



ANNUAL REPORT

2015



Shadab Textile Mills Limited

**CONTENTS**

<u>Company Information</u>	<u>2</u>
<u>Vision / Mission Statement</u>	<u>3</u>
<u>Notice of Annual General Meeting</u>	<u>4</u>
<u>Directors' Report</u>	<u>5-8</u>
<u>Statement of Compliance with the Code of Corporate Governance</u>	<u>9-10</u>
<u>Review Report to the Members on Statement of Compliance with Code of Corporate Governance</u>	<u>11</u>
<u>Six Year's Financial Data</u>	<u>12</u>
<u>Auditors' Report to the Members</u>	<u>13</u>
<u>Balance Sheet</u>	<u>14-15</u>
<u>Profit and Loss Account</u>	<u>16</u>
<u>Statement of Comprehensive Income</u>	<u>17</u>
<u>Cash Flow Statement</u>	<u>18</u>
<u>Statement of Changes in Equity</u>	<u>19</u>
<u>Notes to the Financial Statements</u>	<u>20-40</u>
<u>Pattern of Shareholding</u>	<u>41-43</u>
<u>Form of Proxy</u>	

**COMPANY INFORMATION**

BOARD OF DIRECTORS	Mian Aamir Naseem Mian Farrukh Naseem Mian Shahzad Aslam Mr. Saad Naseem Mr. Ahmed Ali Tariq Mr. Yasir Naseem Mrs. Fatima Aamir	Chief Executive (Chairman)
AUDIT COMMITTEE	Mr. Saad Naseem Mian Farrukh Naseem Mr. Ahmed Ali Tariq	Chairman Member Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mian Farrukh Naseem Mian Aamir Naseem Mr. Ahmed Ali Tariq	Chairman Member Member
CHIEF FINANCIAL OFFICER	Mr. Mazhar Hussain	
COMPANY SECRETARY	Mr. Mazhar Hussain	
AUDITORS	M/s. Fazal Mahmood & Company Chartered Accountants	
SHARE REGISTRAR	Corplink (Pvt) Limited Wings Arcade, 1-K, Commercial, Model Town, Lahore. Tel: 042-35887262, 35839182 Fax: 042-35869037	
BANKERS	National Bank of Pakistan Bank Al-falah Limited	
REGISTERED OFFICE	A-601/A, City Towers, 6-K Main Boulevard, Gulberg-II, Lahore. Ph: 042-35788714-16	
WEBSITE ADDRESS	www.shadabtextile.com	
MILLS	Nasimabad, Shahkot, District Nankana Sahib.	



VISION STATEMENT

To Strive for excellence through commitments, integrity, honesty and team work.

MISSION STATEMENT

To be a model amongst the textile spinning, capable of producing high quality blended and hundred percent cotton yarn both for knitting and weaving.

- Complete satisfaction of Buyers/Consumers is our Motto.
- Manufacturing of blended and hundred percent cotton yarn as per the customers' requirements and market demand.
- Keeping pace with the rapidly changing technology by continuously balancing, modernization and replacement (BMR) of plant and machinery.
- Enhancing the profitability by improved efficiency and cost controls.
- Betterment of Mills Employees as quality policy.
- Protecting the environment and contributing towards the economic strength of the country and function as a good corporate citizen.

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 36th Annual General Meeting of the Shareholders of **SHADAB TEXTILE MILLS LIMITED** will be held on Saturday, October 31, 2015 at 10:00 a.m. at the Registered Office of the Company at A-601/A, City Towers, 6-K Main Boulevard, Gulberg-II, Lahore to transact the following business:

1. To receive, consider and adopt the Audited Accounts for the year ended June 30, 2015 together with Directors' and Auditors' Reports thereon.
2. To declare and approve the Final Cash Dividend at Rs. 3.40 per share i.e. 34% for the year ended June 30, 2015 as recommended by the Board of Directors.
3. To appoint auditors for the year 2015-2016 and fix their remuneration.

By order of the Board

(Mazhar Hussain)
Company Secretary

LAHORE: October 6, 2015.

NOTES:

1. The Share Transfer Books of the Company will remain closed from October 25, 2015 to October 31, 2015 (both days inclusive). Transfers received at Corplink (Pvt) Limited, Wings Arcade, I-K, Commercial, Model Town, Lahore, the Registrar and Shares Transfer Office of the Company by the close of business on October 24, 2015 will be treated in time for the purpose of above entitlement to the transferees.
2. A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received by the Company at the Registered Office not less than 48 hours before the time of holding the meeting. A proxy must be a member.
3. Any Individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her original C.N.I.C or Passport to prove his/her identity and in case of Proxy must enclose an attested copy of his/her C.N.I.C or Passport. Representative of corporate members should bring the usual documents required for such purposes.
4. Shareholders are once again requested to submit copy of their valid CNIC mentioning company name & Folio Number at our Share Registrar's address for compliance of SECP SRO No. 831(1)/2012. In case of non-receipt of copy of valid CNIC, the company may be constrained to withhold dispatch of dividend warrants.
5. Through the Finance Act 2015, enhanced rate of withholding tax on dividend amount has been prescribed in the Income Tax Ordinance, 2001, (Ordinance). New tax rates are (a) For Filers of Income Tax return 12.5% (b) For Non-Filers of Income Tax Return 17.5%.

At the time of dividend distribution, the Company, being a withholding agent, would check each shareholder status on the ATL and if the shareholder's name does not appear on the ATL, the increased rate of withholding tax at 17.5% would be applied. In the instance of a 'filer' withholding tax rate of 12.5% will be applicable.

The FBR has clarified that withholding tax will be determined separately on 'Filer/Non Filer' status of Principal shareholder as well as joint-holders(s) based on their shareholding proportions, in case of joint accounts. In this regard all shareholders, who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and joint-holder(s) in respect of shares held by them to our Share Registrar, in the following format:

Folio No./CDS Account No.	Name of Principal Shareholder/Joint Holders	Shareholding Proportions	CNIC/Passport No. (Copy attached)	Signature

The required information must reach our Share Registrar by the close of business on October 24, 2015, otherwise it will be assumed that the shares are equally held by Principal Shareholder and joint holders.

6. **Transmission of Annual Financial Statements through Email:** SECP vide SRO 787(1)/2014 dated September 8, 2014 has provided an option to receive audited financial statements electronically through e-mail, those shareholders who are interested in receiving the annual reports electronically in future are required to submit their e-mail address on a standard request form which is available on Company's website: www.shadabtextile.com at Registered Office of the Company.
7. In compliance with SECP notification No. 634(1)/2014 dated July 10, 2014, the audited financial statements of the Company for the year ended June 30, 2015 are being placed on the Company's website: www.shadabtextile.com.
8. Shareholders are requested to immediately notify the change of address, if any to Share Registrar of the Company.

**DIRECTORS' REPORT**

Dear Shareholders,

The Directors of the Company welcome you to the 36th Annual General Meeting and are pleased to present the Annual Report together with Audited Accounts of the Company for the year ended June 30, 2015.

Financial Results

The financial results of the Company in comparative form are as follows:-

	(RUPEES IN THOUSAND)	
	June 30 2015	June 30 2014
Sales - net	1,852,800	2,024,029
Cost of sales	1,769,185	1,884,586
GROSS PROFIT	83,615	139,443
Administrative and general	40,611	37,048
Selling and distribution	400	291
OPERATING PROFIT	42,604	102,104
Finance costs	15,818	26,739
Other charges	2,093	5,374
	24,693	69,991
Other income	3,548	2,512
PROFIT BEFORE TAXATION	28,241	72,503
Taxation	2,790	29,154
PROFIT AFTER TAXATION	25,451	43,349
Basic earning per share (Rupees)	8.48	14.45

During the year under review, your Company earned profit after tax Rs. 25.451 million as compared to after tax profit Rs. 43.349 million of the previous year. The net sales made in the year are amounting to Rs. 1,852.800 million as compared to previous year sale of Rs. 2,024.029 million showing a decrease of 8.46 % against previous year sales. Sale revenue decreased due to reduction in unit sales price of yarn. Earning per share is Rs. 8.48 as compared to Rs. 14.45 per share.

The profitability of the Company has been affected mainly due to unstable raw material prices, worst power supply, continuous declining trend in yarn prices in export and local market, rise in energy cost, global recession in textile sector and losses of inventory value due to decrease in the value of stocks. Despite unfavourable market condition, your Company has earned profit after tax of Rs. 25.451 million which is 1.37% of net sales.

The management is continuously making efforts to make BMR of the existing facilities and take new investment initiative to cope with regional competitors in technology related advantage through own resources and bank financing. The Company has strategic plan to diversify its product line, addition of new qualities and blends of yarn and improvement in production capacity to compete with other spinning units.

The current year has been one of the most difficult year for textile industry in Pakistan and it seems that in the coming period the textile industry is yet to confront a more miserable situation. Resulting the textile mills are curtailing their production capacity. We hope that our government will take vigorous steps to revive textile industry as following:



- Continuous supply of energy.
- Withdrawal of various surcharges on Electricity supplied to textile industry.
- Withdrawal of GIDC and proposed increase in Gas tariff.
- Timely payment of pending Sales and Income tax refunds.
- Rationalising of currency exchange rate.
- Zero rating of export oriented textile industry.
- Long Term Finance (LTF) Scheme of SBP to the spinning industry to encourage BMR and new investment initiatives

However, the management is striving hard to achieve the better results by improving performance of mills in terms of production, yield, quality and utilization of installed capacity within the available facilities.

Dividend

The Board of Directors has recommended a Final Cash Dividend of Rs. 3.40 per share i.e. @ 34% to the shareholders of the Company.

Corporate and Financial Reporting Framework

- a. The financial statements, prepared by the management of the company, present its state of affairs fairly, the results of its operations, cash flows and changes in equity.
- b. Proper books of account have been maintained by the Company.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. International 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.
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. There are no significant doubts upon the company's ability to continue as a going concern.
- g. Key operating and financial data of last six years is annexed to the annual report.
- h. There are no outstanding statutory payments on account of taxes, duties, levies and charges except routine payments of various levies.
- i. Value of investments of provident fund as on 30-06-2015 was Rs. 67.551 million.
- j. The pattern of shareholding and the additional information as required by the CCG is annexed to the annual report.
- k. Directors, CEO, CFO, Company Secretary and their spouses and minor children have not traded in the company's shares during the year.

Board of Directors

During the year, four meetings of the Board of Directors were held and attendance of these meetings is as under:-

<u>Sr. No.</u>	<u>Name of Director</u>	<u>No. of Meetings Attended</u>
1.	Mian Aamir Naseem	4
2.	Mian Farrukh Naseem	4
3.	Mr. Saad Naseem	4
4.	Mian Shahzad Aslam	1
5.	Mr. Ahmed Ali Tariq	4
6.	Mr. Yasir Naseem	2
7.	Mrs. Fatima Aamir	4

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



Audit Committee

During the year, six meetings of the Audit Committee were held and attendance of these meetings is as under:-

<u>Name</u>	<u>No. of Meetings Attended</u>
Mr. Saad Naseem	6
Mian Farrukh Naseem	6
Mr. Ahmed Ali Tariq	6

Human Resource Committee

In compliance with the Code of Corporate Governance, the Board of Directors has constituted a Human Resource Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is a non-executive director. The attendance of meeting held during the year is as under:-

<u>Name</u>	<u>No. of Meetings Attended</u>
Mian Farrukh Naseem	1
Mian Aamir Naseem	1
Mr. Ahmed Ali Tariq	1

Directors Training Programme

In accordance with criteria specified on clause (xi) of CCG, Three of Directors of the Company are exempted from the requirement of Directors' training program, two directors have obtained the certification and the rest of the directors to be trained within specified time. However, no director obtained training during the year.

Auditors

The present Auditors M/s Fazal Mahmood & Company, Chartered Accountants, retire and being eligible offer themselves for re-appointment. The audit committee of the board has recommended the re-appointment of M/s Fazal Mahmood & Company, Chartered Accountants, as external auditors of the Company for the year 2015-2016.

Board Annual Evaluation

In compliance with the Code of Corporate Governance 2012, the Board has put in place a mechanism for the annual evaluation of Board's performance.

Corporate Social Responsibility:

The company recognizes that the key to successful and sustainable business is to give back to the society from where we derive economic benefits. We create value for our local community, employees and the government by providing a vast array of facilities to our employees, financial assistance to the families of our deceased employees, promoting a better work life balance amongst our employees, contributing regularly to the national exchequer as per law.

Health, Safety and Environment:

We work continuously to ensure that our employees work in a safe and healthy working environment. Besides, the Company is registered with Social Security Department of the Government and pay regular contribution for the health of worker of the Company.

**Work-Life Balance:**

In order to promote a health work – life balance we strictly follow a 9:00 a.m to 5:00 p.m. working routine. This ensures that our employees have plenty of time after work for extra -curricular activities with their families and friends.

Business Ethics and Anti-corruption Measures:

The management is committed to conduct all business activities with integrity, honestly and in full compliance with the current laws and regulations. A code of conduct has been developed and approved by the Board, which is signed by all employees.

Contribution to the National Exchequer:

To meet our legal and social obligation towards the development of the economy of the country, the company has contributed Rs. 80.220 million in the FY 2014-15 into the Government exchequer on account of taxes, levies, excise duty and sales tax.

Energy Conservation:

The Company has taken many measure at mill premises to conserve the energy by fixing energy conserving devices.

Acknowledgements

The board avails the opportunity to appreciate the devoted work done by the executives, officers, staff and workers of the company.

For and on behalf of the Board

MIAN AAMIR NASEEM
(Chief Executive)

Lahore: October 06, 2015



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in Regulation No. 5.19 of the Karachi Stock Exchange Limited regulations and regulation No. 35 of Chapter XI contained in listing regulations of Lahore Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

Category	Names
Independent Directors	Nil
Executive Directors	Mian Aamir Naseem Mian Shahzad Aslam
Non Executive Directors	Mian Farrukh Naseem Mr. Saad Naseem Mr. Ahmed Ali Tariq Mr. Yasir Naseem Mrs. Fatima Aamir

2. The directors have confirmed that none of them is serving as director on more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. During the year ended June 30, 2015 no casual vacancy occurred on the Board.
5. The Company has prepared a 'Code of Conduct' and has ensured that appropriate steps which 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 and executive and non-executive director have been taken by the Board.
8. The meetings of the Board were presided over by Chairman of the Board of Directors and in his absence by a director elected for this purpose and the Board met at least once in every quarter. Written notices of the Board meeting, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated in time.
9. In accordance with criteria specified on clause (xi) of CCG, Three of Directors of the Company are exempted from the requirement of Directors' training program, two directors have obtained the certification and the rest of the directors to be trained within specified time. However, no director obtained training during the year.



10. There is no change in the position of CFO, Company Secretary and Head of Internal Audit during the year. The remuneration and terms and conditions of employment have been approved by the Board.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval by the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee comprising of three members all of whom are non-executive directors including the chairman of the committee.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is a non-executive director.
18. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company and they are involved in the internal audit function on full time basis.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decision, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the CCG have been complied with.

for and on behalf of the Board

MIAN AAMIR NASEEM
(Chief Executive)

LAHORE: October 6, 2015



REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE 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 **SHADAB TEXTILE MILLS LIMITED** ("the Company") for the year ended 30 June 2015, to comply with the code contained in regulation No. 5.19 of the rule book of Karachi Stock Exchange Limited and regulation No. 35 of chapter XI of the Listing Regulation of the 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 requirement of the Code. A review is limited primarily to inquiries of the company's personnel and review of various documents prepared by the company to comply with the Code.

As part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board 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 of its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transaction and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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

Further, we highlight below instance of non-compliance with the requirement of the Code as reflected in the paragraph reference where it is stated in the Statement of Compliance:

	Paragrah reference:	Description:
i.	1	Independent Director was not appointed

Date: October 06, 2015
Lahore

FAZAL MAHMOOD & COMPANY
Chartered Accountants
Engagement Partner: Fazal Mahmood

**SIX YEAR'S FINANCIAL DATA AT A GLANCE**

(RUPEES IN MILLION)

PARTICULARS	2015	2014	2013	2012	2011	2010
ASSETS EMPLOYEED						
Property, plant and equipment	396.246	390.450	338.069	271.336	258.062	251.650
Long term deposits	2.387	2.387	2.382	2.382	2.382	2.382
Current assets	370.595	361.612	372.401	255.075	238.165	240.487
TOTAL ASSETS EMPLOYEED	769.228	754.449	712.852	528.793	498.609	494.519
FINANCED BY						
Share holders' equity	370.720	348.269	309.420	200.238	182.394	131.152
Long term liabilities	28.333	-	23.486	46.973	68.290	40.589
Deferred taxation	53.978	64.562	48.857	42.492	49.517	28.334
Current liabilities	316.197	341.618	331.089	239.090	198.408	294.444
TOTAL FUNDS INVESTED	769.228	754.449	712.852	528.793	498.609	494.519
PROFIT & (LOSS)						
Sales - net	1,852.800	2,024.029	1,785.120	1,619.546	1,832.307	1,246.000
Cost of sales	1,769.185	1,884.586	1,571.937	1,524.589	1,664.082	1,095.568
Gross profit	83.615	139.443	213.183	94.957	168.225	150.432
Administrative & general	40.611	37.048	34.540	28.997	26.474	23.046
Selling & distribution	0.400	0.291	0.943	0.453	2.853	1.103
Operating profit	42.604	102.104	177.700	65.507	138.898	126.283
Finance costs	15.818	26.739	32.198	40.274	55.612	45.315
Other charges	2.093	5.374	10.136	1.953	5.901	5.635
	24.693	69.991	135.366	23.280	77.385	75.333
Other income	3.548	2.512	1.402	3.058	2.238	0.697
PROFIT BEFORE TAXATION	28.241	72.503	136.768	26.338	79.623	76.030
Taxation	2.790	29.154	24.586	5.494	25.381	28.498
PROFIT AFTER TAXATION	25.451	43.349	112.182	20.844	54.242	47.532
PREVIOUS YEARS' BALANCE B/F	58.269	219.420	110.238	92.394	41.152	(6.380)
Profit available for appropriation	83.720	262.769	222.420	113.238	95.394	41.152
Dividend	3.000	4.500	3.000	3.000	3.000	-
Transfer to general reserve	-	200.000	-	-	-	-
BALANCE CARRIED TO B/S	80.720	58.269	219.420	110.238	92.394	41.152
EARNING PER SHARE (Rupees)	8.48	14.45	37.39	6.95	18.08	15.84
Number of Spindles installed	33600	33600	32640	32640	32640	32640
Number of Spindles worked	32640	33600	32640	32640	32640	32640
Number of Shifts per day	3	3	3	3	3	3
Actual production converted into 20/s count (Kgs. in million)	14.708	13.946	13.253	13.960	12.771	13.666



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **SHADAB TEXTILE MILLS LIMITED** ("The Company") as at June 30, 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2015 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Date: October 06, 2015
Lahore

FAZAL MAHMOOD & COMPANY
Chartered Accountants
Engagement Partner: Fazal Mahmood



BALANCE SHEET AS
(RUPEES IN THOUSAND)

	NOTE	2015	2014
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 6,000,000 ordinary shares of Rs. 10/- each.		<u>60,000</u>	<u>60,000</u>
Issued, subscribed and paid-up share capital	6	<u>30,000</u>	30,000
Revenue reserves	7	<u>340,720</u>	318,269
		370,720	348,269
NON - CURRENT LIABILITIES			
Long term financing	8	28,333	-
Deferred liabilities	9	53,978	64,562
CURRENT LIABILITIES			
Trade and other payables	10	<u>181,256</u>	121,385
Accrued mark-up	11	<u>2,427</u>	5,287
Short term borrowings	12	<u>112,842</u>	178,010
Current portion of long term loans	13	<u>5,667</u>	23,486
Provision for taxation	14	<u>14,005</u>	13,450
		316,197	341,618
CONTINGENCIES AND COMMITMENTS	15	-	-
TOTAL EQUITY & LIABILITIES		<u>769,228</u>	<u>754,449</u>

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

(Mian Aamir Naseem)
Chief Executive



AT JUNE 30, 2015

		(RUPEES IN THOUSAND)	
	NOTE	2015	2014
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	16	396,246	390,450
Long term deposits	17	2,387	2,387
		<u>398,633</u>	<u>392,837</u>
CURRENT ASSETS			
Stores, spares and loose tools	18	42,665	44,960
Stock in trade	19	168,775	201,546
Trade debts	20	103,510	73,963
Loans and advances	21	4,207	9,964
Trade deposits and prepayments	22	31,226	20,464
Other receivables	23	1,973	7,834
Cash and bank balances	24	18,239	2,881
		<u>370,595</u>	<u>361,612</u>
TOTAL ASSETS		<u><u>769,228</u></u>	<u><u>754,449</u></u>


(Mian Farrukh Naseem)
Director



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

		(RUPEES IN THOUSAND)	
	NOTE	2015	2014
Sales - net	25	1,852,800	2,024,029
Cost of sales	26	<u>1,769,185</u>	<u>1,884,586</u>
GROSS PROFIT		83,615	139,443
Administrative and general expenses	27	<u>40,611</u>	<u>37,048</u>
Selling and distribution expenses	28	<u>400</u>	<u>291</u>
OPERATING PROFIT		42,604	102,104
Finance costs	29	15,818	26,739
Other charges	30	<u>2,093</u>	<u>5,374</u>
		24,693	69,991
Other income	31	<u>3,548</u>	<u>2,512</u>
PROFIT BEFORE TAXATION		28,241	72,503
Taxation	32	2,790	29,154
PROFIT AFTER TAXATION		25,451	43,349
BASIC AND DILUTED EARNING PER SHARE - (RUPEES)	35	<u><u>8.48</u></u>	<u><u>14.45</u></u>

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

(Mian Aamir Naseem)
Chief Executive

(Mian Farrukh Naseem)
Director



STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2015

	(RUPEES IN THOUSAND)	
	2015	2014
PROFIT AFTER TAXATION FOR THE YEAR	25,451	43,349
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>25,451</u>	<u>43,349</u>

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

(Mian Aamir Naseem)
Chief Executive

(Mian Farrukh Naseem)
Director



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

		(RUPEES IN THOUSAND)	
	NOTE	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	36	157,897	138,513
Finance cost paid		(18,678)	(28,593)
Income tax paid		(15,785)	(16,723)
Paid to Workers' Profit Participation Fund		(3,894)	(7,345)
Net cash generated from operating activities		119,540	85,852
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital expenditure		(46,564)	(93,170)
Proceeds from disposal of operating fixed assets		-	4,200
Long term deposit paid		-	(5)
Net cash (used) in investing activities		(46,564)	(88,975)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments against long term loans		10,514	(23,487)
Proceeds from short term borrowings - net		(65,168)	28,441
Dividends paid		(2,964)	(4,461)
Net cash (utilized) / generated from financing activities		(57,618)	493
NET CASH GENERATED / (UTILIZED) DURING THE YEAR		15,358	(2,630)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		2,881	5,511
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	37	18,239	2,881

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

(Mian Aamir Naseem)
Chief Executive

(Mian Farrukh Naseem)
Director



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

(RUPEES IN THOUSAND)

Description	Share Capital	Revenue Reserves		Total Equity
	Issued, subscribed and paid up ordinary shares	General reserve	Un-appropriated profit	
Balance as at July 01, 2013	30,000	60,000	219,420	309,420
Total comprehensive income				
- Profit after taxation	-	-	43,349	43,349
Transaction with owners				
Final Dividend for the year ended June 30, 2013 @ Rs. 1.50 per share	-	-	(4,500)	(4,500)
Transfer to General Reserve	-	200,000	(200,000)	-
Balance as at June 30, 2014	30,000	260,000	58,269	348,269
Total comprehensive income				
- Profit after taxation	-	-	25,451	25,451
Transaction with owners				
Final Dividend for the year ended June 30, 2014 @ Rs. 1.00 per share	-	-	(3,000)	(3,000)
Balance as at June 30, 2015	30,000	260,000	80,720	370,720

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

(Mian Aamir Naseem)
Chief Executive

(Mian Farrukh Naseem)
Director



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

1. THE COMPANY AND ITS OPERATIONS

The company is registered as a public limited company in Pakistan and quoted on the Karachi and Lahore Stock Exchanges and engaged in the business of manufacturing, selling, buying and dealing in yarn of all types. The registered office of the company is situated at 6th Floor, A-601/A, City Towers, Main Boulevard, Gulberg-II, Lahore.

2. BASIS OF PREPARATION

2.1 Basis of measurement

These Financial Statements have been prepared under the historical cost convention without any adjustment for the effect of inflation or current values, if any, using accrual basis of accounting.

2.2 Statement of compliance

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

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the Company's functional currency and has been rounded to the nearest thousand.

3. USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that effect the application of policies and reported amount of assets, liabilities, income and expenses. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Significant areas requiring the use of management estimates in the financial statements relate to provision for doubtful balances, provisions for income taxes, useful life and residual values of property plant and equipment. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustments to the carrying amounts of assets and liabilities in next year.

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

Property, plant and equipment

The Company reviews the rates of depreciation, useful lives, residual values and values of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.



Stock-in-trade and stores, spares and loose tools

The Company reviews the net realizable value of stock-in-trade and stores, spares and loose tools to assess any diminution in their respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock-in-trade and stores, spares and loose tools with a corresponding effect on the amortization charge and impairment. Net realizable value is determined with respect to estimated selling price less estimated expenditure to make the sale.

Income taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax laws and the decisions of appellate authorities. Instances where the company's view differs from the view taken by the income tax department at the assessment stage and where the company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

4. NEW / REVISED STANDARDS, INTERPRETATIONS, AMENDMENTS AND IMPROVEMENTS TO ACCOUNTING STANDARDS

4.1 New/Revised Standards, Interpretations, Amendments and Improvements to existing approved accounting standards that are effective during the year:

The Company has adopted the following new / revised standards, interpretations, amendments and improvements to IFRSs which became effective for the current year:

IAS 19 - Employee Benefits - (Amendment) - Defined Benefit Plans: Employee Contributions
IAS 32 - Financial Instruments: Presentation - (Amendment) - Offsetting Financial Assets and Financial Liabilities

IAS 36 - Impairment of Assets - (Amendment) - Recoverable Amount Disclosures for Non - Financial Assets

IAS 39 - Financial Instruments: Recognition and Measurements - (Amendment) - Novation of Derivatives and continuation of Hedge Accounting

IFRIC 21 - Levies

IFRS 2 - Share Based payment - (Improvement) - Definitions of vesting conditions

IFRS 3 - Business Combinations - (Improvement) - Accounting for contingent consideration in a business combination

IFRS 3 - Business Combinations - (Improvement) - Scope exceptions for joint ventures

IFRS 8 - Operating segments - reconciliation of the total of the reportable segments' assets to the entity's assets

IFRS 13 - Fair value measurement - scope of paragraph 52 (portfolio exception)

IAS 16 Property, Plant & Equipment and IAS 38 Intangible Assets - Revaluation method - proportionate restatement of accumulated depreciation / amortization

IAS 24 - Related party disclosures - key management

IAS 40 - Investment property - Interrelationship between IFRS3 and IAS 40 (ancillary services)

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

4.2 Standards, interpretations and amendments to approved accounting standards that are not yet effective:

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



Standard, amendment or interpretation	Effective Date (Annual periods beginning on or after)
IFRS 10 - Consolidated Financial Statements	January 01, 2015
IFRS 10 - Consolidated Financial Statements, IFRS 12 - Disclosure of Interests In Other Entities and IAS 27 - Separate Financial Statements - Investment Entities (Amendment)	January 01, 2015
IFRS 10 - Consolidated Financial Statements, IFRS 12 - Disclosure of Interests In Other Entities and IAS 27 - Separate Financial Statements - Investment Entities: Applying the Consolidation Exception (Amendment)	January 01, 2016
IFRS 10 - Consolidated Financial Statements and IAS 28 - Investment in Associates and Joint Ventures - Sale or contribution of Assets between an investor and its Associate or Joint Venture (Amendment)	January 01, 2016
IFRS 11 - Joint Arrangements	January 01, 2015
IFRS 11 - Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	January 01, 2016
IFRS 12 - Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13 - Fair value Measurement	January 01, 2015
IAS - 1 - Presentation of Financial Statements - Disclosure Initiative (Amendment)	January 01, 2016
IAS - 16 - Property, plant & Equipment and IAS 38 - Intangible assets- Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	January 01, 2016
IAS - 16 Property, Plant & Equipment and IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	January 01, 2016
IAS 27 - Separate Financial statements - Equity Method in Separate Financial Statements	January 01, 2016

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

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after January 01, 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

4.3 New standards that have been issued by IASB, but have not yet been notified by the SECP for the purpose of applicability in Pakistan:

IFRS 9 - Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 - Regulatory Deferral Accounts	January 01, 2016
IFRS 15 - Revenue with contracts with customers	January 01, 2018

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

5.1 Property, plant and equipment

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



Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other cost directly attributable to bringing the assets to a working condition for their intended use, the cost of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs, if any.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Company and its cost can be measured reliably. The carrying amount of the part so replaced is derecognized. The costs relating to day-to-day servicing of property, plant and equipment are recognized in profit and loss account as incurred.

Borrowing costs pertaining to the construction and erection are capitalized up to the date of completion. Depreciation on property, plant & equipment is charged to income on reducing balance method at the rates specified in note no. 16. to the accounts to write off the cost cover their estimated useful lives.

Depreciation on addition and deletion is charged on the basis of number of days the asset remain in use of the company. Assets residual values, useful life and depreciation rates are reviewed and adjusted, if appropriate at each balance sheet date. An asset carrying amount is written down immediately to its recoverable amount. Normal repair and maintenance is charged to income as and when incurred. Major renewals and improvements are capitalized.

The carrying amount of property, plant and equipment is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists then the assets recoverable amount is estimated. The recoverable amount is the greater of its value in use and fair value less cost to sell. An impairment is recognized if the carrying amount exceeds its estimated recoverable amount.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within "other income" in profit and loss account.

5.2 Stores, spares & loose tools

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

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

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

5.3 Stock in trade

These are valued at lower of cost and net realizable value. Cost comprises of:

Raw material	At weighted average cost
Work in Process	At direct cost & appropriate portion of production overhead
Finished Goods	At estimated manufacturing cost
Wastes	At net realizable value.

Cost of finished goods comprises cost of direct material, labour and appropriate manufacturing overheads.



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

Provision for obsolete and slow-moving stock in trade is based on management estimate.

5.4 Trade debts and other receivables

Trade debts originated by the company are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. An estimated provision for doubtful debt is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

5.5 Foreign currency translation

Transactions in foreign currencies are translated into Pak Rupees at exchange rate prevailing at the date of transaction. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses on translation are recognized in the profit and loss account. Non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

5.6 Staff Retirement Benefits

Defined contribution plan - Provident fund

The company operates a funded provident fund scheme covering all its permanent employees. Equal monthly contributions are made to the trust, both the company and the employees, at the rate of 6.25% of basic salary. Obligation for contributions to the fund are recognized as an expense in the profit and loss account when they are due.

5.7 Trade and other payables

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

5.8 Revenue Recognition

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

Revenue from sales is recognized at the time of dispatch of goods to the customer where risks and rewards are transferred to the customer.

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

5.9 Borrowings Cost

Borrowing Cost on long term finances and short term borrowings which are specifically obtained for the acquisition, construction or production of a qualifying assets are capitalized upto the date of commencement of commercial production on the respective assets. All other borrowing costs are charge to profit and loss account in the period in which these are incurred.



5.10 Provisions

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

5.11 Impairment

a) Financial Assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flow of that asset. An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value. 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.

b) Non Financial Assets

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indications exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognized as expense in the profit and loss account except for the impairment loss on revalued asset, which is adjusted against related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of asset.

5.12 Contingent Liabilities

Contingent liability is disclosed when the Company has a possible obligation as a result of past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of obligation cannot be measured with sufficient reliability.

5.13 Taxation

Current

Provision of current tax is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

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



Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

5.14 Financial instruments

a) Financial assets

The management determines the appropriate classification of its financial asset in accordance with the requirements of International Accounting Standards 39 (IAS 39), "Financial Instruments: Recognition and Measurement" at the time of purchase of financial assets and re-evaluates this classification on a regular basis. The financial assets of the company are categorized as follows:

(i) Financial assets at fair value through profit or loss

A non-derivative financial asset is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Investments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognized in the profit and loss account when incurred. Investments at fair value through profit or loss are measured at fair value and changes therein are recognized in the profit and loss account.

(ii) Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Company has positive intention and ability to hold to maturity. Investments classified as held to maturity are recognized initially at fair value, plus attributable transaction costs. Subsequent to initial recognition, held to maturity financial assets are measured at amortized cost using the effective interest method, less any impairment loss, if any.

(iii) Loans and receivables

Loans and receivables are recognized initially at fair value, plus attributable transaction costs. Subsequent to initial recognition, loans and receivables measured at amortized cost using the effective interest method, less any impairment losses, if any.

(iv) Available for sale investments

Other investments not covered in any of the above categories including investments in associates in which the Company has no significant influence are classified as being available for sale and are initially recognized at fair value plus attributable transactions costs. Subsequent to initial recognition these are measured at fair value, with any resultant gain or loss being recognized in other comprehensive income. Gains or losses on available for sale investments are recognized in other comprehensive income until the investments are sold or disposed off or until the investments are determined to be impaired, at that time cumulative gain or loss previously reported in other comprehensive income is included in current period's profit and loss account.

Fair value of listed securities are the quoted prices on stock exchange on the date it is valued. Unquoted securities are valued at cost.

The Company follows trade date accounting for regular way purchase and sale of securities, except for sale and purchase of securities in the future market.

**b) Financial liabilities**

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

5.15 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and only the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amount and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

5.16 Basic and diluted earning per share

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

5.17 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consists of cash in hand, balances with banks, short term highly liquid investments that are readily convertible to known amount of cash and the subject to insignificant risk of change in values.

5.18 Related party transactions

All transactions between the company and related parties are accounted for at arm's length price in accordance with the method prescribed under the Companies Ordinance, 1984.

5.19 Proposed dividends and transfer between reserves

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

	(RUPEES IN THOUSAND)	
	2015	2014
6. ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
2,000,000 ordinary shares of Rs. 10/- each fully paid in cash.	20,000	20,000
1,000,000 ordinary shares of Rs. 10/- each issued as bonus shares	10,000	10,000
	<u>30,000</u>	<u>30,000</u>
6.1 Husein Sugar Mills Ltd an associated company holds 375,000 (2014: 375,000) shares as at June 30, 2015.		
7. REVENUE RESERVES		
Unappropriated Profit	80,720	58,269
General Reserve	260,000	260,000
	<u>340,720</u>	<u>318,269</u>



		(RUPEES IN THOUSAND)	
	Note	2015	2014
8. LONG TERM FINANCING			
Loan from banking companies - secured			
National Bank of Pakistan	8.1	-	-
Bank Alfalah Limited	8.2	<u>34,000</u>	<u>-</u>
		<u>34,000</u>	<u>-</u>
8.1 National Bank of Pakistan			
Term Finance I	8.1.1	<u>-</u>	<u>23,486</u>
Balance as at 30th June		-	23,486
Less:			
Current portion shown under current liabilities		<u>-</u>	<u>(23,486)</u>
		<u>-</u>	<u>-</u>
8.1.1	This is repayable in 9 bi-annually equal installments commencing from March 1, 2011 and ending on March 1, 2015. The loan carries markup @ 6 months KIBOR + 3% p.a. payable on quarterly basis. The loan has been fully repaid.		
8.1.2	The above finances are secured against first equitable / registered mortgage ranking pari passu over fixed assets of the company, demand promissory note and personal guarantees of the directors of the company.		
8.2 Bank Alfalah Limited			
Term Finance I	8.1.2	<u>34,000</u>	<u>-</u>
Balance as at 30th June		<u>34,000</u>	<u>-</u>
Less:			
Current portion shown under current liabilities		<u>(5,667)</u>	<u>-</u>
		<u>28,333</u>	<u>-</u>
8.2.1	This is repayable in 12 equal installments commencing from February 1, 2016 and ending on November 1, 2018. The loan carries markup @ 6 months KIBOR + 2.5% p.a. payable on quarterly basis.		
8.2.2	The above finance is secured against first equitable mortgage ranking pari passu with existing creditor over fixed assets of the Company, demand promissory note, lien on import documents and personal guarantees of the directors of the Company. Initially ranking charge of Rs. 50 million has been created and same will be upgraded to joint pari passu.		
9. DEFERRED LIABILITIES			
Deferred Taxation	9.1	53,978	64,562
9.1	Deferred tax credits / (debits) arising in respect of :		
Taxable Temporary Differences			
Accelerated tax depreciation		64,214	65,634
Deductible Temporary Differences			
Minimum tax available for carry forward		<u>(10,236)</u>	<u>(1,072)</u>
		<u>53,978</u>	<u>64,562</u>



		(RUPEES IN THOUSAND)	
	Note	2015	2014
10. TRADE AND OTHER PAYABLES			
Creditors		15,903	17,180
Contractors retention money		39	1,074
Security deposits - Interest free	10.1	12,153	10,193
Provident fund trust		1,124	879
Accrued charges		139,343	77,617
Unclaimed dividend		216	180
Advances from customers		1,799	1,382
Workers' Profit Participation Fund	10.2	1,517	3,894
Workers' Welfare Fund		8,562	7,986
Others		600	1,000
		<u>181,256</u>	<u>121,385</u>
10.1	No interest is payable on the deposits and it can be used for the business.		
10.2 Workers' Profit Participation Fund			
Balance as on 01 July		3,894	7,345
Add: Provision for the year		1,517	3,894
Interest for the year		317	679
		<u>5,728</u>	11,918
Less: Payment during the year		<u>(4,211)</u>	<u>(8,024)</u>
Balance as on 30 June		<u>1,517</u>	<u>3,894</u>
11. ACCRUED MARK-UP			
Long term financing		251	770
Short term borrowings		2,176	4,517
		<u>2,427</u>	<u>5,287</u>
12. SHORT TERM BORROWINGS			
From Banking Companies - Secured	12.1	<u>112,842</u>	178,010
		<u>112,842</u>	<u>178,010</u>
12.1	These have been obtained from banking companies on mark-up basis and are secured by pledge and hypothecation of stocks & stores, charge on stocks, book debts, other movable assets and fixed assets of the company and against personal guarantee of directors. The borrowing form a part of total credit facilities available to the extent of Rs. 505 million (2014: Rs. 565 million). Unavailed facility as at balance sheet date is Rs. 392 million (2014: Rs. 387 million). Mark-up is paid at the rate ranging from 3 months Kibor plus 2% to 2.5 %. It includes inland letter of credit for purchase of raw material amounting to Rs. Nil (2014: Rs.37.574 million).		
13. CURRENT PORTION OF LONG TERM LOANS			
National Bank of Pakistan		-	23,486
Bank Al-Falah		5,667	-
		<u>5,667</u>	<u>23,486</u>



	Note	(RUPEES IN THOUSAND)	
		2015	2014
14. PROVISION FOR TAXATION			
Opening balance		13,450	15,089
Less:			
Paid during the year		(11,076)	(1,387)
Adjusted during the year		<u>(1,743)</u>	<u>(13,701)</u>
		631	1
Current		14,005	13,450
Prior		(631)	(1)
		<u>13,374</u>	<u>13,449</u>
		14,005	13,450

15. CONTINGENCIES AND COMMITMENTS**15.1 Contingencies**

Counter guarantees of Rs. 14.487 million (2014: Rs. 14.487 million) has been issued by the bank of the company to Sui Northern Gas Pipelines Limited against gas connections.

15.2 Commitments

Commitments for capital expenditure are amounting to Rs. Nil (2014: Rs. 3.560 million) and non capital expenditure are amounting to Rs. 42.754 million (2014: Rs. 3.968 million).



16. PROPERTY, PLANT & EQUIPMENT	Note	(RUPEES IN THOUSAND)	
		2015	2014
Operating fixed assets	16.1	<u>396,246</u>	<u>390,450</u>
		<u>396,246</u>	<u>390,450</u>

16.1 Operating fixed assets

Description	Land Freehold	Buildings	Plant and Machinery	Electric Installations	Factory Equipments	Furniture & Fixtures	Vehicles	Office Equipments	Total
At June 30, 2013									
Cost	3,351	114,254	552,308	2,425	150	3,783	19,276	3,343	698,890
Accumulated depreciation	-	55,462	291,822	1,944	137	2,796	7,877	2,365	362,403
Net book Value	<u>3,351</u>	<u>58,792</u>	<u>260,486</u>	<u>481</u>	<u>13</u>	<u>987</u>	<u>11,399</u>	<u>978</u>	<u>336,487</u>

Year ended June 30, 2014

Opening Net book value	3,351	58,792	260,486	481	13	987	11,399	978	336,487
Additions		20,542	74,210					-	94,752

Disposals

Cost	-	-	3,300	-	-	-	-	-	3,300
Depreciation	-	-	(1,613)	-	-	-	-	-	(1,613)
Net book value	-	-	1,688	-	-	-	-	-	1,688

Depreciation	-	(6,221)	(30,354)	(48)	(1)	(99)	(2,280)	(98)	(39,101)
Closing Net book value	<u>3,351</u>	<u>73,113</u>	<u>302,654</u>	<u>433</u>	<u>12</u>	<u>888</u>	<u>9,119</u>	<u>880</u>	<u>390,450</u>

At June 30, 2014

Cost	3,351	134,796	624,830	2,425	150	3,783	19,276	3,343	791,954
Accumulated depreciation	-	61,683	322,176	1,992	138	2,895	10,157	2,463	401,504
Net book Value	<u>3,351</u>	<u>73,113</u>	<u>302,654</u>	<u>433</u>	<u>12</u>	<u>888</u>	<u>9,119</u>	<u>880</u>	<u>390,450</u>

Year ended June 30, 2015

Opening Net book value	3,351	73,113	302,654	433	12	888	9,119	880	390,450
Additions	-	-	45,235	-	-	-	1,329	-	46,564

Disposals

Cost	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
Net book value	-	-	-	-	-	-	-	-	-

Depreciation	-	(7,311)	(31,235)	(43)	(1)	(89)	(2,001)	(88)	(40,768)
Closing Net book value	<u>3,351</u>	<u>65,802</u>	<u>316,654</u>	<u>390</u>	<u>11</u>	<u>799</u>	<u>8,447</u>	<u>792</u>	<u>396,246</u>

At June 30, 2015

Cost	3,351	134,796	670,065	2,425	150	3,783	20,605	3,343	838,518
Accumulated depreciation	-	68,994	353,411	2,035	139	2,984	12,158	2,551	442,272
Net book Value	<u>3,351</u>	<u>65,802</u>	<u>316,654</u>	<u>390</u>	<u>11</u>	<u>799</u>	<u>8,447</u>	<u>792</u>	<u>396,246</u>

Depreciation Rate (%)	-	10	10	10	10	10	20	10	
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16.2 Depreciation for the year has been allocated as follows:

	2015	2014
Cost of goods sold	38,590	36,625
Administrative and general expenses	2,178	2,476
	<u>40,768</u>	<u>39,101</u>



		(RUPEES IN THOUSAND)	
	Note	2015	2014
17. LONG TERM DEPOSITS			
Others		<u>2,387</u>	<u>2,387</u>
		<u>2,387</u>	<u>2,387</u>
18. STORES, SPARES AND LOOSE TOOLS			
Stores		<u>13,067</u>	12,662
Spares		<u>29,598</u>	<u>32,298</u>
		<u>42,665</u>	<u>44,960</u>
19. STOCK IN TRADE			
Raw material		<u>144,127</u>	156,061
Work in process		<u>13,497</u>	16,035
Finished goods		<u>11,060</u>	28,957
Waste		<u>91</u>	493
		<u>168,775</u>	<u>201,546</u>
20. TRADE DEBTS			
These are unsecured but considered good.	20.1	<u>103,510</u>	<u>73,963</u>
20.1 The aging of trade debts at the balance sheet date is:			
Not past due		<u>99,684</u>	64,206
Past due 1-30 days		<u>2,778</u>	9,471
Past due 30-180 days		<u>246</u>	111
Past due 180 days		<u>802</u>	175
		<u>103,510</u>	<u>73,963</u>
21. LOANS AND ADVANCES			
(Unsecured but considered good):-			
Advances to :			
Suppliers and contractors		<u>2,062</u>	9,703
Against expenses		<u>1,125</u>	247
Employees		<u>1,020</u>	14
		<u>4,207</u>	<u>9,964</u>
22. TRADE DEPOSITS AND PREPAYMENTS			
Income tax		<u>18,302</u>	15,336
Letters of credit		<u>11,136</u>	3,360
Margin on bank guarantee		<u>1,587</u>	1,587
Prepayments		<u>201</u>	181
		<u>31,226</u>	<u>20,464</u>
23. OTHER RECEIVABLES			
Sales tax		<u>1,949</u>	7,810
Others		<u>24</u>	24
		<u>1,973</u>	<u>7,834</u>



		(RUPEES IN THOUSAND)	
24. CASH AND BANK BALANCES	Note	2015	2014
Cash in hand		488	219
Cash with banks:			
In current accounts		17,751	2,662
		<u>18,239</u>	<u>2,881</u>
25. SALES - NET			
Local		1,903,638	2,077,178
Waste		5,631	9,914
		<u>1,909,269</u>	<u>2,087,092</u>
Less:			
Sales tax		47,787	46,330
Commission		8,682	16,733
		<u>1,852,800</u>	<u>2,024,029</u>
26. COST OF SALES			
Raw material consumed	26.1	1,159,436	1,298,311
Salaries, wages and benefits	26.2	174,634	165,534
Stores and spares		35,452	46,251
Packing materials		27,513	22,920
Fuel and power		300,971	280,622
Repair and maintenance		4,265	4,708
Insurance		4,127	4,625
Other factory overhead		3,360	2,961
Depreciation		38,590	36,625
		<u>588,912</u>	<u>564,246</u>
		1,748,348	1,862,557
Opening stock in process		16,035	15,478
Closing stock in process		(13,497)	(16,035)
Cost of goods manufactured		<u>1,750,886</u>	<u>1,862,000</u>
Opening stock of finished goods		29,450	52,036
Closing stock of finished goods		(11,151)	(29,450)
		<u>1,769,185</u>	<u>1,884,586</u>
26.1 RAW MATERIAL CONSUMED			
Opening stock		156,061	144,324
Purchases		1,147,502	1,310,048
		<u>1,303,563</u>	<u>1,454,372</u>
Less: Closing stock		(144,127)	(156,061)
		<u>1,159,436</u>	<u>1,298,311</u>

26.2 Salaries, wages and other benefits include Rs. 4.437 million (2014: Rs. 4.118 million) in respect of staff retirement benefits.



(RUPEES IN THOUSAND)			
	Note	2015	2014
27. ADMINISTRATIVE AND GENERAL EXPENSES			
Salaries, allowances and benefits	27.1	28,827	25,816
Traveling and conveyance		279	268
Vehicle running and maintenance		2,870	2,508
Printing and stationery		480	497
Newspaper and periodicals		21	77
Postage, telegram and telephone		472	444
Advertisement		72	37
Rent, rates, and taxes		128	153
Legal and professional		1,322	1,128
Auditors' remuneration	27.2	548	537
Subscription	27.3	348	307
Insurance		1,323	1,341
Entertainment		298	289
Computerization		141	208
General		475	349
Lighting charges		829	613
Depreciation		2,178	2,476
		<u>40,611</u>	<u>37,048</u>
27.1	Salaries, allowances and benefits include Rs.0.700 million (2014: Rs. 0.600 million) in respect of staff retirement benefits.		
27.2 Auditors' Remuneration			
Statutory audit fee		500	500
Half yearly review fee		30	25
Provident fund audit & other certification fee		18	12
		<u>548</u>	<u>537</u>
27.3	No director or his spouse had any interest in the donee's fund.		
28. SELLING AND DISTRIBUTION EXPENSES			
Freight and expenses on local sales		400	291
		<u>400</u>	<u>291</u>
29. FINANCE COSTS			
Mark-up on:			
Long term financing - secured		1,915	4,347
Short term bank borrowings - secured		11,872	19,720
		<u>13,787</u>	<u>24,067</u>
Bank charges and commission		1,714	1,993
Interest on workers' profit participation fund		317	679
		<u>15,818</u>	<u>26,739</u>
30. OTHER CHARGES			
Workers' profit participation fund		1,517	3,894
Workers' welfare fund		576	1,480
		<u>2,093</u>	<u>5,374</u>



	(RUPEES IN THOUSAND)	
	2015	2014
31. OTHER INCOME		
Gain on sale of operating fixed assets	-	2,512
Profit on sale of stores	8	-
Office rent	<u>3,540</u>	-
	<u><u>3,548</u></u>	<u><u>2,512</u></u>
32. TAXATION		
Current	14,005	13,450
Prior	(631)	(1)
Deferred tax	<u>(10,584)</u>	<u>15,705</u>
	<u><u>2,790</u></u>	<u><u>29,154</u></u>

32.1 The company's income tax assessments have been finalized upto and including tax year 2014.

32.2 The provision for current year income tax is based on minimum taxation under section 113 of the income tax ordinance, 2001. Accordingly, numerical reconciliation between average effective tax rate and applicable rate is not reported for this year.

33. CHIEF EXECUTIVE OFFICER, DIRECTOR AND EXECUTIVES' REMUNERATION

The aggregate amount charged in the accounts during the period for remuneration including benefits to Chief Executive officer, Director and Executives is as follows:

	(RUPEES IN THOUSAND)		
	Chief Executive Officer	Director	Executives
	2015	2015	2015
Managerial Remuneration	1,260	1,080	5,377
House rent	567	486	2,420
Medical allowance	126	108	538
Utility allowance	147	126	660
Provident Fund Contribution by Company	-	-	321
	<u>2,100</u>	<u>1,800</u>	<u>9,316</u>
Number(s)	<u>1</u>	<u>1</u>	<u>10</u>

	(RUPEES IN THOUSAND)		
	Chief Executive Officer	Director	Executives
	2014	2014	2014
Managerial Remuneration	1,260	1,080	4,816
House rent	567	486	2,167
Medical allowance	126	108	482
Utility allowance	147	126	562
Provident Fund Contribution by Company	-	-	289
	<u>2,100</u>	<u>1,800</u>	<u>8,316</u>
Number(s)	<u>1</u>	<u>1</u>	<u>10</u>

33.1 Chief Executive Officer of the company has been provided with a free company maintained car.



33.2 No remuneration was paid to non-executive directors of the company

33.3 No meeting fee was paid to the directors of the company during the year (2014: Rs. Nil).

34. TRANSACTIONS WITH RELATED PARTIES / ASSOCIATED UNDERTAKING

Transaction with Related Parties/ Associated Undertakings, other than remuneration and benefits to key management personnel's under the terms of their employment (refer note no. 33) and other than the payments made to the retirement benefit plans are as under:

The company sold to associated undertaking, Sargodha Spinning Mills Limited, goods / material of aggregate sum of Rs. 1.576 million (2014: Rs. 4.200 million) and purchased from associated undertaking material of aggregate sum of Rs. 70.978 million (2014: Rs. Nil) during the year, charged rent during the year of Rs. 3.360 million (2014: Rs. Nil).

The maximum aggregate amount due from associated undertaking, Sargodha Spinning Mills Limited, at the end of the year was Rs. 7.045 million (2014: Rs. Nil).

		(RUPEES IN THOUSAND)	
	Note	2015	2014
35. EARNING PER SHARE - BASIC AND DILUTED			
There is no dilutive effect on the basic earning per share of the company.			
Profit after taxation		25,451	43,349
Weighted average number of ordinary shares outstanding during the year (No in '000)		3,000	3,000
Basic earning per share (Rupees)		<u>8.48</u>	<u>14.45</u>
36. CASH GENERATED FROM OPERATIONS			
Profit before taxation		28,241	72,503
Adjustments for non cash charges & other items:			
Depreciation on operating fixed assets		40,768	39,101
Finance costs		15,818	26,739
Provision for Workers' Profit Participation Fund		1,517	3,894
Provision for Workers' Welfare Fund		576	1,480
Gain on disposal of operating fixed assets		-	(2,512)
Working capital changes	36.1	<u>70,977</u>	<u>(2,692)</u>
		<u>157,897</u>	<u>138,513</u>
36.1 WORKING CAPITAL CHANGES			
(Increase) / decrease in current assets			
Stores, spares and loose tools		2,295	(14,327)
Stock in trade		32,771	10,292
Trade debts		(29,547)	17,559
Loans and advances		5,757	(7,513)
Trade deposits and prepayments		(7,796)	3,788
Other receivables		5,861	(5)
		<u>9,341</u>	<u>9,794</u>
Increase / (decrease) in current liabilities			
Trade and other payable		61,636	(12,486)
		<u>70,977</u>	<u>(2,692)</u>



		(RUPEES IN THOUSAND)	
37. CASH AND CASH EQUIVALENTS	Note	2015	2014
Cash and bank balances	24	<u>18,239</u>	<u>2,881</u>
38. STAFF RETIREMENT BENEFITS			
38.1 DEFINED CONTRIBUTION PLAN			
The Company has maintained an employee provident fund trust and investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance 1984, and the rules formulated for this purpose. The information of the fund is based on un-audited financial statements of the fund for the year ended 30 June 2015:			
Size of the fund		85,286	74,105
Cost of investment made	38.2	41,267	33,257
Percentage of investment made		48.39%	44.88%
Fair value of investment		67,551	56,145
38.2 BREAKUP OF INVESTMENT			
Investment in Mutual Fund		<u>41,267</u>	<u>33,257</u>
		41,267	33,257
39. PLANT CAPACITY AND ACTUAL PRODUCTION			
Number of spindles installed		33,600	33,600
Number of spindles worked		32,640	33,600
Production at normal capacity Converted to 20/s (Kgs.)		16,440,843	15,662,356
Actual production converted to 20/s (Kgs.)		14,708,302	13,945,582
No. of shifts worked per day		3	3
39.1	Reason for low production is due to normal maintenance, gas and electric shut down /closures.		
40. NUMBER OF EMPLOYEES			
At the year end number of employees of the company		<u>974</u>	<u>984</u>
Weighted average number of employees of the company		<u>977</u>	<u>981</u>
41. FINANCIAL INSTRUMENTS BY CATEGORY			
FINANCIAL ASSETS			
as per Balance Sheet			
Cash and bank balances		18,239	2,881
Trade debts		103,510	73,963
Loans & advances		1,020	14
Deposit & prepayments		1,587	1,587
Other receivables		24	24
Long term deposits		<u>2,387</u>	<u>2,387</u>
		126,767	80,856
FINANCIAL LIABILITIES			
as per Balance Sheet			
Long term loans		34,000	23,486
Short Term Borrowings		112,842	178,010
Trade and other Payable		169,378	108,123
Accrued Mark-up on Secured loans		<u>2,427</u>	<u>5,287</u>
		318,647	314,906



41.1 Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

42. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board of Directors is also responsible for developing and monitoring the Company's risk management policies. The company has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

Risk management framework

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The company's risk management policies are established to identify and analyze the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits, risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company, through its training and management standards and procedures, aims to developed a disciplined and constructive control environment in which all employees understand their roles and obligations.

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

The Audit Committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the company. The company Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

42.1 CREDIT RISK

Credit risk is the risk of financial loss to the company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans to/due from related parties.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. To manage exposure to credit risk in respect of trade receivables, management reviews credit worthiness, references, establish purchase limits taking into account the customer's financial position, past experience and other factors. Limits are reviewed periodically and the customers may transact with the company only on a prepayment basis.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The company believes that it is not exposed to major concentration of credit risk.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:



	(RUPEES IN THOUSAND)	
	2015	2014
Bank balances	17,751	2,662
Trade debts	103,510	73,963
Loans & advances	1,020	14
Deposits & prepayments	1,587	1,587
Other receivables	24	24
Long term deposits	2,387	2,387
	<u>126,279</u>	<u>80,637</u>

Based on past experience the management believes that no impairment allowance is necessary as there are reasonable grounds to believe that the amounts will be recovered in short course of time.

Bank balances are held only with reputable banks with high quality credit ratings.

42.2 LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. For this purpose the Company has sufficient running finance facilities available from various commercial banks to meet its liquidity requirements as mentioned in note no. 12.1 and note no. 24. Further liquidity position of the Company is closely monitored through budgets, cash flow projections and comparison with actual results by the Board.

Following is the maturity analysis of financial liabilities:

	(RUPEES IN THOUSAND)		
2015	Upto 1 Year	Between 1 to 5 Years	Total
Non derivative financial liabilities			
Long term loans	5,667	28,333	34,000
Short Term Borrowings	112,842	-	112,842
Trade and other Payable	169,378	-	169,378
Accrued Mark-up on Secured loans	2,427	-	2,427
	<u>290,314</u>	<u>28,333</u>	<u>318,647</u>
<hr/>			
2014	Upto 1 Year	Between 1 to 5 Years	Total
Non derivative financial liabilities			
Long term loans	23,486	-	23,486
Short Term Borrowings	178,010	-	178,010
Trade and other Payable	108,123	-	108,123
Accrued Mark-up on Secured loans	5,287	-	5,287
	<u>314,906</u>	<u>-</u>	<u>314,906</u>

42.2.1 The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate effectively as at 30 June. The rate of mark-up have been disclosed in respective notes to the financial statements.

42.3 MARKET RISK

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



42.3.1 Interest Risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to changes in market interest rates. Significant interest rate risk exposures are primarily managed by a mix of borrowings at fixed and variable interest rates and entering into interest rate swap contracts. At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

Cash flow sensitivity analysis

A change of 100 basis points in interest rate of long term loans at the reporting date would have increased / (decreased) equity and profit or (loss) by Rs. 0.154 million (2014: Rs. 0.347 million).

42.3.2 Fair value of financial assets and liabilities

The carrying values of financial assets and financial liabilities reported in balance sheet approximate their fair values.

43. CAPITAL MANAGEMENT

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

- (i) "to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and"
- (ii) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

44. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on 06 October 2015 by the Board of Directors of the company.

45. NON ADJUSTING EVENTS AFTER BALANCE SHEET DATE

The Board of Directors in their meeting held on 06 October 2015 has recommended a cash dividend at Rs. 3.40 per share (i.e 34%) (2014: Rs 1.00/- per share) amounting to Rs. 10.200 million for the year ended 30 June 2015. The above proposed cash dividend is subject to the approval of the members at the Annual General Meeting to be held on 31 October 2015. These financial statements do not include the effect of the above proposal which will be accounted for in the period in which it is approved by the members.

46. GENERAL

Figures have been rounded off to the nearest thousand rupee.

(Mian Aamir Naseem)
Chief Executive

(Mian Farrukh Naseem)
Director



THE COMPANIES ORDINANCE 1984
(Section 236(1) and 464)

FORM 34

PATTERN OF SHAREHOLDING

1. Incorporation Number **0007162**
 2. Name of the Company **SHADAB TEXTILE MILLS LIMITED**
 3. Pattern of holding of the shares held by the shareholders as at **30** **06** **2015**

4.	No. of Shareholders	Shareholdings			Total shares held
		From		To	
	89	1	-	100	2,263
	70	101	-	500	16,694
	16	501	-	1,000	13,130
	13	1,001	-	5,000	25,488
	4	5,001	-	10,000	38,063
	1	10,001	-	15,000	11,000
	1	15,001	-	20,000	16,800
	1	25,001	-	30,000	30,000
	2	30,001	-	35,000	62,025
	1	35,001	-	40,000	40,000
	2	40,001	-	45,000	85,720
	2	45,001	-	50,000	95,260
	4	60,001	-	65,000	248,098
	2	65,001	-	70,000	130,364
	1	70,001	-	75,000	75,000
	1	75,001	-	80,000	79,034
	1	80,001	-	85,000	80,753
	1	85,001	-	90,000	88,253
	1	90,001	-	95,000	94,207
	2	100,001	-	105,000	208,491
	1	105,001	-	110,000	108,182
	1	145,001	-	150,000	147,900
	1	190,001	-	195,000	193,200
	1	200,001	-	205,000	203,636
	1	260,001	-	265,000	262,486
	1	265,001	-	270,000	268,953
	1	370,001	-	375,000	375,000
	<u>222</u>				<u>3,000,000</u>



5.	Categories of shareholders	Shares Held	Percentage
5.1	Directors, Chief Executive Officer, and their spouse and minor children.	1,484,065	49.4688
5.2	Associated Companies, undertakings and related parties.	375,000	12.5000
5.3	NIT and ICP	600	0.0200
5.4	Banks Development Financial Institutions, Non Banking Financial Institutions.	53	0.0018
5.5	Insurance Companies	-	-
5.6	Modarabas and Mutual Funds	94,207	3.1402
5.7	Shareholders holding 10%	791,853	26.3951
5.8	General public		
	a. Local	961,931	32.0644
	b. Foreign	-	-
5.9	Others (to be specified)		
	1. Joint Stock Companies	75,200	2.5067
	2. Pension Funds	8,613	0.2871
	3. Others	331	0.0110
6.	Signature of Company Secretary		
7.	Name of Signatory	Mr. Mazhar Hussain	
8.	Designation	Company Secretary	
9.	NIC Number	3 5 2 0 2 - 2 7 2 5 5 7 6 - 3	
10.	Date	30-06-2015	



**CATEGORIES OF SHAREHOLDERS REQUIRED UNDER C.C.G .
AS AT JUNE 30, 2015**

<u>S.No.</u>	<u>Name</u>	<u>No. of Shares Held</u>	<u>%age</u>
Associated Companies, Undertakings and Related Parties			
	Husein Sugar Mills Limited (CDC)	375,000	12.5000
Mutual Funds			
1.	CDC Trustee National Investment (Unit) Trust (CDC)	94,207	3.1402
DIRECTORS AND THEIR SPOUSE AND MINOR CHILDREN			
1.	Mian Shahzad Aslam	234,620	7.8207
2.	Mian Farrukh Naseem	203,636	6.7879
3.	Mian Aamir Naseem	262,486	8.7495
4.	Mr. Ahmed Ali Tariq (CDC)	104,246	3.4749
5.	Mr. Saad Naseem	173,364	5.7788
6.	Mrs. Fatima Aamir	416,853	13.8951
7.	Mr. Yasir Naseem	10,000	0.3333
8.	Mrs. Hina Farrukh W/o Farrukh Naseem	78,860	2.6287
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Bank, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		8,666	0.2889
Shareholders holding five percent or more voting interest in the listed company			
1.	Mrs. Fatima Aamir	416,853	13.8951
2.	Husein Sugar Mills Limited (CDC)	375,000	12.5000
3.	Mian Shahzad Aslam	234,620	7.8207
4.	Mian Aamir Naseem	262,486	8.7495
5.	Mian Farrukh Naseem	203,636	6.7879
6.	Mr. Saad Naseem	173,364	5.7788
7.	Mr. Ahmed Naseem	153,435	5.1145

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:-

<u>S.No.</u>	<u>Name</u>	<u>Sale</u>	<u>Purchase</u>
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(During the year under review, none of the CEO, CFO, Directors, Company Secretary, their spouses and minor children have traded in the shares of the company).



Folio No./ CDC Participants ID and Account No. _____

CNIC No. _____

FORM OF PROXY

I / We _____

Son / Daughter / Wife of _____

being a member of SHADAB TEXTILE MILLS LIMITED and holder of _____ (Number of Shares)

Ordinary Shares as per Registered Folio No./ CDC Participants ID and Account No. _____

hererby appoint Mr. _____ of _____

of failing him Mr. _____ of _____

who is also a member of SHADAB TEXTILE MILLS LIMITED, Vide Registered Folio No./CDC Participants ID and Account No. _____ as my / our proxy to vote for me / us and on my / our behalf at the 36th Annual General Meeting of the Company to be held on Saturday, October 31, 2015 at 10:00 a.m. and at any adjournment thereof.

As witness my / our hand (s) this _____ day of _____ 2015

1. Witness:

Signature _____

Name _____

Address _____

Affix Revenue Stamps of Rs. 5/-

2. Witness:

Signature _____

Name _____

Address _____

Signature

NOTE:

- 1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on his / her behalf. Proxies in order to be valid must be received at the Registered Office of the Company 48 hours before the time of the meeting. A proxy must be member of the Company.
2. CDC shareholders are requested to bring with them their Computrised National Identity Cards alongwith the participants' ID numbers and their account numbers at the time of attending the Annual General Meeting in order to facilitate identification of the respective shareholders.
3. Signature should agree with specimen signature registered with the company.

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





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



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