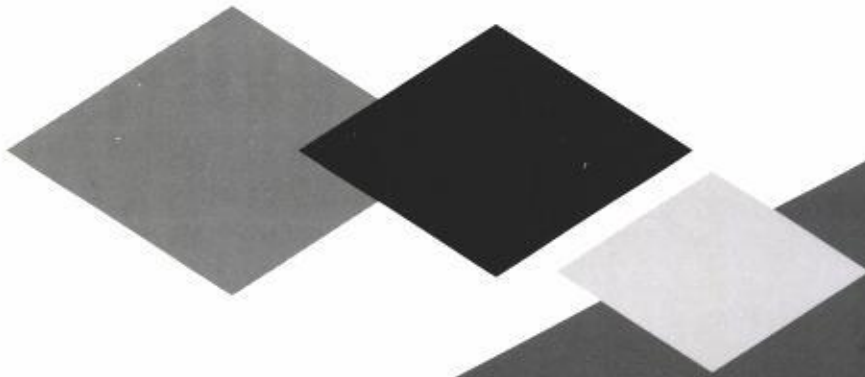


DS INDUSTRIES LIMITED



**Annual
Report
2015**

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COMPANY INFORMATION

Board of Directors	Mr. Pervez Ahmed Mr. Ali Pervez Ahmed Mr. Hassan Ibrahim Ahmed Mr. Suleman Ahmed Mr. Atta ur Rehman Mr. Muhammad Yousuf Mr. Muntazir Mehdi	Chief Executive
Audit Committee	Mr. Atta ur Rehman Mr. Muhammad Yousuf Mr. Muntazir Mehdi	Chairman
HR and Remuneration Committee	Mr. Suleman Ahmed Mr. Atta ur Rehman Mr. Muntazir Mehdi	Chairman
Chief Financial Officer	Mr. Qamar ul Zaman	
Company Secretary	Mr. Salman Farooq	
Auditors	M/s Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants	
Legal Advisor	Cornelius, Lane & Mufti Advocates & Solicitors	
Banks	Burj Bank Limited MCB Bank Limited Askari Bank Limited Meezan Bank Limited Bank Al-Falah Limited Bank Al-Habib Limited NIB Bank Limited Al Baraka Bank (Pakistan) Limited National Bank of Pakistan Dubai Islamic Bank Silk Bank	
Registered Office	20-K, Gulberg II, Lahore.	
Share Registrars	THK Associates (Pvt.) Limited Ground Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road, Karachi - 75530	
Mill	11-km Sheikhpura Faisalabad Road, Sheikhpura	
Website	www.dsil.com.pk	

VISION

- To be a dynamic, profitable, growth oriented Company and to achieve excellence through commitment, integrity, honesty and team work

MISSION

- To increase consistently the value of the Company to its shareholders by building up the Company on sound financial footings with better productivity, excellence in quality and improved efficiency at lower operating costs without compromising on our principles of ethics, integrity and professional standards
- To achieve high returns on investments through continuous process of improvement for the benefit of shareholders
- To be a responsible employer and to develop and reward employees according to their ability and performance.
- Be a good corporate citizen

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Thirty-fifth Annual General Meeting of the shareholders of the Company will be held at the Registered Office of the Company 20 - K Gulberg II, Lahore on Saturday October 31, 2015 at 4:15 p.m. to transact the following business:-

- 1 To confirm the minutes of Extra-ordinary General Meeting held on January 31, 2015.
- 2 To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2015 together with Directors' and Auditors' reports thereon.
- 3 To appoint Auditors of the Company for the year 2015-16 and to fix their remuneration. The present Auditors M/s Rahman Sarfaraz Rahim Iqbal Rafiq - Chartered Accountants, retire and being eligible offered themselves for the re-appointment.

BY ORDER OF THE BOARD

Lahore
October 09, 2015

Salman Farooq
(Company Secretary)

Notes:-

- 1 The share transfer books of the Company will remain closed from October 28, 2015 to November 2, 2015 (BOTH DAYS INCLUSIVE)
- 2 A member entitled to attend and vote at this meeting may appoint another member as his / her proxy to attend the meeting and vote for him / her. Proxies in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.
- 3 Shareholders are required to immediately notify the Registrar of any change in their postal addresses.
- 4 Account holders and sub-account holders holding book entry securities in respect of the shares of the Company in Central Depository Company of Pakistan Limited, who wish to attend the General Meeting are requested to bring their original Computerized National Identity Cards for identification purpose.

DIRECTORS' REPORT

DIRECTORS' REPORT

The Board of Directors of D.S. Industries Limited is pleased to present the Company's Thirty-Fifth Annual Report which includes the Audited Financial Statements of the Company together with the Auditor's report thereon for the year ended June 30, 2015.

Financial Results of the Company

During the year ended June 30, 2015 the Company incurred a gross loss of Rs. 47.605 million as compared to gross profit of Rs. 12.804 million in the last year. Whereas profit before taxation for the year was amounting to Rs. 139.977 million as compared to loss before taxation of Rs. 48.391 million in last year. Overall financial results of the Company were good than the last year mainly due to write back of financial liability of KASB Bank Ltd and notional interest income accrued on interest free liability of MCB Bank Ltd.

Dividend

In view of the liquidity problem due to gross loss and repayment of loans, directors of your Company have not proposed any dividend for the year.

Book Closure

The Share Transfer Books of the Company will remain closed and no transfer of shares will be accepted for registration from October 28, 2015 to November 02, 2015 (both days inclusive). Transfer received by our Shares Registrar, M/s THK Associates (Pvt.) Limited - Ground Floor, State Life Building No 3, Dr. Ziauddin Ahmed Road, Karachi at the close of business on October 27, 2015 will be considered to attend and vote at the meeting.

Pattern of Shareholding

The Statement of Pattern of Shareholding along with categories of shareholders of the Company as at June 30, 2015, as required under section 236 of the Companies Ordinance 1984 and Code of Corporate Governance are annexed with this report.

Operating and Financial Data

Operating and financial data with key ratios for the six years is annexed.

Future Outlook

The textile sector is a significant pillar of Pakistan's economy. Despite adverse business conditions prevailing in Pakistan, this sector has shown significant growth towards the foreign currency inflows. Increasing production cost, prolonged power & gas shut downs have made it very difficult for the textile industry to survive and compete in the market. However, the management is committed to run the affairs of the Company in profitable manner by changing production mix and exploring other markets.

Number of Board Meetings Held

Six meetings of the Board of Directors were held during the year ended June 30, 2015 and the attendance of the directors is as follows:

Mr. Pervez Ahmed	Chief Executive	6 attendance
Mr. Ali Pervez Ahmed	Director	6 attendance
Mr. Hassan Ibrahim Ahmed	Director	5 attendance
Mr. Suleman Ahmed	Director	6 attendance
Mr. Atta ur Rehman	Director	6 attendance
Mr. Muhammad Yousuf	Director	5 attendance
Mr. Muntazir Mehdi	Director	5 attendance

Statement of Ethics & Business Practices

The Board has prepared and circulated the Statement of Ethics and Business Practices signed by every director and employee of the Company as a token of acknowledgement of his/her understanding of the standards of conduct in relation to everybody associated or dealing with the Company.

Auditors

The Auditors M/s Rehman Sarfaraz Rahim Iqbal Rafiq - Chartered Accountants retire and offer themselves for the reappointment. The Audit Committee of the Board has recommended the reappointment of M/s Rehman Sarfaraz Rahim Iqbal Rafiq - Chartered Accountants as auditors for the financial year ending June 30, 2016.

Audit Committee

The Audit Committee of the Company is in place and comprises the following members as required under the Code of Corporate Governance.

Mr. Atta ur Rehman	Chairman
Mr. Muhammad Yousuf	Member
Mr. Muntazir Mehdi	Member

Meetings of the Audit Committee were held during the year ended June 30, 2015 as required by the Code of Corporate Governance for review of quarterly & annual accounts and other related matters. The meeting was also attended by the Chief Financial Officer, head of Internal Audit and External Auditors as and when it was required.

Code of Corporate Governance

Statement in Compliance to the Code of Corporate Governance

The Directors are pleased to confirm that the Company has made compliance of the provisions set out by the Securities & Exchange Commission of Pakistan through the listing regulations of Karachi and Lahore Stock Exchanges as prescribed in the Code of Corporate Governance and there is no material departure from the best practices as detailed in the listing regulations.

- 1 The financial statements prepared by the management of the Company present its state of affairs fairly, the result of its operations, cash flows and change in equity.
- 2 Proper books of accounts of the Company have been maintained.
- 3 Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- 4 International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- 5 The system of internal control is sound in design and has been effectively implemented and monitored.
- 6 The Company has earned net profit of Rs. 167.886 million during the year and has accumulated losses of Rs. 813.991 million as at the balance sheet date. The current liabilities of the Company exceeds its current assets by Rs. 420.643 million. These factors may cast doubt about the entity's ability to continue as going concern. However, the management is confident to obtain continuous support from the sponsoring directors and favorable negotiations with lenders.
- 7 There has been no material departure from the best practices of corporate governance as defined in the listing regulations.
- 8 Financial highlights for the last six years are annexed.

Acknowledgement

The Board of directors would like to place on record their appreciation to the valued shareholders, bankers, the Securities & Exchange Commission and to the management of Karachi & Lahore Stock Exchanges for their valuable support, assistance and guidance. The Board also express its appreciation to the staff and workers of the Company for their services, loyalty and efforts being continuously rendered

Lahore
October 9, 2015

For & on behalf of the Board

Pervez Ahmed
Chief Executive

FINANCIAL HIGHLIGHTS

	2015 Rupees	2014 Rupees	2013 Rupees	2012 Rupees	2011 Rupees	2010 Rupees
PROFIT AND LOSS ACCOUNTS						
Sales	820,090,456	1,130,585,280	1,085,828,414	943,573,213	1,225,420,154	913,016,420
Cost of sales	(867,695,343)	(1,117,780,808)	(922,982,731)	(904,366,622)	(1,286,566,454)	(803,135,077)
Gross Profit	(47,604,887)	12,804,472	162,845,683	39,206,591	(61,146,300)	109,881,343
Operating expenses:						
- Distribution cost	2,718,422	2,294,780	5,961,460	7,260,969	5,663,082	6,014,064
- Administrative expenses	29,711,264	39,044,110	42,059,029	22,101,885	21,728,594	19,305,063
	(32,429,686)	(41,338,890)	(48,020,489)	(29,362,854)	(27,391,676)	(25,319,127)
Operating Profit	(80,034,573)	(28,534,418)	114,825,194	9,843,737	(88,537,976)	84,562,216
Finance cost	(2,286,489)	(2,675,550)	(33,567,924)	(42,922,672)	(102,170,425)	(88,072,228)
Other operating charges	(21,010,741)	(9,358,678)	(4,323,136)	(7,160,599)	(382,173)	(715,455)
Other operating income	237,040,996	1,239,342	1,364,786	14,170,275	1,183,659	332,623
Notional income	26,638,748					
(Impairment loss) / reversal of impairment on investment in associated undertaking		(23,157,422)	16,595,128	530,735	(6,819,894)	(18,323,616)
Share of profit of associated undertaking	(20,370,674)	16,862,535	32,855,523	(2,517,278)	(2,173,120)	(6,420,719)
Profit before Taxation	139,977,267	(45,624,191)	127,749,571	(28,055,802)	(198,899,929)	(28,637,179)
Taxation	27,908,971	(2,766,647)	14,278,522	6,195,060	6,867,634	5,255,241
Profit after Taxation	167,886,238	(48,390,838)	142,028,093	(21,860,742)	(192,032,295)	(23,381,938)
Dividend	0	0	0	0	0	0
Bonus	0	0	0	0	0	0
BALANCE SHEET						
Share Capital	600,000,000	600,000,000	600,000,000	600,000,000	600,000,000	600,000,000
Long term loans	151,563,805	596,917,258	678,939,561	400,342,479	325,313,426	321,028,217
Property, plant and equipment	398,938,588	436,192,675	437,429,417	480,092,648	538,857,398	596,566,150
Capital work in progress	-	-	19,169,784	-	-	-
Current assets	85,981,512	114,164,666	160,902,382	85,161,523	131,778,104	122,465,926
Current liabilities	506,624,153	461,883,147	387,426,188	663,543,708	873,105,546	746,861,564
KEY FINANCIAL RATIOS						
Gross (loss) / profit ratio (%)	(5.80)	1.13	15.00	4.16	(4.99)	12.03
Operating (loss) / profit ratio (%)	(9.76)	(2.52)	10.57	1.04	(7.23)	9.26
Net profit / (loss) ratio (%)	20.47	(4.28)	13.08	(2.32)	(15.67)	(2.56)
Earning / (loss) per share	2.80	(0.81)	2.37	(0.36)	(3.20)	(0.39)
Fixed assets turnover	2.06	2.59	2.48	1.97	2.27	1.53

**Statement of Compliance With Best
Practices of Code of Corporate Governance
For The Year Ended June 30, 2015**

This statement is being presented to comply with the Code of Corporate Governance (CoCG) contained in Listing Regulations of Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance.

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

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

Name of Director and Category

Mr. Pervez Ahmed - Executive Director
Mr. Ali Pervez Ahmed - Executive Director
Mr. Hassan Ibrahim Ahmed - Executive Director
Mr. Suleman Ahmed - Non Executive Director
Mr. Atta ur Rehman - Non Executive Director
Mr. Muhammad Yousuf - Non Executive Director
Mr. Muntazir Mehdi - Non Executive Director

2. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
3. All the 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 a NBFIs or being a member of a stock exchange has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the board during the year.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non executive directors, have been taken by the board.
8. The meetings of the board were presided over by the Chairman and 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 were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. Directors are well conversant with the Listing Regulations and legal requirements and as such are fully aware of their duties and responsibilities.
10. The Board is in process of developing a comprehensive mechanism for annual evaluation of its performance.

11. There were no new appointments of CFO, Company Secretary or head of internal audit during the year.
12. The directors' report for this year has been prepared in compliance with the requirements of the CoCG 2012 and fully describes the salient matters required to be disclosed.
13. The financial statements of the Company were duly endorsed by CEO and CFO before approval by the Board.
14. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
15. The Company has complied with all the corporate and financial reporting requirements of the CoCG.
16. The board has formed an Audit Committee which comprises of three members who are Non-Executive Directors.
17. 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 CoCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
18. The board has formed Human Resource and Remuneration Committee and is comprises on three Non-Executive Directors including the chairman of the committee.
19. The Board has set-up an effective internal audit function.
20. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan (ICAP), and that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
21. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
22. The "closed period" prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.
23. Material / price sensitive information has been disseminated among all market participants at once through stock exchanges.
24. We confirm that all material principles contained in the CoCG been complied with.

For and on behalf of
Board of Directors

Lahore.
October 9, 2015

Pervez Ahmed
Chief Executive

Review Report on Statement of Compliance with Best practices of Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ('the Code') prepared by the Board of Directors of D.S Industries Limited for the year ended June 30, 2015 to comply with the requirements of Listing Regulation No 35 of the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited where the Company is listed.

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

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

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

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

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

Reference	Description
Paragraph 9	None of the Directors of the Company have obtained any certification in any Directors Training Program.
Paragraph 10	The Board is in process of developing a comprehensive mechanism for annual evaluation of its performance.

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ

Chartered Accountants

Engagement Partner: ZUBAIR IRFAN MALIK

Date: OCTOBER 09, 2015

Place: LAHORE

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of D.S. INDUSTRIES LIMITED ("the Company") as at June 30, 2015 and the related profit and loss account, statement of profit or loss and other 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 purpose of our audit.

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

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

- a) in our opinion, proper books of accounts 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 accounts 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 profit or loss and other 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, 2015 and of the profit, other 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).

We draw attention to note 2.2 to the financial statements which indicates that the Company has accumulated losses of Rs. 813.991 million as at June 30, 2015. The Company's current liabilities exceeded its total assets by Rs. 420.643 million and its total liabilities exceed its total assets by Rs. 56.022 million. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

The financial statements of the Company for the year ended June 30, 2014, were audited by another auditor who expressed an unmodified opinion, with emphasis of matter, on those statements on October 09, 2014.

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ

Chartered Accountants

Engagement Partner: ZUBAIR IRFAN MALIK

Date: OCTOBER 09, 2015

Place: LAHORE

BALANCE SHEET AS AT JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
100,000,000 (2014: 100,000,000) ordinary shares of Rs. 10 each		<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued, subscribed and paid-up capital	6	<u>600,000,000</u>	600,000,000
Accumulated losses		<u>(813,991,466)</u>	(989,760,578)
		<u>(213,991,466)</u>	(389,760,578)
Advance against issue of ordinary shares	7	<u>63,017,255</u>	-
TOTAL EQUITY		<u>(150,974,211)</u>	<u>(389,760,578)</u>
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	8	94,952,304	101,987,403
NON-CURRENT LIABILITIES			
Long term finances - Secured	9	<u>106,233,444</u>	486,196,255
Employees retirement benefits	10	<u>18,430,488</u>	15,125,814
Deferred taxation	11	<u>10,069,188</u>	28,057,189
		134,733,120	529,379,258
CURRENT LIABILITIES			
Trade and other payables	12	<u>370,452,616</u>	326,276,390
Accrued interest/mark-up		<u>238,220</u>	535,100
Short term borrowings	13	<u>2,800,000</u>	10,305,333
Current portion of non-current liabilities	9	<u>133,133,317</u>	110,721,003
Income tax payable	31	<u>-</u>	11,305,853
		506,624,153	459,143,679
TOTAL LIABILITIES		<u>641,357,273</u>	<u>988,522,937</u>
CONTINGENCIES AND COMMITMENTS	14	<u>585,335,366</u>	<u>700,749,762</u>

The annexed notes 1 to 49 form an integral part of these financial statements.

CHIEF EXECUTIVE

BALANCE SHEET AS AT JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	15	398,938,588	436,192,675
Long term investments	16	81,342,872	134,059,495
Long term deposits - Unsecured, considered good	17	19,072,394	19,072,394
		499,353,854	589,324,564
CURRENT ASSETS			
Stores, spares and loose tools	18	1,241,537	1,372,437
Stock in trade	19	18,192,527	27,355,669
Trade debts - Unsecured, considered good	20	54,781,293	72,630,475
Advances, prepayments and other receivables	21	6,468,558	4,279,134
Short term investments	22	1,132,567	639,765
Advance income tax/income tax refundable		2,862,120	2,430,995
Cash and bank balances	23	1,302,910	2,716,723
		85,981,512	111,425,198
TOTAL ASSETS		585,335,366	700,749,762

The annexed notes 1 to 49 form an integral part of these financial statements.

DIRECTOR

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

	Note	2015 Rupees	2014 Rupees
Turnover - net	24	820,090,456	1,130,585,280
Cost of sales	25	(867,695,343)	(1,117,780,808)
Gross (loss)/profit		(47,604,887)	12,804,472
Selling and distribution expenses	26	(2,718,422)	(2,294,780)
Administrative and general expenses	27	(29,711,264)	(36,608,401)
Other expenses	28	(21,010,741)	(34,951,809)
		(53,440,427)	(73,854,990)
Other income	29	237,040,996	1,239,342
Operating profit/(loss)		135,995,682	(59,811,176)
Finance cost	30	(2,286,489)	(2,675,550)
Notional interest income	9.3	26,638,748	-
Share of (loss)/profit of associates	16	(20,370,674)	16,862,535
Profit/(loss) before taxation		139,977,267	(45,624,191)
Taxation	31	27,908,971	(2,766,647)
Profit/(loss) after taxation		167,886,238	(48,390,838)
Earnings/(loss) per share - basic and diluted	32	2.80	(0.81)

The annexed notes 1 to 49 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015**

	<i>Note</i>	2015	2014
		<i>Rupees</i>	<i>Rupees</i>
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	33	25,177,395	36,915,625
Payments for:			
Employees retirement benefits		(5,152,976)	(5,371,688)
Interest/markup		(1,433,859)	(2,320,062)
Income tax		(431,125)	(4,583,107)
Net cash generated from operating activities		18,159,435	24,640,768
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		(4,619,500)	(10,459,359)
Proceeds from disposal of operating fixed assets		-	480,000
Proceeds from sale of investments		24,203,395	-
Net cash generated from/(used in) investing activities		19,583,895	(9,979,359)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term finances		(94,669,065)	(82,022,303)
Loan from related parties obtained		52,711,922	-
Net (decrease)/increase in short term borrowings		2,800,000	10,305,333
Net cash used in from financing activities		(39,157,143)	(71,716,970)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,413,813)	(57,055,561)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		2,716,723	59,772,284
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	34	1,302,910	2,716,723

The annexed notes 1 to 49 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
Items that may be reclassified subsequently to profit or loss			
Items that will not be reclassified to profit or loss			
Incremental depreciation	8	8,248,107	8,233,932
Remeasurements of defined benefit obligation	10.4	(537,108)	1,552,320
Taxation relating to remeasurements of defined benefit obligation	11	171,875	(512,267)
		7,882,874	9,273,985
Other comprehensive income		7,882,874	9,273,985
Profit/(loss) for the year		167,886,238	(48,390,838)
Total comprehensive income/(loss)		175,769,112	(39,116,853)

The annexed notes 1 to 49 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

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

	Issued subscribed and paid-up capital	Accumulated profit	Total equity
	Rupees	Rupees	Rupees
As at July 01, 2013	600,000,000	(950,643,725)	(350,643,725)
Comprehensive loss			
Loss after taxation	-	(48,390,838)	(48,390,838)
Other comprehensive income	-	9,273,985	9,273,985
Total comprehensive loss	-	(39,116,853)	(39,116,853)
Transaction with owners	-	-	-
As at June 30, 2014	<u>600,000,000</u>	<u>(989,760,578)</u>	<u>(389,760,578)</u>
As at July 01, 2014	600,000,000	(989,760,578)	(389,760,578)
Comprehensive income			
Profit after taxation	-	167,886,238	167,886,238
Other comprehensive income	-	7,882,874	7,882,874
Total comprehensive income	-	175,769,112	175,769,112
As at June 30, 2015	<u>600,000,000</u>	<u>(813,991,466)</u>	<u>(213,991,466)</u>

The annexed notes 1 to 49 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

1 REPORTING ENTITY

D.S. Industries Limited ('the Company') is incorporated in Pakistan as a Private Limited Company under the repealed Companies Act, 1913 (now the Companies Ordinance, 1984) and was subsequently converted into a Public Limited Company. The Company is listed on Karachi Stock Exchange Limited and Lahore Stock Exchange Limited. The Company is a spinning unit engaged in the manufacture and sale of yarn. The registered office of the Company is situated at 20-K, Gulberg II, Lahore. The manufacturing facility is located at 11 KM, Sheikhpura Faisalabad Road, Sheikhpura, in the Province of Punjab.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Going concern assumption

The Company has accumulated losses of Rs. 813.991 million as at the reporting date. Its current liabilities exceed its current assets by Rs. 420.643 million and its total liabilities exceed its total assets by Rs. 56.022 million. These factors raise doubts about the Company's ability to continue as a going concern. However, these financial statements have been prepared on going concern basis based on the following:

- The Company has continued financial support from sponsors in the form of interest free loans.
- The Company is making efforts to repay its long term finances in accordance with the repayment schedules to avail the interest/mark-up waiver offered by the lending banks. During the year, Rs. 236.243 million was waived-off by KASB Bank Limited on full repayment of principal. Other banks have also agreed to waive off an aggregate amount of Rs. 118.691 million subject to timely repayment of principal liabilities.
- The waiver of interest/mark-up is expected to make available sufficient working capital to the Company which will allow the Company to achieve its target of sustainable capacity utilization.

The management is confident that through above measures, the Company will turnaround into a profitable company, subject to impact, if any, of uncontrollable circumstances including power crises and global market conditions.

2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention except for employees retirement benefits liabilities measured at present value and certain financial instruments measured at fair value/amortized cost. In these financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

2.4 Judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Subsequently, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

2.4.1 Depreciation method, rates and useful lives of property, plant and equipment

The Company reassesses useful lives, depreciation method and rates for each item of property, plant and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from that item.

2.4.2 Recoverable amount and impairment

The management of the Company reviews carrying amounts of its assets for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

2.4.3 Obligation under defined benefit plan

The Company's obligation under the defined benefit plan is based on assumptions of future outcomes, the principal ones being in respect of increases in remuneration, remaining working lives of employees and discount rates to be used to determine present value of defined benefit obligation. These assumptions are determined periodically by independent actuaries.

2.4.4 Taxation

The Company takes into account the current income tax law and decisions taken by appellate and other relevant legal forums while estimating its provision for current tax. Provision for deferred tax is estimated after taking into account historical and expected future turnover and profit trends and their taxability under the current tax law.

2.4.5 Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

2.4.5 Revaluation of property, plant and equipment

Revaluation of property, plant and equipment is carried out by independent professional valuers. Revalued amounts of non-depreciable items are determined by reference to local market values and that of depreciable items are determined by reference to present depreciated replacement values.

2.5 Functional currency

These financial statements have been prepared in Pak Rupees which is the Company's functional currency.

3 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE DURING THE YEAR.

- 3.1 The following new/revised standards/interpretations and amendments are effective in the current year but are either not relevant to the Company or their application does not have any material impact on the financial statements of the Company.

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36 – Impairment of Assets)

The amendments reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required and introduce an explicit requirement to disclose the discount rate used in determining impairment or reversals where recoverable amount, based on fair value less costs to sell, is determined using a present value technique.

Offsetting financial assets and financial liabilities (Amendments to IAS 32 – Financial Instruments: Presentation)

The amendments update the application guidance in IAS 32 to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The amendment focuses on four main areas:

- the meaning of 'currently has a legally enforceable right of set-off'
- the application of simultaneous realisation and settlement
- the offsetting of collateral amounts
- the unit of account for applying the offsetting requirements

Contributions from employees or third parties (Amendments to IAS 19 – Employee Benefits)

The amendments clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.

Novation of Derivative and Continuation of Hedge Accounting (Amendments to IAS 39 – Financial Instruments: Recognition and Measurement)

The amendments clarify that there is no need to discontinue hedge accounting if a hedge derivative is novated provided certain criteria are met.

Annual Improvements 2010-2012

Annual Improvements 2010-2012 cycle makes changes to the following standards:

IFRS 2 - Share Based Payment: Amends the definition of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'.

IFRS 3 - Business Combinations: Requires contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date.

IFRS 8 - Operating Segments: Requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, clarifies that reconciliations of segment assets only required if segment assets reported regularly.

IFRS 13 - Fair Value Measurement: Clarifies that the ability to measure certain short-term receivables and payables on an undiscounted basis is still available.

IAS 16 - Property, Plant and Equipment and IAS 38 - Intangible Assets: Clarifies that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount.

IAS 24 - Related Party Disclosures: Clarifies how payment to entities providing management services are to be disclosed.

Annual Improvements 2011-2013

Annual Improvements 2011-2013 cycle makes changes to the following standards:

IFRS 1 - First-time Adoption of International Financial Reporting Standards: Clarifies which versions of IFRSs can be used on initial adoption.

IFRS 3 - Business Combinations: Clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

IFRS 13 - Fair Value Measurement: Clarifies the scope of portfolio exception.

IAS 40 - Investment Property: Clarifies the interrelationship with IFRS 3 - Business Combinations when classifying property as investment property or owner-occupied property.

IFRIC 21 - Levies (2013)

The interpretation provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 - Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of levy is

The interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. It provides the following guidance on recognition of a liability to pay levies:

- The liability is recognized progressively if the obligating event occurs over a period of time.
- If an obligation is triggered on reaching a minimum threshold, the liability is recognized when that minimum threshold is reached.

- 3.2 The following new/revised standards/interpretations and amendments are effective in the current year but have been notified for adoption under section 234 of the Companies Ordinance, 1984 for annual periods beginning on or after January 01, 2015.

IFRS 10 - Consolidated Financial Statements (2011)

The standard replaces those parts of IAS 27 - Consolidated and Separate Financial Statements, that address when and how an investor should prepare consolidated financial statements and supersedes SIC 12 - Consolidation: Special Purpose Entities.

IFRS 11 - Joint Arrangements (2011)

The standard supersedes IAS 31 - Interest in Joint Ventures and SIC 13 - Jointly Controlled Entities: Non-monetary Contributions by

IFRS 12 - Disclosure of Interests in Other Entities (2011)

The standard introduces disclosure requirements relating to interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities.

IFRS 13 - Fair Value Measurement (2011)

The standard establishes a single framework for measuring fair value where that is required by other standards.

Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10 – Consolidated Financial Statements, IFRS 11 – Joint Arrangements and IFRS 12 – Disclosure of Interests in

The amendments provide transitional relief by limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Also, amendments to IFRS 11 and IFRS 12 eliminate the requirement to provide comparative information for periods prior to the immediately preceding period.

Investment Entities (Amendments to IFRS 10 – Consolidated Financial Statements, IFRS 12 – Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statement)

The amendments provide exemption from consolidation of particular subsidiaries by certain entities defined as "Investment Entities" and require additional disclosures where such subsidiaries are excluded from consolidation pursuant to exemption.

4 NEW AND REVISED STANDARDS/INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE.

The following standards, interpretations and amendments are in issue which are not effective as at the reporting date and have not been early adopted by the Company.

	Effective date (annual periods beginning on or after)
Equity method in Separate Financial Statements (Amendments to IAS 27 - Separate Financial Statements)	January 01, 2016
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11 – Joint Arrangements)	January 01, 2016
Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures).	January 01, 2016
Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets)	January 01, 2016
Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 - Consolidated Financial Statements, IFRS 12 - Disclosure of Interests in Other Entities, IAS 28 - Accounting for Investments in Associates and Joint Ventures)	January 01, 2016
Bearer Plants (Amendments to IAS 16 – Property, Plant and Equipment and IAS 41 – Agriculture)	January 01, 2016
Disclosure initiative (Amendments to IAS 1 - Presentation of Financial Statements)	January 01, 2016
Annual Improvements 2012-2014	July 01, 2016
IFRS 14 – Regulatory Deferral Accounts (2014)	January 01, 2017
IFRS 15 – Revenue from Contracts with Customers (2014)	January 01, 2017
IFRS 9 – Financial Instruments: Classification and Measurement (2014)	January 01, 2018

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the Company's financial statements other than in presentation/disclosures.

5 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

5.1 Property, plant and equipment**5.1.1 Operating fixed assets**

Operating fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses with the exception of freehold land, which is stated at revalued amount, and buildings on freehold land, plant and machinery and electric installation, which are carried at revalued amounts less accumulated depreciation. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation.

Major renewals and improvements to operating fixed assets are recognized in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the Company and the cost of renewal or improvement can be measured reliably. The cost of the day-to-day servicing of operating fixed assets are recognized in profit or loss as incurred.

The Company recognizes depreciation in profit or loss by applying reducing balance method over the useful life of each operating fixed asset using rates specified in note 15.1 to the financial statements. Depreciation on additions to operating fixed assets is charged from the month in which the item becomes available for use. Depreciation is discontinued from the month in which it is disposed or classified as held for disposal.

An operating fixed asset is de-recognized when permanently retired from use. Any gain or loss on disposal of operating fixed assets is recognized in profit or loss.

5.1.2 Capital work in progress

Capital work in progress is stated at cost less identified impairment loss, if any, and includes the cost of material, labour and appropriate overheads directly relating to the construction, erection or installation of an item of operating fixed assets. These costs are transferred to operating fixed assets as and when related items become available for intended use.

5.2 Surplus / deficit arising on revaluation of property, plant and equipment

Surplus arising on revaluation of items of property, plant and equipment is carried on balance sheet after reversing deficit relating to the same item previously recognized in profit or loss, if any. Deficit arising on revaluation is recognized in profit or loss after reversing the surplus relating to the same item previously carried on balance sheet, if any. An amount equal to incremental depreciation, being the difference between the depreciation based on revalued amounts and that based on the original cost, net of deferred tax, if any, is transferred from surplus on revaluation of property, plant and equipment to accumulated profit every year, through statement of other comprehensive income.

5.3 Stores, spares and loose tools

These are generally held for internal use and are valued at cost. Cost is determined on the basis of weighted average except for items in transit, which are valued at invoice price plus related cost incurred up to the reporting date. For items which are considered obsolete, the carrying amount is written down to nil. Spare parts held exclusively for capitalization are classified as property, plant and equipment.

5.4 Stock in trade

These are valued at lower of cost and net realizable value, with the exception of stock of waste which is valued at net realizable value. Cost is determined using the following basis:

Raw materials	Weighted average cost
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Stock in transit	Invoice price plus related cost incurred up to the reporting date

Average manufacturing cost in relation to work in process and finished goods consists of direct material, labour and an appropriate proportion of manufacturing overheads.

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

5.5 Employee benefits

5.5.1 Short-term employee benefits

The Company recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit or loss unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the approved accounting standards. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

5.5.2 Post-employment benefits

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its employees who have completed the minimum qualifying service period. Liability is adjusted on each reporting date to cover the obligation and the adjustment is charged to profit or loss with the exception of rereasurements which are recognized in other comprehensive income. The amount recognized on balance sheet represents the present value of defined benefit obligation. The details of the scheme are referred to in note 11 to the financial statements.

5.6 Financial instruments

5.6.1 Recognition

A financial instrument is recognized when the Company becomes a party to the contractual provisions of the instrument.

5.6.2 Classification

The Company classifies its financial instruments into following classes depending on the purpose for which the financial assets and liabilities are acquired or incurred. The Company determines the classification of its financial assets and liabilities at initial

5.6.2.1 Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Assets in this category are presented as current assets except for maturities greater than twelve months from the reporting date, where these are presented as non-current assets.

5.6.2.2 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets that are either designated as such on initial recognition or are classified as held for trading. Financial assets are designated as financial assets at fair value through profit or loss if the Company manages such assets and evaluates their performance based on their fair value in accordance with the Company's risk management and investment strategy. Financial assets are classified as held for trading when these are acquired principally for the purpose of selling and repurchasing in the near term, or when these are part of a portfolio of identified financial instruments that are managed together and for which there is a recent actual pattern of profit taking, or where these are derivatives, excluding derivatives that are financial guarantee contracts or that are designated and effective hedging instruments. Financial assets in this category are presented as current assets.

5.6.2.3 Financial liabilities at amortized cost

Non-derivative financial liabilities that are not financial liabilities at fair value through profit or loss are classified as financial liabilities at amortized cost. Financial liabilities in this category are presented as current liabilities except for maturities greater than twelve months from the reporting date where these are presented as non-current liabilities.

5.6.3 Measurement

The particular measurement methods adopted are disclosed in the individual policy statements associated with each instrument.

5.6.4 De-recognition

Financial assets are de-recognized if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are de-recognized if the Company's obligations specified in the contract expire or are discharged or cancelled. Any gain or loss on de-recognition of financial assets and financial liabilities is recognized in profit or loss.

5.6.5 Off-setting

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

5.6.6 "Regular way" purchases and sales of financial assets

All regular way purchases and sales of financial assets are recognized on trade date. Regular way purchases or sales of financial assets are those contracts which require delivery of assets within the time frame generally established by the regulation or convention in the market.

5.7 Ordinary share capital

Ordinary share capital is recognized as equity. Transaction costs directly attributable to the issue of ordinary shares are recognized as deduction from equity.

5.8 Loans and borrowings

Loans and borrowings are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the profit or loss over the period of the borrowings on an effective interest basis.

5.9 Finance leases

Leases in terms of which the Company assumes substantially all risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are classified as 'operating fixed assets'. On initial recognition, these are measured at cost, being an amount equal to the lower of its fair value and the present value of minimum lease payments. Subsequent to initial recognition, these are measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation, subsequent expenditure, de-recognition, and gains and losses on de-recognition are accounted for in accordance with the respective policies for operating fixed assets. Liabilities against assets subject to finance lease and deposits against finance lease are classified as 'financial liabilities at amortized cost' and 'loans and receivables' respectively, however, since they fall outside the scope of measurement requirements of IAS 39 'Financial Instruments - Recognition and Measurement', these are measured in accordance with the requirements of IAS 17 'Leases'. On initial recognition, these are measured at cost, being their fair value at the date of commencement of lease, less attributable transaction costs. Subsequent to initial recognition, minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Deposits against finance leases, subsequent to initial recognition are carried at cost.

5.10 Operating leases

Leases that do not transfer substantially all risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognized in profit or loss on a straight line basis over the lease term.

5.11 Trade and other payables

5.11.1 Financial liabilities

These are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being their fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

5.11.2 Non-financial liabilities

These, both on initial recognition and subsequently, are measured at cost.

5.12 Provisions and contingencies

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provision is recognized at an amount that is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where outflow of resources embodying economic benefits is not probable, or where a reliable estimate of the amount of obligation cannot be made, a contingent liability is disclosed, unless the possibility of outflow is remote.

5.13 Trade and other receivables

5.13.1 Financial assets

These are classified as 'loans and receivables'. On initial recognition, these are measured at cost, being their fair value at the date of transaction, plus attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

5.13.2 Non-financial assets

These, both on initial recognition and subsequently, are measured at cost.

5.14 Investments in equity securities

5.14.1 Investment in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of the associates have been incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried at cost as adjusted for post acquisition changes in the Company's share of net assets of the associates, less any impairment in the investment. Losses of an associates in excess of the Company's interest in that associate are recognized only to the extent that the Company has incurred legal or constructive obligation or made payment on behalf of the associate.

5.14.2 Other investments

Investment in other equity securities, on initial recognition, are measured at cost and classified as "financial assets at fair value through profit or loss". Subsequent to initial recognition these are measured at fair value. Gains and losses resulting from changes in fair value are recognized in profit or loss.

5.15 Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of returns allowances, trade discounts and rebates, and represents amounts received or receivable for goods and services provided and other income earned in the normal course of business. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company, and the amount of revenue and the associated costs incurred or to be incurred can be measured reliably.

Revenue from sale of goods is recognized when risks and rewards incidental to the ownership of goods are transferred to the buyer.

Return on bank deposits is recognized using effective interest method.

Capital gain on sale of investments is recognized when sale of shares is confirmed by the broker.

5.16 Comprehensive income

Comprehensive income is the change in equity resulting from transactions and other events, other than changes resulting from transactions with shareholders in their capacity as shareholders. Total comprehensive income comprises all components of profit or loss and other comprehensive income. Other comprehensive income comprises items of income and expense, including reclassification adjustments, that are not recognized in profit or loss as required or permitted by approved accounting standards, and is presented in 'statement of profit or loss and other comprehensive income'.

5.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss as incurred.

5.18 Income tax

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

5.18.1 Current taxation

Current tax is the amount of tax payable on taxable income for the year and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

5.18.2 Deferred taxation

Deferred tax is accounted for using the 'balance sheet approach' providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the treatment prescribed by The Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

5.19 Earnings per share ('EPS')

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 calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

5.20 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at banks. These are classified as 'loans and receivables' and are carried at cost.

5.21 Foreign currency transactions and balances

Transactions in foreign currency are translated to the functional currency of the Company using exchange rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at exchange rate prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated to the functional currency at exchange rate prevailing at the date the fair value is determined. Non-monetary assets and liabilities denominated in foreign currency that are measured at historical cost are translated to functional currency at exchange rate prevailing at the date of initial recognition. Any gain or loss arising on translation of foreign currency transactions and balances is recognized in profit or loss.

5.22 Impairment

5.31.1 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. 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 the asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

5.31.2 Non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used in determining the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

5.23 Dividend distribution to ordinary shareholders

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability, to the extent it is unclaimed/unpaid, in the Company's financial statements in the year in which the dividends are approved by the Company's shareholders.

	Note	2015	2014
		Rupees	Rupees
6 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
Ordinary shares of Rs. 10 each			
30,000,000 (2014: 30,000,000) ordinary shares issued for cash		300,000,000	300,000,000
30,000,000 (2014: 30,000,000) ordinary shares issued as fully paid bonus shares		300,000,000	300,000,000
		<u>600,000,000</u>	<u>600,000,000</u>

7 ADVANCE AGAINST ISSUED OF ORDINARY SHARES

As at beginning of the year		-	-
Obtained during the year		52,711,922	-
Transferred from short term borrowings	13	10,305,333	-
As at end of the year	7.1	<u>63,017,255</u>	<u>-</u>

7.1 This represents advance against issue of ordinary shares given by sponsors and other related parties. Shares will be issued against these advances when the Boards of Directors of the Company decide subject to shareholders' and relevant regulatory approvals. Accordingly, no interest has been charged on these advances.

	Note	2015	2014
		Rupees	Rupees
8 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
As at beginning of the year		101,987,403	99,821,719
Surplus recognized during the year			
Surplus for the year		-	12,660,490
Deferred taxation		-	(3,515,322)
		-	9,145,168
Incremental depreciation transferred to accumulated profits			
Incremental depreciation for the year		(12,129,569)	(12,289,451)
Deferred taxation		3,881,462	4,055,519
		(8,248,107)	(8,233,932)
Deferred tax adjustment attributable to changes in tax rates		1,213,008	1,225,431
Deficit in excess of revaluation surplus recognized in profit or loss		-	29,017
As at end of the year		<u>94,952,304</u>	<u>101,987,403</u>

9 LONG TERM FINANCES - SECURED

These represent long term finances utilized under interest/mark-up arrangements from banking companies.

KASB Bank Limited	9.1	-	270,890,596
Askari Bank Limited	9.2	22,241,986	30,148,812
MCB Bank Limited	9.3	117,549,444	165,268,192
Burj Bank Limited	9.4	99,575,331	129,575,331
Habib Bank Limited	9.5	-	1,034,327
		239,366,761	596,917,258
Current maturity and overdue amounts presented under current liabilities		(133,133,317)	(110,721,003)
		<u>106,233,444</u>	<u>486,196,255</u>

9.1 The finance was obtained from KASB Bank Limited on conversion of short term borrowings and accrued mark-up thereon amounting to Rs. 297.45 million under a restructuring arrangement with the lender. Under the restructuring arrangement, the liability was settled at Rs. 77.143 million with the remaining 220.307 million to be waived-off by the lender on successful repayment of liability. The liability has been fully repaid by the Company, during the year, and the lender has waived-off the remaining amount of Rs. 220.307. The finance was secured by charge over current assets of the Company and pledge of investments in listed equity securities. The finance did not carry any interest/mark-up.

- 9.2 The finance has been obtained from Askari Bank Limited on conversion of short term borrowings and accrued mark-up thereon amounting to Rs. 39.654 million under a restructuring arrangement with the lender. Under the restructuring arrangement, the liability was settled at Rs. 27.378 million with the remaining amount pertaining to accrued mark-up to be waived-off by the lender on successful repayment of liability. The liability is structured to be repaid through down payment of Rs. 1.5 million and thirty six monthly installments of Rs. 0.719 million each starting from June 2012. The finance carries interest/mark-up at 8.96% per annum (2014: 8.96% per annum) payable monthly. The finance is secured by charge over current assets of the Company and personal guarantees of the Company's Directors.

	Note	2015 Rupees	2014 Rupees	
9.3	Face value of term finance	9.3.1	144,188,192	165,268,192
	Unamortized notional interest	9.3.2	(26,638,748)	-
	Amortized cost		<u>117,549,444</u>	<u>165,268,192</u>

- 9.3.1 The finance has been obtained from MCB Bank Limited on conversion of short term borrowings and accrued mark-up thereon amounting to Rs. 219.351 million under a restructuring arrangement with the lender. Under the restructuring arrangement, the liability was settled at Rs. 134.308 million with the remaining amount pertaining to accrued mark-up to be waived-off by the lender on successful repayment of liability. The liability is structured to be repaid in five years in daily installments of Rs. 80,000 (based on 26 days a month) starting from May 2012. The lender, however, reduced the amount of installment to Rs. 500,000 per month on request of the Company for the period from April 2015 to May 2016 with the condition that the original repayment schedule will be effective from June 2016. The finance does not carry interest/mark-up. The finance is secured by charge over operating fixed assets and current assets of the Company, mortgage over land and building of the Company and personal guarantees of the Company's Directors.

- 9.3.2 Following the finalization of repayment schedule, including reduction in monthly installment from April 2015 to May 2016, the amortized cost of the finance has been re-determined using a discount rate of 8.96% per annum, being the effective borrowing rate of the Company. The difference between the amortized cost and maturity amount has been recognized in profit or loss.

- 9.4 The finance has been obtained from Burj Bank Limited on conversion of short term borrowings and accrued mark-up thereon amounting to Rs. 222.475 million under a restructuring arrangement with the lender. Under the restructuring arrangement, the liability was settled at Rs. 141.103 million with the remaining amount pertaining to accrued mark-up to be waived-off by the lender on successful repayment of liability. The liability is structured to be repaid in monthly installments of Rs. 2.5 million. The finance does not carry interest/mark-up. The finance is secured by charge over operating fixed assets of the Company.

- 9.5 The finance was obtained from Habib Bank Limited on conversion of short term borrowings amounting to Rs. 19.43 million under a restructuring arrangement with the lender. The finance was secured by charge over current assets of the Company. The finance carried mark-up at 7% per annum (2014: 7% per annum). The finance has been fully repaid during the year.

- 9.6 For mortgages and charges on assets as security for liabilities, refer to note 39 to the financial statements.

10 EMPLOYEES RETIREMENT BENEFITS

The Company operates an unfunded gratuity scheme, a defined benefit plan, for all its permanent employees who have completed one year of service. Under the scheme, the Company pays an amount equal to thirty days gross salary for each year of service. For the purpose of calculating the number of year of service, six or more months in excess of completed years of service are included as a complete year, whereas period of less than six months in excess of completed years of service are ignored.

The amount recognized on balance sheet represents present value of defined benefit obligation.

	Note	2015 Rupees	2014 Rupees	
10.1	Movement in present value of defined benefit obligation			
	As at beginning of the year	15,125,814	14,104,069	
	Charged to profit or loss for the year	10.2	7,920,542	7,945,753
	Benefits paid during the year	(5,152,976)	(5,371,688)	
	Remeasurements recognized in other comprehensive income	10.4	537,108	(1,552,320)
	As at end of the year	<u>18,430,488</u>	<u>15,125,814</u>	

	Note	2015 Rupees	2014 Rupees
10.2 Charge to profit or loss			
Current service cost		6,257,756	6,662,247
Interest cost		1,662,786	1,283,506
		<u>7,920,542</u>	<u>7,945,753</u>
10.3 The charge to profit or loss has been allocated as follows			
Cost of sales	25.2	6,336,454	6,356,602
Administrative and general expenses	27.1	1,584,108	1,589,151
		<u>7,920,562</u>	<u>7,945,753</u>
10.4 Remeasurements recognized in other comprehensive income			
Actuarial loss/(gain) arising from changes in:			
Demographic assumptions		-	-
Financial assumptions		-	-
Experience adjustments		537,108	(1,552,320)
		<u>537,108</u>	<u>(1,552,320)</u>
10.5 Principal actuarial assumptions			

Present value of defined benefit obligation has been determined using projected unit credit method. The liability as at the reporting date is based on actuarial valuation carried out by independent actuaries. The principal assumptions used in determining present value of defined benefit obligation are:

	2015	2014
Discount rate	13.25%	13.25%
Expected rates of increase in salary	12.25%	12.25%
Expected average remaining working lives	6 years	6 years

10.6 Sensitivity analysis

An analysis of sensitivity for discount rate and expected rate of increase in salary used to determine the present value of defined benefit obligation as at the reporting date showing how the defined benefit obligation would have been affected by changes in relevant actuarial assumption that were reasonably possible at that date is as follows:

	2015		2014	
	Change in actuarial assumption	Defined benefit obligation Rupees	Change in actuarial assumption	Defined benefit obligation Rupees
Discount rate	+ 1%	17,005,330	+ 1%	14,274,845
	- 1%	20,130,913	- 1%	16,096,301
Expected rate of increase in salary	+ 1%	20,130,913	+ 1%	16,171,888
	- 1%	16,981,108	- 1%	14,192,787

A change in expected remaining working lives of employees is not expected to have a material impact on the present value of defined benefit obligation. Accordingly, the sensitivity analysis for the same has not been carried out.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of defined benefit obligation as at the reporting date has been calculated using projected unit credit method, which is the same as that applied in calculating the defined benefit obligation to be recognized in these financial statements.

10.7 Risk factors

The defined benefit plan exposes the Company to the following actuarial risks:

Interest risk: The discount rate used in determination of present value of defined benefit obligation has been determined by reference to market yield at the reporting date on Pakistan Investment Bonds since there is no deep market in long term corporate bonds in Pakistan. An increase in market yield resulting in a higher discount rate will decrease in the defined benefit liability.

Longevity risk: The present value of defined benefit obligation is calculated by reference to the best estimate of the expected remaining working lives of the employees. An increase in the expected remaining working lives will increase the defined benefit obligation. However, the increase is not expected to be material.

Salary risk: The present value of defined benefit obligation is calculated by reference to future salaries of employees. An increase in salary of employees will increase the defined benefit obligation.

	Note	2015 Rupees	2014 Rupees
11 DEFERRED TAXATION			
Deferred tax liability on taxable temporary differences	11.1	86,029,090	98,705,784
Deferred tax asset on deductible temporary differences	11.1	(75,959,902)	(70,648,595)
		<u>10,069,188</u>	<u>28,057,189</u>

11.1 Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2015			
	As at July 01, 2014 Rupees	Recognized in profit or loss Rupees	Recognized in equity Rupees	As at June 30, 2015 Rupees
Deferred tax liabilities				
Operating fixed assets	98,705,784	(11,463,686)	(1,213,008)	86,029,090
Deferred tax assets				
Employees retirement benefits	(4,991,519)	(734,362)	(171,875)	(5,897,756)
Provisions	-	(4,662,152)	-	(4,662,152)
Unused tax losses and credits	(65,657,076)	257,082	-	(65,399,994)
	<u>(70,648,595)</u>	<u>(5,139,432)</u>	<u>(171,875)</u>	<u>(75,959,902)</u>
	<u>28,057,189</u>	<u>(16,603,118)</u>	<u>(1,384,883)</u>	<u>10,069,188</u>
	2014			
	As at July 01, 2013 Rupees	Recognized in profit or loss Rupees	Recognized in equity Rupees	As at June 30, 2014 Rupees
Deferred tax liabilities				
Operating fixed assets	104,234,010	(7,832,408)	2,304,182	98,705,784
Deferred tax assets				
Employees retirement benefits	(4,795,383)	(708,403)	512,267	(4,991,519)
Provisions	-	-	-	-
Unused tax losses and credits	(65,657,076)	-	-	(65,657,076)
	<u>(70,452,459)</u>	<u>(708,403)</u>	<u>512,267</u>	<u>(70,648,595)</u>
	<u>33,781,551</u>	<u>(8,540,811)</u>	<u>2,816,449</u>	<u>28,057,189</u>

11.2 Deferred tax has been calculated at 32% (2014: 33%) of the timing differences as at the reporting date. Deferred tax has been calculated at 32% (2014: 33%) of the timing differences so determined based on tax rates notified by the Government of Pakistan for future tax years.

	<i>Note</i>	2015 <i>Rupees</i>	2014 <i>Rupees</i>
12 TRADE AND OTHER PAYABLES			
Trade creditors - <i>unsecured</i>		69,908,995	91,179,386
Payable to stock broker - <i>unsecured</i>		171,189,424	171,189,424
Accrued liabilities		38,416,136	29,730,197
Advances from customers - <i>unsecured</i>		71,752,636	23,840,640
Workers' Profit Participation Fund	12.1	9,208,714	4,312,965
Workers' Welfare Fund	28	2,717,171	-
Tax deducted at source		6,921,977	5,686,215
Unclaimed dividend		337,563	337,563
		<u>370,452,616</u>	<u>326,276,390</u>

12.1 Workers' Profit Participation Fund

As at beginning of the year		4,312,965	3,903,136
Interest on funds utilized by the Company	12.1.1	149,858	409,829
Charged to profit or loss for the year	28	7,150,450	-
Paid during the year		(2,404,559)	-
As at end of the year		<u>9,208,714</u>	<u>4,312,965</u>

12.1.1 Interest is charged at 10.5% (2014: 10.5%) per annum.

13 SHORT TERM BORROWINGS - UNSECURED

As at beginning of the year		10,305,333	-
Obtained during the year	10	2,800,000	10,305,333
Transferred to advance against issued of ordinary shares	7	(10,305,333)	-
As at end of the year		<u>2,800,000</u>	<u>10,305,333</u>

This represents temporary loans obtained from related parties. These are unsecured and interest free. During the year, an amount of Rs. 10.305 million was transferred to advance against issue of ordinary shares as per agreement between the Company and the lending related parties. See note 7.

	<i>Note</i>	2015 <i>Rupees</i>	2014 <i>Rupees</i>
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14 CONTINGENCIES AND COMMITMENTS**14.1 Contingencies**

There are no known contingencies as at the reporting date.

14.2 Commitments

There are no known commitments as at the reporting date.

15 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	15.1	398,938,588	436,192,675
Capital work in progress	15.2	-	-
		<u>398,938,588</u>	<u>436,192,675</u>

15.1 PROPERTY, PLANT AND EQUIPMENT

	2015											Net book value as at June 30, 2015 Rupees	
	COST/ REVALUED AMOUNTS					DEPRECIATION					As at June 30, 2015 Rupees		
	As at July 01, 2014 Rupees	Additions Rupees	Revaluation Rupees	Disposals Rupees	Transfer Rupees	As at June 30, 2015 Rupees	Rate %	For the year Rupees	Revaluation Rupees	Disposal Rupees			As at June 30, 2015 Rupees
Freehold land	26,098,000	-	-	-	-	26,098,000	-	-	-	-	-	-	26,098,000
Buildings on freehold land													
Factory	128,715,200	-	-	-	-	128,715,200	10	12,871,520	-	-	12,871,520	-	115,843,680
Colony/office block	15,792,000	-	-	-	-	15,792,000	10	1,579,200	-	-	1,579,200	-	14,212,800
Plant and machinery	240,591,000	-	-	-	4,619,500	254,210,500	10	25,335,308	-	-	25,335,308	-	228,875,192
Electric installations	10,464,000	-	-	-	-	10,464,000	10	1,046,400	-	-	1,046,400	-	9,417,600
Furniture and fixtures	206,900	-	-	-	-	206,900	10	7,448	-	-	7,448	-	67,035
Office and other equipment	1,212,555	-	-	-	-	1,212,555	10	57,888	-	-	57,888	-	520,987
Vehicles	9,817,475	-	-	-	-	9,817,475	20	975,923	-	-	975,923	-	3,903,294
	441,897,130	-	-	-	4,619,500	446,516,630		41,873,587	-	-	41,873,587	-	398,938,588

	2014										Net book value as at June 30, 2014 Rupees	
	COST / REVALUED AMOUNTS					DEPRECIATION						
	As at July 01, 2013 Rupees	Additions Rupees	Revaluation Rupees	Disposals Rupees	Transfer Rupees	As at June 30, 2014 Rupees	Rate %	As at July 01, 2013 Rupees	For the year Rupees	Revaluation Rupees		Disposal Rupees
Freehold land	24,090,000	-	2,008,000	-	-	26,098,000	-	-	-	-	-	26,098,000
Buildings on freehold land												
Factory	148,488,301	-	(19,773,101)	-	-	128,715,200	10	55,260,723	9,322,738	(64,583,481)	-	128,715,200
Colony/office block	15,636,210	-	155,790	-	-	15,792,000	10	7,936,757	769,945	(8,706,702)	-	15,792,000
Plant and machinery	462,496,760	-	(242,534,903)	-	29,629,143	249,591,000	10	172,473,062	30,450,201	(202,923,263)	-	249,591,000
Electric installations	25,000,000	-	(14,536,000)	-	-	10,464,000	10	9,585,842	1,541,416	(11,127,258)	-	10,464,000
Furniture and fixtures	206,900	-	-	-	-	206,900	10	124,141	8,276	-	-	132,417
Office and other equipment	1,212,555	-	-	-	-	1,212,555	10	569,360	64,320	-	-	633,680
Vehicles	10,354,875	-	-	(537,400)	-	9,817,475	20	4,106,299	1,247,220	-	(415,161)	4,938,358
	687,485,601	-	(274,680,214)	(537,400)	29,629,143	441,897,130		250,056,184	43,404,136	(287,340,704)	(415,161)	5,704,455

15.1.1 Disposal of property, plant and equipment

There were disposals of operating fixed assets during the current year. The details of disposal made during the previous year are as follows:

	2014						
	Cost/revalued amount Rupees	Accumulated depreciation Rupees	Net book value Rupees	Disposal proceeds Rupees	Gain/(loss) on disposal Rupees	Mode of disposal	Particulars of buyer
Vehicles							
Suzuki Alto	537,400	415,161	122,239	480,000	357,761	Negotiation	Shahid Imran Ansari
	537,400	415,161	122,239	480,000	357,761		

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	Note	2015 Rupees	2014 Rupees
15.1.2	The depreciation charge for the year has been allocated as follows:		
Cost of sales	25	40,832,428	42,084,320
Administrative and selling expenses	27	1,041,159	1,319,816
		<u>41,873,587</u>	<u>43,404,136</u>

- 15.1.3 Most recent valuation of operating fixed assets was carried out by an independent valuer, M/s Excel Enterprise, on June 30, 2014 and was incorporated in the financial statements for the year ended June 30, 2014. Had there been no revaluation, the cost, accumulated depreciation and net book value of revalued items would have been as follows:

	2015		
	Cost Rupees	Accumulated depreciation Rupees	Net book value Rupees
Freehold land	5,382,168	-	5,382,168
Buildings on freehold land	129,490,940	77,673,748	51,817,192
Plant and machinery	468,167,430	270,224,232	197,943,198
Electric Installation	23,915,115	14,497,515	9,417,600
	2014		
	Cost Rupees	Accumulated depreciation Rupees	Net book value Rupees
Freehold land	5,382,168	-	5,382,168
Buildings on freehold land	129,490,940	71,916,283	57,574,657
Plant and machinery	463,547,930	248,325,239	215,222,691
Electric Installation	23,915,115	13,451,115	10,464,000

The basis of revaluation used by the valuer are as follows:

Land

Revalued amount of land has been determined by reference to local market values of land taking into account prevailing fair market prices under the position and circumstances present on the date of revaluation and current market scenario for properties of similar nature in the immediate neighbourhood and adjoining areas.

Building

Revalued amount of building has been determined by reference to present depreciated replacement values after taking into consideration covered area and type of construction, age of civil and ancillary structures, physical condition and level of preventive maintenance carried out by the Company.

Plant and machinery

Revalued amount of plant and machinery has been determined by reference to present depreciated replacement values after taking into consideration present physical condition, remaining useful economic lives, technological obsolescence and level of preventive maintenance carried out by the Company.

15.2 Capital work in progress

	2015			
	As at July 01, 2014 Rupees	Additions Rupees	Transfers Rupees	As at June 30, 2015 Rupees
Plant and machinery	-	4,619,500	(4,619,500)	-
	<u>-</u>	<u>4,619,500</u>	<u>(4,619,500)</u>	<u>-</u>

	2014			As at June 30, 2014 Rupees
	As at July 01, 2013 Rupees	Additions Rupees	Transfers Rupees	
Plant and machinery	19,169,784	10,459,359	(29,629,143)	-
	<u>19,169,784</u>	<u>10,459,359</u>	<u>(29,629,143)</u>	<u>-</u>

16 LONG TERM INVESTMENTS

This represents investment in ordinary shares of associates. The investments has been accounted for by using equity method. The details are as follows:

	Note	2015 Rupees	2014 Rupees
Pervez Ahmed Securities Limited	16.1	-	32,677,008
Pervez Ahmed Capital (Private) Limited	16.2	81,342,872	101,382,487
		<u>81,342,872</u>	<u>134,059,495</u>

16.1 Pervez Ahmed Securities Limited

Cost of investment	3,412,243	435,472,581
Share of post acquisition losses	(1,364,444)	(131,714,251)
Share of post acquisition changes in equity	(160,258)	(20,452,279)
Accumulated impairment	(1,887,541)	(250,629,043)
	<u>-</u>	<u>32,677,008</u>

	No. of shares	No. of shares
Number of shares held	<u>61,550</u>	<u>7,855,050</u>

	% age	% age
Percentage of ownership interest	<u>0.03</u>	<u>4.21</u>

	Rupees	Rupees
Market value per share	<u>-</u>	<u>4.16</u>

16.1.1 Extracts of financial statements of Pervez Ahmed Securities Limited

The assets and liabilities of Pervez Ahmed Securities Limited as at the reporting date and related revenue and profit for the year then ended based on the audited financial statements are as follows:

	2015 Rupees	2014 Rupees
Assets	719,882,972	687,065,451
Liabilities	677,003,398	686,071,623
(Loss)/profit for the year	(15,665,635)	497,814,912
Share of (loss)/profit	(332,367)	20,958,008

16.2 Pervez Ahmed Capital (Private) Limited

Cost of investment	85,000,000	85,000,000
Share of post acquisition (losses)/profits	129,187	20,167,494
Accumulated impairment	(3,786,315)	(3,785,007)
	<u>81,342,872</u>	<u>101,382,487</u>

	<i>No. of shares</i>	<i>No. of shares</i>
Number of shares held	<u>7,727,000</u>	<u>7,727,000</u>
	<i>% age</i>	<i>% age</i>
Percentage of ownership interest	<u>44.88</u>	<u>44.88</u>
	<i>Rupees</i>	<i>Rupees</i>
Break-up value per share	<u>10.53</u>	<u>13.12</u>

16.2.1 Extracts of financial statements of Pervez Ahmed Capital (Private) Limited

The assets and liabilities of Pervez Ahmed Capital (Private) Limited as at the reporting date and related revenue and profit for the year then ended based on the audited financial statements are as follows:

	2015	2014
	<i>Rupees</i>	<i>Rupees</i>
Assets	181,469,050	226,096,304
Liabilities	220,877	199,497
Loss for the year	(44,648,634)	(9,125,385)
Break-up value per share	10.53	13.12
Share of loss	(20,038,307)	(4,095,473)

17 LONG TERM DEPOSITS

These have been deposited with various utility companies and regulatory authorities. These are classified as 'loans and receivables' under IAS 39 'Financial Instruments - Recognition and Measurement' which are required to be carried at amortized cost. However, these, being held for an indefinite period with no fixed maturity date, are carried at cost as their amortized cost is impracticable to determine.

	<i>Note</i>	2015	2014
		<i>Rupees</i>	<i>Rupees</i>
18 STORES, SPARES AND LOOSE TOOLS			
Stores		792,265	1,034,111
Spares		449,272	338,326
		<u>1,241,537</u>	<u>1,372,437</u>

18.1 There are no spare parts exclusively held for capitalization as at the reporting date.

19 STOCK IN TRADE

Raw material	<i>19.1</i>	1,861,769	7,613,655
Work in process		12,663,970	15,982,699
Finished goods	<i>19.1</i>	2,618,220	3,211,900
Waste		1,048,568	547,415
		<u>18,192,527</u>	<u>27,355,669</u>

19.1 As at the reporting date, net realizable values of raw material and finished goods are lower than their cost, which resulted in write-downs of Rs. 653,260 (2014: Rs. 620,550) and have been charged to cost of sales.

19.2 Details of stock pledged as security are referred to in note 39 to the financial statements.

	Note	2015 Rupees	2014 Rupees
20 TRADE DEBTS - UNSECURED			
Considered good	20.1	54,781,293	72,630,475
Considered doubtful		8,895,369	8,895,369
		<u>63,676,662</u>	<u>81,525,844</u>
Impairment allowance for trade debts considered doubtful		(8,895,369)	(8,895,369)
		<u><u>54,781,293</u></u>	<u><u>72,630,475</u></u>

20.1 This includes receivable from D.S. Textiles, a related party, amounting to Rs. 37,367,212 against sale of goods.

	Note	2015 Rupees	2014 Rupees
21 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances to suppliers - unsecured, considered good		3,954,244	1,870,054
Advances to employees	21.1	1,161,059	1,421,719
Prepayments		215,209	885,350
Sales tax refundable		638,697	102,011
Due from related parties	21.2	499,349	-
		<u>6,468,558</u>	<u>4,279,134</u>

21.1 These represent advances to employees for expenses on behalf of the Company and those against salaries in accordance with the Company policy. No advances have been given to any of the directors or executives of the Company.

21.2 This represents receivable from Infinite Securities Limited, a related party, against sale of shares.

22 SHORT TERM INVESTMENT

This represents investment in listed equity securities and has been classified as 'financial asset at fair value through profit or loss'. The particulars of investment are as follows:

	2015 Rupees	2014 Rupees
Askari General Insurance Company Limited 36,558 (2014: 36,558) ordinary shares of Rs. 10 each Market value per share: Rs. 30.98 (2014: Rs. 17.5)		
Cost of investment	1,462,530	1,462,530
Accumulated changes in fair value	(329,963)	(822,765)
	<u>1,132,567</u>	<u>639,765</u>

23 CASH AND BANK BALANCES

Cash in hand		
Cash at banks		
current accounts	596,640	2,111,961
saving/deposit accounts	706,270	604,762
	<u>1,302,910</u>	<u>2,716,723</u>
	<u><u>1,302,910</u></u>	<u><u>2,716,723</u></u>

23.1 Effective mark-up rate in respect of saving and deposit accounts ranges from 3% to 5% (2014: 2% to 5%) per annum.

	Note	2015 Rupees	2014 Rupees
24 TURNOVER - NET			
Yarn		815,478,918	1,120,428,122
Conversion		5,226,000	6,952,838
Waste		23,477,980	26,121,574
		844,182,898	1,153,502,534
Sales tax		(24,092,442)	(22,917,254)
		<u>820,090,456</u>	<u>1,130,585,280</u>
25 COST OF SALES			
Raw material consumed	25.1	533,973,237	724,082,050
Stores and spares consumed		24,215,798	27,621,571
Salaries, wages and benefits	25.2	103,942,495	107,967,638
Power and fuel		156,811,671	214,854,277
Traveling and conveyance		736,248	753,898
Repair and maintenance		964,309	782,579
Insurance		1,202,532	1,229,141
Entertainment		1,277,552	1,299,622
Depreciation	15.1.2	40,832,428	42,084,320
Others		327,817	538,456
Manufacturing cost		<u>864,284,087</u>	<u>1,121,213,552</u>
Work in process			
As at beginning of the year		15,982,699	9,426,862
As at end of the year		(12,663,970)	(15,982,699)
		<u>3,318,729</u>	<u>(6,555,837)</u>
Cost of goods manufactured		<u>867,602,816</u>	<u>1,114,657,715</u>
Finished goods			
As at beginning of the year		3,211,900	4,045,986
As at end of the year		(2,618,220)	(3,211,900)
		<u>593,680</u>	<u>834,086</u>
Waste			
As at beginning of the year		547,415	2,836,422
As at end of the year		(1,048,568)	(547,415)
		<u>(501,153)</u>	<u>2,289,007</u>
		<u>867,695,343</u>	<u>1,117,780,808</u>
25.1 Raw material consumed			
As at beginning of the year		7,613,655	21,145,082
Purchased during the year		528,221,351	710,550,623
As at end of the year		(1,861,769)	(7,613,655)
		<u>533,973,237</u>	<u>724,082,050</u>

25.2 These include charge in respect of employees retirement benefits amounting to Rs. 6,336,434 (2014: Rs. 6,356,602).

	<i>Note</i>	2015 <i>Rupees</i>	2014 <i>Rupees</i>
26 SELLING AND DISTRIBUTION EXPENSES			
Salaries and benefits		394,685	300,000
Insurance		295,940	295,940
Advertising and publicity		96,840	52,775
Freight and forwarding		1,930,957	1,646,065
		<u>2,718,422</u>	<u>2,294,780</u>
27 ADMINISTRATIVE AND GENERAL EXPENSES			
Salaries and benefits	27.1	17,487,443	24,015,761
Communication		1,370,604	1,392,006
Traveling and conveyance		696,673	593,465
Printing and stationery		366,222	255,612
Repair and maintenance		535,029	436,576
Vehicles running and maintenance		2,791,255	3,381,811
Rent, rates and taxes		105,000	430,000
Entertainment		619,972	683,793
Insurance		465,996	291,777
Legal and professional charges		1,154,800	1,055,200
Utilities		1,463,102	1,455,826
Fee and subscription		690,125	619,389
Auditors' remuneration	27.2	600,000	420,000
Depreciation	15.1.2	1,041,159	1,319,816
Others		323,884	257,369
		<u>29,711,264</u>	<u>36,608,401</u>

27.1 These include charge in respect of employees retirement benefits amounting to Rs. 1,584,108 (2014: Rs. 1589,151).

	<i>Note</i>	2015 <i>Rupees</i>	2014 <i>Rupees</i>
27.2 Auditor's remuneration			
Annual statutory audit		500,000	320,000
Half yearly review		90,000	100,000
Out of pocket expenses		10,000	-
		<u>600,000</u>	<u>420,000</u>

28 OTHER EXPENSES

Loss on financial instruments

Loss on sale of investments

Impairment loss on investment in associates

Impairment loss on trade debts

8,217,565	-
-	23,157,422
-	8,895,369
<u>8,217,565</u>	<u>32,052,791</u>

Other expense

Impairment loss on operating fixed assets

Donations

Workers' Welfare Fund

Workers' Profit Participation Fund

28.1

12

12.1

-	43,309
2,925,555	2,855,709
2,717,171	-
7,150,450	-
<u>12,793,176</u>	<u>2,899,018</u>
<u>21,010,741</u>	<u>34,951,809</u>

28.1 None of the directors or their spouses had any interest in donations made by the Company.

	<i>Note</i>	2015	2014
		<i>Rupees</i>	<i>Rupees</i>
29 OTHER INCOME			
Gain on financial instruments			
Exchange gain		-	2,750
Return on bank deposits		230,193	694,686
Liabilities written back		306	-
Reversal of impairment of investment in associates		75,011	-
Waiver of debt finances and accrued mark-up thereon	29.1	236,242,684	-
Changes in fair value of financial assets at fair value through profit or loss		492,802	184,145
		237,040,996	881,581
Other income			
Gain on disposal of operating fixed assets		-	357,761
		237,040,996	1,239,342

29.1 This represents long term finance and mark-up there on waived by KASB Bank Limited on settlement in accordance with a restructuring arrangement. See note 9.1.

	<i>Note</i>	2015	2014
		<i>Rupees</i>	<i>Rupees</i>
30 FINANCE COST			
Interest / mark-up on long term finances		1,136,979	2,148,345
Interest on workers' profit participation fund		149,858	409,829
Bank charges and commission		999,652	117,376
		2,286,489	2,675,550

31 TAXATION

Current taxation			
for current year	31.1	-	11,305,853
for prior year		(11,305,853)	1,605
		(11,305,853)	11,307,458
Deferred taxation	11.1		
attributable to origination and reversal of temporary differences		(16,965,908)	(8,772,667)
attributable to changes in tax rates		362,790	231,856
		(16,603,118)	(8,540,811)
		(27,908,971)	2,766,647

31.1 Provision for taxation has been made under section 113 (2014: section 113) of the Income Tax Ordinance, 2001 ("the Ordinance"). The provision for the year is Rs. nil as the Company has incurred gross loss during the year. There is no relationship between tax expense and accounting profit. Accordingly, no numerical reconciliation has been presented.

31.2 Assessments for the tax years up to 2014 have either been finalized or are deemed assessments in terms of Section 120 (1) of the Ordinance, as per returns filed by the Company.

31.3 The Government of Pakistan vide Finance Act 2014 notified a reduced tax rate of 33% for tax year 2015 as compared 34% applicable to previous year for Companies.

	Unit	2015	2014
32 EARNINGS(LOSS) PER SHARE - BASIC AND DILUTED			
Profit/loss attributable to ordinary shareholders	Rupees	<u>167,886,238</u>	<u>(48,390,838)</u>
Weighted average number of ordinary shares outstanding during the year	No. of shares	<u>60,000,000</u>	<u>60,000,000</u>
Earnings/(loss) per share - Basic	Rupees	<u>2.80</u>	<u>(0.81)</u>
There is no diluting effect on the basic earnings/(loss) per share of the Company.			
	Note	2015	2014
		Rupees	Rupees
33 CASH GENERATED FROM OPERATIONS			
Profit/(loss) before taxation		139,977,267	(45,624,191)
Adjustments for non-cash and other items			
Interest/mark-up on borrowings		1,136,979	2,148,345
Notional interest income		(26,638,748)	-
Gain on disposal of property, plant and equipment		-	(357,761)
Liabilities written back		(306)	-
Waiver of debt finances and accrued mark-up thereon		(236,242,684)	-
Loss on sale of investments		8,217,565	-
Reversal of impairment/impairment loss on investment in associates		(75,011)	23,157,422
Changes in fair value of financial assets at fair value through profit or loss		(492,802)	(184,145)
Share of loss/(profit) of associates		20,370,674	(16,862,535)
Provision for employees retirement benefits		7,920,542	7,945,753
Impairment loss on trade debts		-	8,895,369
Impairment loss on operating fixed assets		-	43,309
Depreciation		41,873,587	43,404,136
		<u>(183,930,204)</u>	<u>68,189,893</u>
Operating profit before changes in working capital		<u>(43,952,937)</u>	<u>22,565,702</u>
Changes in working capital			
Stores, spares and loose tools		130,900	40,938
Stock in trade		9,163,142	10,098,684
Trade debts		17,849,182	(32,079,884)
Advances, prepayments and other receivables		(2,189,424)	368,834
Trade and other payables		44,176,532	35,921,351
		<u>69,130,332</u>	<u>14,349,923</u>
Cash generated from operations		<u>25,177,395</u>	<u>36,915,625</u>
34 CASH AND CASH EQUIVALENTS			
Cash and bank balances	23	<u>1,302,910</u>	<u>2,716,723</u>
		<u>1,302,910</u>	<u>2,716,723</u>
35 TRANSACTIONS AND BALANCES WITH RELATED PARTIES			
Related parties from the Company's perspective comprise sponsors of the Company, associates, associated undertakings and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company. Transactions with sponsors are limited to provision of interest free loans to the Company and those with key management personnel are limited to payment of short term employee benefits only. The Company in the normal course of business carries out various transactions with associates and associated undertakings and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an arm's length transaction, with the exception of borrowings, which are interest free.			
Details of transactions and balances with related parties is as follows:			

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		2015	2014
		<i>Rupees</i>	<i>Rupees</i>
35.1	Transactions with related parties		
	Nature of relationship	Nature of transactions	
	Associates and associated undertakings	Purchase of goods and services	779,350
		Sale of goods and services	848,796
		Long term loans obtained	5,834,135
		Short term borrowings obtained	22,112,463
	Sponsors	Long term loans obtained	24,961,628
			2,800,000
	Key management personnel	Long term loans obtained	10,305,333
		Short-term employee benefits	27,750,591
		Post employment benefits	7,700,000
			14,850,000
			-
35.2	Balances with related parties		
	Nature of relationship	Nature of balance	
	Associates and associated undertakings	Trade debts	37,367,212
		Receivable against sale of shares	33,737,486
		Long term loans obtained	499,349
		Short term borrowings obtained	-
	Key management personnel	Short-term employee benefits payable	63,017,552
		Post employment benefits payable	2,800,000
			10,305,333
			5,895,046
			6,402,828
			-
			-
		<i>Note</i>	
			2015
			2014
			<i>Rupees</i>
			<i>Rupees</i>
36	FINANCIAL INSTRUMENTS		
36.1	Financial instruments by class and category		
36.1.1	Financial assets		
	<i>Loans and receivables</i>		
	Long term deposits	17	19,072,394
	Trade debts	20	19,072,394
	Due from related parties	21	54,781,293
	Bank balances	23	499,349
			1,302,910
			2,716,723
	<i>Financial assets at fair value through profit or loss</i>		
	Short term investments	22	1,132,567
			639,765
			76,788,513
			95,059,357
36.1.2	Financial liabilities		
	<i>Financial liabilities at amortized cost</i>		
	Long term finances	9	239,366,761
	Trade creditors	12	596,917,258
	Accrued liabilities	12	69,908,995
	Accrued interest/mark-up		91,179,386
	Short term borrowings	13	38,416,136
			29,730,197
			238,220
			535,100
			2,800,000
			10,305,333
			350,730,112
			728,667,274
36.2	Fair values of financial instruments		

Fair value is the amount for which an asset could be exchanged or liability be settled between knowledgeable willing parties in an arm's length transaction. As at the reporting date, fair values of all financial instruments are considered to approximate their carrying amounts. Further, there are no fair value estimation uncertainties.

36.2.1 Methods of determining fair values

Fair values of financial instruments for which prices are available from the active market are measured by reference to those market prices. Fair values of financial assets and liabilities with no active market are determined in accordance with generally accepted pricing models based on discounted cash flow analysis based on inputs from other than observable market.

36.2.2 Discount/interest rates used for determining fair values

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve as at the reporting date plus an adequate credit spread.

36.2.3 Fair value hierarchy

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

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

The fair value hierarchy of financial assets measured at fair value is as follows:

	2015			
	Total	Level 1	Level 2	Level 3
	Rupees	Rupees	Rupees	Rupees
Financial assets at fair value through profit or loss:				
Short term investments	1,132,567	1,132,567	-	-
	<u>1,132,567</u>	<u>1,132,567</u>	<u>-</u>	<u>-</u>
	2014			
	Total	Level 1	Level 2	Level 3
	Rupees	Rupees	Rupees	Rupees
Financial assets at fair value through profit or loss:				
Short term investments	639,765	1,302,910	-	-
	<u>639,765</u>	<u>1,302,910</u>	<u>-</u>	<u>-</u>

37 FINANCIAL RISK EXPOSURE AND MANAGEMENT

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). These risks affect revenues, expenses and assets and liabilities of the Company.

The Board of Directors has the overall responsibility for establishment and oversight of risk management framework. The Board of Directors has developed a risk policy that sets out fundamentals of risk management framework. The risk policy focuses on unpredictability of financial markets, the Company's exposure to risk of adverse effects thereof and objectives, policies and processes for measuring and managing such risks. The management team of the Company is responsible for administering and monitoring the financial and operational financial risk management throughout the Company in accordance with the risk management framework.

The Company's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Company and the manner in which such risks are managed is as follows:

37.1 Credit risk

Credit risk is the risk of financial loss to the Company, if the counterparty to a financial instrument fails to meet its obligations.

	Note	2015 Rupees	2014 Rupees
37.1.1 Maximum exposure to credit risk			
The maximum exposure to credit risk as at the reporting date is as follows:			
<i>Loans and receivables</i>			
Long term deposits	17	19,072,394	19,072,394
Trade debts	20	54,781,293	72,630,475
Due from related parties	21	499,349	-
Bank balances	23	1,302,910	2,716,723
<i>Financial assets at fair value through profit or loss</i>			
Short term investments	22	1,132,567	639,765
		<u>76,788,513</u>	<u>95,059,357</u>

37.1.2 Concentration of credit risk

The Company identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

	2015 Rupees	2014 Rupees
Customers	54,781,293	72,630,475
Banking companies and financial institutions	2,934,826	2,716,723
Utility companies and regulatory authorities	19,072,394	19,072,394
	<u>76,788,513</u>	<u>94,419,592</u>

37.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates.

37.1.3.1 Counterparties with external credit ratings

These include banking companies and financial institutions, which are counterparties to cash deposits and receivable against sale of shares. These counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company.

37.1.3.2 Counterparties without external credit ratings

These include customers which are counter parties to trade debts and utility companies and regulatory authorities which are counter parties to security deposits. The deposits placed with utility companies and regulatory authorities do not carry any significant credit risk. The analysis of ages of trade debts as at the reporting date is as follows:

	2015		2014	
	Gross carrying amount Rupees	Accumulated Impairment Rupees	Gross carrying amount Rupees	Accumulated Impairment Rupees
Due by 0 to 30 days	39,148,425	-	64,611,380	-
Due by 31 to 60 days	7,913,699	-	3,275,000	-
Due by 61 days or more	16,614,538	8,895,369	13,639,464	8,895,369
	<u>63,676,662</u>	<u>8,895,369</u>	<u>81,525,844</u>	<u>8,895,369</u>

The Company's two (2014: three) significant customers account for Rs. 45.28 million (2014: Rs. 60.89 million) of trade debts as at the reporting date, apart from which, exposure to any single customer does not exceed 10% (2014: 10%) of trade debts as at the reporting date. These significant customers have long standing business relationships with the Company and have a good payment record and accordingly non-performance by these customers is not expected. The Company's customers have long standing business relationships with the Company and have a good payment record and accordingly non-performance by these customers is not expected.

37.1.4 Collateral held

The Company does not hold any collateral to secure its financial assets.

37.1.5 Credit risk management

The Company manages credit risk by limiting significant exposure to any single customer. Formal policies and procedures of credit management and administration of receivables are established and executed. In monitoring customer credit risk, the ageing profile of total receivables and individually significant balances, along with collection activities are reviewed on a regular basis. High risk customers are identified and restrictions are placed on future trading, including suspending future shipments and administering dispatches on a prepayment basis.

37.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

37.2.1 Exposure to liquidity risk

The followings is the analysis of contractual maturities of financial liabilities, including estimated interest payments.

	2015				
	Carrying amount Rupees	Contractual cash flows Rupees	One year or less Rupees	One to five years Rupees	More than five years Rupees
Long term finances	239,366,761	239,661,963	239,661,963	-	-
Trade creditors	69,908,995	69,908,995	69,908,995	-	-
Accrued liabilities	38,416,136	38,416,136	38,416,136	-	-
Accrued interest/mark-up	238,220	238,220	238,220	-	-
Short term borrowings	2,800,000	2,800,000	2,800,000	-	-
	350,730,112	351,025,314	351,025,314	-	-
	2014				
	Carrying amount Rupees	Contractual cash flows Rupees	One year or less Rupees	One to five years Rupees	More than five years Rupees
Long term finances	596,917,258	598,646,319	598,646,319	-	-
Trade creditors	91,179,386	91,179,386	91,179,386	-	-
Accrued liabilities	29,730,197	29,730,197	29,730,197	-	-
Accrued interest/mark-up	535,100	535,100	535,100	-	-
Short term borrowings	10,305,333	10,305,333	10,305,333	-	-
	728,667,274	730,396,335	730,396,335	-	-

37.2.2 Liquidity risk management

The Company's approach to managing liquidity risk 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 monitors cash flow requirements and produces cash flow projections for the short and long term. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational cash flows, including servicing of financial obligations. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customer. The Company has continued support of its sponsors and other related parties in respect of any liquidity shortfalls.

37.3 Market risk

37.3.1 Currency risk

Currency risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to currency risk as at the reporting date.

37.3.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Company is not exposed to interest rate risk as at the reporting date as the Company only has fixed rate instruments which are not accounted for a fair value through profit or loss.

37.3.3 Price risk

Price risk represents the risk that the fair value or future cash flows of 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. The Company is not exposed to price risk in respect of its short term investments in listed equity securities.

A ten percent appreciation in market prices of investments in listed equity securities as at reporting date would have increased the profit for the year by Rs. 113,257 (2014: 63,977). A one percent diminution in market prices of investments in mutual funds as at reporting date would have had an equal but opposite effect on profit for the year. The analysis assumes that all other variables remain constant and ignores the impact, if any, on provision for taxation for the year.

38 CAPITAL MANAGEMENT

The objectives of the Company, while managing capital are to ensure that it continues to meet the going concern assumption, enhance shareholders' wealth and meet stakeholders' expectations. The Company's objective is to ensure its sustainable growth viz. maintaining optimal capital structure, keeping its finance cost low, exercising option of issuing right shares or, where possible, repurchasing shares, selling surplus property, plant and equipment without affecting the optimal production and operating level and regulating dividend payout. The Company monitors capital using the gearing ratio which is debt divided by total capital employed. Debt comprises loans from related parties and long term finances, including current maturity. Total capital employed includes equity as shown in the balance sheet plus surplus on revaluation of property, plant and equipment and debt.

	<i>Unit</i>	2015	2014
Total debt	<i>Rupees</i>	302,384,016	596,917,258
Total equity	<i>Rupees</i>	(119,039,162)	(287,773,175)
		<u>183,344,854</u>	<u>309,144,083</u>
Gearing	<i>% age</i>	<u>164.93%</u>	<u>193.09%</u>

There were no changes in the Company's approach to capital management during the year. The Company is not subject to any other externally imposed capital requirements, except those, related to maintenance of debt covenants, commonly imposed by the providers of debt finances.

	2015	2014
	<i>Rupees</i>	<i>Rupees</i>
39 RESTRICTION ON TITLE, AND ASSETS PLEDGED AS SECURITY		
Mortgages and charges		
Charge over current assets	311,330,000	578,330,000
Charge over operating fixed assets	700,000,000	727,000,000

40 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged to profit or loss in respect of chief executive, directors and executives of the Company on account of managerial remuneration, allowances and perquisites, post employment benefits and the number of such directors and executives is as follows:

	2015		
	Chief Executive <i>Rupees</i>	Directors <i>Rupees</i>	Executives <i>Rupees</i>
Managerial remuneration	1,290,322	3,677,400	-
Allowances and perquisites	709,678	2,022,600	-
Post employment benefits	-	-	-
	2,000,000	5,700,000	-
Number of persons	1	2	-

	2014		
	Chief Executive <i>Rupees</i>	Directors <i>Rupees</i>	Executives <i>Rupees</i>
Managerial remuneration	7,741,932	1,838,700	-
Allowances and perquisites	4,258,068	1,011,300	-
Post employment benefits	-	-	-
	12,000,000	2,850,000	-
Number of persons	1	2	-

41 SEGMENT INFORMATION

- 41.1 The Company is a single reportable segment.
- 41.2 All non-current assets of the Company are situated in Pakistan.
- 41.3 All sales of the Company have originated from Pakistan.
- 41.4 There are 2 (2014: 2) significant external customers to whom sales in excess of 10% of the Company's total sales amounting to Rs. 357.65 million (2014: Rs.328.136 million) were made during the year.

42 SHARES IN THE COMPANY HELD BY ASSOCIATED UNDERTAKINGS AND RELATED PARTIES

Ordinary shares in the Company held by associated undertakings and related parties, other than chief executive and directors, are as follows:

	2015	2014
	<i>No. of shares</i>	<i>No. of shares</i>
Pervez Ahmed Securities Limited	3,614,000	3,614,000
D.S. Textiles Limited	2,944,221	2,944,221
D.S. Apparel (Private) Limited	755,790	1,006,000
Ali Pervez Capital (Private) Limited	18	18
Infinite Securities Limited	1,156,500	1,156,500
Pervez Ahmed Capital (Private) Limited	1,548,000	1,548,000
	10,018,529	10,268,739

43 PLANT CAPACITY AND ACTUAL PRODUCTION

	<i>Unit</i>	2015	2014
Number of spindles installed	<i>No.</i>	40,320	40,320
Plant capacity on the basis of utilization converted into 20s count	<i>Kgs</i>	11,125,727	11,125,727
Actual production converted into 20s count	<i>Kgs</i>	7,658,981	9,107,549

It is difficult to precisely compare production capacity and the resultant production converted into base count in the textile industry since it fluctuates widely depending on various factors such as count of yarn spun, raw materials used, spindle speed and twist etc. It would also vary according to the pattern of production adopted in a particular year. Further, power shortage in the country has also resulted in lower capacity utilization.

44 NUMBER OF EMPLOYEES

Total number of employees of the Company as at the reporting date are 620 (2014: 637). Average number of persons employed by the Company during the year are 629 (2014: 649).

45 EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting period which may require adjustment of and/or disclosure in these financial statements

46 RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these financial statements.

47 RECLASSIFICATIONS

The following has been reclassified for better presentation:

- 47.1 Auditors' remuneration amounting to Rs. 600,000 (2014: Rs. 420,000 has been reclassified from 'other expenses' to 'administrative and general expenses'.
- 47.2 Sales tax refundable amounting to Rs. 2,758,616 (2014: Rs. 2,841,479) has been off-set against 'sales tax payable' with the net amount presented as part of 'trade and other payables'.
- 47.3 Donations amounting to Rs. 2,925,555 (2014: Rs. 2,855,709) has been reclassified from 'administrative and general expenses' to 'other expenses'.
- 47.4 Temporary borrowings from related parties amounting to Rs. 2,800,000 (2014: Rs. 10,305,333) has been reclassified from 'trade and other payables' to 'short term borrowings'.

48 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 09, 2015 by the Board of Directors of the Company.

49 GENERAL

- 49.1 Figures have been rounded off to the nearest rupee.
- 49.2 Comparative figures have been rearranged and reclassified, where necessary, for the purpose of comparison. However, there were no significant reclassifications during the year, with the exception of those referred to in note 47.

CHIEF EXECUTIVE

DIRECTOR

**Categories of Shareholders
As At June 30, 2015**

Categories	Number	Shares Held	Percentage
Associated Companies & Related Parties			
Pervez Ahmed Securities Limited	1	3,614,000	6.023
D.S.Textiles Limited	1	2,944,221	4.907
D.S.Apparel (Pvt.) Limited	1	755,790	1.260
Ali Pervez Capital (pvt.) Limited	1	18	0.000
Infinite Securities Limited	1	1,156,500	1.928
Pervez Ahmed Capital (Pvt.) Limited	1	1,548,000	2.580
Chief Executive & Directors			
Mr. Pervez Ahmed - Chief Executive	1	8,214,000	13.690
Mr. Ali Pervez Ahmed	1	4,385,667	7.309
Mr. Hassan Ibrahim Ahmed	1	3,448,794	5.748
Mr. Suleman Ahmed	1	1,621,666	2.703
Mr. Atta Ur Rehman	1	2,000	0.003
Mr. Muntazir Mehdi	1	500	0.001
Mr. Muhammad Yousaf	1	1,000	0.002
NIT & ICP	1	379,882	0.633
Banks, DFI and NBFI	5	996,088	1.660
Insurance Companies	1	31,985	0.053
General Public (Local)	1,596	28,748,825	47.915
General Public (Foreign)	20	458,730	0.765
Joint Stock Companies	26	1,608,284	2.680
Others	2	84,050	0.140
Total	1664	60,000,000	100.000

Detail of Shareholding of 5% and above.

Shares Held Percentage

Pervez Ahmed Securities Limited - Associated Undertaking	3,614,000	6.023
Mr. Pervez Ahmed - Chief Executive	8,214,000	13.690
Mr. Ali Pervez Ahmed - Director	4,385,667	7.309
Mr. Hassan Ibrahim Ahmed - Director	3,448,794	5.748

**Pattern of Shareholding
As At June 30, 2015**

Number of Shareholders	Shareholding		Total Number of Shares Held	%age
	From	To		
158	1	100	7,280	0.012
200	101	500	85,347	0.142
269	501	1,000	262,483	0.437
522	1,001	5,000	1,604,938	2.675
185	5,001	10,000	1,563,777	2.606
69	10,001	15,000	905,641	1.509
54	15,001	20,000	1,013,475	1.689
43	20,001	25,000	1,038,315	1.731
23	25,001	30,000	644,905	1.075
14	30,001	35,000	456,555	0.761
11	35,001	40,000	427,783	0.713
5	40,001	45,000	208,500	0.348
14	45,001	50,000	691,218	1.152
8	50,001	55,000	422,998	0.705
8	55,001	60,000	469,000	0.782
4	60,001	65,000	252,063	0.420
3	65,001	70,000	201,500	0.336
3	70,001	75,000	215,861	0.360
3	75,001	80,000	230,409	0.384
1	80,001	85,000	81,201	0.135
2	85,001	90,000	179,168	0.299
3	90,001	95,000	277,290	0.462
10	95,001	100,000	1,000,000	1.667
1	105,001	110,000	105,500	0.176
3	120,001	125,000	366,000	0.610
1	125,001	130,000	129,500	0.216
3	135,001	140,000	417,648	0.696
2	145,001	150,000	300,000	0.500
2	150,001	155,000	304,500	0.508
1	205,001	210,000	206,166	0.344
2	230,001	235,000	464,677	0.774
1	235,001	240,000	238,000	0.397
1	250,001	255,000	254,167	0.424
1	255,001	260,000	260,000	0.433
1	290,001	295,000	294,000	0.490
1	345,001	350,000	350,000	0.583
2	375,001	380,000	756,882	1.261
1	445,001	450,000	450,000	0.750
1	465,001	470,000	468,000	0.780
1	485,001	490,000	486,500	0.811
1	540,001	545,000	540,339	0.901
1	550,001	555,000	551,500	0.919
1	630,001	635,000	630,577	1.051
1	695,001	700,000	700,000	1.167
2	700,001	705,000	1,408,500	2.348
1	705,001	710,000	707,800	1.180
1	710,001	715,000	715,000	1.192
1	740,001	745,000	744,000	1.240
1	745,001	750,000	749,790	1.250
1	770,001	775,000	773,000	1.288
1	955,001	960,000	959,800	1.600
1	960,001	965,000	962,500	1.604
1	1,085,001	1,090,000	1,090,000	1.817
1	1,110,001	1,115,000	1,114,500	1.858
1	1,120,001	1,125,000	1,121,500	1.869
1	1,155,001	1,160,000	1,156,500	1.928
1	1,330,001	1,335,000	1,332,736	2.221
1	1,545,001	1,550,000	1,548,000	2.580
1	1,600,001	1,605,000	1,602,750	2.671
1	2,030,001	2,035,000	2,034,721	3.391
1	2,100,001	2,105,000	2,101,500	3.503
1	3,460,001	3,465,000	3,463,500	5.773
2	3,610,001	3,615,000	7,224,667	12.041
1	4,160,001	4,165,000	4,163,073	6.938
1	4,510,001	4,515,000	4,512,500	7.521

1664

60,000,000

100.000

**FORM OF PROXY
Annual General Meeting**

**The Company Secretary
D S Industries Limited
20-K, Gulberg II,
Lahore.**

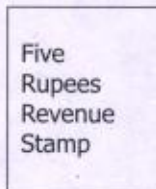
Dear Sir,

I/We _____ of (full address) _____ being a member(s) of D.S Industries Limited holding _____ Ordinary Shares as per Registered Folio No. / CDC A/c No _____ hereby appoint Mr./ Mrs./ Miss _____ of (full address) _____ or failing him / her Mr./ Mrs./ Miss _____ of (full address) _____ being member of the Company as my/our Proxy to attend, act and vote for me / us and on my / our behalf at the _____ Annual General Meeting of the Company to be held on 31st October 2015

Signed this _____ day of _____ 2015

Witnesses:

Signature _____
Name _____
Address _____
CNIC No./ Passport No. _____



Signature should be agreed with the Specimen Signatures with the Company

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint a proxy to attend and vote instead of him/her.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or his constituted attorney or if such appointer is a corporation or company under the common seal of such corporation or company.
3. In case of individual, the account holder or sub-account holder and / or the person whose securities are in group account shall submit the Proxy form along with following documents:
 - a. The Proxy form shall be witnessed by the two persons whose names, addresses and CNIC number shall be mentioned on the form.
 - b. Attested copies of CNIC or the passport of the beneficial owners and the Proxy shall be furnished with the Proxy form.
 - c. The Proxy shall produce his / her original CNIC or original passport at the time of the meeting. In case of corporate entity, the Board of Director's resolution / power of attorney with specimen signature shall be submitted along with Proxy form to the company.
4. The Proxy Form, duly completed, must be deposited with the Company Secretary of D.S Industries Limited, 20 - K Gulberg II Lahore not less than 48 hours before the time for holding the meeting.

Registered Office: | 20-K Gulberg II, Lahore.

| Ph: (042) 3575 9621, 3575 9464, 3571 4810

| Fax: (042) 3571 0312