerns, which are duly satisfied by providing comprehensive justifications for clearing out any ambiguities.	Annual
Financial Reporting	GTML being a listed Company publishes its periodic financial statements (annually, half-yearly and quarterly) at the stock exchange and makes it available as well at the Company's website so as to communicate the Company's financial results to the stakeholders and potential investors.	Periodic (Annually, Half yearly and Quarterly)
Stock Exchange Notifications	The management of the Company has a clear Policy of sharing any information which may affect the confidence of its stakeholders in any manner. The Company communicates all material information in a timely manner to the Stock Exchange of Pakistan. These include: <ul style="list-style-type: none"> <li>• BOD Meeting</li> <li>• Financial Results</li> <li>• Material information</li> </ul>	As and when required.

## Review of Business Continuity Planning (BCP)

Owing to the size and volume of our growth that we have achieved since the beginning of our operations, the importance of a comprehensive crisis management framework cannot be further emphasized. Your Company is well aware of the diversity and magnitude of risks that form as a result of our continuous business expansion.

To address these risks, the Company continues to engage in business continuity planning on a frequent basis. BCP refers to an action plan formulated in advance with the aim of preventing breakdown of important company operations or restoring and restarting them in as least time as possible if they are interrupted by the occurrence of an unexpected event such as a natural disaster or any untoward incident.

Your Company has formulated BCP's along with detailed standard operating procedures (SOPs) with regards to backing up of important assets of the company including virtual and physical data – for natural calamities and other possible external incidents. In the wake of such uncalled-for events, the Company is fully equipped to initiate their BCP response protocols to ensure the continuity of important operations with minimum time lapse.

The Board regularly evaluates the BCP response protocols and is satisfied with the existing SOP's in place.

## Human Resource Excellence

Every successful organization has some cornerstones responsible for its success. We consider our employees to be our most prized assets; for they are the key reason behind every milestone this Company has achieved so far. It is their passion for taking this

Company to new heights, that helps us challenge ourselves to achieve the impossible and break our own benchmarks that we set in the industry. The excellent relation that we maintain with our employees is evident by negligible our staff turnover ratio.

The Company's recruitment decisions are based on a selection process that identifies the best qualified individual for the position to be filled. We follow a merit based recruitment policy and our selection procedure is geared to attract and retain capable and qualified executives who can best contribute towards accomplishment of the objectives of the Company.

It is the Company's policy to promote from within the organization where ever possible; however, in the absence of availability of a suitable candidate from within the Company, the management will resort to recruitment through head hunters, press advertisements or via Company's databank. The selection and placement process will be based on the qualification and experience relevant to the position under.

## Succession Planning

In GTML, Succession planning is an ongoing process of systematically identifying, assessing & developing talent to ensure leadership continuity for all decision making positions at various levels in the company. The main purpose of succession planning is to prepare and maintain an inventory of "ready now" managers that can be placed into top management positions in the event of a gap created in the chain of command due to attrition.

## Retirement Benefit Plans

The company pays special attention on retirement benefit plan in order to give the employees a sense of financial security after retirement. The Company currently manages an unfunded gratuity scheme and a policy to compensate for leave absences. Present value of defined benefit obligation as on June 30, 2016 stood at Rs. 447 million representing a net increase of Rs. 99 million.

Details of the gratuity scheme have been disclosed in note 18.1.1 of the financial statements.

## IT Governance

In today's highly competitive and dynamic environment, it is imperative that companies align themselves with the advancements of modern time. These advancements not only help in precise dissemination and presentation of information, but in particular saves time and cost for the business as well as support in strategic decisions.

In this regard, we at GTML have consistently monitored and developed our IT framework and ensured that the systems we have implemented so far, effectively help in storing, safeguarding, retrieving and sharing of information. We have a team of talented individuals, who have been working tirelessly to make sure that the methods adopted and implemented by the Company are in line with the industry practices.

The Company maintains detailed, up-to-date inventory records for all computer hardware, software, and data.

## Projects

The merger with FTML was not only a challenge to combine two entities within the legal parameters, but also to enable the technological systems to complement each other. Our team of IT experts dedicated their skills and efforts and was able to successfully consolidate the systems in the most effective manner.

Further, a one-click solution is available in which supply chain management system is directly linked to treasury operations, which reduces slack between operating procedures and allow treasury management to work efficiently. The IT department with the coordination of Power Plant management also initiated a 'Plant Maintenance and Management

System' projects. The company is working towards its second phase of the project, in which integration with the current reporting and store management system will take place. This will aid the management in better planning and decision making. It can also be used to predict future trends and forecasts based on historical data.

As part of Disaster Recovery (DR) protocols, the Company has successfully completed the process of utilizing Karachi Project as a DR site. This has added another layer to our data protection and has enabled the Company to retrieve data at the earliest in case of any unforeseen event.

The Company has planned several projects to upgrade its IT solutions. Following the merger, we have started a phase wise implementation of the payroll systems transformation. This will enhance the management of payroll systems and will support in execution of the transactions with more accuracy. HR solutions are comparatively more delicate and need more focus, the management has planned to transform it from old to new platform towards the end of the merger projects.

Furthermore, we at GTML constantly review our position with local and global benchmarks and for this reason re-evaluation of current software systems in consultation with external consultants is in its first phase. The results of the evaluation will then help the company in bridging the gaps (if any), between the company's solution and current technological advancements.

Since IT department is regarded as one of the strategic partners in the company's operations, the Company has considered the idea of introducing different BI tools for efficient performance and timely decision making and management control.

Your company moreover, is also planning to implement a real time connectivity between the head office and factory location, which will improve the decision making and enable effective control over the day to day operations at the Amazai plant.

## Training

In order to improve employee's performance and to help them in attaining the required level of knowledge or skills, the company organizes training activities both internally and externally. This year, various training sessions were held which involved cross-functional staff to demonstrate processes/challenges involved in their respective function.

## Corporate Social Responsibility

The incorporation of GTML is in itself an example of contribution towards the betterment of the society. Before the establishment of Gadoon Textile Mills in Swabi District, the local natives used to rely on cultivation of poppy and opium on their lands for achieving their livelihood. A courageous step was taken by the Group when they took the initiative to setup a company with the objective of providing employment to the locals of the district and discouraging the practices they were previously involved in. Thus, not limited to a profit-making venture, GTML has a socially motivated reason as its essence.

A blood donation drive by Indus Hospital was organized on 13th April 2016 at Karachi Head office in which employees of the company donated blood and demonstrated their commitment towards social responsibilities

## Efforts to mitigate adverse risk of industrial effluents

The Company has formulated a 'clean environment; healthy life' organization wide strategy under which we design and implement operating procedures

that ensure disposal of waste materials and chemicals in the most eco-friendly and efficient manner. For this, we provide training and conduct awareness sessions on a regular basis.

## Energy saving measures taken by the company

Your Company feels it as its Social responsibility to conserve the natural resources and takes up some measures to reduce energy consumption. The company has acquired a state of the art Waste Heat Recovery Plant which will substantially reduce the carbon dioxide emissions and create a greener environment. In addition to this, your company takes each and every positive step to reduce wastages. These include turning off computers and unnecessary lights, during office breaks along with energy efficient office equipment in the premises.

## Paper-Waste Disposal

Over the past few years, GTML has been focusing on reducing unnecessary use of paper in the company. Emphasis is being laid on minimizing the use of paper by making use of technology wherever possible. As part of this initiative, this year the Company provided for tonnes of paper for recycling.

## Iftar Arrangements

Realizing the responsibilities of serving the community, GTML this year too, arranged iftar under rozedaar program during the Holy Month of Ramadan. This iftar arrangement is open for all and people from the entire locality benefited from it.

## Masjid

A Masjid has been built inside the mill premises at both the locations for facilitation of employees and the locals.

## Residence

Considering the social and emotional needs of the staff, residence is provided to all employees. The residential blocks are properly managed and the Company takes great care that our workers live in a secure and healthy environment.

## Dispensary

A well-managed dispensaries are maintained at both factory locations for the welfare of the employees and the nearby residents to ensure proper health and safety.

Other facilities for plant employees include:

- Subsidized Mess
- Ambulance
- Shuttle Service

## Quality Assurance

The Company is committed to provide quality finished products to its customers. Not only this, but we believe that quality management should be in the roots of the Company, starting from the operational level processes and all the way to strategic level decision making. In order to ensure quality management, an internal function measures performance against quality benchmarks on a regular basis.

## Corporate Affiliations

Gadoon Textile Mills limited is affiliated with:

- OEKO-TEX 100 Standards
- Fair Trade Cotton
- Member of Management Association of Pakistan
- Member of Karachi Chamber of Commerce & Industry
- Member of Sindh Chamber of Commerce & Industry
- Member of All Pakistan Textile Mills Association Khyber Pakhtunkhwa
- Member of Better Cotton Initiative (BCI)

## Safety and Security

At GTML, we have a duty towards guaranteeing that not just our employees work in a safe and sound environment but in case of a crisis, we also have contingency plans and the ability to manage such circumstances.

We have installed security and surveillance cameras at our premises and offices which are regularly monitored by security personnel to address the security concerns (if any). We also have a zero-tolerance policy against violence. Employees are well notified of such policies and the consequences of such actions. Moreover, training programs are regularly carried out to train and educate employees for emergency situations.

## Safety of Company Records

The Company has actualized stringent controls to guarantee that the records kept are in compliance with the standard procedures, as well as, are stored in a way to guarantee their security and additionally their convenient retrieval when required.

In this regard, we introduced the 'paper less environment' initiative; emphasis now is on scanning all the records and relevant documents so that they are available electronically. This initiative will not only reduce the amount of paper consumed by the Company but will also address the safety and time-bound concerns of our records. Storing data electronically will greatly reduce the physical space taken up by such documents and it is both cost-effective and efficient. Your company has so far scanned up to 2 million documents that has reduced the paper consumption, markedly, as the access to print these scanned documents is also controlled.

Moreover, precautionary measures such as fire-extinguishers, fire-resistant and electronically operated safes etc. are already in place to ensure maximum safety of sensitive documents of the Company. As a responsible corporate citizen, the Company is also considering other ways of reducing manual paperwork to become more environment-friendly. One of the proposals put forward by the board is to initiate the usage of CDs, instead of paper-based booklet for distribution of the annual reports, upon approval of the Shareholders.

## Expansion, Modernization and Investments

As part of Company policy, we are constantly investing and exploring options to strategically expand and diversify our operations. During the year, your Company has invested around Rs.227 million in acquiring and installing state of the art machineries as part of BMR and expansions.

In lieu of the ongoing energy crisis and for a sustainable energy mix, the Company had invested in acquiring new natural gas based generators. The Waste Heat Recovery (WHR) plant is now installed & expected to commence its generations by the end of the first quarter for the coming financial year.

## Issues Raised In Last AGM

The last AGM was held on October 29, 2015 at the Karachi Plant of the Company. During the meeting, no significant issues were raised.

## awards & achievements

- Top Exporter (Foreign Exchange Earner) of The Province
- Top Importer of The Province
- Top Income Tax Payer of The Province
- Best Consumer Award
- Business Man of The Year Gold Medal Award
- Top 25 Companies For The Year Award
- ACCA Approved Employer Status





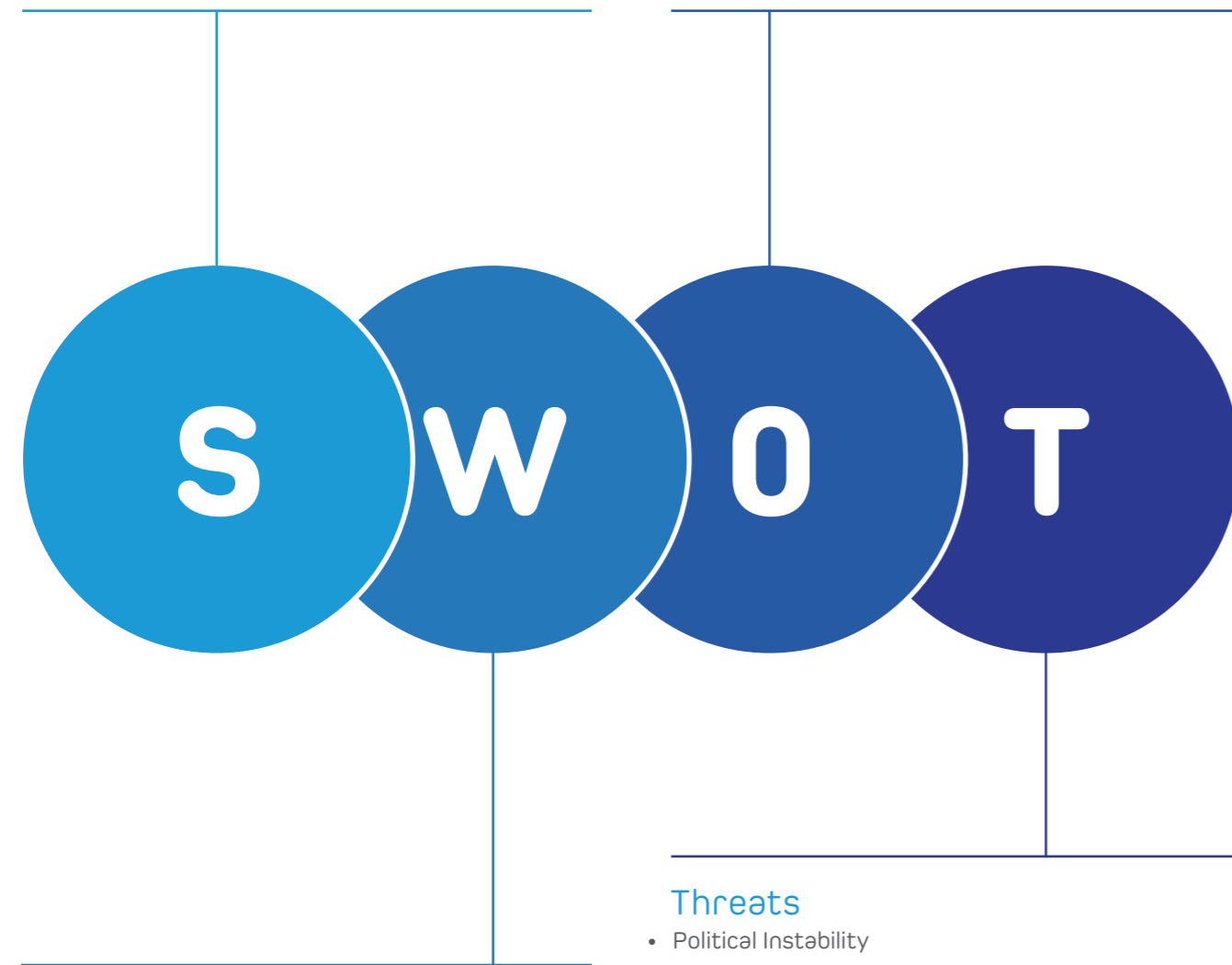
# swot analysis

## Strengths

- Market Dominance
- In-house power generation
- Strong group structure
- Economies of scale
- Availability of wide range of products
- State-of-the-art plant and production facilities
- Global reach to internationally acclaimed clients

## Opportunities

- Access to untapped markets to increase exports
- Availability of expansion in existing and untapped segments with bare minimum capital expenditure
- Target the niche market due to wide range of products manufactured
- Develop innovative product range utilizing experienced technical staff



## Weaknesses

- Decline in exports due to competitive market
- Exposure to volatile cotton market
- Dependence on particular regions for sales
- Major reliance on the spinning segment

## Threats

- Political Instability
- Imposition of innovative taxes and uncertain government policies e.g. GIDC
- Shortage of raw material due to natural disasters
- Fluctuation in interest and exchange rates
- Highly Labour Intensive Industry
- Availability of subsidized yarn by regional competitors

## Risk and Opportunity Report

Category of Risk	Sub-category of Risk	Plans and Strategy to Mitigate Risk
Strategic Risk	Economic and Political stability of the country	The Company believes in an open and transparent relationship with the Government, regulator and other political stakeholders. As part of the larger industry, Company through its representatives, provide valuable suggestions to the regulator, particularly during the budgetary process. We regularly monitor economic and legal impacts of Government policies and political actions on the Company as well as on the textile industry.
Commercial Risk	Increased competition between local and international suppliers of the product.	The Company believes that its years of experience, quality, research and development, brand image and customer loyalty are success factors to sustain even in this fierce global economic scenario.
Operational Risk	Safety and security of assets	The Company has formulated and implemented a 'safety and security policy' throughout its manufacturing and administrative facilities. Moreover, all assets are insured through reputable institutions in order to safeguard assets against any unforeseen event of damage, fire, theft, act of terrorism etc.
Financial Risk	Adverse changes in interest rates	The Company mainly meets its working capital requirements through short-term financing facilities. In order to mitigate the risk of rising interest rates, management negotiates prevailing market rates and maintains an efficient portfolio of sources of funds. Further, it's held-for-trading investment may also be used to meet working capital requirements.

## Potential Opportunities

Pakistan is one of those countries where upper middle class and middle class population forms sizeable portion. This factor opens up the opportunity to sell knitted wear and garments to the local mainstream population of the country.

The ever so competitive local and international market has made it difficult for companies to sustain, as well as, provided less potential for new entrants to enter the market. This provides your Company the opportunity to acquire smaller players of the market and increase its market share and enhance economic efficiencies.

## Key Sources of Uncertainty

- Adverse impact of policies formulated by the regulators
- Natural catastrophes such as heavy rains and floods that could destroy local cotton crop
- Adverse interest rate movements

## Materiality Approach

The Company considers matters to be material if, individually or in aggregate, they are considered to significantly affect the decision of users of the financial statements.

Determining materiality is a matter of judgment and may vary from organization to organization. These materiality levels are periodically reviewed and appropriately amended by the management.

## Share Price Sensitivity Analysis

Share Price of the Company depends on the Company's overall performance and reputation in the respective industry in which it exists, combined with other external factors on which management has lesser or no control.

The Company's share price is sensitive to the following external factors:



## Stock Market

GTML is listed on Pakistan Stock Exchange (PSE), which is regarded as one of the top performing market among the global markets and is operating in a discount against other Asian regional markets.

Company's share price depends on overall market performance, investor confidence on the economy and particular sector, news flows in the particular sectors and the overall fundamentals of the company. Positive sentiments, news flows prevailing in the market may result in appreciation of share price of the company.

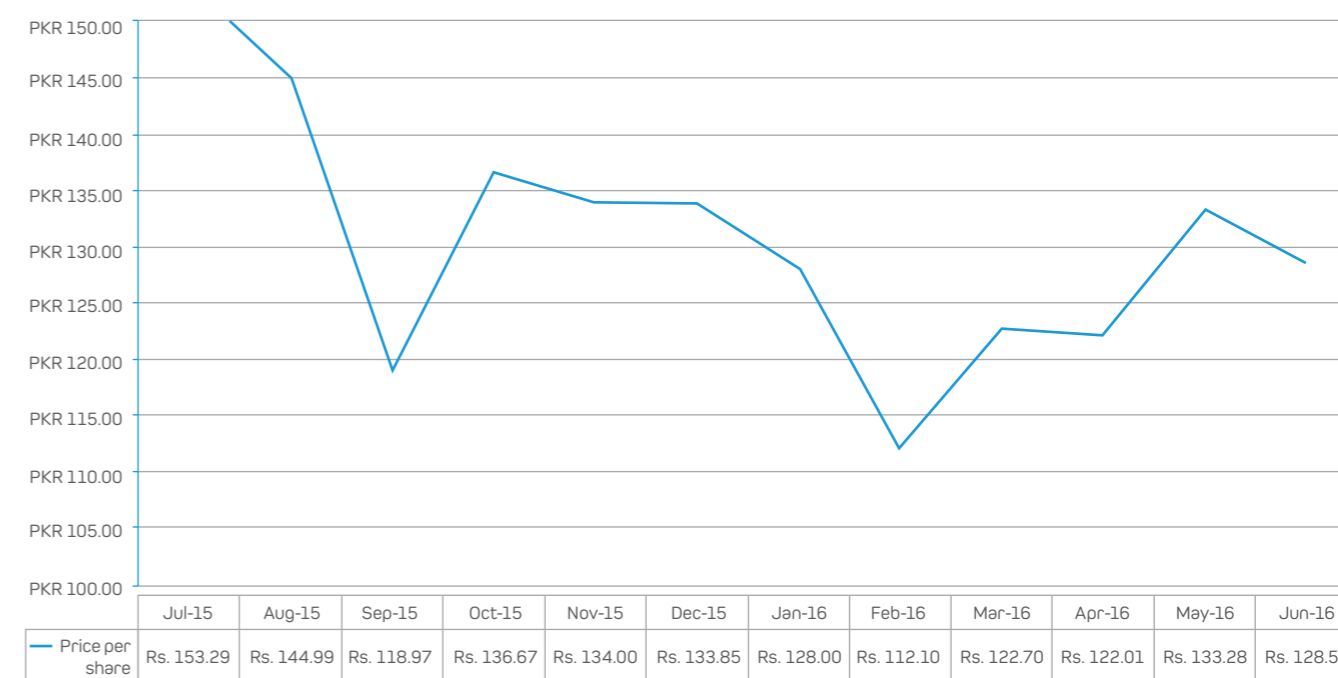
## Taxation

GTML is exposed to inconsistent Government Regulations, taxes schemes, policies, incentives schemes which directly or indirectly effects the company's financial performance which in turn may affect the share price.

## Political Instability

Demonstration of Political powers by different political parties in the shape of public gathering will dampen the ongoing business activities nationwide and the performance of the company. Stable law and order situation and other political situation in the country improves the overall business performance, investor confidence, and also encourages foreigners to deal with some of the prestigious companies in the country.

## Share Price Variation



## Exchange Rates

GTML generates 37 percent of its revenue from exports, through which the entity is exposed to exchange rate risk. Any favourable or unfavourable movement in exchange rates might affect the company's profitability and hence, affect the share price. The company has also adopted effective strategies to minimize the risk of exchange rates.

## Interest Rates

The Company's Finance Cost is 2 percent of the turnover. The lower interest rate currently prevailing in the country is supporting the profitability of the Company, however, any adverse interest rate movement may also affect the company discordantly.

## Availability of Raw Material

The company's performance is largely dependent upon the availability of raw material, which is highly sensitive to seasonal fluctuations. Thus, any negative or positive change in the crop growth will dampen the company's performance and influence the share price.

## Forward Looking Statement

The current economic scenario and market conditions of the textile-spinning sector are expected to remain same at least till the end of the current calendar year. However, in order to secure optimum results, the Company is focusing on efficient sales mix and product differentiation strategy along with consistent monitoring of areas where measures can be taken to reduce cost. The management is further of the opinion that application of zero-rated taxation scheme for the textile industry and other awaited favorable policies will help the industry to sustain in the said competitive environment.'

Muhammad Sohail Tabba

## six years at a glance

	2016	2015	2014	2013	2012	2011
(Rupees in '000)						
<b>Assets Employed</b>						
Property, Plant and Equipment	7,727,013	8,322,228	5,997,051	5,502,528	4,882,569	4,181,980
Long Term Loans, Deposits & Deferred Costs	41,340	46,788	31,846	27,958	15,667	12,153
Long-Term Advances	-	-	-	-	-	-
Current Assets	9,344,718	10,496,486	8,717,727	7,002,605	5,380,582	6,803,765
Long Term Investment	2,194,332	1,683,343	1,358,798	1,230,711	-	-
<b>Total Assets Employed</b>	<b>19,307,403</b>	<b>20,548,845</b>	<b>16,105,422</b>	<b>13,763,802</b>	<b>10,278,818</b>	<b>10,997,898</b>
Shareholders' equity	6,533,605	6,817,519	6,499,577	6,184,838	5,208,840	4,794,402
Long Term Loans	-	-	8,905	26,719	44,533	62,347
Current portion of Long Term Loans	-	8,905	17,814	17,814	17,814	567,814
	-	8,905	26,719	44,533	62,347	630,161
Deferred Liabilities	1,089,766	996,912	686,456	502,696	352,253	312,472
Current Liabilities	11,684,032	12,734,414	8,910,484	7,049,549	4,673,192	5,828,677
Current portion of loans & leases	-	(8,905)	(17,814)	(17,814)	(17,814)	(567,814)
	11,684,032	12,725,509	8,892,670	7,031,735	4,655,378	5,260,863
<b>Total Funds Invested</b>	<b>19,307,403</b>	<b>20,548,845</b>	<b>16,105,422</b>	<b>13,763,802</b>	<b>10,278,818</b>	<b>10,997,898</b>
<b>Turnover and Profit</b>						
Turnover	21,269,477	23,003,447	20,066,084	18,673,753	13,570,317	15,638,487
Gross Profit	726,192	1,129,822	1,932,166	2,246,458	1,151,732	2,810,034
Operating Profit	211,085	532,626	1,510,041	1,830,783	1,083,299	2,553,671
Profit/(loss) before taxation	(92,164)	(90,281)	739,149	1,254,115	654,466	2,169,597
Profit/(loss) after taxation	(273,845)	(392,334)	580,799	1,129,922	648,813	2,156,255
Cash Dividend	-	-	117,188	292,969	175,781	234,375
Profit/(loss) carried forward		4,672,349	5,162,077	4,847,338	3,871,340	3,456,902
Earning per share (Rupees)	(9.77)	(14.59)	24.78	48.21	27.68	92.00
Break up value per share (Rupees)	233.09	290.88	277.32	263.89	222.24	204.56

## analysis of financial performance

Financial Ratios	UoM	2016	2015	2014	2013	2012	2011
<b>Profitability Ratios</b>							
Gross Profit to Sales	Percentage	3.41%	4.91%	9.63%	12.03%	8.49%	17.97%
Net (loss) / profit after tax to sales	Percentage	(1.29%)	(1.71%)	2.89%	6.05%	4.78%	13.79%
EBITDA to sales	Percentage	5.49%	6.43%	10.15%	11.83%	9.06%	16.48%
Operating Leverage	Times	(6.51)	(3.59)	(1.66)	2.07	4.46	1.77
Return on Equity after tax	Percentage	(4.19%)	(5.75%)	8.94%	18.27%	12.46%	44.97%
Return on Capital Employed	Percentage	5.30%	10.50%	20.55%	25.14%	16.95%	44.83%
<b>Liquidity Ratios</b>							
Current Ratio	Times	0.80	0.82	0.98	0.99	1.15	1.17
Quick/Acid Test ratio	Times	0.32	0.40	0.29	0.35	0.36	0.76
Cash to Current Liabilities	Times	(0.78)	(0.78)	(0.82)	(0.76)	(0.70)	(0.51)
Cash flow from operations to Sales	Times	0.06	0.07	(0.03)	0.02	0.11	0.02
<b>Activity/Turnover Ratios</b>							
Inventory Turnover	Times	4.09	4.13	3.94	4.01	4.09	5.38
Total Inventory Days	Days	89	88	93	91	89	68
Debtors Turnover	Times	11.92	14.81	13.01	18	6.70	7.54
No. of Days in Receivables	Days	31.00	25.00	28	20	54	48
Creditors turnover	Times	10.69	14.07	16.01	14.75	10.36	10.50
No. of days in Payables	Days	34	26	23	25	35	35
Operating Cycle	Days	86	87	105	86	109	81
Total assets turnover	Times	1.10	1.12	1.25	1.36	1.32	1.42
Fixed assets turnover	Times	2.75	2.76	2.72	2.76	2.77	3.73
Equity Multiplier	Times	2.95	3.01	2.48	2.23	1.97	2.29
<b>Investment Valuation Ratios</b>							
Earnings per share after tax	Rupees	(9.77)	(14.59)	24.78	48.42	27.68	92.00
Price/Earning Ratio after tax	Times	-	-	10.09	2.56	2.33	0.74
Dividend Yield	Percentage	-	-	2.00%	10.08%	11.61%	14.71%
Dividend payout ratio	Percentage	-	-	20.18%	25.82%	27.10%	10.87%
Dividend cover ratio	Times	-	-	4.96	3.87	3.69	9.20
Cash Dividend per share	Rupees	-	-	5.00	12.50	7.50	10.00
Break up value per share	Rupees	233.09	290.88	277.32	263.89	222.24	204.56
Market value Per share as June 30th	Rupees	128.59	164.76	249.95	124.00	64.59	68.00
Highest	Rupees	153.2	332.18	332.44	-	-	-
Lowest	Rupees	112.1	154.89	125.00	-	-	-
<b>Capital Structure Ratios</b>							
Financial Leverage ratio	Times	0.49	0.49	0.31	0.29	0.30	0.50
Weighted Average Cost of Debt	Percentage	5%	8%	10%	7%	8%	4%
Debt to Equity ratio	Percentage	-	-	0.14%	0.43%	0.85%	1.30%
Interest Coverage ratio	Times	0.79	0.89	2.00	3.89	3.21	15.68
<b>Dupont Analysis</b>	Percentage	5.46%	10.27%	8.9%	18.3%	12.5%	45.0%

# analysis of balance sheet

## Vertical Analysis

	2016	2015	2014	2013	2012	2011
<b>Assets</b>						
<b>Non current assets</b>						
Property, plant & equipment	40.02%	40.50%	37.24%	39.98%	47.50%	38.03%
Long term advances	-	-	-	-	-	-
Long term loans	0.08%	0.11%	0.07%	0.05%	0.08%	0.04%
Long term deposits	0.13%	0.12%	0.13%	0.15%	0.07%	0.07%
Long term investment	11.37%	8.19%	8.44%	8.94%	0.00%	0.00%
	51.60%	48.92%	45.87%	49.12%	47.65%	38.14%
<b>Current Assets</b>						
Store, Spares and losse tools	2.67%	2.57%	2.61%	2.60%	3.83%	2.56%
Stock in trade	26.67%	23.82%	35.39%	30.15%	32.08%	19.13%
Trade debts	8.02%	9.86%	6.70%	8.52%	8.78%	28.62%
Loans & advances	3.00%	2.01%	2.85%	2.15%	2.36%	1.22%
Receivable from an associate	-	4.81%	-	-	-	-
Short term investments	0.39%	0.29%	0.30%	0.27%	0.25%	0.26%
Trade deposit & other short term prepayments	0.15%	0.04%	0.03%	0.06%	0.04%	0.05%
Other receivables	2.32%	1.82%	1.35%	1.57%	1.35%	1.98%
Tax refund due from government	3.17%	3.39%	2.85%	2.07%	1.18%	0.49%
Cash & bank balances	2.01%	2.47%	2.06%	3.49%	2.48%	7.56%
	48.40%	51.08%	54.13%	50.88%	52.35%	61.86%
<b>Total Assets</b>	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Equity &amp; Liabilities</b>						
<b>Share Capital &amp; Reserves</b>						
Issued, Subscribed and Paid up Capital	1.45%	1.14%	1.46%	1.70%	2.28%	2.13%
Capital reserves	0.71%	4.21%	0.64%	0.75%	1.00%	0.94%
Revenue Reserves	31.68%	27.83%	38.26%	42.48%	47.39%	40.53%
<b>Total Equity</b>	33.84%	33.18%	40.36%	44.94%	50.68%	43.59%
<b>Non Current Liabilities</b>						
Long term financing	-	-	0.06%	0.19%	0.43%	0.57%
Deferred Liabilities	5.64%	4.85%	4.26%	3.65%	3.43%	2.84%
	5.64%	4.85%	4.32%	3.85%	3.86%	3.41%
<b>Current Liabilities</b>						
Trade & other payables	9.70%	9.62%	7.04%	8.22%	10.64%	11.85%
Accured markup	0.24%	0.65%	0.88%	0.50%	0.44%	1.06%
Short term borrowings	49.48%	50.64%	47.17%	42.38%	34.21%	34.82%
Current Portion of long term financing	-	0.04%	0.11%	0.13%	0.17%	5.16%
Provision for taxation	1.10%	1.02%	0.13%	0.00%	0.00%	0.12%
	60.52%	61.97%	55.33%	51.22%	45.46%	53.00%
<b>Total Equity &amp; liabilities</b>	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

## Horizontal Analysis

	2016 vs 2015	2015 vs 2014	2014 vs 2013	2013 vs 2012	2012 vs 2011	2011 vs 2010
<b>Assets</b>						
<b>Non current assets</b>						
Property, plant & equipment	(7.15%)	38.77%	8.99%	12.70%	16.75%	53.48%
Long term advances	-	-	-	-	-	(100.00%)
Long term loans	(25.42%)	100.81%	55.65%	(16.58%)	72.04%	(15.13%)
Long term deposits	0.41%	18.99%	-	187.54%	0.11%	0.19%
Long term investment	30.36%	23.88%	10.41%	-	-	-
	-0.89%	36.07%	9.27%	38.03%	16.79%	49.56%
<b>Current Assets</b>						
Store, Spares and losse tools	(2.35%)	25.69%	17.39%	(8.95%)	39.88%	25.99%
Stock in trade	5.17%	(14.11%)	37.35%	25.86%	56.68%	(2.57%)
Trade debts	(23.46%)	87.84%	(7.94%)	29.81%	(71.31%)	215.18%
Loans & advances	40.26%	(9.88%)	55.26%	21.80%	80.44%	(10.21%)
Receivable from an associate	(100.00%)	100%	-	-	-	-
Short term investments	26.76%	21.91%	30.30%	47.91%	(12.12%)	-
Trade deposit & other short term prepayments	269.94%	96.12%	(52.12%)	136.28%	(32.59%)	236.38%
Other receivables	19.81%	72.68%	0.04%	55.82%	(36.16%)	412.81%
Tax refund due from government	(12.10%)	51.89%	61.28%	134.23%	127.51%	30.69%
Cash & bank balances	(23.51%)	52.63%	(30.89%)	88.17%	(69.29%)	562.20%
	(10.93%)	20.40%	24.49%	30.15%	(20.92%)	81.84%
<b>Total Assets</b>	(6.02%)	27.59%	17.01%	33.90%	(6.54%)	68.01%
<b>Equity &amp; Liabilities</b>						
<b>Share Capital &amp; Reserves</b>						
Capital reserves	(84.10%)	739%	-	-	-	-
Revenue Reserves	7.82%	(7.20%)	5.38%	20.04%	9.30%	80.83%
<b>Total Equity</b>	(4.16%)	4.89%	5.09%	18.74%	8.64%	71.09%
<b>Non Current Liabilities</b>						
Long term financing	-	(100.00%)	(66.67%)	(40.00%)	(28.57%)	(90.11%)
Deferred Liabilities	9.31%	45.23%	36.55%	42.71%	12.73%	9.31%
	9.31%	43.37%	31.35%	33.43%	5.86%	(59.08%)
<b>Current Liabilities</b>						
Trade & other payables	(5.00%)	74.26%	0.27%	3.36%	(16.02%)	14.18%
Accured markup	(65.96%)	(5.84%)	108.71%	52.28%	(61.48%)	73.85%
Short term borrowings	(8.19%)	36.98%	30.24%	65.87%	(8.16%)	148.14%
Current Portion of long term financing	(100.00%)	(50.01%)	-	-	(96.86%)	3087.64%
Provision for taxation	1.13%	938.16%	100.00	-	(100.00%)	(78.12%)
	(8.21%)	42.91%	26.40%	50.85%	(19.82%)	106.12%
<b>Total Equity &amp; liabilities</b>	(6.02%)	27.59%	17.01%	33.90%	(6.54%)	68.01%

# analysis of profit & loss account

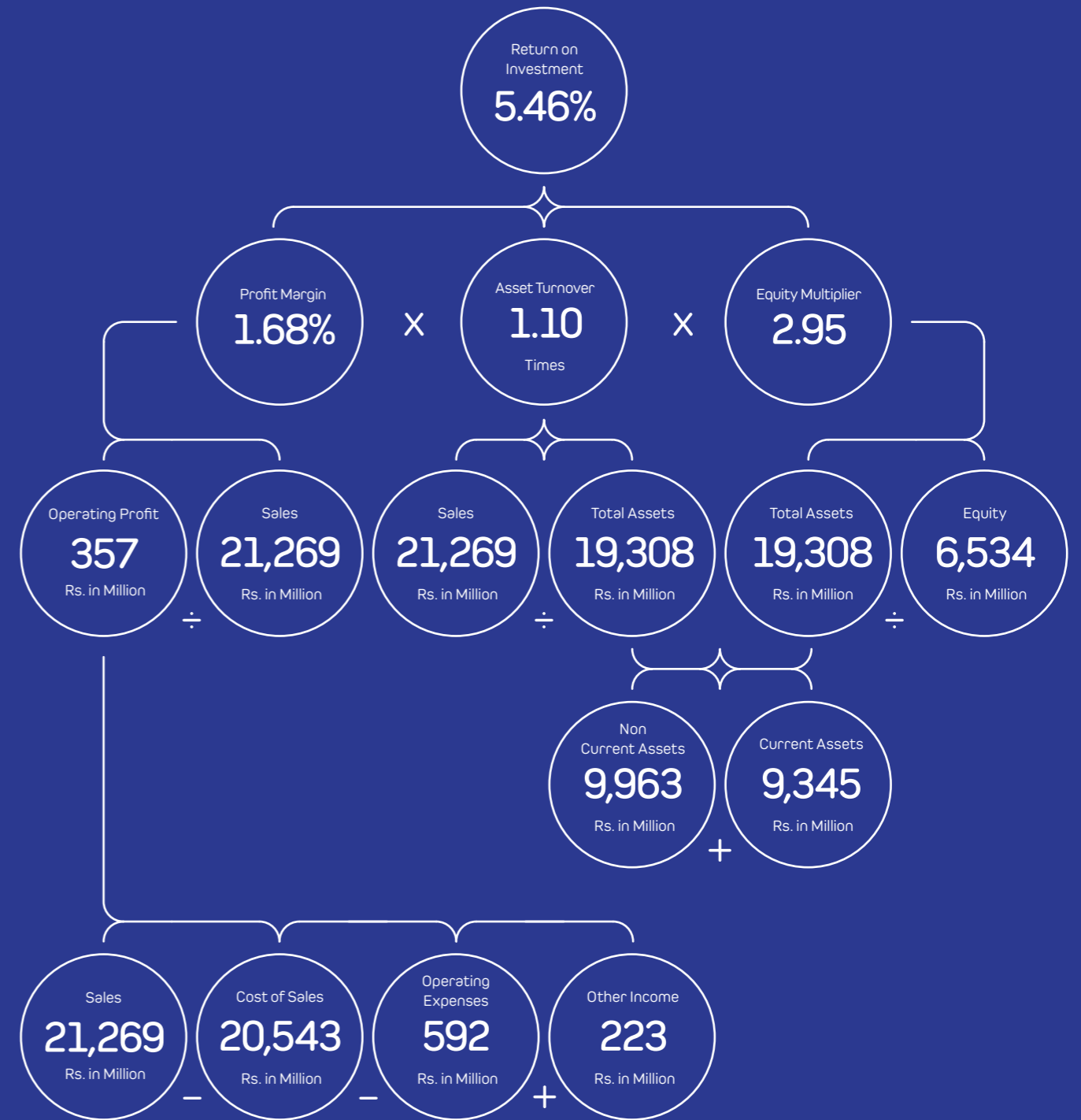
## Vertical Analysis

	2016	2015	2014	2013	2012	2011
Turnover	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of Sales	96.59%	95.09%	90.37%	87.97%	91.51%	82.03%
Gross Profit	3.41%	4.91%	9.63%	12.03%	8.49%	17.97%
Distribution Cost	1.41%	1.61%	1.53%	1.76%	1.82%	1.87%
Administrative Expense	1.01%	0.99%	0.57%	0.47%	0.65%	0.43%
Operating Profit	0.99%	2.32%	7.53%	9.80%	6.02%	15.67%
Finance cost	2.11%	3.44%	3.69%	2.32%	2.18%	0.95%
Other operating charges	0.36%	0.09%	0.92%	1.16%	0.98%	1.51%
Other operating income	(1.05%)	(0.83%)	(0.77%)	(0.39%)	(1.97%)	(0.66%)
Profit/(Loss) before taxation	(0.43%)	(0.39%)	3.68%	6.72%	4.82%	13.87%
Taxation	0.85%	1.31%	0.79%	0.67%	0.04%	0.09%
(Loss)/Profit for the year	(1.29%)	(1.71%)	2.89%	6.05%	4.78%	13.79%

## Horizontal Analysis

	2016	2015	2014	2013	2012	2011
	vs	vs	vs	vs	vs	vs
	2015	2014	2013	2012	2011	2010
Turnover	(7.54%)	14.64%	7.46%	37.61%	(13.22%)	55.94%
Cost of Sales	(6.08%)	20.62%	10.39%	32.28%	3.19%	51.92%
Gross Profit	(35.73%)	(41.53%)	(13.99%)	95.05%	(59.01%)	77.32%
Distribution Cost	(19.14%)	20.63%	(6.52%)	32.88%	15.66%	4.59%
Administrative Expense	(4.92%)	97.03%	31.91%	(0.90%)	(31.48%)	23.29%
Operating Profit	(13.74%)	(64.73%)	(17.52%)	124.21%	(66.67%)	95.97%
Finance cost	(43.25%)	7.01%	70.40%	46.84%	99.99%	(49.13%)
Other operating charges	253.60%	(88.22%)	(14.07%)	61.96%	(43.61%)	157.00%
Other operating income	17.20%	23.50%	110.68%	(72.57%)	157.41%	1387.09%
Profit/(Loss) before taxation	2.09%	(112.21%)	(41.06%)	91.62%	(69.83%)	148.04%
Taxation	39.85%	90.75%	27.50%	2096.94%	57.63%	(71.31%)
(Loss)/Profit for the year	(30.20%)	(167.55%)	(48.60%)	74.15%	(69.91%)	160.36%

# dupont analysis



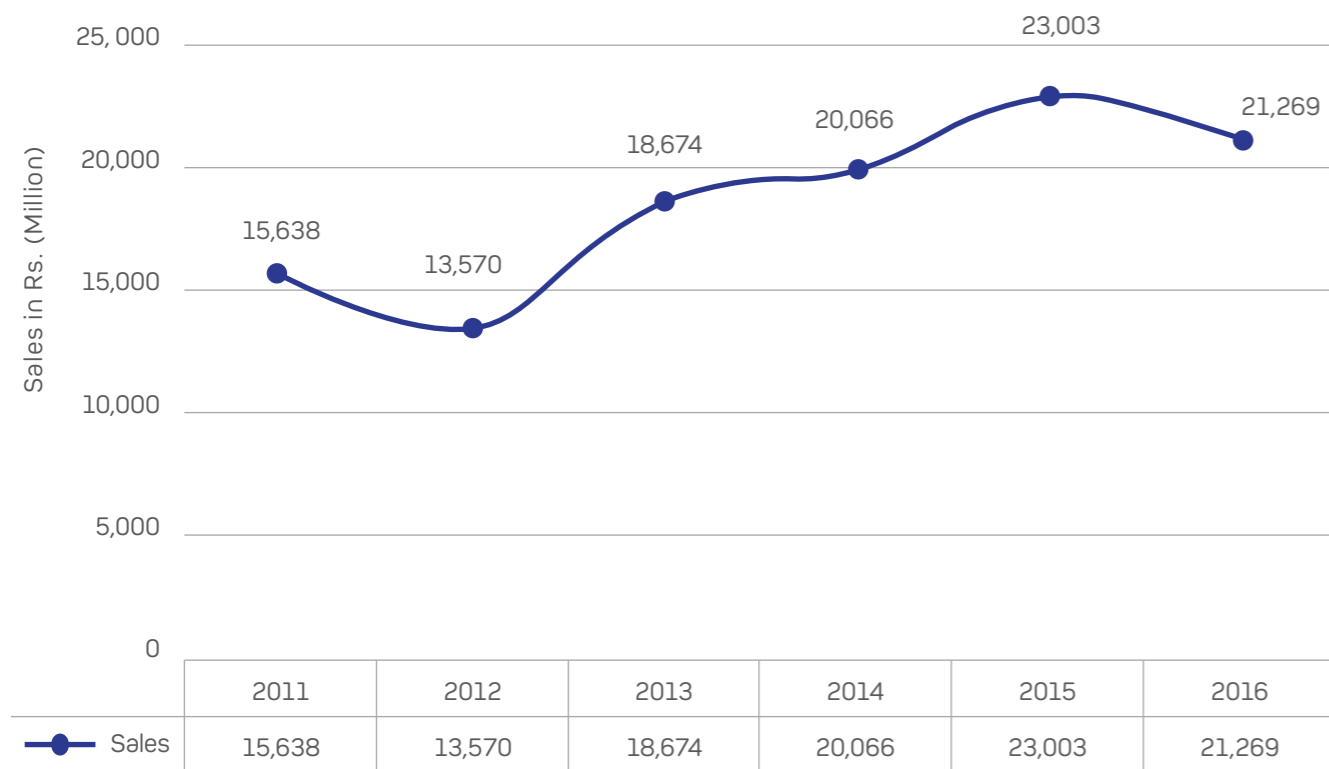
## History of DuPont

DuPont was originally a gunpowder mill founded in July 1802 by Eleuthère Irénée du Pont and today is one of the largest chemical companies in the world. DuPont was a pioneer with respect to management accounting systems, including devising the accounting ratio Return on Investment (ROI).

# comments on the financial results

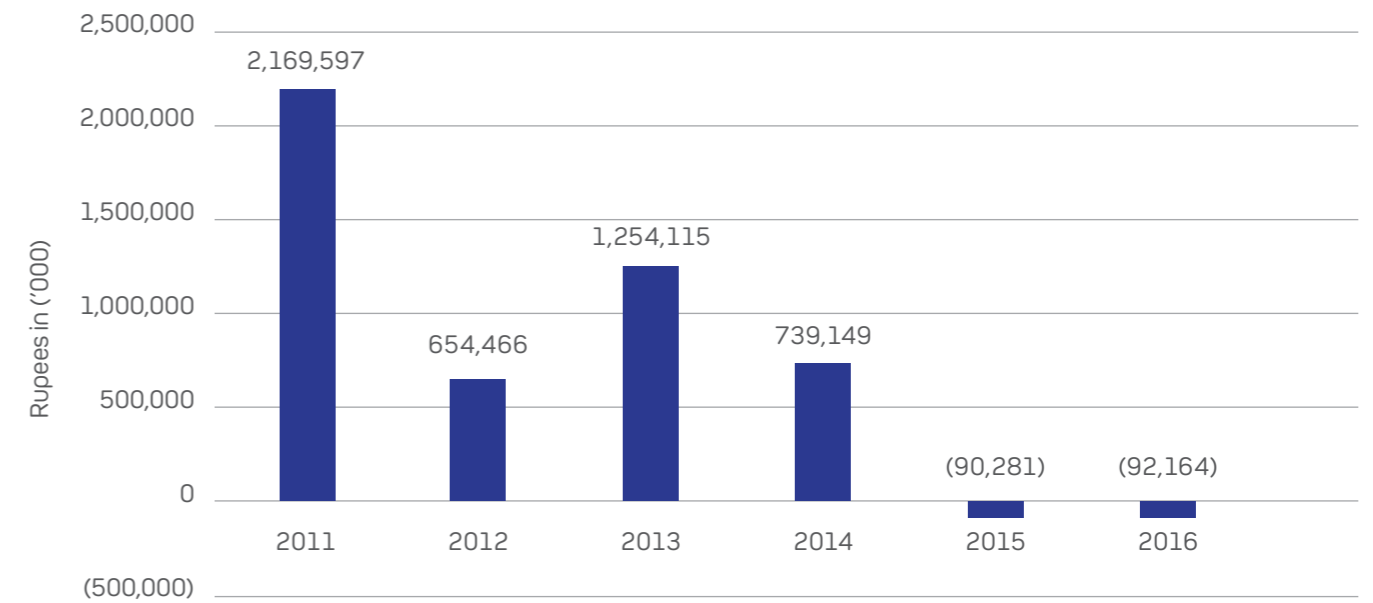
## Sales

Your company has recorded compounded annual sales growth rate of 13.5 percent, over the span of six years, which included the effect of decline in annual sales of 7 percent this year. This decline in current year sales negatively affects the overall growth rate by 1.5 percent. Despite lower top-line result this year, the management of your Company is confident that with effective strategy in place coupled with consistent efforts, better results will be achieved in future years. The efforts of the management are evident by the fact that the local sales increased by 8.53%, undeterred by the ever so competitive market.



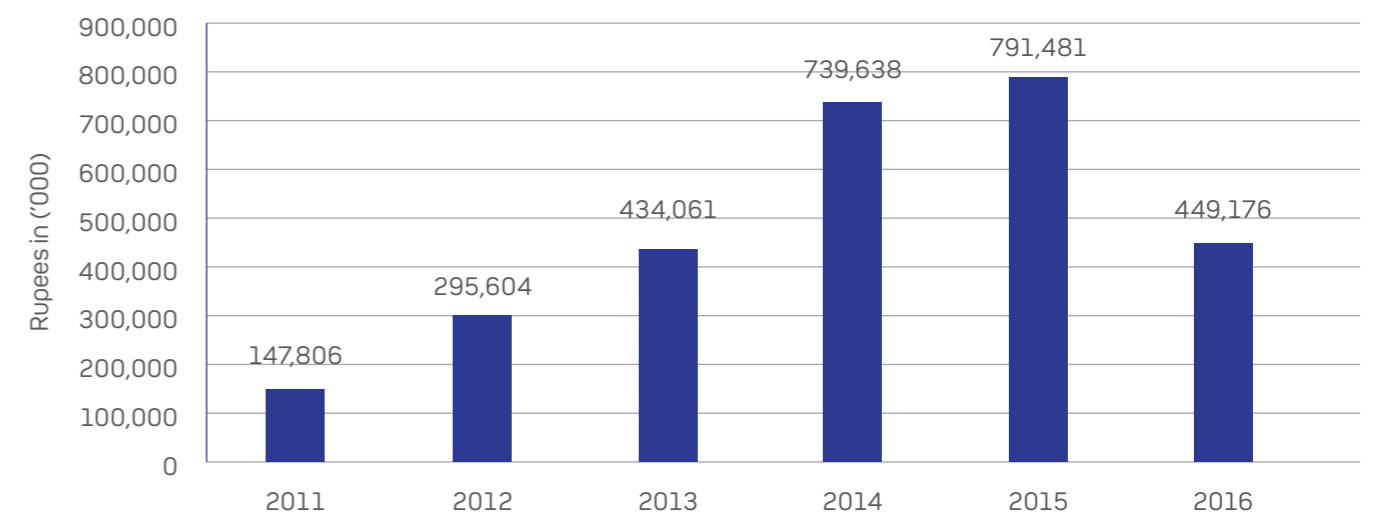
## Profit Before Taxation

The bottom line of your Company has witnessed a falling trend over the period of six years. Fierce competition and rising production cost are main critical factors in scaling down the profitability. This year alone, the conversion costs increased by 4 percent to Rs. 7.2 billion, mainly due to Stores, Power and Salaries, Wages and Benefits. The company also managed to restrict its administrative, distribution and other operating costs which can be witnessed by comparing the decline in gross profit margin of 1.5 percent and decline in net profit margin of 0.4 percent. Further, despite the adverse scenario and decline in sales by 7 percent this year, the merger synergies, cost curtailment and aggressive sales planning makes the Company confident to look forward to better results.

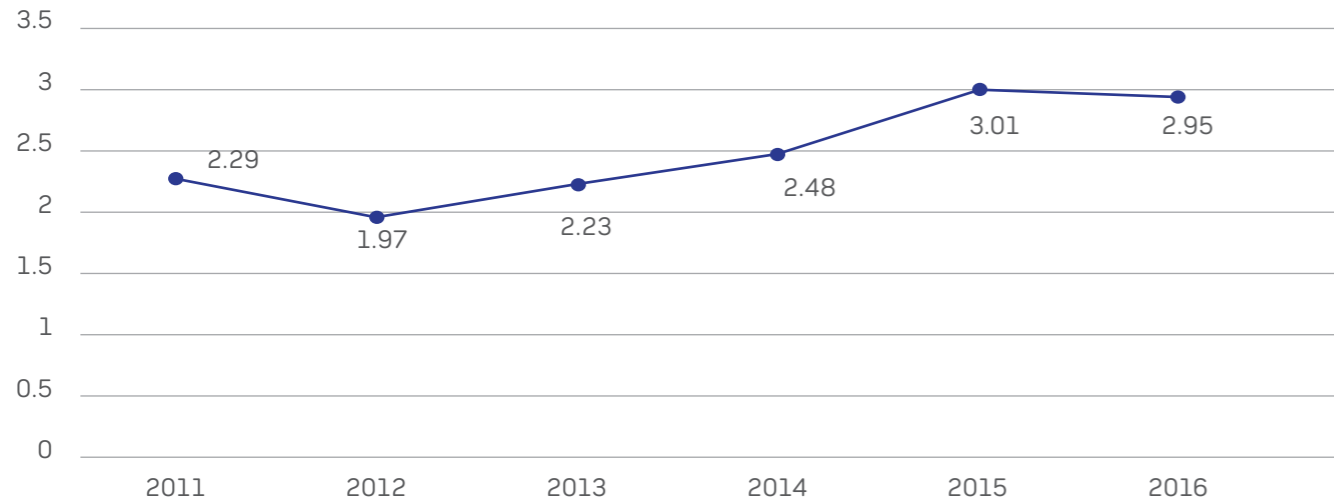


## Finance Cost

With effective cash flow planning, significant decline in benchmark rates and consistent efforts, your company has been able to reduce the finance cost by 43% since last year from Rs.791 million to Rs. 449 million. In addition to this, your company also enjoys a zero percent long-term gearing level that provides it an opportunity to sustain under such challenging economic circumstances.



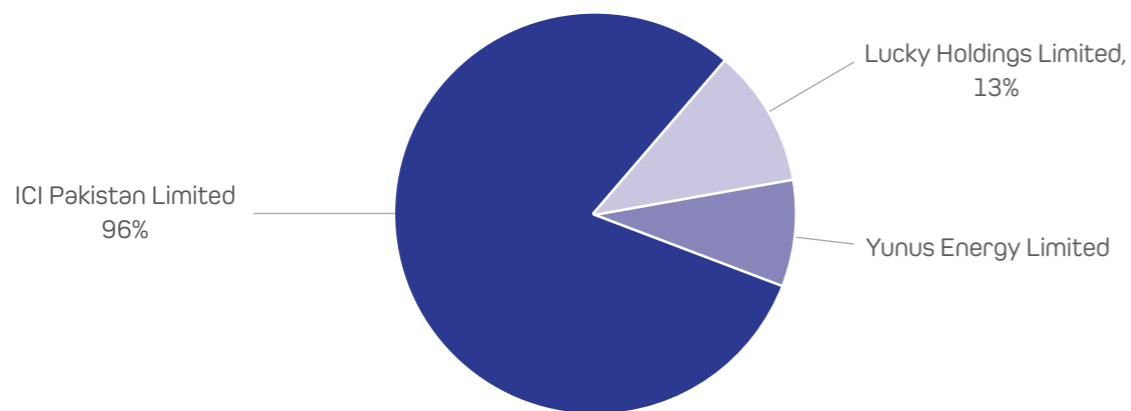
## Equity Multiplier



Over the financial years, your company's equity base has gradually improved which is evident by the equity multiplier ratio of 2.95 in 2016 as compared to 2.29 in 2011. This is consistent with our overall strategic objectives of securing and maximizing our shareholders' wealth. The strong asset base has also helped the business to strengthen its root and emerge as "One of the Largest Spinning Units of Pakistan".

## Short-term Investment

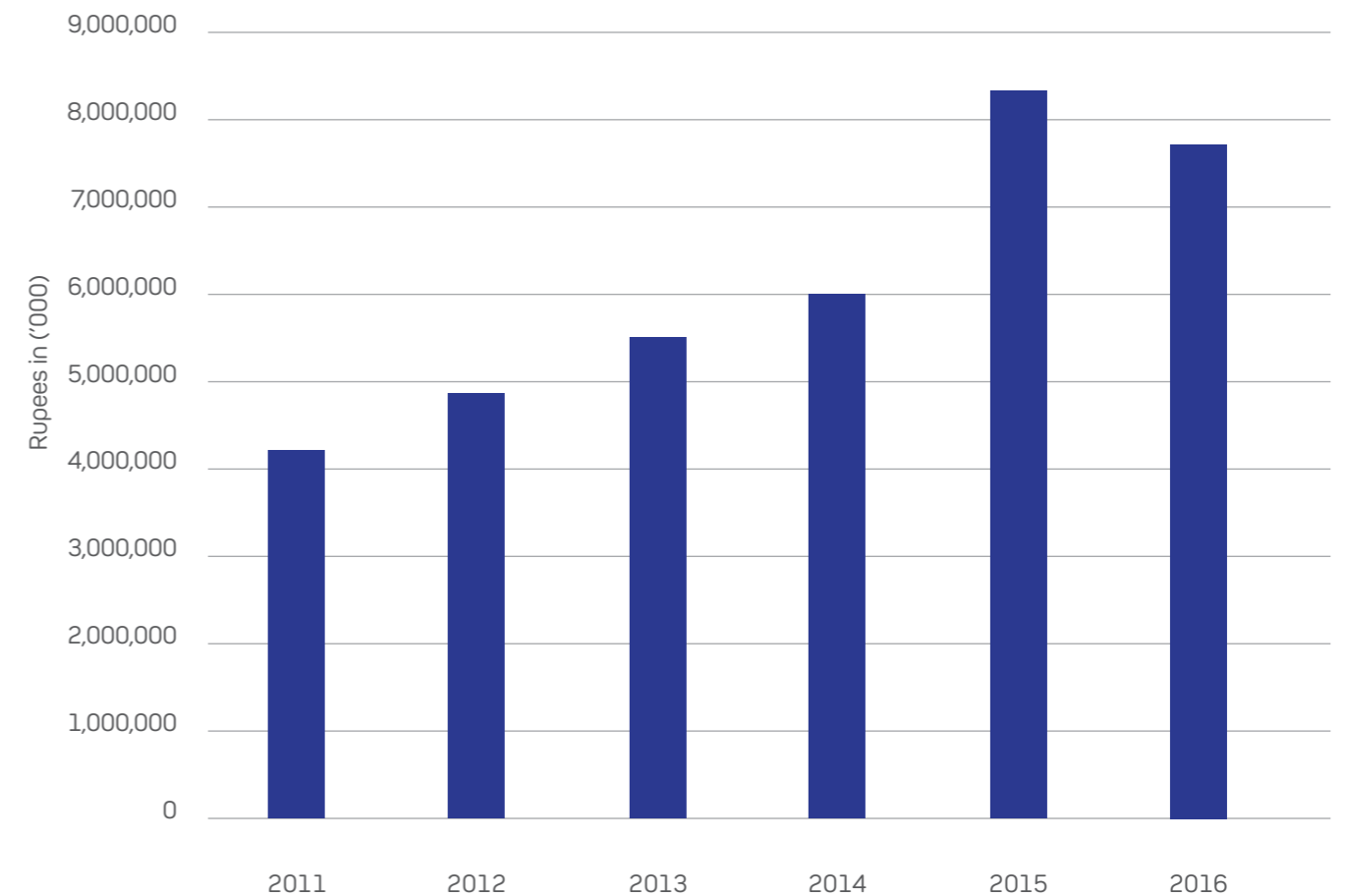
As mentioned in our strategic objectives, your Company has been continuously seeking for viable avenues and is making profitable strategic investments. These investments have been made in diversified business sectors, namely, ICI Pakistan Limited, Lucky Holdings Limited and Yunus Energy Limited. This year alone, these associated companies have added Rs. 182 million to the profitability of the entire business and the management believes that these strategic investments will keep adding value towards the company's profitability in the future years.



■ ICI Pakistan Limited ■ Lucky Holdings Limited ■ Yunus Energy Limited

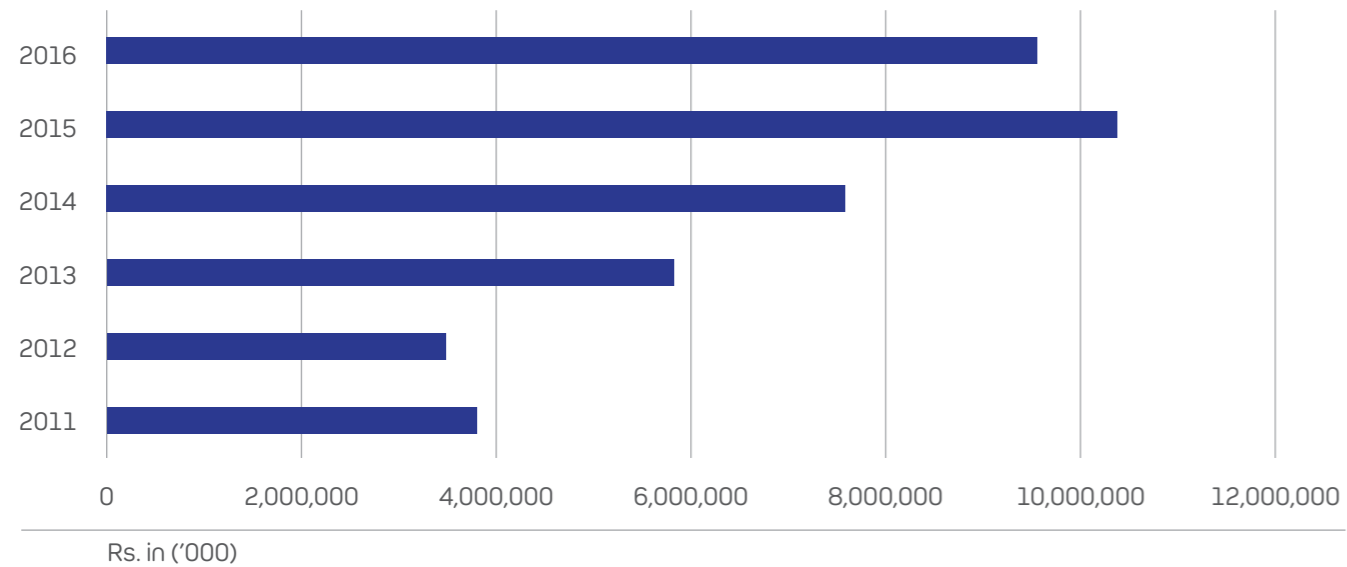
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## Operating Assets



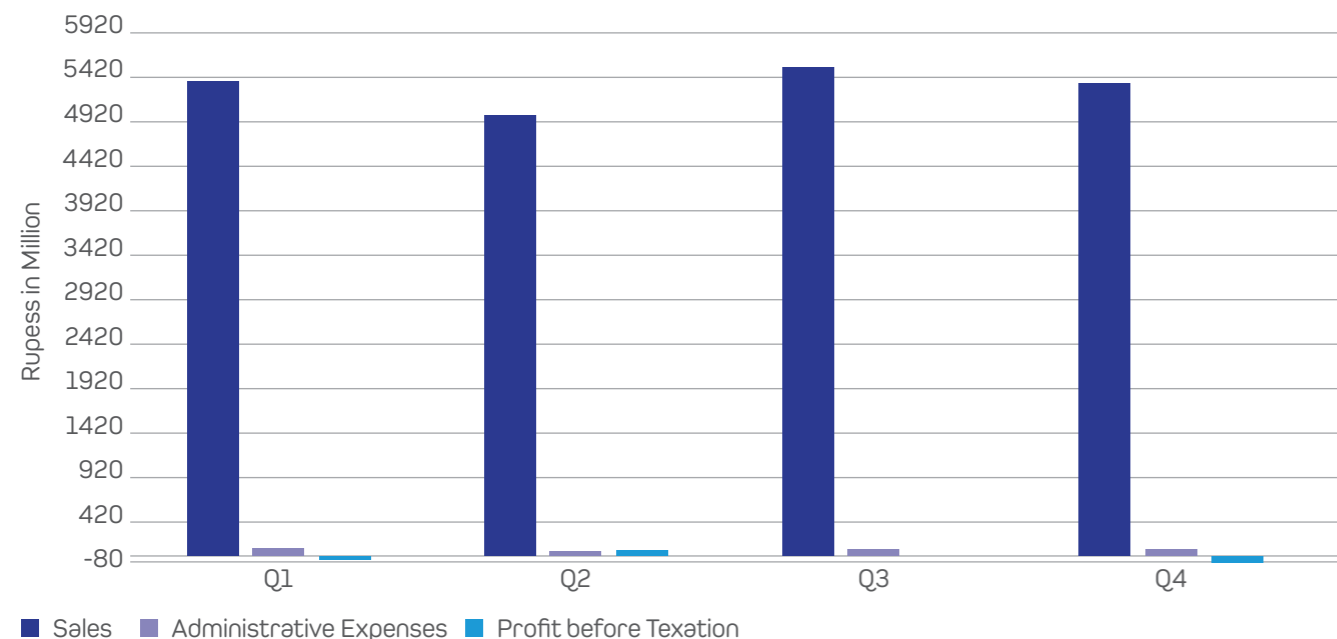
Operating assets have witnessed an increase of 85 percent, from Rs. 4.1 billion to Rs. 7.7 billion in 2016. This increase has been due to the continuous BMR investment in state-of-the-art machinery. Furthermore, the commencement of operations at Karachi Project in 2011 and recent merger with Fazal Textile Mills Limited (FTML) also added to the installed spindles capacity by 40,000 and 60,000 spindles, respectively, making a total of 321,000 currently. The Asset Turnover for the year resulted in 1.12 times, which indicates the efficiency with which your company is deploying its assets in generating revenue.

## Short-term Borrowings



With continuous growth and expansion of your Company, more resources are needed to fund the operations for which the short-term borrowings are used. Over the span of six years, short-term borrowings have increased significantly from Rs. 3.8 billion to Rs. 9.5 billion. These borrowings mainly constitute short-term borrowing facilities used for procurement and other working capital needs. Further, your company also managed to maintain a stable liquidity position. The team of professionals at the company also ensure to manage working capital cycle at the optimum level.

## Quarterly Analysis



## Sales

Quarter wise sales of your Company have been consistent over the period. Sales increased by 2 percent in quarter one as compared to the same period last year. However, Quarter two and three, in particular, showed an uneven pattern which correlates with the volatile market that your company operates in. The management of the Company believes that the sales will improve further after the implementation of zero rated tax regime in the entire supply chain of Textile sector.

## Administrative Expenses

Over the four quarters, the company has strived to lower its administrative expenses by implementing constructive cost saving measures to reduce the impact of high conversion costs. The company has been successful in the execution of the cost saving measures as the administrative expenses declined by 5 percent throughout the year and the continuous execution of these measures will contribute further positively towards the profitability of the Company.

## Cashflow and Profitability

Owing to the market conditions, profit before taxation has shown a declining trend throughout the quarters for the year with the exception of quarter two, where despite a fall in sales your company achieved positive bottom line results. This was mainly due to improved profit margins, reduced cost of sales and better market conditions. However, increasing production cost along with declining profit margins on sales have contributed negatively towards the profitability of the Company this year.

Despite all the setbacks, operating activities of the Company have positively added Rs. 1.2 billion net cash to the business after payments of commitments of Rs. 851 million in terms of finance cost, income tax and gratuity payments. An overall increase in the net cash and cash equivalents have been Rs. 732 million, which suggests that regardless of falling profit margins, the Company is operating well in terms of cash and has a good working capital cycle.



# statement of compliance of the code of corporate governance

This statement is being presented to comply with the Code of Corporate Governance (Code) contained in Regulations of Pakistan Stock Exchange 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.

Gadoon Textile Mills Limited (the Company) has applied the principles contained in the Code in the following manner:-

Category	Name
Independent Director	Mr. Saleem Zamindar
Executive Director	Mr. Muhammad Sohail Tabba (CEO)
Non - Executive Directors	Mr. Muhammad Yunus Tabba (Chairman) Mr. Muhammad Ali Tabba Mr. Imran Yunus Mr. Jawed Yunus Tabba Mrs. Mariam Tabba Khan Mrs. Zulekha Tabba Maskatiya

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

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
- All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

- During the year, no casual vacancy arose on the Board.
- 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.
- 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.
- All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of the employment of the CEO, other executives and non-executive directors, have been taken by the board/shareholders.
- The meetings of the board were presided over by the Chairman who is a non-executive director and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.
- The directors of the Company are adequately trained to perform their duties, and are aware of their responsibilities under the Companies Ordinance, 1984 and the Listing Regulation of Pakistan Stock Exchange. During the year, remaining two directors have acquired the certification under the director's training program and all other directors are exempt from such requirement as prescribed by the Code.
- There has been no change in the position of Chief Financial officer, the Company Secretary and Head of Internal Audit during the year.

- The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
- The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
- The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholdings.
- The Company has complied with all the corporate and financial reporting requirements of the Code.
- The Board has formed an Audit Committee. It comprises of four members, all of them are non-executive directors and the chairman of the committee is an independent director.
- The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference (TORs) of the committee have been formed and advised to the committee for compliance.
- The Board has formed Human Resource and Remuneration Committee. It comprises three Members, all of whom are non-executive directors including Chairman of the committee.
- The Board has set up an effective internal audit function and the members of internal audit function

For and on behalf of the Board of  
Directors

are considered suitably qualified and experienced for the purpose and conversant with the policies and procedures of the Company.

- The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
- 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.
- The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.
- Material / price sensitive information has been disseminated among all market participants at once through stock exchange.
- We confirm that all other material principles enshrined in the Code have been complied with.



Muhammad Sohail Tabba  
Chief Executive Officer  
Dated: September 2, 2016, Karachi

# review report of statement of compliance

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 (the Board) of Gadoon Textile Mills Limited (the Company) for the year ended June 30, 2016 to comply with the requirements of Regulation 5.19 of the Pakistan Stock Exchange, where the Company is listed.

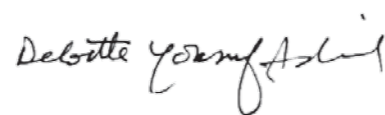
The responsibility for compliance with the Code is that of the Board of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and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

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

effectiveness of such internal controls, the Company's corporate governance procedures and risks.

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

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



Deloitte Yousuf Adil  
Chartered Accountants

Place: Karachi  
Date: September 02, 2016

# auditors' report to the shareholders

We have audited the annexed balance sheet of Gadoon Textile Mills Limited (the Company) as at June 30, 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the 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:

Date: September 02, 2016  
Place: Karachi

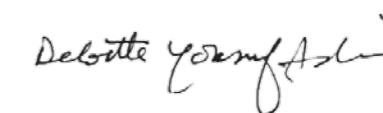
a. in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

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, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2016 and of the loss, total comprehensive income, its cash flows and changes in equity for the year then ended; and

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



Deloitte Yousuf Adil  
Chartered Accountants

Engagement Partner  
Mushtaq Ali Hirani

# spinning dividends



## financial statements

GTML celebrates a legacy of almost three decades of churning out positive monetary rewards for its shareholders.

Over the course of time, GTML continued with a renewed commitment every passing year to ensure that our stakeholders rejoiced their fair share of our collective fiscal success.

# balance sheet

As at June 30, 2016

	Note	2016 ----- (Rupees in '000) -----	2015 ----- (Rupees in '000) -----
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	4	7,727,013	8,322,228
Long-term advance	5	-	-
Long-term loans	6	16,282	21,832
Long-term deposits		25,058	24,956
Long-term investments	7	2,194,332	1,683,343
		<u>9,962,685</u>	<u>10,052,359</u>
<b>Current Assets</b>			
Stores, spares and loose tools	8	515,910	528,328
Stock-in-trade	9	5,148,415	4,895,445
Trade debts	10	1,547,639	2,021,935
Loans and advances	11	579,440	413,108
Receivable from an associate	12	-	987,583
Short-term investment	13	75,734	59,745
Trade deposits and short-term prepayments		29,573	7,994
Other receivables	14	448,425	374,272
Income tax refundable		612,128	696,430
Cash and bank balances	15	387,454	506,553
		<u>9,344,718</u>	<u>10,491,393</u>
<b>Total Assets</b>		<u>19,307,403</u>	<u>20,543,752</u>

## EQUITY AND LIABILITIES

### Share Capital and Reserves

Authorised		57,500,000 ordinary shares of Rs.10/- each
		<u>575,000</u>
Issued, subscribed and paid-up capital	16	280,296
Capital reserves		137,541
Revenue reserves		6,115,768
Capital to be issued pursuant to amalgamation		-
<b>Total Equity</b>		<u>6,533,605</u>

### Non-Current Liabilities

Long-term finance	17	-
Deferred liabilities	18	996,912
		<u>996,912</u>

### Current Liabilities

Trade and other payables	19	1,872,207
Accrued mark-up		45,605
Short-term borrowings	20	9,553,768
Provision for taxation		212,452
Current portion of long-term finance	17	-
		<u>11,684,032</u>

### Total Equity and Liabilities

## CONTINGENCIES AND COMMITMENTS

The annexed notes 1 to 39 form an integral part of these financial statements.



**MUHAMMAD SOHAIL TABBA**  
Chief Executive Officer

Note	2016 ----- (Rupees in '000) -----	2015 ----- (Rupees in '000) -----
	<u>575,000</u>	<u>575,000</u>
16	280,296	234,375
	137,541	864,874
	6,115,768	5,672,349
	-	45,921
	<u>6,533,605</u>	<u>6,817,519</u>
17	-	-
18	1,089,766	996,912
	<u>1,089,766</u>	<u>996,912</u>
19	1,872,207	1,970,757
	45,605	133,964
20	9,553,768	10,405,623
	212,452	210,072
17	-	8,905
	<u>11,684,032</u>	<u>12,729,321</u>
	<u>19,307,403</u>	<u>20,543,752</u>
21		



**MUHAMMAD YUNUS TABBA**  
Chairman

# profit and loss account

For the Year Ended June 30, 2016

	Note	2016 ----- (Rupees in '000) -----	2015 ----- (Rupees in '000) -----
Sales - net	22	21,269,477	23,003,447
Cost of sales	23	(20,543,285)	(21,873,625)
Gross profit		726,192	1,129,822
Distribution cost	24	(299,410)	(370,304)
Administrative expenses	25	(215,697)	(226,862)
		(515,107)	(597,166)
		211,085	532,656
Finance cost	26	(449,176)	(791,481)
Other operating expenses	27	(77,212)	(21,836)
		(315,303)	(280,661)
Other income	28	40,355	24,421
Share of profit from associates - net of tax	7.2, 7.3 & 7.4	182,784	165,959
Loss before taxation		(92,164)	(90,281)
Taxation	29	(181,681)	(302,053)
Loss for the year		(273,845)	(392,334)
Earnings per share - basic and diluted (Rupees)	30	(9.77)	(14.59)

The annexed notes 1 to 39 form an integral part of these financial statements.



**MUHAMMAD SOHAIL TABBA**  
Chief Executive Officer



**MUHAMMAD YUNUS TABBA**  
Chairman

# statement of comprehensive income

For the Year Ended June 30, 2016

	Note	2016 ----- (Rupees in '000) -----	2015 ----- (Rupees in '000) -----
Loss for the year		(273,845)	(392,334)
<b>Other comprehensive income</b>			
Items that will be reclassified subsequently to profit or loss			
Share of other comprehensive income from associates	7.2 & 7.3	(1,044)	8,799
Items that will not be reclassified subsequently to profit or loss			
- Remeasurement of defined benefit obligation	18.1.4	(11,045)	13,303
- Income tax relating to defined benefit obligation		2,019	(2,308)
		(9,026)	10,995
Total comprehensive loss for the year		(283,915)	(372,540)

The annexed notes 1 to 39 form an integral part of these financial statements.



**MUHAMMAD SOHAIL TABBA**  
Chief Executive Officer



**MUHAMMAD YUNUS TABBA**  
Chairman

# cash flow statement

For the Year Ended June 30, 2016

	2016	2015
Note	----- (Rupees in '000) -----	
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(92,164)	(90,281)
Adjustments for:		
Depreciation	811,284	777,626
Gain on disposal of operating fixed assets	(10,022)	(3,664)
Finance cost	449,176	791,481
Unrealised gain on short-term investment	(15,989)	(10,737)
Share of profit from associates - net of tax	(182,784)	(165,959)
Provision for gratuity	171,370	153,146
	1,223,035	1,541,893
Operating cash flows before working capital changes	1,130,871	1,451,612
(Increase) / decrease in current assets		
Stores, spares and loose tools	12,418	(30,220)
Stock-in-trade	(252,970)	1,604,962
Trade debts	474,296	115,339
Loans and advances	(35,287)	128,670
Receivable from an associate	987,583	(722,414)
Trade deposits and short-term prepayments	(21,579)	(2,271)
Other receivables	(74,153)	24,227
	1,090,308	1,118,293
(Decrease) / increase in current liabilities		
Trade and other payables	(98,492)	109,843
Changes in working capital	991,816	1,228,136
Cash generated from operations	2,122,687	2,679,748
Finance cost paid	(537,535)	(908,113)
Income tax paid	(230,417)	(170,369)
Gratuity paid	(83,167)	(97,403)
	(851,119)	(1,175,885)
Net cash generated from operating activities	1,271,568	1,503,863

## B. CASH FLOWS FROM INVESTING ACTIVITIES

	2016	2015
Note	----- (Rupees in '000) -----	
Purchase of property, plant and equipment	(227,048)	(439,297)
Sale proceeds from disposal of property, plant and equipment	20,999	23,554
Long term loans paid back by / disbursed to employees	5,550	(10,960)
Long-term deposits given	(102)	(2,783)
Investment in associates	(407,000)	(203,615)
Dividend received from an associate	77,752	53,828
Net cash used in investing activities	(529,849)	(579,273)

## C. CASH FLOWS FROM FINANCING ACTIVITIES

	2016	2015
Note	----- (Rupees in '000) -----	
Repayment of long-term finance	(8,905)	(17,814)
Dividend paid	(58)	(113,032)
Net cash used in financing activities	(8,963)	(130,846)

## Net increase in cash and cash equivalents (A+B+C)

	2016	2015
Note	----- (Rupees in '000) -----	
Cash and cash equivalents at the beginning of the year	(9,899,070)	(7,264,440)
Transferred from FTML as on October 1, 2014 on amalgamation	-	(3,428,374)
Cash and cash equivalents at the end of the year	(9,166,314)	(9,899,070)

## CASH AND CASH EQUIVALENTS

	2016	2015
Note	----- (Rupees in '000) -----	
Cash and bank balances	387,454	506,553
Short-term borrowings	(9,553,768)	(10,405,623)
	(9,166,314)	(9,899,070)

The annexed notes 1 to 39 form an integral part of these financial statements.



**MUHAMMAD SOHAIL TABBA**  
Chief Executive Officer



**MUHAMMAD YUNUS TABBA**  
Chairman

# statement of changes in equity

For the Year Ended June 30, 2016

	-----Capital Reserves-----					-----Revenue Reserves-----				Grand Total
	Issued, subscribed and paid-up share capital	Capital to be issued pursuant to amalgamation	Share Premium	Amalgamation Reserve	Sub Total	General Reserve	Amalgamation Reserve	Unappropriated Profit	Sub Total	
	Rupees in '000									
Balance as at July 1, 2014	234,375	-	103,125	-	103,125	1,000,000	-	5,162,077	6,162,077	6,499,577
Reserve arising on amalgamation	-	-	-	34,416	34,416	-	727,333	-	727,333	761,749
Capital to be issued pursuant to amalgamation	-	45,921	-	-	-	-	-	-	-	45,921
<b>Total comprehensive loss for the year</b>										
Loss for the year	-	-	-	-	-	-	-	(392,334)	(392,334)	(392,334)
Other comprehensive income	-	-	-	-	-	-	-	19,794	19,794	19,794
Total comprehensive loss for the year	-	-	-	-	-	-	-	(372,540)	(372,540)	(372,540)
<b>Transactions with owners recorded directly in equity</b>										
Final dividend for the year ended June 30, 2014 @ Rs. 5/- per share	-	-	-	-	-	-	-	(117,188)	(117,188)	(117,188)
Balance as at June 30, 2015	234,375	45,921	103,125	34,416	137,541	1,000,000	727,333	4,672,349	6,399,682	6,817,519
<b>Transactions with owners recorded directly in equity</b>										
Shares issued pursuant to amalgamation	45,921	(45,921)	-	-	-	-	-	-	-	-
<b>Total comprehensive loss for the year</b>										
Loss for the year	-	-	-	-	-	-	-	(273,845)	(273,845)	(273,845)
Other comprehensive income	-	-	-	-	-	-	-	(10,069)	(10,069)	(10,069)
Total comprehensive loss for the year	-	-	-	-	-	-	-	(283,915)	(283,915)	(283,915)
<b>Balance as at June 30, 2016</b>	<b>280,296</b>	<b>-</b>	<b>103,125</b>	<b>34,416</b>	<b>137,541</b>	<b>1,000,000</b>	<b>727,333</b>	<b>4,388,435</b>	<b>6,115,768</b>	<b>6,533,605</b>

The annexed notes 1 to 39 form an integral part of these financial statements.

**MUHAMMAD SOHAIL TABBA**  
Chief Executive Officer

**MUHAMMAD YUNUS TABBA**  
Chairman

# notes to the financial statements

For the Year Ended June 30, 2016

## 1. THE COMPANY AND ITS OPERATIONS

1.1 Gadoon Textile Mills Limited (the Company) was incorporated in Pakistan on February 23, 1988 as a public limited company under the Companies Ordinance, 1984 and is listed on Pakistan Stock Exchange. The manufacturing facilities of the Company are located at Gadoon Amazai Industrial Estate Khyber Pakhtunkhwa and 57 km on Super Highway (near Karachi). The principal activity of the Company is manufacturing and sale of yarn and knitted fabrics. Y.B. Holdings (Private) Limited is the holding company.

In pursuance of the special resolution passed at the 28th Annual General Meeting of the Company held on October 29, 2015 the registered office of the company has been changed from 7-A, Muhammad Ali Society, Abdul Aziz Haji Hashim Tabba Street, Karachi, Province of Sindh, Pakistan to 200-201, Gadoon Amazai Industrial Estate, District Swabi, Province of Khyber Pakhtunkhwa, Pakistan.

1.2 The High Court of Sindh through its order dated June 4, 2015 sanctioned the scheme of amalgamation of textile business of Fazal Textile Mills Limited (FTML), an associate, including properties, assets, liabilities, and the rights and obligations into and vest in the company with effect from close of business on September 30, 2014. The comparative financial statements reflect the effects of the amalgamation. The comparative profit and loss account, statement of comprehensive income, statement of cash flows and notes to the accounts reflect the results of nine months of FTML post merger operations and therefore are not entirely comparable.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, and 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 convention except:

- obligations under the defined benefit plan are stated at present value;
- short-term investment is stated at fair value; and
- investment in associates are accounted for under equity method.

### 2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

### 2.4 Use of estimates and judgments

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

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ

from these estimates. The estimates underlying the assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

- a) determining the residual values and useful lives of the property, plant and equipment (note 3.1);
- b) valuation of stock-in-trade - at lower of cost and NRV (note 3.3);
- c) provision for taxation including deferred tax (note 3.9);
- d) accounting for staff retirement benefits (notes 3.10);
- e) provisions - for slow moving stores (note 3.17);
- f) provisions - for doubtful debts (note 3.17);
- g) provisions - doubtful advances (note 3.17); and
- h) provisions against liability (note 3.17).

## 2.5 New accounting standard / amendments and IFRS interpretation that are effective for the year ended June 30, 2016

2.5.1 The following standards, amendments and interpretations are effective for the year ended June 30, 2016. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Standards / Amendments / Interpretation	"Effective date" (accounting periods beginning on or after)
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
IAS 27 (Revised 2011) – Separate Financial Statements	January 01, 2015
IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures	January 01, 2015

## 2.6 New accounting standards / amendments and IFRS interpretation that are not yet effective

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

Standards / Amendments / Interpretation	"Effective date" (accounting periods beginning on or after)
Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	January 01, 2018
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture	Effective date is deferred indefinitely. Earlier adoption is permitted.
Amendments to IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures' - Investment Entities: Applying the consolidation exception	January 01, 2016

Standards / Amendments / Interpretation	"Effective date" (accounting periods beginning on or after)
Amendments to IFRS 11 'Joint Arrangements' - Accounting for acquisitions of interests in joint operations	January 01, 2016
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure initiative	January 01, 2016
Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	January 01, 2017
Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses	January 01, 2017
Amendments to IAS 16 'Property Plant and Equipment' and IAS 38 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortization	January 01, 2016
Amendments to IAS 16 'Property Plant and Equipment' and IAS 41 'Agriculture' - Measurement of bearer plants	January 01, 2016
Amendments to IAS 27 'Separate Financial Statements' - Equity method in separate financial statements	January 01, 2016
Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:	
• IFRS 1- First Time Adoption of International Financial Reporting Standards	
• IFRS 9 – Financial Instruments	
• IFRS 14 – Regulatory Deferral Accounts	
• IFRS 15 – Revenue from Contracts with Customers	
• IFRS 16 – Leases	

## 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, 2015 and are enumerated as follows:

### 3.1 Property, plant and equipment

Property, plant and equipment except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land and capital work-in-progress are stated at cost less impairment losses, if any.

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 intended use.

Depreciation is charged from the month when the asset is available for use and ceased from the month of disposal, to profit and loss account applying the reducing balance method except for leasehold land, which is depreciated using the straight-line method. The residual values, useful lives and depreciation methods are reviewed and changes, if any, are treated as change in accounting estimates, at each balance sheet date. Rates for depreciation are stated in note 4.1 to the financial statements.



Maintenance and repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gains and losses on disposal of assets are taken to profit and loss account as and when incurred.

### 3.2 Stores, spares and loose tools

These are stated at lower of cost and net realizable value. Cost is determined using moving average method. Items in transit are stated at invoice value plus other charges incurred thereon until the balance sheet date.

For items that are slow moving and / or identified as surplus to the Company's requirements, adequate provision is made, if necessary, for any excess carrying value over estimated realizable value and charged to profit and loss account.

### 3.3 Stock-in-trade

Basis of valuation is as under:

- Raw material in hand (imported)	Lower of cost and net realizable value (NRV) - specific identification basis
- Raw material in hand (local)	Lower of cost (weighted average) and NRV
- Raw material in-transit	Cost accumulated to end of reporting period
- Work-in-process	Lower of cost (weighted average) and NRV
- Finished goods	Lower of cost and NRV
- Waste	NRV

Cost in relation to work-in-process and finished goods represents annual average manufacturing cost which consists of prime cost and appropriate manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and estimated cost necessary to be incurred to effect such sale.

### 3.4 Trade debts and other receivables

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

### 3.5 Derivative financial instruments

Derivatives that do not qualify for hedge accounting are recognized in the balance sheet at estimated fair value with corresponding effect to profit and loss account. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

### 3.6 Cash and cash equivalents

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

### 3.7 Investments

#### Regular way purchase or sale of investments

All purchases and sales of investments are recognised using trade date accounting. Trade date is the date that the Company commits to purchase or sell the investment.

All investments are initially recognised at fair value, being the cost of consideration given including transaction cost associated with the investment, except in case of investment classified as at fair value through profit or loss, where the transaction costs are charged off to the profit and loss account.

Management determines the appropriate classification of investment made by the Company in accordance with the requirements of International Accounting Standards (IAS) 39: 'Financial Instruments: Recognition and Measurement' at the time of purchase.

#### Investment at fair value through profit or loss

An investment is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Investments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decision based on their fair value.

After initial recognition, such investments are remeasured at fair value determined with reference to their market value. Gains or losses on investments due to remeasurement are recognised in profit and loss account on reporting date.

#### Associates

Associates are entities over which the Company exercises significant influence. Investment in associates is accounted for using equity basis of accounting, under which the investment in associate is initially recognised at cost and the carrying amount is increased or decreased to recognise the Company's share of profit or loss of the associate after the date of acquisition. The Company's share of profit or loss of the associate is recognised in the Company's profit and loss account. Distributions received from associate reduce the carrying amount of the investment. Adjustments to the carrying amount are also made for changes in the Company's proportionate interest in the associate arising from changes in the associates' other comprehensive income that have not been recognised in the associate's profit or loss. The Company's share of those changes is recognised in other comprehensive income of the Company.

The carrying amount of the investment is tested for impairment, by comparing its recoverable amount (higher of value in use and the fair value less costs to sell) with its carrying amount and loss, if any, is recognised in profit or loss.

#### Derecognition

All investments are de-recognised 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 Borrowings and their costs

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently at amortised cost. Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of that asset.

### 3.9 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the profit and loss account.

#### Current

Provision for current taxation is based on taxability of certain income streams of the Company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credits and tax rebates available, if any. The charge for income tax includes adjustments to charge for prior year.

### Deferred

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

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.

The Company recognizes deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the assets can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### 3.10 Staff retirement benefits

#### Defined benefit plan

The Company operates an unfunded gratuity scheme for its confirmed employees who have completed the minimum qualifying period of service as defined under the scheme. The Company's obligation under the scheme is determined through actuarial valuation carried out at each year end under the Projected Unit Credit Method. The most recent valuation of the scheme was carried out as at June 30, 2016.

Remeasurement changes which comprise actuarial gains and losses and the return on plan assets, if any, (excluding interest) are recognized immediately in other comprehensive income.

### 3.11 Trade and other payables

Trade and other payables are recognised initially at fair value plus directly attributable cost, if any, and subsequently measured at amortised cost using the effective interest method.

### 3.12 Foreign currency translation

Transactions in foreign currencies are translated into Pak Rupees at the rates of exchange approximating those prevailing on the date of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated into Pak Rupees at the rates prevailing on the balance sheet date.

Gains and losses arising on retranslation are included in profit or loss for the period.

### 3.13 Revenue recognition

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

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

### 3.14 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

### 3.15 Offsetting of financial assets and financial liabilities

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

### 3.16 Impairment

#### Financial assets

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

#### Non-financial assets

The Company assesses at each balance sheet date whether there is any indication that assets except inventories and deferred tax asset 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 recognised 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 impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised. Reversal of impairment loss is recognised as income.

### 3.17 Provisions

Provisions are recognised 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. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

### 3.18 Dividend and appropriation to / from reserves

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

### 3.19 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The BOD has been identified as the chief operating decision maker responsible for strategic decisions like allocation of resources and assessing performance of operating segments. As disclosed in note 1.1 to the financial statements, the Company has two manufacturing facilities at Gadoon Amazai Industrial Estate and 57 km on Super Highway (near Karachi). Management has determined that the Company has a single reportable segment and 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.

		2016	2015
	Note	(Rupees in '000)	
4. <b>Property, Plant and Equipment</b>			
Operating fixed assets	4.1	7,469,897	8,044,222
Capital work-in-progress	4.2	257,116	278,006
		<u>7,727,013</u>	<u>8,322,228</u>

#### 4.1 Operating fixed assets

	2016							
	Cost as at July 01, 2015 **	Additions/ (Disposals) *	Cost as at June 30, 2016	Accumulated depreciation as at July 01, 2015 **	Depreciation for the year/ (Disposals)	Accumulated depreciation as at June 30, 2016	Carrying value as at June 30, 2016	Rate of depreciation
	(Rupees in '000)							%
<b>Land</b>								
Leasehold	59,180	-	59,180	7,735	683	8,418	50,762	1
Freehold	880	-	880	-	-	-	880	-
<b>Buildings on leasehold land:</b>								
Mills **	2,014,862	17,116	2,031,978	644,165	137,807	781,972	1,250,006	10
Roads	42,328	-	42,328	11,884	3,044	14,928	27,400	10
Power plant **	162,083	13,583	175,666	70,717	9,929	80,646	95,020	10
Office	60,513	-	60,513	9,579	5,094	14,673	45,840	10
Workers' colony	198,018	4,521	202,539	29,610	16,892	46,502	156,037	10
Other	399,316	11,976	411,292	112,150	14,600	126,750	284,542	5
<b>Buildings on freehold land:</b>								
Family colony	172,359	7,037	179,396	67,274	10,737	78,011	101,385	10
Workers' colony	123,727	-	123,727	86,156	3,757	89,913	33,814	10
Plant and machinery **	9,688,484	184,488 (8,457)	9,864,515	4,729,906	507,516 (7,218)	5,230,204	4,634,311	10
Power plant	1,126,140	- (10,000)	1,116,140	612,531	51,262 (6,350)	657,443	458,697	10
Electric installations	450,891	-	450,891	202,944	24,795	227,739	223,152	10
Tools and equipment	13,774	-	13,774	9,883	389	10,272	3,502	10
Furniture and fittings	24,895	-	24,895	9,188	1,571	10,759	14,136	10
Computer equipment	19,960	599 (292)	20,267	14,367	1,749 (200)	15,916	4,351	30
Office equipment and installations	20,003	373 (134)	20,242	10,005	1,020 (17)	11,008	9,234	10
Fork lifters and tractors **	38,094	-	38,094	24,187	2,781	26,968	11,126	20
Vehicles **	151,135	8,245 (17,389)	141,991	77,167	16,956 (11,509)	82,614	59,377	20
Fire fighting equipment	11,847	-	11,847	4,819	703	5,522	6,325	10
<b>June 30, 2016</b>	<b>14,778,489</b>	<b>247,938 (36,272)</b>	<b>14,990,155</b>	<b>6,734,268</b>	<b>811,284 (25,294)</b>	<b>7,520,258</b>	<b>7,469,897</b>	

\* Additions to operating fixed assets include transfers from capital work-in-progress amounting to Rs. 246.96 million.

\*\*During the year reclassifications have been made for better presentation and its impact is not material.

#### Operating fixed assets

	2015									
	Cost as at July 01, 2014	Transferred from FTML as on October 1, 2014	Additions/ (Disposals)	Cost as at June 30, 2015	Accumulated depreciation as at July 01, 2014	Transferred from FTML as on October 1, 2014	Depreciation for the Year/ (Disposals)	Accumulated depreciation as at June 30, 2015	Carrying value as at June 30, 2015	Rate of depreciation
	(Rupees in '000)									%
<b>Land</b>										
Leasehold	52,770	-	-	52,770	6,865	-	870	7,735	45,035	1
Freehold	880	6,410	-	7,290	-	-	-	-	7,290	-
<b>Buildings on leasehold land:</b>										
Mills	801,590	1,108,657	112,095	2,022,342	389,458	141,212	114,285	644,955	1,377,387	10
Road	30,869	-	11,459	42,328	9,669	-	2,215	11,884	30,444	10
Power plant	111,243	41,938	1,422	154,603	56,633	5,029	8,265	69,927	84,676	10
Office	39,543	-	20,970	60,513	4,890	-	4,689	9,579	50,934	10
Workers' colony	-	198,018	-	198,018	-	15,955	13,655	29,610	168,408	10
Other	105,099	261,700	32,517	399,316	47,729	53,180	11,241	112,150	287,166	5
<b>Buildings on freehold land:</b>										
Family colony	126,009	-	46,350	172,359	58,936	-	8,338	67,274	105,085	10
Workers' colony	105,405	-	18,322	123,727	81,981	-	4,175	86,156	37,571	10
Plant and machinery	7,116,619	2,206,928	388,693 (19,565)	9,692,675	3,235,859	1,003,546	509,051 (17,043)	4,731,413	4,961,262	10
Power plant	1,057,482	-	68,658	1,126,140	556,818	-	55,713	612,531	513,609	10
Electric installations	306,034	88,442	56,415	450,891	124,884	53,235	24,825	202,944	247,947	10
Tools and equipment	13,714	-	60	13,774	9,451	-	432	9,883	3,891	10
Furniture and fittings	19,106	2,158	3,631	24,895	5,643	1,980	1,565	9,188	15,707	10
Computer equipment	11,390	6,923	1,647	19,960	8,373	4,219	1,775	14,367	5,593	30
Office equipment and installations	10,016	9,168	985 (166)	20,003	4,072	5,002	952 (21)	10,005	9,998	10
Fork lifters and tractors	27,989	-	-	27,989	15,606	-	2,477	18,083	9,906	20
Vehicles	90,585	50,972	36,496 (21,004)	157,049	47,419	25,700	12,426 (3,781)	81,764	75,285	20
Fire fighting equipment	6,983	4,864	-	11,847	3,023	1,119	677	4,819	7,028	10
<b>June 30, 2015</b>	<b>10,033,326</b>	<b>3,986,178</b>	<b>799,720 (40,735)</b>	<b>14,778,489</b>	<b>4,667,309</b>	<b>1,310,177</b>	<b>777,626 (20,845)</b>	<b>6,734,268</b>	<b>8,044,222</b>	

\* Additions to operating fixed assets include transfers from capital work-in-progress amounting to Rs. 755.32 million.

		2016	2015
	Note	(Rupees in '000)	(Rupees in '000)
<b>4.1.1 Depreciation charged for the year has been allocated as under:</b>			
Cost of sales	23.1	789,825	766,486
Administrative expenses	25	21,459	11,140
		<b>811,284</b>	<b>777,626</b>

#### 4.1.2 Disposal of operating fixed assets

Description	Cost	Accumulated depreciation	Carrying value	Sale proceeds	Mode of disposal	Purchaser
----- (Rupees in '000) -----						
Vehicles	3,400	3,206	194	700	Negotiation	Naveed Ahmed
	707	227	480	480	Negotiation	Naeem Ahmed - employee
	47	20	27	37	Negotiation	Haseeb Ahmed - employee
	1,518	981	537	1,063	Negotiation	Tahir Saleem - employee
	49	13	36	39	Negotiation	Abbar Tanoli - employee
	1,599	1,340	259	1,000	Negotiation	Tahir Saleem - employee
	46	22	25	37	Negotiation	Furqan masania - employee
	46	22	24	37	Negotiation	Salman Javaid - employee
	65	44	21	55	Negotiation	Sajjad Anwar - employee
	46	24	22	37	Insurance claim	New Jubilee Insurance Company Ltd
	2,602	2,336	266	620	Negotiation	Shahrukh
	71	37	34	56	Negotiation	Haq Nawaz - employee
	681	517	164	477	Negotiation	Muhammad Ashraf - employee
	918	784	134	134	Negotiation	Tasneem Ahmed - employee
	44	27	17	35	Negotiation	Farhan Ahmed Siddiqui - employee
	1,434	143	1,291	1,291	Negotiation	Lucky Knits (Private) Ltd
	71	40	31	57	Negotiation	M. Zulfiqar Ali - employee
	72	7	65	72	Negotiation	Syed Ahmer Iqbal - employee
	877	613	264	614	Negotiation	Tariq - employee
	48	24	24	38	Negotiation	Maqsood Bawany - employee
	68	7	61	54	Negotiation	Maad Bin Abdullah - employee
	905	617	288	633	Negotiation	Shahbaz Ahmed - employee
	504	343	161	353	Negotiation	Hazrat Gul - employee
	68	37	31	54	Negotiation	Fayyaz Rasool - employee
	68	4	64	60	Insurance claim	Alfalsh Insurance Company Ltd
	68	4	64	60	Insurance claim	Alfalsh Insurance Company Ltd
	68	6	62	60	Insurance claim	Alfalsh Insurance Company Ltd
	1,300	65	1,235	1,235	Negotiation	Yunus Energy Ltd
	17,389	11,509	5,879	9,388		
Plant and machinery	8,457	7,218	1,239	1,925	Negotiation	Swabi Textile Mills Ltd
Power plant	10,000	6,350	3,650	9,500	Negotiation	Cresox (Private) Ltd
Office equipment and installations	44	6	38	38	Negotiation	Tasneem Ahmed
	75	9	66	55	Insurance claim	Alfalsh Insurance Company Ltd
	15	2	13	3	Negotiation	M.Iqbal
	134	17	117	96		
Computer equipment	65	42	23	23	Negotiation	Tasneem Ahmed
	72	23	49	49	Negotiation	Lucky Knits (Private) Ltd
	97	86	11	8	Negotiation	Denish Mosani - employee
	58	49	9	10	Negotiation	Faheem ullah - employee
	292	200	92	90		
June 30, 2016	36,272	25,294	10,977	20,999		
June 30, 2015	40,735	20,845	19,890	23,554		

#### 4.2 Capital work-in-progress

	Gadoon Amazai					Karachi Project				Total
	Civil works	Plant and machinery	Advances to supplier	Markup capitalized	Others	Civil works	Plant and machinery	Markup capitalized	Others	
----- (Rupees in '000) -----										
<b>Year ended June 30, 2016</b>										
Balance as at July 1, 2015	-	223,396	-	23,633	44	30,933	-	-	-	278,006
Additions during the year	-	152,849	-	16,227	8,203	26,007	22,714	76	-	226,076
Transfers within CWIP	-	(10,712)	-	-	-	-	10,712	-	-	-
Transfers to operating assets	-	(149,251)	-	(1,734)	(8,247)	(54,232)	(33,426)	(76)	-	(246,966)
Balance as at June 30, 2016	-	216,282	-	38,126	-	2,708	-	-	-	257,116
<b>Year ended June 30, 2015</b>										
Balance as at July 1, 2014	39,839	3,392	112,000	7,980	1,337	170,060	244,794	15,905	35,727	631,034
Transferred from FTML as on October 1, 2014	-	-	-	-	-	7,395	-	-	-	7,395
Additions during the year	7,188	144,681	98,000	17,660	31,485	46,173	26,908	9,324	13,481	394,900
Transfers within CWIP	(6,314)	212,007	(210,000)	(2,007)	6,313	9,726	12,156	(25,229)	3,348	-
Transfers to operating assets	(40,713)	(136,684)	-	-	(39,091)	(202,421)	(283,858)	-	(52,556)	(755,323)
Balance as at June 30, 2015	-	223,396	-	23,633	44	30,933	-	-	-	278,006

#### 5. Long-term Advance

- Considered doubtful

Investment in a joint venture - Advances  
Less: Provision against advance

	2016	2015
Note	----- (Rupees in '000) -----	
5.1	66,667	66,667
	(66,667)	(66,667)
	-	-

5.1 This represents first and second tranche of advance for a Joint Venture project of Rs. 4,250 million. The principal activity of the Joint Venture Project was acquisition and development of a real estate project in Karachi through a Joint Venture Company. The Company's share in this Joint Venture project is ten percent. Currently, the future of this project is not certain and the recovery of this amount is considered doubtful, accordingly, management has made full provision against such advance.

#### 6. Long-term Loans

- Considered good

Loan to employees  
Less: current portion

	2016	2015
Note	----- (Rupees in '000) -----	
11	29,048	38,043
	(12,766)	(16,211)
	16,282	21,832

6.1 These are interest free loans recoverable in monthly installments over a period of three years.

	Note	2016 ----- (Rupees in '000) -----	2015 ----- (Rupees in '000) -----
<b>6.2 Loan to employees</b>			
Executives	6.3	2,232	5,995
Other employees		26,816	32,048
		<u>29,048</u>	<u>38,043</u>
<b>6.3 Movement of outstanding amount of loan to Executives:</b>			
Balance as at July 1		5,995	2,119
Transferred from FTML as on October 1, 2014		-	10,600
Disbursements during the year		241	500
Repayments		(4,004)	(7,224)
Balance as at June 30		<u>2,232</u>	<u>5,995</u>

6.4 The maximum aggregate amount of loan due from executives at any month end during the year was Rs. 5.78 million (2015: Rs. 12.47 million).

## 7. LONG-TERM INVESTMENTS

### Investment in associates

ICI Pakistan Limited (ICIP)	7.2	1,463,896	1,365,660
Lucky Holdings Limited (LHL)	7.3	137,575	113,318
Yunus Energy Limited (YEL)	7.4	592,861	204,365
		<u>2,194,332</u>	<u>1,683,343</u>

7.1 The Company's investment in ICIP, LHL and YEL is less than 20% but these are considered associates as per the requirement of IAS 28 'Investment in Associates'. The Company has significant influence over the financial and operating policies through representation on the board of directors of these companies.

	2016 ----- (Rupees in '000) -----	2015 ----- (Rupees in '000) -----
<b>7.2 Investment in ICI Pakistan Limited (ICIP) - at equity method</b>		
Number of shares held	<u>5,980,917</u>	<u>5,980,917</u>
Cost of investment (Rupees in '000)	<u>1,114,963</u>	<u>1,114,963</u>
Fair value of investment (Rupees in '000)	<u>2,661,628</u>	<u>2,565,036</u>
Ownership interest	<u>6.48%</u>	<u>6.48%</u>
Balance as at July 01	1,365,660	1,264,360
Share of post acquisition profit	176,892	147,505
Share of other comprehensive income	(904)	7,623
Dividend received	(77,752)	(53,828)
Balance as at June 30	<u>1,463,896</u>	<u>1,365,660</u>

The financial year end of ICIP is June 30, 2016. Summarised financial highlights of ICIP and the related share of the Company as at year end are as follows:

	2016 ----- (Rupees in '000) -----	2015 ----- (Rupees in '000) -----
Total assets	30,475,716	26,531,057
Total liabilities	(14,905,635)	(12,820,267)
Net assets	<u>15,570,081</u>	<u>13,710,790</u>
Company's share of net assets	<u>1,008,941</u>	<u>888,459</u>
Revenue	<u>42,755,505</u>	<u>42,593,948</u>
Profit for the year	<u>2,729,821</u>	<u>2,276,314</u>
Company's share of profit	<u>176,892</u>	<u>147,505</u>
Other comprehensive income for the year	<u>(13,960)</u>	<u>117,633</u>
Company's share of other comprehensive income	<u>(904)</u>	<u>7,623</u>

### 7.3 Investment in Lucky Holdings Limited (LHL) - at equity method

Number of shares held	<u>1,500,000</u>	<u>1,500,000</u>
Cost of investment (Rupees in '000)	<u>74,920</u>	<u>74,920</u>
Ownership interest	<u>1%</u>	<u>1%</u>
Balance as at July 01	113,318	93,688
Share of post acquisition profit	24,397	18,454
Share of post other comprehensive income	(140)	1,176
Balance as at June 30	<u>137,575</u>	<u>113,318</u>

The financial year end of LHL is June 30, 2016. Summarised financial highlights of LHL as at year end and the related share of the Company are as follows:

Total assets	37,537,751	34,526,300
Total liabilities	(20,814,059)	(19,946,055)
Net assets	<u>16,723,692</u>	<u>14,580,245</u>
Company's share of net assets	<u>167,237</u>	<u>145,803</u>
Revenue	<u>42,755,505</u>	<u>37,394,831</u>
Profit for the year	<u>2,439,717</u>	<u>1,845,366</u>
Company's share of profit	<u>24,397</u>	<u>18,454</u>
Other comprehensive income for the year	<u>(13,960)</u>	<u>117,633</u>
Company's share of other comprehensive income	<u>(140)</u>	<u>1,176</u>

	2016 ----- (Rupees in '000) -----	2015 ----- (Rupees in '000) -----
<b>7.4 Investment in Yunus Energy Limited (YEL) - at equity method</b>		
Number of shares held	<u>61,136,500</u>	<u>20,436,500</u>
Cost of investment (Rupees in '000)	<u>611,365</u>	<u>204,365</u>
Ownership interest	<u>19.98%</u>	<u>19.98%</u>

	Note	2016 (Rupees in '000)	2015
Balance as at July 01		204,365	750
Investment made during the year		407,000	203,615
Share of post acquisition loss		(18,504)	-
Balance as at June 30		<u>592,861</u>	<u>204,365</u>

The financial year end of YEL is June 30, 2016. Summarised financial highlights of YEL as at year end and the related share of the Company are as follows:

Total assets	11,294,997	3,271,671
Total liabilities	(8,426,714)	(2,379,064)
Net assets	<u>2,868,283</u>	<u>892,607</u>
Company's share of net assets	<u>573,083</u>	<u>178,343</u>
Revenue	-	-
Company's share of loss	<u>(18,504)</u>	

#### 8. STORES, SPARES AND LOOSE TOOLS

Stores	257,949	185,446
Spares in		
- hand	313,606	388,413
- transit	2,691	12,624
Loose tools	906	1,087
	<u>575,152</u>	<u>587,570</u>
Less: Provision for slow moving stores and spares	(59,242)	(59,242)
	<u>515,910</u>	<u>528,328</u>

#### 9. STOCK-IN-TRADE

Raw material in			
- hand	9.1 & 23.1.1	3,381,252	3,497,588
- transit		875,157	179,399
		<u>4,256,409</u>	<u>3,676,987</u>
Work-in-process	23.1	250,971	197,618
Finished goods			
- Yarn	9.1	571,786	868,893
- Knitted fabric		35,069	57,050
- Waste at net realisable value		34,180	94,897
	23	<u>641,035</u>	<u>1,020,840</u>
		<u>5,148,415</u>	<u>4,895,445</u>

9.1 The stock of raw material in hand and yarn has been written down to net realisable value by Rs. nil (2015: Rs. 284 million) and Rs. 60 million (2015: Rs. 33.58 million) respectively.

#### 10. TRADE DEBTS

- Considered good

Foreign - Secured

Local - Unsecured

Note	2016 (Rupees in '000)	2015
	582,539	1,345,773
	965,100	676,162
	<u>1,547,639</u>	<u>2,021,935</u>

- Trade receivables include Rs. 11.1 million (2015: Rs. 7.19 million) receivable from an associated company.

- None of the debtors in trade debts balance are past due or impaired.

- Trade receivables are non-interest bearing and are generally on 90-120 days term.

#### 11. LOANS AND ADVANCES

- Unsecured - Considered good

Current portion of long-term loans

Advance to employees

Advance to suppliers and contractors

Advance tax

Letters of credit, fee and expenses

6	12,766	16,211
11.1	27,145	27,990
11.2	228,194	188,567
	311,138	180,093
	197	247
	<u>579,440</u>	<u>413,108</u>

11.1 This includes advances provided to executives amounting to Rs. 24.37 million (2015: Rs. 23.76 million).

11.2 This includes advance given to ICI Pakistan Limited (an associate company) amounting to Rs. Nil (2015: Rs. 1.3 million) and pilot project of dairy farm business amounting to Rs. 119.62 million (2015: Rs. 107 million).

#### 12. RECEIVABLE FROM AN ASSOCIATE

Receivable from Lucky Landmark (Private) limited

Balance as at July 1

- in respect of amalgamation

- in respect of markup charged during the year

- Received during the year

Balance as at June 30

Note	2016 (Rupees in '000)	2015
	987,583	-
	-	265,169
	31,592	722,414
	(1,019,175)	-
	<u>-</u>	<u>987,583</u>

#### 13. SHORT-TERM INVESTMENT

At fair value through profit or loss - held for trading

Ordinary shares of listed company - International Steels Limited

Number of shares held

13.1	75,734	59,745
	2,126,150	2,126,150

13.1 Value of investment - beginning of the year

Unrealised gain on investment at fair value through profit and loss

	59,745	49,008
	15,989	10,737
	<u>75,734</u>	<u>59,745</u>

	Note	2016 ----- (Rupees in '000) -----	2015 ----- (Rupees in '000) -----
<b>14. OTHER RECEIVABLES</b>			
<b>Considered good</b>			
Sales tax		414,758	336,363
Federal excise duty		22,676	26,245
Claims receivable		9,691	11,274
Other		1,300	39
		<u>448,425</u>	<u>374,272</u>
<b>Considered doubtful</b>			
Claims receivable	21.1.2	20,000	20,000
Sales tax	14.1	52,439	52,439
Other	14.2	5,600	5,600
		<u>78,039</u>	<u>78,039</u>
Provision for doubtful other receivables		(78,039)	(78,039)
		<u>-</u>	<u>-</u>
		<u>448,425</u>	<u>374,272</u>

14.1 Pursuant to SRO 179 of 2013 dated March 7, 2013, the Company filed a special sales tax return and paid Rs. 52.4 million being 2% of the value of zero rated supplies made by the Company during the period from April 2011 to February 2013. The said amount has been paid by the Company under protest and it has filed an appeal before the tax authority for refund of such amount. However, being prudent, the Company has fully provided the amount in the financial statements.

14.2 The Company received a demand cum show cause notice for the amount of Rs. 13.169 million from custom authorities deleting their Manufacturing Bond Entry for import of Polyester Staple Fiber (PSF). The Company has paid under protest Rs. 5.6 million against this demand and also made provision for the same amount. Since the goods were imported for re-export, the Federal Board of Revenue has rectified the anomaly through S.R.O. 688(I)/2010 dated July 27, 2010, management believes that no further provision is required for the remaining amount and the amount so paid shall become refundable.

	Note	2016 ----- (Rupees in '000) -----	2015 ----- (Rupees in '000) -----
<b>15. CASH AND BANK BALANCES</b>			
Cash in hand		12,457	8,180
<b>Cash with banks in:</b>			
- current accounts	15.1	374,785	346,978
- time deposits		212	151,395
		<u>374,997</u>	<u>498,373</u>
		<u>387,454</u>	<u>506,553</u>

15.1 It includes balances in foreign currency bank accounts amounting to US Dollars 352,111 equivalent to Rs. 36.091 million (2015: US Dollars 340,723 equivalent to Rs. 34.58 million) and Euro 73 equivalent to Rs. 8,456 (2015: Euro 8,214 equivalent to Rs. 0.93 million).

## 16. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	2016 ----- (Number of Shares) -----	2015 ----- (Number of Shares) -----		2016 ----- (Rupees in '000) -----	2015 ----- (Rupees in '000) -----
	6,000,000	6,000,000	Ordinary shares of Rs. 10 each fully paid in cash	60,000	60,000
	17,437,500	17,437,500	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	174,375	174,375
	4,592,083	-	Ordinary shares of Rs. 10 each issued as fully paid in pursuant of amalgamation disclosed in Note 1.2	45,921	-
	<u>28,029,583</u>	<u>23,437,500</u>		<u>280,296</u>	<u>234,375</u>

16.1 As at 30 June 2016, Y.B. Holdings (Private) Limited (the Holding Company) hold 19,499,741 (2015: 13,185,494) ordinary shares respectively of Rs. 10 each.

16.2 The Company has one class of ordinary shares which carries no right to fixed income. The holders 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.

	Note	2016 ----- (Rupees in '000) -----	2015 ----- (Rupees in '000) -----
<b>17. LONG-TERM FINANCE</b>			
- Banking companies - secured			
Balance as at July 01		8,905	26,719
		<u>8,905</u>	<u>26,719</u>
Repaid during the year		(8,905)	(17,814)
		<u>-</u>	<u>8,905</u>
Current portion shown under current liabilities		-	(8,905)
Balance as at June 30		<u>-</u>	<u>-</u>

## 18. DEFERRED LIABILITIES

Staff gratuity	18.1	447,453	348,205
Deferred taxation	18.2	642,313	648,707
		<u>1,089,766</u>	<u>996,912</u>

### 18.1 Staff Gratuity

The Projected Unit Credit method based on following significant assumptions was used for valuation of the scheme.

The basis of recognition together with details as per actuarial valuation are as under:

	2016	2015
Discount rate	9.00%	9.75%
Salary increase rate	8.75%	9.75%
Mortality rate	Adjusted SLIC 2001-05	Adjusted SLIC 2001-05

	Note	2016 ----- (Rupees in '000) -----	2015
<b>18.1.1 Liability recognised in the balance sheet</b>			
Present value of defined benefit obligation		447,453	348,205
<b>18.1.2 Movement in liability during the year</b>			
Balance as at July 1		348,205	218,333
Transferred from FTML as on October 01, 2014		-	87,432
Expense recognised in profit and loss	18.1.3	171,370	153,146
Total remeasurements recognised in other comprehensive income	18.1.4	11,045	(13,303)
Benefits paid		(83,167)	(97,403)
Balance as at June 30		447,453	348,205
<b>18.1.3 Expense recognised in profit and loss account</b>			
Current service cost		141,474	154,910
Interest cost		29,896	32,234
Curtailement gain		-	(33,998)
		171,370	153,146
<b>18.1.4 Total remeasurements recognised in other comprehensive income</b>			
Actuarial loss / (gain) on liability arising on - financial assumptions		11,045	(13,303)
		11,045	(13,303)

#### 18.1.5 Sensitivity analysis

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

	Change in assumption	Increase / (decrease) in defined benefit obligation	
		Increase in assumption	Decrease in assumption
	%	----- (Rupees in '000) -----	
Discount rate	1	(54,655)	68,237
Salary growth rate	1	69,944	(56,895)

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

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

**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.

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

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

18.1.7 The weighted average duration of defined benefit obligation as at June 30, 2016 is 13.9 years (2015: 13.5 years).

#### 18.2 Deferred taxation

Deferred tax liability comprises of taxable / (deductible) temporary differences in respect of following:

	2016 ----- (Rupees in '000) -----	2015
Deferred credits / (debits) arising due to:		
- Accelerated tax depreciation on property, plant and equipment	722,094	712,188
- Provision against gratuity	(81,802)	(57,007)
- Provision against long-term advance	(12,188)	(11,566)
- Provision against stores and spares	(10,831)	(10,278)
- Provision against doubtful other receivables	(14,268)	(13,540)
- Share of profit from associates	39,308	28,910
	642,313	648,707

18.2.1 The income tax department had not allowed the credit of unabsorbed tax depreciation worked out for the tax holiday period from 1990 to 2000 against the profits of post tax holiday period. The Company filed appeal before the Commissioner of Inland Revenue (Appeals) and Appellate Tribunal Inland Revenue. In 2012, the matter was decided in favour of the Company but appeal effect order had not been given by the tax department. The income tax department filed appeal in Peshawar High Court and the matter is pending adjudication. Deferred tax asset approximately of Rs. 300 million, has not been recognized on this. Also, deferred tax asset of Rs. 373 million on tax depreciation related to tax exempt period from 2010 to 2012 has also not been recorded due to the same.

	Note	2016 ----- (Rupees in '000) -----	2015
<b>19. TRADE AND OTHER PAYABLES</b>			
Creditors		342,058	274,832
Foreign bills payable		-	2,265
Advance from customers		83,538	30,183
Accrued liabilities	19.1	1,328,998	1,547,547
Withholding income tax		2,394	2,117
Unclaimed dividend		15,431	15,489
Sales tax		8,008	5,416
Workers' welfare fund		71,864	71,864
Workers' profit participation fund	19.2	-	4,948
Others		19,916	16,096
		1,872,207	1,970,757



19.1 This includes Rs. Nil (2015: Rs. 526.48 million) payable to an associated company.

## 19.2 Workers' profits participation fund

	2016	2015
Note	(Rupees in '000)	
Balance as at July 01	4,948	34,262
Provision made during the year	-	-
Interest on funds utilised in business	148	1,371
Payments made during the year	(5,096)	(30,685)
Balance as at June 30	-	4,948

## 20. SHORT-TERM BORROWINGS

### Banking companies - secured

	2016	2015
Note	(Rupees in '000)	
Running finance under mark-up arrangements	20.1 1,311,646	573,259
Short-term finances	20.2 2,000,000	6,872,498
Foreign currency loan against:		
- Import finance	20.1 5,586,441	2,056,877
- Export finance	20.1 655,681	902,989
	6,242,122	2,959,866
	9,553,768	10,405,623

20.1 Facilities for running finance, import finance and export refinance are available from various banks upto Rs. 23.09 billion (2015: Rs. 21.22 billion). For running finance facility, the rates of mark-up range between KIBOR + 0.08% to KIBOR + 0.20% per annum (2015: KIBOR + 0.08% to KIBOR + 0.3% per annum) and for import and export finance the rate of mark-up are based on LIBOR + bank's spread (which is decided at the time of disbursement). These are secured against hypothecation of stock, receivables and plant and machinery.

20.2 This represents short term finance facilities under sub-limit of the facilities mentioned in note 20.1 from various banks having mark-up ranging between KIBOR + 0.02% to KIBOR + 0.6% per annum (2015: KIBOR + 0.1% to KIBOR + 0.5% per annum). These are secured against hypothecation of stock and charge on receivables and plant and machinery.

## 21. CONTINGENCIES AND COMMITMENTS

### 21.1 Contingencies

21.1.1 Outstanding guarantees given on behalf of the Company by banks in normal course of business amounting to Rs. 842.78 million (2015: Rs. 725.36 million).

21.1.2 In prior years, the Sui Northern Gas Pipeline Limited (SNGPL) charged the company with an amount of Rs. 168 million on account of under billing of gas. The Company lodged complaint with the Appellate Authority (the 'Authority') against SNGPL and on January 21, 2010, the Authority gave its decision and partly admitted the plea of the Company and allowed partial relief of Rs. 53.89 million. The Company has paid Rs. 113.63 million in prior years. Subsequent to the decision of the Authority, both the Company (to claim additional relief) and SNGPL (against the relief provided) have filed appeals with higher authorities against the decisions. Management is of the view that no further liability in this regard will arise as it is expected that the final outcome of this case will be in its favour.

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

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

In September 2014, the Federal Government promulgated Gas Infrastructure Cess (GIDC) Ordinance No. VI of 2014 to circumvent earlier decision of the Supreme Court on the ground that GIDC was a 'Fee' and not a 'Tax'. In May 2015, the said Ordinance was approved in the Parliament and became an Act.

The company has challenged GIDC Act, 2015 and filed writ petition in the Peshawar High Court (PHC) challenging the vires and legality of the levy and demand of GIDC including its retrospective effect. The Court has granted stay against charging of the GIDC under the said Act. Since this issue is being faced by industry at large, therefore management is of the view that there is no need to maintain any provision against this liability. The management is confident that decision of the case will be in its favour. Further, it is also difficult to determine the best monetary estimate as the date of applicability of the said Act is in litigation.

21.1.4 Tax assessment of FTML in respect of tax year 2002-03, the Commissioner Inland Revenue (CIR) has subsequently amended deemed assessment order on account of disallowance of loss on disposal of fixed assets amounting to Rs. 1.46 million. The Company filed an appeal against the deemed assessment order before the Appellate Tribunal Inland Revenue (ATIR) who maintained said addition against which the Company has filed an appeal in the High Court of Sindh which is pending for adjudication.

21.1.5 FTML has filed an appeal in the Supreme Court of Pakistan against an order of Court of Sindh in respect of levy of WWF for the tax years 2008 - 2013 amounting to Rs. 41.61 million, which is pending for adjudication.

21.1.6 As a result of the decision of Lahore High Court dated June 3, 2011 and subsequent decision of Peshawar High Court dated May 29, 2014 declaring the amendments of Finance Act 2006, 2008 and 2009 unconstitutional and the decision of the Appellate Tribunal Inland Revenue (ATIR) dated December 13, 2011 in favour of the Company in respect of non-payment of WWF for the tax year 2009, the Company has not recorded provision for Workers Welfare Fund (WWF) in the year 2012 and onwards amounting to Rs. 52 million. The tax department has filed an appeal before Peshawar High Court against the said decision which is pending for adjudication.

21.1.7 The Finance Act 2010 had introduced clause 126F in Part I of Second Schedule of Income Tax Ordinance, 2001 (the Ordinance) exempting the tax on profits and gains derived by a tax payer located in the 'war on terror' affected areas of Khyber Pakhtunkhwa. As a result of this change, the income of the Company including tax on export proceeds for tax years 2010 to 2012 was exempt. However, the said clause does not specifically address the exemption of turnover tax under section 113. In this regard, some

companies located in the affected areas filed a petition in Peshawar High Court against the recovery of turnover tax seeking a declaration regarding section 113 and 159 as discriminatory and contrary to the Constitution and the Court granted a relief restraining the recovery of turnover tax. The Company along with other companies in the affected areas also filed the petition on the same grounds. The Peshawar High Court in its order dated July 19, 2012, directed the respondents to extend the benefit to the Company. Subsequently, the Chief Commissioner Inland Revenue filed an appeal in the Supreme Court of Pakistan against the Company and other tax payers of the affected areas, which is pending for adjudication.

In recent amendment made through Finance Act 2015, a sub clause (XX) of clause 11(A) of the Second Schedule to the Ordinance has been added which gives relief to the company that Section 113(turnover tax) does not apply to the tax payers falling under clause 126F. However, the matter of tax charged on other than local sales i.e. tax on export, is still pending for adjudication.

Based on the judgement of the Peshawar High Court, the Company will not be subject tax on export sales and hence, has not made aggregate provision on account of tax on export sales for the years ended June 30, 2010, 2011 and 2012.

21.1.8 The Income Tax return of FTML for the tax year 2013 was subsequently amended under section 122(5A) by Additional Commissioner Income Revenue (ACIR) vide its order dated March 4, 2014 on account of certain disallowance primarily against Workers Welfare Fund (WWF). The Company filed an appeal against the amended order against which Commissioner Inland Revenue Appeals (CIRA) allowed some relief to the Company. Both the Company and tax department being dissatisfied had filed an appeal in the Appellate Tribunal which is pending adjudication. On the other hand Federal Board of Revenue (FBR) has selected said return for the audit under sections 177 and 214C. In Pursuance to the aforementioned audit the amended assessment order was further amended by the Deputy Commissioner Inland Revenue (DCIR) making additions of Rs 1.625 million on account of certain disallowed expenses, levied WWF of Rs. 9.158 million and also restricted tax refundable to the amount of advance tax thereby reducing it by Rs. 48.885 million. The Company had filed an appeal before CIRA against the said audit on the grounds that the assessment was prejudicially re-amended without evaluating current status. The appeal is still pending adjudication.

Based on the opinion of tax advisors of the company, the management believes that the aforementioned matters will ultimately be decided in the favour of the company. Accordingly, no provision is required to be made against the said amounts in these financial statements.

21.1.9 Recently, National Accountability Bureau (NAB) filed a reference against Executives of GTML in the Accountability Court (Peshawar), alleging that the company purchased electricity from Peshawar Electric Supply Company (PESCO) at a cheaper price and at the same time it sold the electricity to PESCO at a higher price. The management believes that the allegations are false, unsubstantiated and unfounded. The case is devoid of merits as the company sold the electricity after required approvals, licences and at price on which all captive power plants were selling electricity to distribution companies in accordance with Government of Pakistan approved policy.

#### 21.1.10 Others

	2016	2015
	----- (Rupees in '000) -----	
Export bills discounted with recourse	1,453,334	1,331,520
Indemnity bond in favour of Collector of Customs against imports	4,105	4,105
Post-dated cheques in favour of Collector of Customs against imports	850,400	133,656

	2016	2015
	----- (Rupees in '000) -----	
<b>21.2 Commitments</b>		
Letters of credit opened by banks for:		
Plant and machinery	-	99,666
Raw materials	96,658	197,739
Stores and spares	28,326	26,990
Foreign currency forward contracts	17,367	-

The Company has signed sponsors support agreement amounting to Rs. 940 million and contractual commitment for debt servicing of two loan installments amount up to the cap of Rs 338 million, on behalf of Yunus Energy Limited.

	2016	2015
	----- (Rupees in '000) -----	
<b>22. SALES - Net</b>		
Export		
- Yarn	6,390,318	9,401,715
- Knitted fabric	914,601	480,442
- Waste	379,456	429,532
	7,684,375	10,311,689
Commission on direct export sales	(80,905)	(87,174)
	7,603,470	10,224,515
Local		
- Yarn	13,963,454	12,756,915
- Knitted fabric	28,613	24,251
- Waste	225,326	318,762
	14,217,393	13,099,928
Commission on local sales	(57,454)	(54,500)
Sales tax	(493,932)	(266,496)
	13,666,007	12,778,932
	21,269,477	23,003,447

#### 23. COST OF SALES

Opening stock - finished goods	1,020,840	724,587
Transferred from FTML as on October 1, 2014	-	348,452
Effect of adjustment in estimates and judgement in opening stock	-	(57,054)
	1,020,840	1,015,985
Cost of goods manufactured	20,163,480	21,878,480
Less: Closing stock - finished goods	(641,035)	(1,020,840)
	20,543,285	21,873,625

23.1  
9

	Note	2016 ----- (Rupees in '000) -----	2015 ----- (Rupees in '000) -----
<b>23.1 Cost of goods manufactured</b>			
Raw material consumed	23.1.1	13,009,669	14,981,515
Salaries, wages and benefits	23.1.2	1,955,076	1,788,155
Stores, spares and loose tools		626,252	592,046
Packing material		498,457	543,048
Rent, rates and taxes		2,655	218
Doubling charges		18,881	9,878
Dyeing, stitching and knitting charges		113,437	50,122
Mixing charges		47,426	46,901
Depreciation	4.1.1	789,825	766,486
Fuel and power		3,049,830	2,942,614
Repairs and maintenance		3,572	35,444
Printing and stationery		378	3,754
Legal and professional		5,848	3,704
Entertainment		5,672	6,084
Fee and subscriptions		9,529	18,906
Insurance		41,467	43,094
Travelling and conveyance		17,429	18,326
Communication		10,074	4,073
Other manufacturing expenses		11,356	19,999
		<u>20,216,833</u>	<u>21,874,367</u>
Work-in-process			
Opening stock		197,618	163,724
Transferred from FTML as on October 1, 2014		-	38,007
		<u>197,618</u>	<u>201,731</u>
Closing stock	9	(250,971)	(197,618)
		<u>(53,353)</u>	<u>4,113</u>
Cost of goods manufactured		<u><u>20,163,480</u></u>	<u><u>21,878,480</u></u>
<b>23.1.1 Raw material consumed</b>			
Opening stock		3,497,588	4,741,678
Transferred from FTML as on October 1, 2014		-	471,356
Purchases - net		12,893,333	13,266,069
Less: Closing stock	9	(3,381,252)	(3,497,588)
		<u>13,009,669</u>	<u>14,981,515</u>

23.1.2 Salaries, wages and benefits include Rs. 172 million (2015: Rs. 147 million) in respect of staff retirement benefits.

23.1.3 The average number of employees employed by the Company during the year were 4,853 (2015: 4,693), whereas the total number of employees as at June 30, 2016 were 4,934 (2015: 4,786).

	Note	2016 ----- (Rupees in '000) -----	2015 ----- (Rupees in '000) -----
<b>24. DISTRIBUTION COST</b>			
Freight, octroi and handling charges			
- Export		199,337	265,475
- Local		42,425	53,889
		<u>241,762</u>	<u>319,364</u>
Sales promotion		32,117	14,095
Export promotion		9,739	10,982
Bank charges on exports		15,792	25,863
		<u>299,410</u>	<u>370,304</u>
<b>25. ADMINISTRATIVE EXPENSES</b>			
Staff salaries and benefits	25.1	104,964	103,484
Legal and professional		23,894	10,590
Depreciation	4.1.1	21,459	11,140
Travelling and conveyance		11,334	33,718
Electricity		10,756	9,594
Fee and subscriptions		9,073	3,954
Vehicles running and maintenance		7,457	11,759
Insurance		5,068	10,237
Communication		4,930	6,233
Entertainment		2,803	5,652
Secretarial expenses		2,168	7,594
Auditors' remuneration	25.2	1,300	1,363
Printing and stationery		1,762	3,634
Repairs and maintenance		5,519	4,311
Advertisement		663	1,111
Rent, rates and taxes		365	752
Books and periodicals		50	73
Others		2,132	1,662
		<u>215,697</u>	<u>226,862</u>
25.1 Salaries and benefits include Rs. 10.2 million (2015: Rs 6.15 million) in respect of staff retirement benefits.			
<b>25.2 Auditors' remuneration</b>			
Statutory audit fee		1,150	1,000
Half yearly review and other certifications		150	363
		<u>1,300</u>	<u>1,363</u>

	2016	2015
Note	----- (Rupees in '000) -----	-----
<b>26. FINANCE COST</b>		
Mark-up / interest on:		
Long-term finance	424	1,384
Short-term borrowings	433,817	777,931
Workers profit participation fund	148	3,851
	434,389	783,166
Bank and other financial charges	31,090	35,299
	465,479	818,465
Less: borrowing cost capitalised	26.1 (16,303)	(26,984)
	<u>449,176</u>	<u>791,481</u>
26.1 Borrowing cost is capitalised at weighted average borrowing capitalization rate of 7.19% (2015: 8.17%).		
<b>27. OTHER OPERATING EXPENSES</b>		
Exchange loss on foreign currency transactions - net	76,532	21,114
Donations	27.1 680	722
	<u>77,212</u>	<u>21,836</u>
27.1 No director or their spouse had any interest in the donees' fund.		
<b>28. OTHER INCOME</b>		
<b>Income from financial assets</b>		
Profit on deposit accounts	6,085	4,919
Unrealised gain on short-term investment	15,989	10,737
Dividend income	-	2,126
	22,074	17,782
<b>Income from non-financial assets</b>		
Scrap sales	8,259	2,975
Gain on disposal of operating fixed assets - net	10,022	3,664
	18,281	6,639
	<u>40,355</u>	<u>24,421</u>
<b>29. TAXATION</b>		
Current		
- for the year	212,452	202,375
- prior year	(26,396)	107
	186,056	202,482
Deferred	(4,375)	99,571
	<u>181,681</u>	<u>302,053</u>

#### 29.1 Relationship between tax expense and accounting profit

The numerical reconciliation between the average tax rate and applicable tax rate has not been presented in these financial statements as the total income of the company attracts minimum tax under section 113 of the Income Tax Ordinance, 1984 and its export sales fall under final tax regime.

29.2 As required by Finance Act, 2015, every public Company other than scheduled bank or modaraba that derives profit for the tax year has to pay the tax at the rate of 10% on its undistributed reserve carried in excess of 100% of the paid up capital of the company. As the Company has incurred a loss for the current year, no provision is required to be made in these financial statements.

#### 30. EARNINGS PER SHARE - Basic and Diluted

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

	2016	2015
Loss for the year (Rupees in '000')	(273,845)	(392,334)
Number of ordinary shares	A 28,029,583	23,437,500
Number of ordinary shares to be issued pursuant to amalgamation	B -	4,592,023
Weighted average number of shares outstanding as at year end	A+(B*9/12) -	26,881,518
Earnings per share	Rupees (9.77)	(14.59)

#### 31. REMUNERATION OF DIRECTOR AND EXECUTIVES

The aggregate amount charged in the financial statements for the year for remuneration, including benefits, to directors and executives of the Company were as follows:

	----- 2016 -----		----- 2015 -----	
	Director	Executives	Director	Executives
	----- Rupees in '000 -----			
Remuneration	14,580	20,907	1,880	16,194
House rent	1,980	7,394	458	6,039
Utilities	1,440	2,091	149	1,246
Bonus	-	375	-	1,367
Conveyance	-	-	38	373
Medical	-	1,316	-	584
Leave encashment	-	1,304	-	1,058
	<u>18,000</u>	<u>33,387</u>	<u>2,525</u>	<u>26,861</u>
Number of persons	<u>1</u>	<u>24</u>	<u>1</u>	<u>21</u>

31.1 The company also provides vehicles for use to Chief Executive and Executives as per company policy.

31.2 Meeting fee of Rs. 0.086 million (2015: Rs. 0.082 million) has been paid to seven Directors.

	2016	2015
<b>32. PRODUCTION CAPACITY</b>		
<b>Spinning Mill</b>		
Total number of spindles installed	321,676	316,780
Number of shifts worked per day	3	3
Number of days worked	365	365
Number of shifts worked	1,093	1,093
Average number of spindles shift worked	337,258,749	315,733,832
Installed capacity after conversion into 20's (Kgs)	133,423,624	119,597,217
Actual capacity after conversion into 20's (Kgs)	130,251,254	111,709,341
Actual production (Kgs)	74,091,095	75,258,294
<b>Knitting</b>		
Total number of knitting machines installed	12	12
Installed capacity (kgs)	1,485,000	1,485,000

The knitting capacity has not been used during the year because the company outsourced its knitting production in order to achieve lower cost of production.

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

### 33. RELATED PARTY TRANSACTIONS

Related parties comprise of associated companies, other associated undertakings, directors and key management personnel. Transactions between the Company and the related parties are carried out as per agreed terms. Transactions with related parties, other than remuneration and benefits to key management personnel under the term of their employment as disclosed in note 31 and not mentioned else where in the financial statements, are as follows:

Name of Related Party	Nature of Transaction	2016	2015
		----- (Rupees in '000) -----	
<b>Associated companies - Common Directorship</b>			
Fazal Textile Mills Limited (Before amalgamation)	Purchases Services sold	- -	50,488 743
Lucky Cement Limited	Purchase of cement Reimbursement of expenses Reimbursement for expenses	2,180 134 323	5,208 - -
Lucky Knits (Private) Limited	Yarn sold Vehicle and other item sold Yarn purchase Knitting and dyeing charges	656,177 1,340 3,701 37,879	568,285 600 - 28,027
Yunus Textile Mills Limited	Yarn sold Raw material sold Doubling charges	360,651 170 25	81,027 - -
Feroze 1888 Mills Limited	Yarn sold Raw material sold	42,434 849	31,106 -
Lucky Textile Mills Limited	Yarn sold Sale of fabric Doubling charges	1,788,207 11,351 48	1,435,176 3,925 -
Lucky Energy (Private) Limited	Purchase of electricity	1,097,176	1,038,627
Yunus Energy Limited	Advance against shares Mark up credited Vehicle sold Investment in shares Share of loss	- - 1,235 407,000 18,504	159,515 6,936 15,527 203,615 -
Lucky Holdings Limited	Share of profit on investment	24,397	19,630
ICI Pakistan Limited (Common Directorship and Shareholding)	Purchase of fibre Sale of polyester sample Share of profit on investment Dividend received	1,397,546 - 176,892 77,752	1,227,310 397 155,128 53,828
Y.B. Holdings (Private) Limited	Dividend paid	-	65,927
YB (Pakistan) Limited	Dividend paid	-	23,903

	2016	2015
Note	----- (Rupees in '000) -----	-----
<b>34. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES</b>		
<b>34.1 Financial instruments by category</b>		
<b>Financial assets</b>		
<b>Loans and receivables</b>		
Long-term loans	29,048	38,043
Trade debts	1,547,639	2,027,028
Loans and advances	27,342	28,237
Other receivables	10,991	11,664
Cash and bank balances	387,454	506,553
	<u>2,002,474</u>	<u>2,611,525</u>
<b>Investment at fair value through profit or loss</b>		
Short-term investment	75,734	59,745
	<u>2,078,208</u>	<u>2,671,270</u>
<b>Financial liabilities</b>		
<b>At amortised cost</b>		
Long-term financing	-	8,905
Trade and other payables	1,686,487	1,313,146
Accrued mark-up	45,605	133,964
Short-term borrowings	9,553,768	10,405,623
	<u>11,285,860</u>	<u>11,861,638</u>

#### 34.2 Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management. The responsibility includes developing and monitoring the Company's risk management policies. To assist the Board in discharging its oversight responsibility, management has been made responsible for identifying, monitoring and managing the Company's financial risk exposures. The Company's exposure to the risks associated with the financial instruments and the risk management policies and procedures are summarised as follows:

##### 34.2.1 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. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company does not have any significant exposure to customers from any single country or single customer.

Credit risk of the Company arises principally from trade debts, loans and advances, and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2016	2015
Note	----- (Rupees in '000) -----	-----
Long-term loans	29,048	38,043
Trade debts	1,547,639	2,027,028
Advances	27,342	28,237
Other receivables	10,991	11,664
Bank balances	374,997	498,373
	<u>1,990,017</u>	<u>2,603,345</u>

The trade debts are due from foreign and local customers for export and local sales respectively. Trade debts from foreign customers are secured against letters of credit. Management assesses the credit quality of local and foreign customers, taking into account their financial position, past experience and other factors. As at the balance sheet date, there are no past due trade debt balances. For bank balances, financial institutions with strong credit ratings are accepted. Credit risk on bank balances is limited as these are placed with banks having good credit ratings. Loans to employees are secured against their gratuity balances.

##### 34.2.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or would have difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The following are the contractual maturities of financial liabilities, including interest payments, excluding the impact of netting agreements:

June 30, 2016	Within 1 year	2 - 5 years	More than 5 years	Total
	----- Rupees in '000 -----			
<b>Financial liabilities</b>				
Trade and other payables	1,706,403	-	-	1,706,403
Accrued mark-up	45,605	-	-	45,605
Short-term borrowings	9,553,768	-	-	9,553,768
	<u>11,305,776</u>	<u>-</u>	<u>-</u>	<u>11,305,776</u>
<b>June 30, 2015</b>	Within 1 year	2 - 5 years	More than 5 years	Total
	----- Rupees in '000 -----			
<b>Financial liabilities</b>				
Long-term financing	8,905	-	-	8,905
Trade and other payables	1,853,964	-	-	1,853,964
Accrued mark-up	133,964	-	-	133,964
Short-term borrowings	10,405,623	-	-	10,405,623
	<u>12,402,456</u>	<u>-</u>	<u>-</u>	<u>12,402,456</u>

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk by maintaining sufficient cash and bank balances and availability of financing through banking arrangements, which includes short-term borrowings and discounting of foreign receivables.

### 34.2.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing returns.

#### Price risk

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 interest rate risk or currency 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, fair value of equity securities exposed to price risk were as follows

Note	2016 (Rupees in '000)	2015
Investment at fair value through profit or loss - held for trading	75,734	59,745

In case of 10% increase / decrease in fair value of equity securities on June 30, 2016, profit or loss for the year would have been affected by Rs. 4 million (2015: Rs. 5.8 million) as a result of gain / loss.

#### Interest rate risk

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

	2016	2015
<b>Fixed rate instruments</b>		
Financial assets	212	151,395
Financial liabilities - SBP LTF-EOP	-	8,905
<b>Variable rate instruments</b>		
Financial liabilities		
- KIBOR based	3,311,646	7,445,757
- LIBOR based	6,242,122	2,959,866
	<u>9,553,768</u>	<u>10,405,623</u>

#### Fair value sensitivity analysis for fixed rate instruments

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

#### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in KIBOR based financial liabilities and 25 basis points change in LIBOR based financial liabilities at the reporting date would have increased / (decreased) equity and profit or loss by Rs. 81.86 million (2015: Rs. 81.86 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as in previous year.

### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions entered in foreign currencies. The Company is exposed to foreign currency risk on sales, purchases and borrowings, which, are entered in a currency other than Pak Rupees. The Company enters into forward foreign exchange contracts to cover its exposure to foreign currency risk. As at year end, the financial assets and liabilities exposed to currency risk are as follows:

	2016	2015	2016	2015
	USD		PKR in '000	
Trade debts	5,543,600	13,258,843	581,246	1,374,942
Foreign currency bank balances	352,111	340,723	36,091	35,333
Import loan (LC's)	(53,037,538)	(12,459,589)	(5,560,986)	(1,292,059)
Export finance	(2,129,468)	(3,982,552)	(223,275)	(412,991)
Accrued mark-up	(154,316)	(136,651)	(16,180)	(14,171)
	CHF		PKR in '000	
Import loan (LC's)	(21,758)	-	(2,386)	-
Accrued mark-up	(413)	-	(45)	-
	Euro		PKR in '000	
Trade debts	11,108	-	1,292	-
Foreign currency bank balances	73	8,214	8	945
Import loan (LC's)	(202,739)	(573,960)	(23,070)	(66,046)
Accrued mark-up	(520)	(1,612)	(59)	(185)

The following significant exchange rates applied during the year:

	Average rates		Balance sheet date rates	
	2016	2015	2016	2015
US Dollars to PKR	104.37	100.54	104.85 / 101.67	103.70 / 101.57
Euro to PKR	115.87	120.69	113.79 / 113.57	115.07 / 112.67
CHF to PKR	106.51	-	106.85 / 106.64	-

As at June 30, 2016, if the Pakistani Rupee had weakened / strengthened by 10% against the US Dollars, Euros and Swiss franc with all variables held constant, profit or loss for the year would have been lower / higher by Rs. 518.11 million (2015: Rs. 104.52 million). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as in previous year.

### 35. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

#### Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- **Level 1** fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2** fair value measurements are those derived from 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** fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2016, short term investment was categorised in level 1 (2015: level 1).

There were no transfers between Level 1 and 2 in the year.

### 36. CAPITAL RISK MANAGEMENT

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

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

### 37. RECLASSIFICATION

Following reclassifications have been made in the comparative financial statements:

Note	Rs in '000	From	To
19	16,097	Advance from customers	Others
19	526,480	Advance from customers	Accrued Liabilities
19	5,600	Regulatory duty	Creditors
19	5,093	Accrued liabilities	Trade debts
23.1	50,122	Doubling charges	Dyeing, stitching and knitting charges
23.1	22,229	Other manufacturing expenses	Mixing charges

These classifications have no effect on the profit and loss and represents rearrangement for better presentation only.

### 38. OPERATING SEGMENT

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

38.2 Revenue from sales of yarn represents 95% (2015: 96%) of total revenue whereas, remaining represents revenue from sales of knitted fabric and waste material.

38.3 All non current assets of the Company as at June 30, 2016 are located in Pakistan.

38.4 64% (2015: 58%) of sales of yarn are local sales whereas 36% (2015: 42%) of sales are export / foreign sales.

38.5 Revenue from single major customer of the Company represent 17% (2015: 17.5%) of total revenue of the Company.

### 39. GENERAL

39.1 The Board of Directors proposed a final dividend for the year ended June 30, 2016 of Rs. nil per share (2015: Nil) amounting to Rs. nil (2015: Nil).

39.2 These financial statements were authorized for issue on September 02, 2016 by the Board of Directors of the Company.

**MUHAMMAD SOHAIL TABBA**  
Chief Executive Officer

**MUHAMMAD YUNUS TABBA**  
Chairman



# notice of 29th annual general meeting

Notice is hereby given that the 29<sup>th</sup> Annual General Meeting of the members of Gadoon Textile Mills Limited ("Company") scheduled to be held on Saturday, October 29, 2016 at 10:00 a.m. at 200-201, Gadoon Amazai Industrial Estate, Gadoon Amazai, District Sawabi, Khyber Pakhtunkhwa to transact the following business:

## Ordinary Business

1. To confirm the Minutes of Extraordinary General Meeting held on March 21, 2016.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2016 together with the Directors' and Auditors' report thereon.
3. To appoint Auditors for the year ending June 30, 2017 and fix their remuneration.
4. To transact any other business with the permission of the Chair.

## Special Business

1. To ratify the transactions carried out by the Company with related parties disclosed in Note No. 33 to the Financial Statements for the year ended June 30, 2016 by passing the following resolution:

**"RESOLVED THAT** the related parties transactions carried out by the Company with Lucky Cement Limited, Yunus Textile Mills Limited, Lucky Textile Mills Limited, Lucky Knits (Private) Limited, Feroze 1888 Mills Limited, Lucky Energy (Private) Limited, ICI Pakistan Limited, Yunus Energy Limited, Lucky Holdings Limited, Y.B. Holdings (Private) Limited and Y.B. Pakistan Limited during the year ended June 30, 2016 be and are hereby approved."

2. To approve transactions with related parties and to authorize the board of directors of the Company to carry out such related party transactions at its discretion from time to time, irrespective of the composition of the board of directors.

The resolutions to be passed are as under:

**"RESOLVED THAT** the Company may carry out transactions including, but not limited to, the sale of yarn, machinery and other necessary goods, as well as the purchase of cement, cloth, garments, textiles, machinery, and other commodities including receipt and payment of dividends, with related parties from time to time including, but not limited to, Lucky Cement Limited, Yunus Textile Mills Limited, Lucky Textile Mills Limited, Lucky Knits (Private) Limited, Lucky Energy (Private) Limited, ICI Pakistan Limited, Lucky Landmark (Private) Limited, Yunus Energy Limited, Lucky Holdings Limited, Y.B. Holdings (Private) Limited, Y.B. Pakistan Limited and other such related parties to the extent of Rs. 7,500,000,000/- (Rupees Seven Billion Five Hundred Million Only) for the fiscal year 2016-17.

**FURTHER RESOLVED THAT** within the parameters approved above by the shareholders of the Company, the board of directors of the Company may approve specific related party transactions from time to time, irrespective of the composition of the board, and in compliance with the Company's policy pertaining to related party transactions and notwithstanding any interest of the directors of the Company in any related party transaction which has been noted by the shareholders."

3. Through SRO 470(I)/2016 - Dated May 31, 2016 Securities and Exchange Commission of Pakistan (SECP) has allowed companies to circulate the annual audited account to its members through CD/DVD/USB instead of transmitting the hard copies at their registered addresses subject to consent of the shareholders and compliance with certain other conditions.

In this regard Board has recommended and approved the amendment to be made in Clause 126 of Article of Association of the Company as under:

## EXISTING ARTICLE

"A copy of the balance sheet and report shall, not less than twenty-one days previous to the meeting, be sent to the persons entitled to receive notice of general meetings in the manner in which notices are to be given as provided thereunder."

## PROPOSED REPLACEMENT ARTICLE

"A Copy of the every such account, balance sheet and report shall at least twenty one days previous to the meeting be sent to the registered address of every registered share holder of the Company either in printed form or in other medium/form including CD/DVD/USB/email as allowed and amended by the regulatory authority from time to time be sent to the entitled shareholders of the Company."

The members are requested to consider and, if thought fit, pass with or without modification, the following special resolutions.

**"RESOLVED THAT** existing Clause 126 of Article of Association of the Company be replaced with the following Article.

126. A Copy of the every such account, balance sheet and report shall at least twenty one days previous to the meeting be sent to the registered address of every registered share holder of the Company either in printed form or in other medium/form including CD/DVD/USB/email as allowed and amended by the regulatory authority from time to time be sent to the entitled shareholders of the Company."

**FURTHER RESOLVED THAT** the Chief Executive and Company Secretary of the Company, be and are hereby severally authorized to complete all formalities and to take all further and incidental steps for implementing and giving effect to the above mentioned resolutions on behalf of the Company including but not limited to preparing, executing and filing all necessary forms, applications, notices, statutory filings and documents and to undertake and make all necessary arrangements to give effect to the above mentioned resolutions."

By order of the Board



Abdul Sattar Abdullah  
Company Secretary

Karachi: October 8, 2016

## Notes

1. The Share Transfer Books of the Company will remain closed from Saturday, October 22, 2016 to Saturday, October 29, 2016 (both days inclusive). Transfer received in order at our Share Registrar/Transfer Agent M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, S.M.C.H. Society, Main Shahrāh-e-Faisal, Karachi 74400, at the close of business on October 21, 2015, will be considered in time for the purpose of above entitlement to the transferees.
2. A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received by the Company at the Registered Office not less than 48 Hours before the time of holding the meeting.
3. An individual beneficial owner of shares from CDC must bring his/her Original Computerized National Identity Card or Passport, Account and Participant's I.D. numbers to prove his/her identity. A representative of corporate members from CDC must bring the Board of Directors' Resolution and /or Power of Attorney and the specimen signature of the nominee.
4. The members are requested to notify changes in their addresses, if any, to our Share Registrar/Transfer Agent M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrāh-e-Faisal, Karachi-74400.
5. CDC account holders are advised to follow the following guidelines as laid down in Circular 1 dated January 26, 2000, issued by the Securities and Exchange Commission of Pakistan.

### A. For attending the meeting:

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in a group account and their registration details are uploaded as per the Regulations, shall authorize his/her identity by showing original Computerized National Identity Card (CNIC) at the time of attending the meeting.

The shareholders registered on CDC are also requested to bring their particulars, I.D. numbers and account numbers in CDS.

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

### B. For appointing proxies

- i) In case of Proxy for an individual beneficial owner of shares from CDC, attested copies of beneficial owner's Computerized National Identity Card or Passport, Account and Participant's I.D. numbers must be deposited along with the form of proxy. In case of proxy for representative of corporate members from CDC, Board of Directors' Resolution and Power of Attorney and the specimen signature of the nominee must be deposited along with the form of proxy. The proxy shall produce his/her original Computerized National Identity Card or Passport at the time of meeting.
- ii) In order to be effective, this form of proxy duly completed, stamped, signed and witnessed along with Power of Attorney, or other instruments (if any), must be deposited at the Registered Office of the Company at 200-201, Gadoon Amazai Industrial Estate, Distt. Swabi, Khyber Pakhtunkhwa at least 48 hours before the time of the meeting
- iii) If a member appoints more than one proxy and more than one form of proxy are deposited by a member with the Company, all such forms of proxy shall be rendered invalid.

## Submission of copies of CNIC and NTN Certificate (Mandatory)

Pursuant to the Notification S.R.O. 275(I)/2016 dated March 31, 2016 read with S.R.O. 19(I)/2014 dated January 10, 2014 and S.R.O. 831(I)/2012 dated July 5, 2012 of the Securities & Exchange Commission of Pakistan (SECP), Dividend Warrants shall mandatorily bear the Computerized National Identity Card (CNIC) numbers of shareholders. Shareholders are therefore requested to fulfill the statutory requirements and submit a copy of their CNIC or NTN in case of corporate entities (if not already provided) to the Company's Share Registrar.

In case of non-availability of a valid copy of the Shareholders' CNIC in the records of the Company, the company shall be constrained to withhold the Dividend Warrants in terms of Section 251(2) (a) of the Companies Ordinance 1984, which will be released by the Share Registrar only upon submission of a valid copy of the CNIC in compliance with the aforesaid SECP directives.

## Withholding Tax on Dividend

Government of Pakistan through Finance Act, 2016 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

(a) For Filers of Income Tax Returns	12.5%
(b) For Non-Filer of Income Tax Return	20.0%

Shareholders who are filers, are advised to make sure that their names are entered into latest Active Tax Payers List (ATL) provided on the website of FBR at the time of dividend payment, otherwise they shall be treated as non-filers and tax on their cash dividend will be deducted at the rate of 20.0% instead of 17.5% (as per Finance Act, 2015).

## Payment of Cash Dividend Electronically (Optional)

The SECP has initiated e-dividend mechanism through its Notification 8(4) SMICDCI2008 dated April 05, 2013. In order to avail benefits of e-dividend shareholders are hereby advised to provide details of their bank mandate specifying: (i) title of account, (ii) account number, (iii) bank name, (iv) branch name, code and address to Company's Share Registrar Shareholders who hold shares with Participants/ Central Depository Company of Pakistan (CDC) are advised to provide the mandate to the concerned Broker/CDC.

The Form for providing relevant information for receiving payment of Cash Dividend Electronically has been available at Company's website [www.gadoontextile.com](http://www.gadoontextile.com). Filled forms may please forward to the Company's share registrar M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrāh-e-Faisal, Karachi 74400.

## Distribution of Audited Financial Statements/Notices through Email

As notified by the SECP vide SRO No. 787(I)/2014 dated September 8, 2014, all listed Companies are allowed to circulate Audited Financial Statements along with Notice of Annual General Meetings to shareholders through their e-mail addresses subject to written consent of the shareholders.

Shareholders of the Company who wish to receive Audited Financial Statements, notice of general meetings and other financial reports through e-mail are requested to fill the required information on the Form earlier dispatched to the Shareholders of the Company. The Form is also available at Company's website [www.gadoontextile.com](http://www.gadoontextile.com). Filled forms may please forward to the Company's share registrar M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrāh-e-Faisal, Karachi-74400.

THE STATEMENT UNDER SECTION 160(1) (B) OF THE COMPANIES ORDINANCE, 1984 PERTAINING TO THE "SPECIAL BUSINESS" AND REGULATION 3 OF THE COMPANIES (INVESTMENT IN ASSOCIATED COMPANIES OR ASSOCIATED UNDERTAKINGS) REGULATIONS, 2012 IS ANNEXED WITH THE NOTICE BEING SENT TO THE MEMBERS.

## Statement under Section 160(1) (b) of the Companies Ordinance, 1984 concerning the Special Business

**This statement sets out the material facts pertaining to the Special Business, being Item No. 3 on the Notice, intended to be transacted at the Annual General Meeting of the Company to be held on October 29, 2016**

(i) As per the instructions of the Securities and Exchange Commission of Pakistan (the "SECP"), the Company has been directed to obtain a broad approval from the shareholders of the Company, regarding related party transactions carried out by the Company from time to time.

On a strict reading of the laws, the SECP is of the opinion that due to the composition of the board of directors of the Company, the board of directors would be unable to approve the transactions carried out by the Company with other companies having common directors.

Although transactions carried out by the Company with related parties constitute a small fraction of the Company's entire business, this would adversely affect the business of the Company. The Company carries out transactions with its associated companies and related parties in the normal course of business.

The Company carries out such transactions in a fair and transparent manner and on an arm's length basis. All transactions entered into with associated companies and related parties require the approval of the Audit Committee of the Company, which is chaired by the independent director of the Company. The Audit Committee reviews the transactions and ensures that the pricing method is transparent and at par with running market practice and that the terms are as per the Company's practices. Only upon the recommendation of the Audit Committee, are such transactions placed before the board of directors for approvals.

The transactions with related parties to be ratified have been disclosed in Note No.33 to the Financial Statements for the year ended June 30, 2016. All such transactions were approved by the Audit Committee and were carried out at arm length basis.

Furthermore, since such transactions are an ongoing process and are approved by the board of directors on a quarterly basis, the shareholders are being approached to grant the broad approval for such transactions to be entered into by the Company, from time to time, at the discretion of the board (and irrespective of its composition). The Company shall comply with its policy pertaining to transactions with related parties as stated above to ensure that the same continue to be carried out in a fair and transparent manner and on an arm's length basis.

Transactions intended to be carried out by the Company include, but are not limited to, sale of yarn, machinery and other necessary goods, as well as the purchase of cement, cloth, garments, textiles, machinery, and other commodities including receipt and payment of dividends with the following related parties but are not limited to:

01. Lucky Cement Limited	02. Yunus Textile Mills Limited
03. Lucky Textile Mills Limited	04. Lucky Knits (Private) Limited
05. Lucky Energy (Private) Limited	06. ICI Pakistan Limited
07. Yunus Energy Limited	08. Lucky Landmark (Private) Limited
09. Lucky Holdings Limited	10. Y.B. Holdings (Private) Limited
11. Y.B. Pakistan Limited	

The shareholders would note that it is not possible for the Company or the directors to accurately predict the nature of the related party transaction or the specific related party (ies) with which the transaction(s) shall be carried out. In view of the same, the Company seeks the broad approval of the shareholders that the Board may cause the Company to enter into related party transactions in its wisdom and in accordance with the policy of the Company to the extent of Rs. 7,500,000,000/- (Rupees Seven Billion Five Hundred Million Only) for the fiscal year 2016-17.

All such transactions are clearly stipulated at the end of the year in the Company's annual report.

Furthermore, the Company and the board continuously serve to protect the interests of the shareholders of the Company and the said transactions are entered into in order to benefit the Company and its stakeholders.

The interest of the relevant directors of the Company in the associated companies/related parties are known to the shareholders and are disclosed by the Company as per the Applicable laws, including in the Financial Statements of the Company.

\*\*\*

(ii) The Securities and Exchange Commission of Pakistan (SECP) has allowed companies to circulate the annual audited account to its members through CD/DVD/USB instead of transmitting the hard copies at their registered addresses subject to consent of the shareholders and compliance with certain other conditions vide SRO 470(I)/2016 dated May 31, 2016.

In this regard, following amendments are to be made in the Articles of Association of the Company:

### Deletion of Existing Article

126 A copy of the balance sheet and report shall, not less than twenty-one days previous to the meeting, be sent to the persons entitled to receive notice of General Meetings in the manner in which notices are to be given as provided thereunder.

Balance Sheet and report be sent to the address of every Member

### Replacement of Article

126 A Copy of the every such account, balance sheet and report shall at least twenty one days previous to the meeting be sent to the registered address of every registered share holder of the Company either in printed form or in other medium/form including CD/DVD/USB/email as allowed and amended by the regulatory authority from time to time be sent to the entitled shareholders of the Company

Balance Sheet and report be sent to the address of every Member

# pattern of shareholding

As at June 30, 2015

No. of Shareholders	No. of Shareholders		Total Shares Held
	From	To	
797	1	100	30,644
895	101	500	232,344
449	501	1000	366,435
315	1001	5000	782,679
59	5001	10000	443,144
27	10001	15000	327,343
12	15001	20000	209,974
9	20001	25000	213,400
3	25001	30000	83,606
1	35001	40000	36,700
2	40001	45000	86,100
1	45001	50000	50,000
1	55001	60000	55,500
2	60001	65000	122,267
2	65001	70000	133,419
1	120001	125000	120,711
1	130001	135000	132,497
1	195001	200000	200,000
1	200001	205000	201,500
1	400001	405000	402,400
3	405001	410000	1,219,353
1	560001	565000	563,522
1	715001	720000	716,494
1	740001	745000	743,210
1	1055001	1060000	1,056,600
1	19495001	19500000	19,499,741
<b>2,588</b>			<b>28,029,583</b>

Categories of Shareholders	Shareholdings	Shares Held	Percentage
<b>Director and their spouse(s) and minor children</b>			
MUHAMMAD YUNUS TABBA	1	3,673	0.01
MUHAMMAD SOHAIL TABBA	1	3,673	0.01
MUHAMMAD ALI TABBA	1	3,673	0.01
IMRAN YUNUS	1	3,673	0.01
JAWED YUNUS TABBA	1	3,673	0.01
MARIAM TABBA KHAN	1	3,673	0.01
ZULEKHA TABBA MASKATIYA	1	3,673	0.01
SALEEM ZAMINDAR	1	500	0.00
<b>Associated Companies, undertaking and related parties</b>			
Y.B. HOLDING (PRIVATE) LIMITED	1	19,499,741	69.57
<b>Executives</b>			
	-	-	-
<b>Public Sector Companies and Corporations</b>			
	7	45,088	0.16
<b>Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modaraba and pension funds</b>			
	41	1,943,060	6.93
<b>Mutual Funds</b>			
GOLDEN ARROW SELECTED STOCK FUNDS LIMITED	1	65,901	0.24
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	1	3,690	0.01
PAK ASIAN FUND LIMITED	1	500	0.00
PAK ASIAN FUND LIMITED	1	300	0.00
<b>General Public</b>			
a. Local	2,525	6,418,919	22.90
b. Foreign	-	-	-
Foreign Companies	1	25,000	0.09
Others	1	1,173	0.00
	<b>2,588</b>	<b>28,029,583</b>	<b>100.00</b>
<b>SHAREHOLDERS HOLDING 5% OR MORE</b>			
Y.B. HOLDING (PRIVATE) LIMITED	1	19,499,741	69.57

## glossary

AGM	Annual General Meeting
ATIR	Appellate tribunal Inland Revenue
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CS	Company Secretary
DPS	Dividend Per Share
EBITDA	Earnings Before Interest Tax Depreciation and Amortization
EOGM	Extra Ordinary General Meeting
EPS	Earning Per Share
GIDC	Gas Infrastructure Development Cess
GTML	Gadon Textile Mills Limited
IASs	International Accounting Standards
IASB	International Accounting Standards Board
ICIP	ICI Pakistan Limited
IFRIC	International Financial Reporting Interpretation Committee
IFRSs	International Financial Reporting Standards
KIBOR	Karachi Inter-Bank Offer Rate
LHL	Lucky Holdings Limited
LIBOR	London Inter-Bank Offer Rate
MMBTU	Million Metric British Thermal Units
MW	Mega Watt
PE	Price Earnings Ratio
PESCO	Peshawar Electricity Supply Corporation
PSF	Polyster Staple Fiber
SNGPL	Sui Northern Gas Pipeline Limited
WHR	Waste Heat Recovery Plant
WWF	Workers' Welfare Fund
WWF PAKISTAN	World Wildlife Fund
YBG	Yunus Brother Group
YTML	Yunus Textile Mills Limited

# form of proxy

The Company Secretary,  
GADOON TEXTILE MILLS LIMITED  
200-201, Gadoon Amazai Industrial Estate.  
Distt, Swabi, Khyber Pakhtunkhwa.

I/We \_\_\_\_\_ of  
(full address) \_\_\_\_\_

being member of Gadoon Textile Mills Limited and holder of \_\_\_\_\_  
ordinary shares as per Share Register Folio No. \_\_\_\_\_  
and/or CDC Participant I.D. No. \_\_\_\_\_  
and Sub- Account No. \_\_\_\_\_  
hereby appoint \_\_\_\_\_  
of (full address) \_\_\_\_\_  
or failing him/her \_\_\_\_\_  
of (full address) \_\_\_\_\_

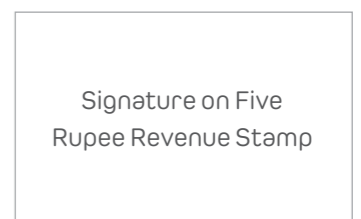
who is also a member of Gadoon Textile Mills Limited, as my/our proxy in my/our presence to attend and vote for me/us on my/our behalf at an 29th Annual General Meeting of the Company to be held on Saturday, October 29, 2016 at 10:00 am and at any adjournment thereof.

Signature this \_\_\_\_\_ day of \_\_\_\_\_, 2016

## Witness

1) Signature : \_\_\_\_\_  
Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
CNIC No. : \_\_\_\_\_

2) Signature : \_\_\_\_\_  
Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
CNIC No. : \_\_\_\_\_



Signature of members should match with the specimen signature registered with the company

### Note:

Proxies in order to be effective, must be received by the Company not less than 48 hours before the meeting. A Proxy need not be a member of the Company.

CDC Shareholders and their proxies are each requested to attach an attested photocopy of their Computerized National Identity Card with this proxy form before submission to the Company.

## پراکسی فارم

گدون ٹیکسٹائل ملز لمیٹڈ  
200-201، گدون امازئی انڈسٹریل اسٹیٹ،  
ضلع صوابی، خیبر پختونخوا۔

میں رہم \_\_\_\_\_ کے  
گدون ٹیکسٹائل ملز لمیٹڈ کے رکن اور عام شیئر کے حامل کی حیثیت سے \_\_\_\_\_ (شیئرز کی تعداد)  
رجسٹرڈ کارڈ نمبر \_\_\_\_\_ اور ری ای سی ڈی سی فو لیکو آئی ڈی نمبر \_\_\_\_\_ اور ڈی جی کاؤنٹ نمبر \_\_\_\_\_  
کے \_\_\_\_\_ مکمل پتہ \_\_\_\_\_ یا \_\_\_\_\_ کے  
مکمل پتہ \_\_\_\_\_ کو کمپنی کے سالانہ عام اجلاس جو بروز ہفتہ، بتاریخ 29 اکتوبر 2016 کو منعقد ہوگا، میں میرے رہا رہنے اور میری طرف سے  
بحیثیت اپنا پراکسی ووٹ دینے کے لئے نامزد کرتا ہوں رکتی ہوں کرتے ہیں۔

دستخط \_\_\_\_\_ بروز \_\_\_\_\_ بتاریخ \_\_\_\_\_ / \_\_\_\_\_ 2016۔

گواہان:

• دستخط: \_\_\_\_\_

نام: \_\_\_\_\_

پتہ: \_\_\_\_\_

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: \_\_\_\_\_

• دستخط: \_\_\_\_\_

نام: \_\_\_\_\_

پتہ: \_\_\_\_\_

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: \_\_\_\_\_

دستخط شیئر ہولڈر

(دستخط کا کمپنی میں رجسٹرڈ نمونے کے ہو بہو مطابق ہونا ضروری ہے)

نوٹ: نمائندے کو فعال بنانے کے لئے نامزدگی کا فارم میٹنگ سے کم از کم 48 گھنٹے قبل کمپنی کو موصول ہو جانا چاہئے۔ نمائندے کو کمپنی کارکن ہونا ضروری نہیں۔

سی ڈی سی شیئر ہولڈرز اور ان کے نمائندوں سے مرد افراد درخواست ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ کی تصدیق شدہ نقل پر کسی فارم داخل کرنے سے قبل اس کے ساتھ منسلک کریں۔



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## چیف ایگزیکٹو آفیسر کی کارکردگی کا جائزہ

یہ بورڈ کا معمول رہا ہے کہ چیف ایگزیکٹو آفیسر کی کارکردگی کا جائزہ مستقل بنیادوں پر لیا جاتا رہے اور اس ضمن میں چیئر مین کے روبرو سفارشات پیش کی جاتی رہیں۔

چیف ایگزیکٹو آفیسر کی کارکردگی کو جانچنے کیلئے معیاری اور مقدراری دونوں ہی قسم کے معیارات کو بروئے کار لایا جاتا ہے، جس میں کمپنی کی مجموعی مالیاتی کارکردگی، مقاصد کا تعین، رہنمائی کے اصولوں کی پاسداری اور موثر انتظامیہ جیسے امور شامل ہیں البتہ جانچ کے معیار

محض انہی امور تک محدود نہیں ہیں۔ مالیاتی کارکردگی کو مضبوط سے مضبوط تر بنانے کی غرض سے مستقل بنیادوں پر کی جانے والی کوششیں، صارفین میں اضافہ، مضبوط انسانی وسائل اور سپلائی چین میں نئی حکمت عملیوں اور نئی جہتوں سے فوائد اٹھانے جیسے امور بھی چیف ایگزیکٹو آفیسر کی جانچ کے عمل میں انتہائی اہم کردار ادا کرتے ہیں۔

## ڈائریکٹروں کی تربیت

رواں سال کے دوران ڈائریکٹروں کی تربیت سے متعلق ضوابط کی شرائط کو دو ڈائریکٹروں نے پورا کیا ہے، ان ڈائریکٹروں نے پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (پی آئی سی جی) کے تحت منعقد کئے جانے والے کارپوریٹ گورننس لیڈرشپ اسکول پروگرام میں شرکت کی۔ دیگر ڈائریکٹریا تو اپنے تجربے کی بنیاد پر اس تربیتی پروگرام سے مستثنیٰ ہیں یا پھر وہ پہلے ہی یہ تربیت مکمل کر چکے ہیں۔

## آڈیٹرز

موجودہ آڈیٹرز مینسز ڈیلائٹ یوسف عادل، چارٹرڈ اکاؤنٹنٹس مالی سال 30 جون 2016 کا سالانہ آڈٹ مکمل کر چکے ہیں اور انکی جانب سے آڈٹ رپورٹ بھی جاری کی جا چکی ہے۔ آڈیٹرز ہذا سالانہ عام اجلاس کے اختتام پر ریٹائر ہو چکے ہیں، تاہم اہلیت کے حامل ہونے کی وجہ سے انھوں نے اپنی خدمات دوبارہ پیش کی ہیں، آڈٹ کمیٹی کی تجویز پر بورڈ نے انہی آڈیٹرز کی مالی سال 30 جون 2017 کیلئے تعیناتی کی سفارش کی ہے۔

## ترتیب حصص داری

آپ کی کمپنی کی ترتیب حصص داری اور اضافی معلومات برائے مالی سال 30 جون 2016 کو رپورٹ ہذا پر ملاحظہ کیا جاسکتا ہے۔ کمپنی کے مجموعی حصص کا %69.74 منسلکہ کمپنیوں اور

پبلک سیکٹر کمپنیوں کے پاس، %7.18 بینکوں رانسورٹس کمپنیوں «میو چل فنڈز کے پاس اور %23.08 حصص افراد کے پاس ہیں۔

## مستقبل پر نظر

مختصر آئیہ کہا جاسکتا ہے کہ بین الاقوامی سطح پر ٹیکسٹائل کی مارکیٹ میں مسابقت اور ہماری صنعت کو سہارا دینے کیلئے کئے جانے والے اقدامات کی عدم موجودگی میں کمپنی کو بڑے بڑے چیلنجز کا سامنا ہے۔ برآمدات بڑی ٹیکسٹائل پاکستان میں ڈیولپمنٹ، ٹیکسٹائل اور سرچارجز کی مد میں

%5 اثرات کی زد میں ہے جبکہ اس کے مقابلے میں مقامی صنعتیں اس مد میں یا تو کسی دباؤ میں ہے ہی نہیں اور اگر ایسا کوئی دباؤ ہے بھی تو وہ %1 سے بھی کم ہے۔ مزید برآں توانائی کے بڑھتے ہوئے نرخ، جی آئی ڈی سی اور اسی طرح دیگر نئے ٹیکس وٹن عزیز میں برآمدات بڑی صنعتوں کو مزید دباؤ کا شکار کر رہے ہیں۔

انتظامیہ اس بات پر متفق ہے کہ ٹیکسٹائل کی صنعت کیلئے صفر شرح کی ٹیکس اسکیم اور اسی قسم کی دیگر پالیسیاں صنعت کو اس قابل بنا سکتی ہیں کہ مسابقت کے اس ماحول میں صنعت اپنے وجود کو برقرار رکھ سکے۔ ان تمام تر مصائب کے باوجود انتظامیہ کمپنی سے وابستہ افراد کے کو زیادہ سے زیادہ فائدہ پہنچانے کیلئے ہمہ تن کوشاں ہے اور اس بات کی کوشش کر رہی ہے کہ پیداواری لاگت میں مزید کمی لائی جائے۔

## اظہار تشکر

اس موقع سے فائدہ اٹھاتے ہوئے آپ کی کمپنی کے ڈائریکٹرز ان تمام ورکروں، ملازمین اور انتظامی افسران کا تہ دل سے تشکر یہ ادا کرتے ہیں جنھوں نے کمپنی کیلئے انتھک محنت کی اور ان حصص داران کے بھی بے حد مشکور ہیں جن کا اعتماد کمپنی کو حاصل رہا۔ ہم امید کرتے ہیں کہ اس کڑے وقت میں کمپنی سے منسلک تمام افراد کا تعاون ہمیں حاصل رہے گا جس سے ہمیں آگے بڑھنے میں تقویت ملے گی۔

برائے اور منجانب بورڈ



بمقام کراچی: 02 ستمبر 2016

چیف ایگزیکٹو

### مؤثر کارپوریٹ گورننس

آپکی کمپنی کے ڈائریکٹر انتہائی مسرت کے ساتھ اس بات کا اظہار کرتے ہیں کہ کمپنی نے سکیورٹی، سچے سچے کمیشن آف پاکستان اور اسٹاک ایکسچینج کی لسٹنگ سے متعلق قواعد میں مذکور کارپوریٹ گورننس کے ضوابط کی مکمل پاسداری کی ہے۔

کارپوریٹ گورننس کے ضوابط کی پاسداری کے سلسلے میں ڈائریکٹر انتہائی مسرت کے ساتھ آپکو آگاہ کرتے ہیں کہ:

- کمپنی کی انتظامیہ کی جانب سے تیار کی گئی مالی دستاویزات میں اس بات کو یقینی بنایا جاتا ہے کہ کمپنی کے معاملات، کاروباری افعال کے نتائج، ترسیل نقدرقوم اور حصص میں ردوبدل جیسے معاملات کو ان دستاویزات میں شفاف انداز سے پیش کیا جائے۔
- کمپنی میں حساب کتاب سے متعلق باقاعدہ کھاتے مرتب کئے جاتے ہیں۔
- مالی دستاویزات کی تیاری کے سلسلے میں اکاؤنٹنگ کی مناسب پالیسیوں کو مستطلاً اپنایا جاتا ہے اور اکاؤنٹنگ کے تمام ترتیحیہ معقولیت کی بنیاد پر لگائے جاتے ہیں۔ اندرونی کنٹرول کا نظام انتہائی جامع ہے اور اس نظام کو مؤثر انداز سے نافذ کیا جاتا ہے اور اس کی مکمل نگرانی بھی کی جاتی ہے۔

- مالی دستاویزات کی تیاری کے سلسلے میں پاکستان میں مستعمل بین الاقوامی فنانشل رپورٹنگ اسٹینڈرڈ کا لحاظ بھی رکھا گیا ہے اور کسی قسم کی روگردانی کی صورت میں اسکی مناسب وجوہات بیان کی جاتی ہیں۔

- اس بات میں کوئی شک کی گنجائش نہیں ہے کہ کمپنی اپنی کاروباری سرگرمیوں کو ہمیشہ جاری رکھنا چاہتی ہے

- لسٹنگ قواعد میں مذکور کارپوریٹ گورننس کے ضوابط کی پاسداری سے ایسی کوئی روگردانی نہیں کی گئی جو قابل ذکر ہو۔

- کمپنی کی ایک آڈٹ کمیٹی ہے جس کے ممبران بورڈ آف ڈائریکٹرسے تعلق رکھتے ہیں۔

- ہم اخلاقی ضوابط اور کاروباری حکمت عملی سے متعلق ایک دستاویز مرتب کرنے کے بعد ڈائریکٹروں اور ملازمین کے درمیان تقسیم کرچکے ہیں۔

- بورڈ مشن کے متن اور مجموعی کاروباری حکمت عملی پر عمل پیرا ہے۔

- ضوابط کے مطابق ہم نے رپورٹ ہذا میں درج ذیل معلومات فراہم کی ہیں:

(i) ترتیب حصص داری کا متن

(ii) ان حصص سے متعلق متن جنکی کی ملکیت منسلک حلف ناموں کی بنیاد پر ہے اور جن کا تعلق متعلقہ افراد سے ہے۔

(iii) رواں سال کے دوران بورڈ کے اجلاسوں کی تفصیل اور ان میں شرکت کرنے

والے ڈائریکٹروں کی حاضری۔

(iv) گزشتہ چھ برسوں سے متعلق اہم ترین کاروباری اور مالیاتی امور کا شماریاتی جائزہ۔

### بورڈ اور آڈٹ کمیٹی کے اجلاس

رواں سال کے دوران بورڈ کے پانچ اور آڈٹ کمیٹی کے چار اجلاس منعقد کئے گئے جن کی بابت ڈائریکٹروں کی حاضری ذیل میں پیش ہے:

ڈاریکٹروں کے نام	اجلاسوں میں شرکت
جناب محمد یونس ؔ(چیرمین)	4/5
جناب محمد سہیل ؔ(چیف ایگزیکٹو آفیسر)	5/5
جناب محمد علی ؔ	4/5
جناب عمران یونس ☆	0/5
جناب جاوید یونس ؔ	5/5
مسز مریم ؔ خاں	3/5
مسز ذلیخا ؔہ مسقطیہ ☆☆	3/5
جناب سلیم زمیندار	5/5

☆ جناب یونس نے 21 مارچ 2016 کو بورڈ میں بطور ڈائریکٹر شمولیت اختیار کی۔

☆☆ مسز ذلیخا ؔہ مسقطیہ نے بورڈ کے دو اجلاسوں میں مسز رحیلہ علیم کی جگہ بطور متبادل ڈائریکٹر شرکت کی۔

### آڈٹ کمیٹی کے اجلاس

اجلاسوں میں شرکت	نام
4/4	جناب سلیم زمیندار
3/4	جناب محمد علی ؔ
4/4	جناب جاوید یونس ؔ
2/4	مسز ذلیخا ؔہ مسقطیہ

### چیرمین اور چیف ایگزیکٹو آفیسر کا کردار

اصولی طور پر بورڈ کا رہنما چیرمین ہوتا ہے اور یہ اسی کی ذمہ داری ہے کہ اس بات کو یقینی بنائے کہ بورڈ کا ہر فرد اپنی ذمہ داریاں باحسن و خوبی نبھارہا ہے، جبکہ چیف ایگزیکٹو آفیسر ایک انتظامی ڈائریکٹر ہوتا ہے جسے کمپنی کے سربراہ کے بطور اپنی ذمہ داریاں سرانجام دینا ہوتی ہیں۔

چیرمین کے کردار و ذمہ داریوں میں درج ذیل امور شامل ہیں:

✧ بورڈ کے غور کرنے کیلئے ایجنڈے تیار کرنا۔

✧ بورڈ کی رہنمائی کرنا اور انتظامی کمیٹی کی جانب پیش کی جانے والی تجاویز کو زیر غور لانا۔

✧ ذیلی کمیٹیوں کے چیرمینوں سے روابط رکھنا اور ان کے ساتھ مل کر کام کرنا۔

✧ بورڈ کے ممبران کے انتخاب کے سلسلے میں نشاندہی کرنا اور انتخاب کے امور میں

شرکت کرنا، نیز بورڈ، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر اور دیگر اہم انتظامی عہدوں پر تقرر کیلئے جانشینی کے منصوبوں کو باقاعدہ زیر غور لانا۔

✧ کمپنی کے مفادات کی حفاظت اور اجتماعیت کے جذبے کو قائم رکھنے کیلئے تنازعات کا تصفیہ کروانا۔

✧ اس بات کو یقینی بنانا کہ کمپنی سے منسلک تمام اہم ترین افراد اور کمپنی کے مابین دیرینہ تعلقات قائم رہیں۔

✧ اس بات کو یقینی بنانا کہ کمپنی سے اپنے مفادات وابستہ رکھنے والے افراد کا یقین اور

اعتماد کمپنی پر بحال رہے۔

### چیف ایگزیکٹو آفیسر کے کردار اور ذمہ داریاں

✧ کمپنی کے اعلی ترین نمائندے کی حیثیت سے ذمہ داریاں نبھانا۔

✧ کاروباری امور کی نگرانی کرنا اور بورڈ کی جانب سے سفارش کردہ اور منظور شدہ

پالیسیوں اور حکمت عملیوں کے نفاذ کو ممکن بنانا۔

✧ کمپنی کے کاروباری افعال اور مالیاتی نتائج کا عمیق جائزہ لینا اور ان نتائج کا استقلال

کے ساتھ کمپنی کے منصوبوں اور بجٹ سے موازنہ کرنا۔

✧ اس بات کو یقینی بنانا کہ کمپنی میں رپورٹنگ کا ایسا مؤثر نظام موجود ہو کہ انتظامیہ کی ہر سطح پر اس بات کو ممکن بنایا جاسکے کہ ملازمین اپنی آراء کا اظہار کر سکیں۔

✧ اس بات کو یقینی بنانا کہ کمپنی تمام متعلقہ قوانین اور کارپوریٹ گورننس کے ضوابط پر عمل پیرا ہے اور یہ کہ کمپنی کو لاحق خطرات کو کم از کم کرنے کی غرض سے بورڈ کی جانب سے ان ضوابط کی سفارش کی جارہی اور انھیں اپنایا جا رہا ہے۔

✧ اس انداز سے ضابطہ اخلاق مرتب کرنا کہ رہنمائی بھی اخلاقی اقدار پر مبنی ہو اور ماحول بھی انہی اخلاقی اقدار کا مظہر ہو۔

### بورڈ کے ڈائریکٹروں کی کارکردگی کی جانچ پڑتال

آپکی کمپنی کا بورڈ آف ڈائریکٹر اعلی پیشہ ورانہ صلاحیتوں کے حامل افراد پر مبنی ایک تنظیمی ڈھانچہ ہے۔ بورڈ کے تمام ممبران اعلی صلاحیتوں کے حامل ایسے افراد ہیں جن کے پاس مختلف شعبہ ہائے زندگی کا تجربہ ہے، یہ افراد گہری کاروباری سوجھ بوجھ اور دوراندیشی کے حامل ہیں۔ بورڈ کل آٹھ ممبران پر مشتمل ہے جن میں ایک آزاد ڈائریکٹر بھی شامل ہے جنھیں مختلف کاروباری جہتوں کا پیشہ ورانہ تجربہ حاصل ہے۔

بورڈ کی کاروائیاں بہترین کاروباری طریق پر مشتمل ہیں اور ان طریق ہائے کار میں سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے ضوابط کی مکمل پاسدرا ی کی جاتی ہے، بورڈ کی جانب سے اپنی ہی کارکردگی کو مؤثر انداز سے جانچنے کیلئے ایک انتہائی مربوط ضابطہ کار موجود ہے جس کے تحت بورڈ کا ہر ممبر فرداً فرداً جانچ سے متعلق چند مسلسل سوالات کے جوابات دے کر بورڈ

کی مجموعی کارکردگی کا جائزہ لیتا ہے، اس کے بعد تسلسل کے ساتھ پوچھے گئے ان سوالات کو ایک ساتھ مرتب کیا جاتا ہے اور ممبران اجتماعی طور پر اسے زیر بحث لاتے ہیں۔ دوران مباحث بورڈ اس بات کا جائزہ لیتا ہے کہ اس کی جانب سے مالیاتی معاملات، کمپنی کو رہنمائی فراہم کرنے، حکمت عملی بنانے اور پالیسیوں اور ضوابط کی پاسداری کرتے ہوئے کمپنی کی انتظامیہ کو رہنمائی کرنے جیسے اہم امور میں اسکی کارکردگی کیسی رہی۔

کام کی شرائط کو مد نظر رکھتے ہوئے بورڈ نے مخصوص امور سے متعلق کمیٹیاں تشکیل دینے میں ہمیشہ مستعدی اور پیشگی کا مظاہرہ کیا ہے۔ مجموعی سطح پر بورڈ کی کارکردگی انتہائی اطمینان بخش رہی اور بورڈ اس اہم نکتے سے پوری طرح آگاہ ہے کہ بورڈ کی کارکردگی میں تسلسل کے ساتھ اصلاح پر ہی دراصل کمپنی کی کامیابی کا دارومدار ہے۔

## ڈائریکٹران کی رپورٹ

### محترم ممبران

آپ کی کمپنی کے ڈائریکٹران انتہائی مسرت کے ساتھ آپ کی خدمت میں کمپنی کی کارکردگی کی سالانہ رپورٹ بمعہ آڈٹ شدہ مالیاتی دستاویزات برائے مالی سال 30 جون 2016 پیش کر رہے ہیں۔

### جائزہ

مقامی سپلائروں کے مابین سخت ترین مسابقت کے باوجود آپ کی کمپنی 21 بلین روپے کی آمدن حاصل کرنے میں کامیاب رہی۔ عالمی سطح پر مندی کا رجحان اس سال بھی جاری رہا اور انہی نامساعد حالات میں کمپنی کو اپنے سال کا آغاز کرنا پڑا۔ پنجاب میں کپاس کی پیداوار والے علاقے سیلاب کی تباہ کاریوں سے بری طرح متاثر ہوئے جس کی وجہ سے انتظامیہ کو دوراندیشی کا مظاہرہ کرتے ہوئے قبل از وقت مختلف ذرائع سے درآمد شدہ کپاس کا انتظام کرنا پڑا تاکہ کمپنی کی پیداواری صلاحیتوں پر کسی بھی قسم کے کوئی بھی منفی اثرات مرتب نہ ہونے پائیں، ان اقدامات کی وجہ سے پیداواری لاگت میں اضافہ ہوا جس کے منفی اثرات شرح منافع پر مرتب ہوئے اور منافع کے اعتبار سے مقامی اور بین الاقوامی سطح پر حوصلہ افزاء نتائج برآمد نہ ہو سکے۔

گوکہ اس سال مقامی فروختگی نے کل کاروباری حجم میں 13 بلین روپے (کل فروختگی کا 66%) کا حصہ ملایا ہے لیکن مقامی منڈیوں میں درآمد شدہ سوت کی موجودگی اور برآمدات میں 25% کی کمی کی وجہ سے کمپنی کے منافع پر بہت ہی منفی اثرات مرتب ہوئے ہیں۔ مزید برآں انتہائی سخت مسابقت کے باوجود کمپنی مقامی منڈیوں میں سرایت کرنے میں کامیاب رہی اور مقامی

### مالیاتی نتائج

کمپنی کے اہم ترین مالیاتی نتائج برائے سال 30 جون 2016 کا تقابلی جائزہ ذیل میں پیش خدمت ہے:

خلاصہ نفع و نقصان	روپے ہزاروں میں	
	30 جون 2015	30 جون 2016
برآمدات	10,224,514	7,603,470
مقامی	12,778,932	13,666,007
کل فروختگی	23,003,447	21,269,477
خام منافع	1,129,822	726,192
تمویلی لاگت	(791,481)	(449,176)
انتظامی اخراجات	(226,862)	(215,697)
نقصان قبل از ادائیگی ٹیکس	(90,281)	(92,164)
نقصان برائے سال	(392,334)	(273,845)
آمدن فی حصص	(14.59)	(9.77)

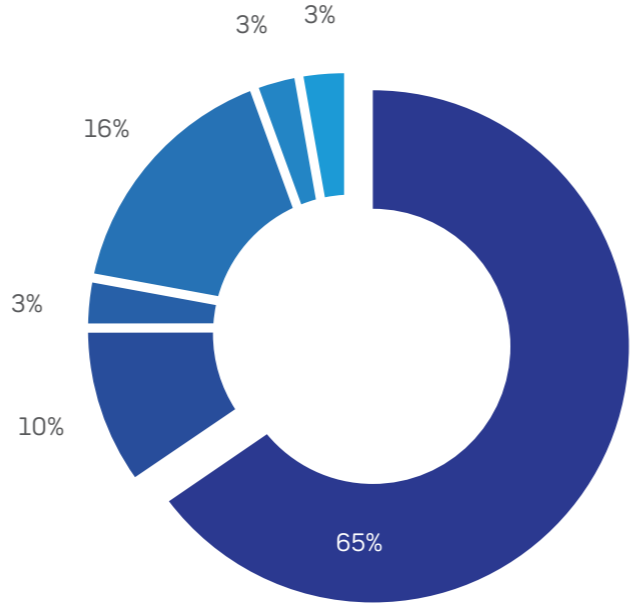
منڈیوں کے کونے کونے تک اپنی مصنوعات کی رسائی کو ممکن بنایا جس کا اظہار مقامی سطح پر کمپنی کی فروختگی میں اضافے سے بھی ہوتا ہے۔ خام مال اور توانائی پر آنے والی لاگت تیار شدہ مال پر آنے والے سب سے بڑے اخراجات ہیں اور انہی کی وجہ سے رواں مالی سال کے دوران کمپنی کے منافع میں کمی واقع ہوئی ہے۔ اوسط پیداواری لاگت کو معقول سطح پر رکھنے کیلئے انتظامیہ نے اس سلسلے میں متبادل بندوبست کرتے ہوئے فرس آئل اور قدرتی گیس کا استعمال زیادہ کیا ہے۔ بروقت فرس آئل اور قدرتی گیس کو بطور متبادل استعمال کرنے کی وجہ سے آربٹراج کے موقع سے بھرپور فائدہ بھی اٹھایا جاتا ممکن ہو سکا۔

اس کے علاوہ مزکورہ بالا اعداد و شمار سے اس بات کا اندازہ بھی ہوتا ہے کہ اب بڑے پیمانے پر پیداوار، انتظامی امور میں مہارتوں اور پیداواری لاگت سے متعلق ترین قیاس فیصلوں کی وجہ سے انتظامیہ کو فوائد حاصل ہونے لگے ہیں۔ اسی کا نتیجہ ہے کہ رواں سال کے دوران گزشتہ سال کے مقابلے میں انتظامی اخراجات میں 4.9% کی کمی واقع ہوئی ہے۔

سال رواں کے بعد سوت کے مقامی نرخوں میں اضافہ ہونا شروع ہو چکا ہے جس کی بنیادی وجہ بین الاقوامی سطح پر کپاس کے ذخائر میں پیدا ہونے والی کمی سے پائے جانے والے خدشات اور درآمد کئے جانے والے سوت پر وصول کی جانے والی بہت زیادہ ڈیوٹی ہے اس صورتحال سے سے مقامی کمپنیاں یہ فائدہ اٹھا سکتی ہیں کہ ان کے مجموعی اخراجات کی بازیابی میں بہتر صورتحال پیدا ہو جائے۔

### Manufacturing Cost

- Raw materials consumed
- Power and fuel
- Salaries wages and benefits
- Depreciation
- Stores consumed
- Others



### منافع عدم تقسیم کی وجہ

مارکیٹ کی کارکردگی اور کمپنی کی مالی صورتحال کو مد نظر رکھتے ہوئے ڈائریکٹران نے یہ تجویز دی ہے کہ مالی سال 30 جون 2016 کیلئے منافع کی تقسیم کا اعلان ناکیا جائے۔

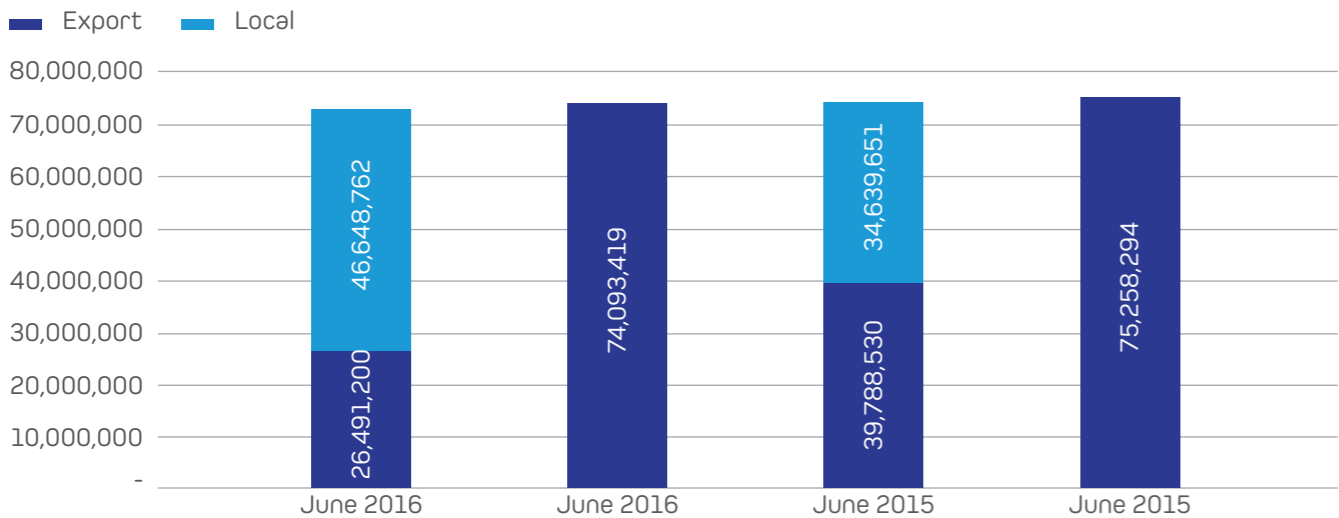
### ترسیل نقد رقم سے متعلق حکمت عملی

آپ کی کمپنی میں ترسیل نقد رقم سے متعلق ایک مؤثر حکمت عملی نافذ العمل ہے، اس جامع حکمت عملی کی وجہ سے آپ کی کمپنی ہمیشہ اس قابل رہی ہے کہ اپنی مالیاتی ذمہ داریوں کو مستعدی کے ساتھ نبھانے کے ساتھ ساتھ اسے پیش آنے والے کسی بھی اور ہر قسم کے چیلنجز سے نمٹ سکے۔

مزکورہ بالا امور کی پاسداری کرتے ہوئے انتظامیہ نے اس سلسلے میں مسلسل کوششیں کی ہیں مقامی اور بین الاقوامی سطح پر شرح سود میں آنے والی کمی سے فائدہ اٹھاتے ہوئے قرضوں کے معقول نرخوں سے زیادہ سے زیادہ فوائد حاصل کئے جاسکیں۔ اس مقصد کے حصول کیلئے فنڈز کے ذرائع میں ایک متوازن امتزاج پیدا کیا گیا تاکہ توازن کے ساتھ فنڈز کے ذرائع کو استعمال کرنے کے ساتھ ساتھ مؤثر انداز سے تمویل کا بندوبست بھی کیا جاسکے۔

مارکیٹ کی موجودہ صورتحال کو مد نظر رکھتے ہوئے کمپنی نے یہ فیصلہ کیا ہے کہ کمپنی اپنی سرمایہ کاری کی کارخ ان ذرائع آمدن کی جانب کرے جو کہ کمپنی کیلئے بنیادی اہمیت کے حامل ہیں تاکہ کمپنی اپنی مالیاتی کارکردگی میں مؤثر انداز سے بہتری پیدا کر سکے۔ ان کوششوں کا نتیجہ یہ نکلا ہے کہ قرضوں کے حصول پر آنے والی لاگت کو 449 ملین روپے کی حد تک کم کر دیا گیا ہے جو کہ گزشتہ سال 791 ملین روپے تھی (اس مد میں 43.25% کی کمی آئی ہے)۔

### Production & Sales of Yarn in KGS



we would like to thank

**mr. arsalan moten**  
**mr. muhammad kashif**  
**ms. humera aftab**  
**mr. yasir yamin**

for their tremendous support and contribution to our annual report.

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