

# بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

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## COMPANY INFORMATION

<b>CHIEF EXECUTIVE OFFICER :</b>	Ch. Muhammad Khurshid
<b>DIRECTORS :</b>	Ch. Rahman Bakhsh Mrs. Salma Aziz Mr. Muhammad Arshad Saeed Ms. Kiran A. Chaudhry Mr. Kamran Ilyas Mr. Muhammad Ali Chaudhry
<b>CHIEF FINANCIAL OFFICER :</b>	Mr. Muhammad Ali Chaudhry
<b>COMPANY SECRETARY :</b>	Ms. Komal Daniel
<b>AUDITORS :</b>	M/s Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants Lahore.
<b>AUDIT COMMITTEE :</b>	Mr. Kamran Ilyas                      Chairman Mrs. Salma Aziz                      Member Ms. Kiran A. Chaudhry              Member
<b>HR - COMMITTEE :</b>	Mr. Kamran Ilyas                      Chairman Mr. Muhammad Ali Chaudhry      Secretary Ms. Kiran A. Chaudhry              Member
<b>BANKERS :</b>	National Bank of Pakistan Bank Alfalah Limited NIB Bank Limited Al Baraka Bank (Pakistan) Ltd. Faysal Bank Limited
<b>SHARE REGISTRAR :</b>	Corplink (Pvt.) Ltd.
<b>LEGAL ADVISORS :</b>	Mr. Shaukat Haroon (Advocate) Barrister Salman Rahim (Advocate High Court)
<b>REGISTERED OFFICE :</b>	314-Upper Mall, Lahore.
<b>MILLS :</b>	1.5 Kilometer Habibabad, Chunian Road, Tehsil Chunian, District Kasur.

## **MISSION**

The management is committed to excellence in operations with the aim of achieving highest standards in product quality, customer satisfaction, Company growth, employees welfare and social responsibilities and is constantly striving to meet these objectives.

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 25<sup>th</sup> Annual General Meeting of the Shareholders of Resham Textile Industries Limited will be held on Friday 31 October 2014 at 10:00 a.m. at the Registered Office of the Company i.e. 314 Upper Mall, Lahore to transact the following business:

1. To confirm the minutes of the last Meeting.
2. To receive and adopt the audited accounts of the Company for the year ended 30 June 2014 and reports of the Directors' and Auditors' thereon.
3. To elect 7 Directors as fixed by the Board of Directors for a term of 3 years commencing from 31<sup>st</sup> October 2014 in accordance with the provisions of the section 178 of the Companies Ordinance, 1984. The following are eligible and offer themselves for re-election/election:-
  1. Ch. Rahman Bakhsh
  2. Mrs. Salma Aziz
  3. Mr. Muhammad Arshad Saeed
  4. Mr. Kamran Ilyas
  5. Ms. Kiran. A. Chaudhry
  6. Mr. Muhammad Ali Chaudhry
  7. Mr. Muhammad Musharaf Khan (Independent)
4. To appoint auditors and to fix their remuneration at a fee of Rs. 693,000 including half yearly review for the year ending June 30, 2015. The auditors M/s Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, Lahore retire and being eligible, offer themselves for reappointment.
5. To approve Final Cash Dividend @ 5%, in addition to the 10% Interim Dividend already paid, as recommended by the Board of Directors.
6. To transact such other business as may be placed before the meeting with the permission of the Chair

By Order of the Board

  
(KOMAL DANIEL)

Company Secretary

Lahore: 09 October 2014.

### NOTES:

1. The Share Transfer Books of the Company will remain closed from 25 October 2014 to 31 October 2014 (both days inclusive).
2. A member entitled to attend and vote at the meeting may appoint another member of the Company as a proxy to attend and vote instead of him/her. A proxy form duly signed and stamped must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting.
3. The account holders of CDC are requested to bring their original CNIC/ Passport for the purpose of identification at the meeting.
4. As directed by the SECP through its Circular No. EMD/D-II/Misc./2009-1342 of April 4, 2013, dividend warrants cannot be issued without valid CNICs. In the absence of a shareholder's valid CNIC, the Company will be constrained to withhold dispatch of dividend to such shareholders. Those shareholders who have not yet submitted their valid CNICs are once again advised to provide attested copies of their valid CNICs with their folio numbers to the Company's share Registrar if they hold physical shares, to ensure timely disbursement of dividend.
5. Shareholders are requested to immediately notify the Company any changes in address.

## DIRECTORS' REPORT

It is my pleasure to present the Directors' Report and the audited accounts for the financial year ended June 30, 2014.

### Performance Review

By the grace of Allah, (s.w.t.), the Company operations during the year under review remained satisfactory, particularly when compared with the performance of similar-size companies. Profit before taxation was recorded at Rs. 147,099,527 as compared to Rs. 349,454,817 (s.p.l.y). The reduction was mainly on account of slack demand for yarn both in the international and local markets, and average yarn rates for the year were recorded at Rs. 12,642 per bag as compared to Rs. 12,339 per bag (s.p.l.y) indicating an increase by 2.46%. Also, cotton market was manipulated by international and national players resulting in average cotton consumption of Rs. 6,872 per mond for the year as compared to Rs. 6,097 per mond (s.p.l.y.) indicating an increase by 12.71%, which is very high when compared to percentage increase in yarn prices.

Fortunately, since the burden of long-term loans as also the mark-up on the same was not there and the Company had significant booking of yarn in the first quarter, the overall results are good, though if massive load-shedding and increase of 54.11% in energy cost had not taken place, things would have been better. It is a source of satisfaction that even in this relatively difficult year the Company managed to pay one interim dividend of 10% for the first six months and also a final dividend of 5% is proposed to be approved by the AGM, which makes a good return on investment of the shareholders. This is not the case with several other companies, and we are grateful to Allah (s.w.t.) for this.

The equity on the Balance Sheet has increased to Rs. 811,463,511 from Rs. 736,336,311 (s.p.l.y.) as a result of the overall performance of the Company.

The above performance by any standard deserves appreciation of the shareholders. Needless to say that this is in spite of high inflation and overall adverse conditions in the economy, which resulted in increase in prices of almost all other inputs, especially in terms of energy costs and shut-downs.

The summarized financial results are given below and details may be perused in other sections of this report:-

	2014	2013 Restated
	Rupees ('000)	
Sales	4,051,202	3,501,701
Cost of sales	3,768,330	2,994,130
Gross profit	282,872	507,571
Distribution cost	22,176	19,731
Administrative expenses	47,297	52,763
Other operating expenses	11,937	24,388
	81,410	96,882
Operating profit	201,463	410,689
Other income	21,082	7,921
	222,545	418,610
Finance cost	75,446	69,154
Profit before taxation	147,100	349,455
Taxation	51,628	98,376
Profit after taxation	95,471	251,079
Earnings per share - basic and diluted (Rupees)	2.65	6.97
Debt Equity	00:100	00:100
Curretn Ratio	1.21	1.15

## Future Prospects

Although things have improved and the Company is better placed to make profits this year, there are many uncertainties in the overall business environment with regards to the developing political situation as well as the economy. Costs of energy have increased tremendously while shortages in gas and electricity supply are inhibiting growth. Moreover, the continuing low demand for yarn is another major factor on which we will have to keep an eye on to do our best. Fortunately, the Government also has a major stake in the economy, and we hope that they would provide greater support to the textile industry to reduce increasing unemployment as also reducing the rising inflation. It is also worth mentioning that the competing textile economics of China and India will have a major impact on the performance of Pakistani textile industry. However, these factors are beyond the control of individual companies and we continue to hope for the best for the Company and the shareholders.

## Corporate Social Responsibilities

The Management is well aware of the social responsibilities and is sensitive to the needs of the employees, industry and society at large. A school is run for children of the employees at mill premises while transport and other facilities are provided for senior students. A dispensary provides health care in addition to the Social Security medical facilities and medicines are provided free. In cases of hardship financial help is provided to the employees on case to case basis. Also under a scheme of provision of transport, middle level employees have been provided with motorcycles which are for use by them during service in the Company. Liberal rewards and bonuses are given to the employees in recognition of their outstanding work. Additionally, in view of high commitment to social responsibility the Company donated an amount of Rs. 13.90 million to recognized institutions of repute, looking after the needy and the poor.

## Corporate and Financial Reporting Framework

As required by the code of corporate governance, Directors are pleased to report that:

- The financial statements, prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Accounting policies have been consistently applied in preparation of financial statements and the accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements.
- The system of internal control, which is in place, is being continuously reviewed by internal audit. The process of review will continue and any weakness in controls will be removed.
- There are no doubts about the Company's ability to continue as a going concern.
- There has been no departure from the best practices of corporate governance as detailed in the listing regulations.
- Outstanding taxes and other Government levies are given in related note(s) to the audited accounts.
- During the last financial year, five (5) meetings of the Board of Directors were held. Attendance of these meetings was as follows.

Name of Director	Attendance
Ch. Muhammad Khurshid	5
Ch. Rahman Bakhsh	5
Mrs. Salma Aziz	5
Mr. Kamran Ilyas	2
Mr. Azhar Khurshid Chaudhry (Retired)	3
Mr. Muhammad Arshad Saeed (Appointed)	2
Ms. Kiran A Chaudhry	3
Mr. Muhammad Ali Chaudhry	5

- All meetings of the Board met minimum quorum prescribed by the code of corporate governance. However, the Board granted leave of absence to the Directors who could not attend the meeting due to their pre-occupation.
- Key operations and financial data for last six (6) years is annexed.

### **Pattern of Shareholding**

A statement reflecting the pattern of shareholding is attached to the Annual report.

### **Related Party Transactions**

The Directors confirm the following related party transactions:

1. that the transactions with related parties during the financial year have been ratified by the Audit Committee and approved by the Board of Directors.
2. that the transactions have been carried out at arm's length.

### **Audit Committee Meetings**

The Audit Committee met four times during the year under reference.

### **Auditors**

The retiring auditors M/s Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants, being eligible, offer themselves for re-appointment. The Board of Directors, on recommendations of the audit committee, proposes the appointment of M/s Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants, for the year ending 30 June 2015.

### **Statement of Compliance with Best Practices on Transfer Pricing**

The Company has fully complied with the best practices on transfer pricing as contained in the listing regulations of the stock exchanges.

### **Acknowledgements**

The Directors take this opportunity to thank the Company's bankers, particularly National Bank of Pakistan, Bank Alfalah Limited, Faysal Bank Limited, Al Baraka Bank (Pakistan) Ltd., NIB Bank Limited and other financial Institutions for their confidence in the Company and strong financial support. The Directors feel pleasure in expressing appreciation for the continued interest and support of all the shareholders of the Company. The Directors would also like to particularly mention the dedication and devotion displayed by the employees while performing their duties during the period and hope that the same spirit will prevail in the future as well.

LAHORE: 09 October 2014.

For and on behalf of the Board



**CH. MUHAMMAD KHURSHID**  
(Chief Executive Officer)

# Annual Report

## Financial Summary

	2014	2013	2012	2011	2010	2009	
<b>BALANCE SHEET</b>							
(Rupees in thousand)							
Paid up Share Capital	360,000	360,000	360,000	360,000	360,000	360,000	
Unappropriated Profit & (Loss)	451,464	376,336	203,967	154,507	110,821	(69,104)	
<b>Total Equity</b>	<b>811,464</b>	<b>736,336</b>	<b>563,967</b>	<b>514,507</b>	<b>470,821</b>	<b>290,896</b>	
Surplus on Revaluation of Fixed Assets	257,359	132,850	144,907	156,914	173,150	89,422	
Long Term Liabilities		-	120,184	166,327	195,436	219,139	
Liabilities against assets subject to finance lease		-	-	30,325	72,986	136,744	
Deferred Liabilities	316,511	257,398	236,588	210,580	163,777	23,716	
Long Term Advances	235	389	269	143	79	53	
Current Liabilities	432,060	672,317	275,740	487,665	207,819	420,836	
	<b>1,817,630</b>	<b>1,799,290</b>	<b>1,341,655</b>	<b>1,566,461</b>	<b>1,284,068</b>	<b>1,180,806</b>	
Represented by:							
Fixed Assets	1,289,573	1,019,514	893,579	925,417	898,508	821,228	
Capital work in progress	3,669	1,420	8,431	-	8,631	-	
Other Assets	3,698	3,678	3,669	3,667	3,673	3,682	
Current Assets	520,690	774,678	435,976	637,377	373,256	355,896	
	<b>1,817,630</b>	<b>1,799,290</b>	<b>1,341,655</b>	<b>1,566,461</b>	<b>1,284,068</b>	<b>1,180,806</b>	
<b>PROFIT AND LOSS</b>							
Sales	4,051,202	3,501,701	3,245,032	3,704,951	2,232,455	1,542,141	
Cost of Sales	3,768,330	2,994,130	2,867,911	3,409,780	1,811,714	1,419,120	
Gross Profit	282,872	507,571	377,121	295,171	420,741	123,021	
Operating Profit	201,463	410,689	318,221	249,585	385,690	99,728	
Profit / (Loss) Before Taxation	147,100	349,455	232,531	142,334	277,176	(13,737)	
Profit / (Loss) After Taxation	95,471	251,079	147,927	65,792	173,768	(15,047)	
EPS	2.65	6.97	4.11	1.83	4.83	(0.42)	
Dividend %	15	20	20	15	10	-	
<b>PERCENTAGE TO SALES</b>							
<b>Gross Profit</b>	<b>% age</b>	<b>6.98</b>	<b>14.49</b>	<b>11.62</b>	<b>7.97</b>	<b>18.85</b>	<b>7.98</b>
<b>Profit / (Loss) Before Taxation</b>	<b>% age</b>	<b>3.63</b>	<b>9.98</b>	<b>7.17</b>	<b>3.84</b>	<b>12.42</b>	<b>(0.89)</b>
<b>Profit / (Loss) After Taxation</b>	<b>% age</b>	<b>2.36</b>	<b>7.17</b>	<b>4.56</b>	<b>1.78</b>	<b>7.78</b>	<b>(0.98)</b>
<b>Admin &amp; Selling Expenses</b>	<b>% age</b>	<b>1.71</b>	<b>2.07</b>	<b>1.82</b>	<b>1.23</b>	<b>1.57</b>	<b>1.51</b>





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## STATEMENT OF ETHICS AND BUSINESS PRACTICE

This Statement of Ethics and Business Practices is intended to document the principles of conduct and ethics to be followed by **Resham Textile Industries Limited (the "Company")** and its employees, officers and directors. Its purpose is to promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest.

**CONFLICTS OF INTEREST**- Directors, officers and employees of the Company shall act at all times honestly and ethically, and shall avoid situations where their personal or outside business interests could conflict with the interests of the Company and its shareholders.

**DEALING WITH BUSINESS PARTNERS** - All purchases of goods and services by the Company will be made exclusively on the basis of price, quality, service and suitability to the Company's needs and in the interest of the Company alone. Directors, officers and employees are prohibited from accepting gifts from sellers or buyers in any form whatsoever.

**DISCLOSURE** - Each senior executive officer must provide full, fair, accurate and understandable information whenever communicating with the Company's stockholders or the general public.

**COMPLIANCE WITH LAWS, RULES AND REGULATIONS** - All directors, officers and employees must conduct Company business in compliance with all applicable laws, rules and regulations.

**HEALTH, SAFETY, AND ENVIRONMENTAL PROTECTION** - It is the Company's policy to ensure the safety of its employees, be extra careful in protecting Company property from fire and other hazards, and to maintain the state of environment.

**REPORTING OF VIOLATIONS** - It is each employee's responsibility to notify promptly his or her supervisor regarding any actual or potential violation of this Code and any applicable laws, rules and regulations by anyone in the Company.

**FAIR DEALING** - It is our policy that each director, officer and employee will endeavor to deal fairly with the Company's customers, suppliers, competitors and employees.

**CONFIDENTIALITY** - All Directors, officers and employees are prohibited from revealing confidential information of the Company acquired by virtue of their association with the Company or in any other manner, disclosure of which may hurt the interests of the Company. This does not apply to disclosures required by laws, rules and regulations.

**PROPER USE OF COMPANY ASSETS** - All Directors, officers and employees should protect the Company's assets and ensure their efficient use. Employees must not participate in, or arrange, any activity that is not commensurate with Company interests.

## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2014

This statement is being presented to comply with the Code of Corporate Governance ('the Code') contained in listing regulations of Karachi and Lahore Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG 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
Executive Directors	Ch. Muhammad Khurshid Ch. Rahman Bakhsh Mr. Muhammad Arshad Saeed Mr. Muhammad Ali Chaudhry
Non-Executive Directors	Mrs. Salma Aziz Mr. Kamran Ilyas Ms. Kiran A Chaudhry

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurring on the board on 10 January 2014 was filled up by the directors within 90 days.
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/shareholders.
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 and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The board has arranged an orientation course for its directors and four of the Company's directors meet 14 year of education and 15 year of experience on the board of listed companies. The Company is committed to ensure that the remaining three directors would obtain the director training program certificate by 30 June 2016.

10. The board of the Company has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the board.
13. The Directors, Chief Executive Officer and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The board has formed an Audit Committee. It comprises of three members, all of whom are non-executive directors.
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 CCG. 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 of three members, two of whom are non-executive directors including the chairman.
18. The board has set up an effective internal audit function. The staff is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. We confirm that all other material principles enshrined in the code have been complied with.

For and on behalf of the Board



CH. MUHAMMAD KHURSHID  
Chief Executive Officer

LAHORE: 09 October 2014.

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


We have reviewed the Statement of Compliance with the best practices (the statement) contained in the Code of Corporate Governance prepared by the Board of Directors of **Resham Textile Industries Limited** (the Company) for the year ended 30 June 2014 to comply with the Listing Regulation No. 35 of Karachi Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance 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 of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal controls covers all the 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 the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 30 June 2014.

  
(ERNST & YOUNG FORD RHODES SIDAT HYDER)  
CHARTERED ACCOUNTANTS

Name of Audit Engagement Partner: Naseem Akbar

LAHORE: 09 October 2014.


## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Resham Textile Industries Limited ("the Company")** as at **30 June 2014** 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 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 except for changes as stated in Note 2.2 and 4.5.1 with which we concur;
  - (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 **30 June 2014** and of the profit, 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.


  
(ERNST & YOUNG FORD RHODES SIDAT HYDER)  
CHARTERED ACCOUNTANTS  
Audit Engagement Partner: Naseem Akbar

LAHORE: 09 October 2014.

**BALANCE SHEET AS AT**

	Note	2014 Rupees	2013 Rupees Restated	2012 Rupees Restated
<b>EQUITY AND LIABILITIES</b>				
<b>Share capital and reserves</b>				
Authorised share capital 36,000,000 (2013: 36,000,000) ordinary shares of Rs. 10/- each		<u>360,000,000</u>	<u>360,000,000</u>	<u>360,000,000</u>
Issued, subscribed and paid up share capital	5	360,000,000	360,000,000	360,000,000
Unappropriated profit		<u>451,463,511</u>	<u>376,336,311</u>	<u>203,966,855</u>
<b>Total equity</b>		<u>811,463,511</u>	<u>736,336,311</u>	<u>563,966,855</u>
<b>Surplus on revaluation of fixed assets</b>	6	257,359,415	132,849,721	144,907,169
<b>Non-current liabilities</b>				
Long term financing	7	-	-	120,184,000
Long term deposits	8	235,441	388,888	269,441
Deferred liabilities	9	<u>316,511,317</u>	<u>257,398,598</u>	<u>236,587,869</u>
		316,746,758	257,787,486	357,041,310
<b>Current liabilities</b>				
Trade and other payables	10	<u>188,163,555</u>	<u>145,598,585</u>	<u>151,774,460</u>
Mark-up accrued on financing	11	13,593,121	16,275,744	8,938,104
Short term borrowings	12	144,755,608	412,762,986	13,379,870
Current portion of long term financing	7	-	17,634,500	38,321,255
Provision for taxation		<u>85,547,905</u>	<u>80,044,927</u>	<u>63,326,412</u>
		432,060,189	672,316,742	275,740,101
<b>Total liabilities</b>		<u>748,806,947</u>	<u>930,104,228</u>	<u>632,781,411</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,817,629,873</u>	<u>1,799,290,260</u>	<u>1,341,655,435</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	13	-	-	-

The annexed notes from 1 to 40 form an integral part of these financial statements.

  
(Chief Executive Officer)

## 30 JUNE 2014

	Note	2014 Rupees	2013 Rupees Restated	2012 Rupees Restated
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	14	1,293,242,416	1,020,934,500	902,010,474
Long term deposits		3,697,560	3,677,560	3,669,060
		<u>1,296,939,976</u>	<u>1,024,612,060</u>	<u>905,679,534</u>
<b>Current assets</b>				
Stores and spare parts	15	37,642,726	15,197,473	28,035,249
Stock in trade	16	268,454,450	608,138,858	242,507,425
Trade debts	17	101,807,905	14,510,466	12,098,646
Advances	18	6,252,172	4,776,477	14,449,684
Trade deposits and short term prepayments	19	3,370,004	2,674,172	2,725,778
Other receivables		-	-	588,230
Advance income tax		59,101,334	62,372,076	40,979,074
Balances with statutory authorities	20	1,655,620	7,811,517	10,952,054
Cash and bank balances	21	42,405,686	59,197,161	83,639,761
		<u>520,689,897</u>	<u>774,678,200</u>	<u>435,975,901</u>
<b>TOTAL ASSETS</b>		<u><u>1,817,629,873</u></u>	<u><u>1,799,290,260</u></u>	<u><u>1,341,655,435</u></u>

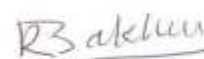
*R. B. Akhbar*  
(Director)

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 Rupees	2013 Rupees Restated
Sales-net	22	4,051,202,525	3,501,701,168
Cost of sales	23	3,768,330,448	2,994,129,995
Gross profit		<u>282,872,077</u>	<u>507,571,173</u>
Operating expenses:			
Distribution cost	24	22,175,886	19,731,145
Administrative expenses	25	47,296,546	52,762,978
Other operating expenses	26	11,936,805	24,388,480
		81,409,237	96,882,603
Operating profit		201,462,840	410,688,570
Other income	27	21,082,335	7,920,636
		<u>222,545,175</u>	<u>418,609,206</u>
Finance cost	28	75,445,648	69,154,389
Profit before taxation		147,099,527	349,454,817
Taxation	29	51,628,308	98,376,245
Profit after taxation		<u>95,471,219</u>	<u>251,078,572</u>
Earnings per share - basic and diluted (Rupees)	30	<u>2.65</u>	<u>6.97</u>

The annexed notes from 1 to 40 form an integral part of these financial statements.

  
(Chief Executive Officer)

  
(Director)





## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	2014 Rupees	2013 Rupees Restated
Profit for the year	95,471,219	251,078,572
<b>Other comprehensive income:</b>		
<i>Items to be reclassified to profit or loss in subsequent periods</i>	-	-
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>		
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation -net of deferred tax	17,216,089	11,290,884
Actuarial loss on defined benefit plans-net of deferred tax	(1,560,108)	-
<b>Total other comprehensive income, net of deferred tax</b>	15,655,981	11,290,884
<b>Total comprehensive income for the year</b>	<u>111,127,200</u>	<u>262,369,456</u>

The annexed notes from 1 to 40 form an integral part of these financial statements.

(Chief Executive Officer)


(Director)

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 Rupees	2013 Rupees Restated
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	(31)	606,412,609	166,315,626
Finance cost paid		(78,128,271)	(61,816,749)
Workers' profit participation fund paid		(18,670,482)	(12,488,242)
Income tax paid		(53,383,336)	(84,719,413)
Gratuity paid		(12,848,597)	(6,648,111)
<b>Net cash generated from operating activities</b>		443,381,923	643,111
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure incurred		(152,928,426)	(200,427,800)
Proceeds from disposal of property, plant and equipment		14,679,412	6,718,781
Increase in long term deposits		(20,000)	(8,500)
<b>Net cash used in investing activities</b>		(138,269,014)	(193,717,519)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term financing - net		(17,634,500)	(138,438,000)
(Decrease) / increase in long term deposits		(153,447)	119,447
Repayment of finance lease liabilities		-	(2,432,755)
(Decrease) / increase in short term borrowings - net		(268,007,378)	399,383,116
Dividend paid		(36,109,059)	(90,000,000)
<b>Net cash (used in) / from financing activities</b>		(321,904,384)	168,631,808
<b>Net decrease in cash and cash equivalents</b>		(16,791,475)	(24,442,600)
Cash and cash equivalents at the beginning of the year		59,197,161	83,639,761
<b>Cash and cash equivalents at the end of the year</b>	(21)	42,405,686	59,197,161

The annexed notes from 1 to 40 form an integral part of these financial statements.

  
(Chief Executive Officer)


  
(Director)

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

	Share capital	Un-appropriated profit	Total equity
	-----Rupees-----		
<b>Balance as at 01 July 2012- as previously reported</b>	360,000,000	206,719,139	566,719,139
Effect of change in accounting policy (Note 4.5.1)	-	(2,752,284)	(2,752,284)
<b>Balance as at 01 July 2012- restated</b>	360,000,000	203,966,855	563,966,855
Profit for the year ended 30 June 2013 - restated	-	251,078,572	251,078,572
Other comprehensive income for the year	-	11,290,884	11,290,884
Total comprehensive income for the year	-	262,369,456	262,369,456
Final dividend paid for the year ended 30 June 2012 @ Rs.0.5/- per share	-	(18,000,000)	(18,000,000)
Interim dividend paid for the year ended 30 June 2013 @ Rs.1/- per share	-	(36,000,000)	(36,000,000)
2nd interim dividend paid for the year ended 30 June 2013 @ Rs.1/- per share	-	(36,000,000)	(36,000,000)
<b>Balance as at 30 June 2013 - restated</b>	360,000,000	376,336,311	736,336,311
Profit for the year ended 30 June 2014	-	95,471,219	95,471,219
Other comprehensive income for the year	-	15,655,981	15,655,981
Total comprehensive income for the year	-	111,127,200	111,127,200
Interim dividend paid for the year ended 30 June 2014 @ Rs. 1/- per share	-	(36,000,000)	(36,000,000)
<b>Balance as at 30 June 2014</b>	360,000,000	451,463,511	811,463,511

The annexed notes from 1 to 40 form an integral part of these financial statements.

  
(Chief Executive Officer)

  
(Director)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 1. THE COMPANY AND ITS OPERATIONS

Resham Textile Industries Limited (the Company) is a public limited company incorporated in Pakistan on 06 June 1990 under the Companies Ordinance, 1984 and quoted on the Lahore and Karachi stock exchanges. The registered office of the Company is situated at 314- Upper Mall, Lahore. The Company is principally engaged in the business of manufacturing and selling of yarn.

### 2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Whenever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirement of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives take precedence.

#### 2.1 New+B23, amended standards and interpretations become effective

The Company has adopted the following revised standard, amendments and interpretation of IFRSs which became effective for the current year:

IAS 19 – Employee Benefits – (Revised)

IFRS 7 – Financial Instruments: Disclosures – (Amendments)

Amendments enhancing disclosures about offsetting of financial Assets and financial liabilities

IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine

IFAS 3 – Profit and Loss Sharing on Deposits

#### **Improvements to Accounting Standards Issued by the IASB**

IAS 1 – Presentation of Financial Statements – Clarification of the requirements for comparative information

IAS 16 – Property, Plant and Equipment – Clarification of Servicing Equipment

IAS 32 – Financial Instruments: Presentation – Tax Effects of Distribution to Holders of Equity Instruments

IAS 34 – Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities

The adoption of the above amendments did not have any effect on the financial statements except changes in accounting policy relating to defined benefit plan as disclosed in Note 4.5.1.

### **3. BASIS OF MEASUREMENT**

#### **3.1 Basis of preparation**

These financial statements have been prepared under the historical cost convention, except for recognition of certain employee benefits at present value and certain items of property, plant and equipment which are measured at revalued amounts.

#### **3.2 Presentation currency**

These financial statements are presented in Pak Rupee, which is the Company's functional currency.

#### **3.3 Critical accounting estimates and judgments**

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

- Employee benefits (Note 4.5);
- Taxation (Note 4.8);
- Useful lives and residual value of property, plant and equipment (Note 4.11)

### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as mentioned in note 4.5.1

#### **4.1 Surplus on revaluation of property, plant and equipment**

This represents the surplus arising on the revaluation of operating property, plant and equipment of the Company. Revaluation surplus is credited to the "surplus on revaluation of fixed assets" presented below equity (in accordance with the requirements of the section 235 of companies ordinance, 1984) except to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit and loss account. An annual transfer from the surplus on revaluation of property, plant and equipment (net of deferred tax) through other comprehensive income is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the assets' original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

This surplus is not free for setting-off or reducing any deficit of the Company. However, it can only be utilized

- i) to the extent actually realized on disposal of the assets which are revalued;
- ii) to the extent of incremental depreciation arising out of revaluation of property, plant and equipment; or
- iii) setting-off or in diminution of any deficit arising from the revaluation of any other property, plant and equipment of the Company.

#### **4.2 Interest bearing loans and borrowings**

All loans and borrowings are initially recognized at the fair value of the amount received less directly attributable transaction costs. After initial recognition, long term interest-bearing loans and borrowings are measured at amortized cost using the effective interest method while short term borrowings are measured at fair value. Gains and losses are recognized in profit and loss account when the liabilities are derecognized as well as through the amortization process.

### 4.3 Liabilities against assets subject to finance lease

Leases, where the Company has substantially all the risks and rewards of ownership of assets, are classified as finance leases. At inception, finance leases are recorded at the lower of present value of minimum lease payments under the lease agreement and the fair value of the assets. The related rental obligations, net of finance cost, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and non-current depending upon the timing of the payment. Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit and loss account over the lease term.

### 4.4 Ijarah assets

The Company recognizes ijarah payments under an Ijarah agreement as an expense in the profit and loss account on a straight line basis over the Ijarah term.

### 4.5 Employee benefits

The Company operates an unfunded gratuity scheme for its permanent employees. The latest valuation was carried out as at 30 June 2014 using the projected unit credit method. The future contribution rates of this plan include allowances for deficit and surplus. Following significant assumptions were used for valuation of this scheme:

	2014	2013
Expected rate of increase in salary	12.25%	12%
Discount rate	13.25%	13%
Average expected remaining working life of employees	6 years	5 years

#### 4.5.1 Change in accounting policy

Until 30 June 2013, the Company's policy with regard to actuarial gains / (losses) was to follow minimum recommended approach under IAS 19 (Revised 2000) "Employee Benefits". actuarial gain and loss over and above the corridor limit were amortized in the profit and loss account over the expected remaining working lives of the employees as allowed under the relevant provision of previous IAS 19.

During the year, the Company has adopted Revised IAS 19 - ' Employee Benefits '. As per revised standard, actuarial gain and loss for defined benefit plans are recognized in the other comprehensive income when they occur. Amounts recorded in the profit and loss account are limited to current and past service cost. All other charges in the net defined benefit liability are recognized in the other comprehensive income with no subsequent recycling to profit and loss account..

Further, any past service cost (vested and non-vested) is now recognized immediately in the profit and loss account upon changes in the benefit plans. Previously, only vested past service cost was recognized immediately in profit and loss account and non vested cost was amortised to profit and loss account over the vesting period . The impact of the said changes on the financial statements is as under:

	For the year ended 30 June	
	2014	2013
Decrease in opening unappropriated profit	<u>2,461,739</u>	<u>2,752,284</u>
Decrease in other comprehensive income	<u>1,560,108</u>	<u>-</u>
Increase in profit after tax	<u>-</u>	<u>(290,545)</u>
Increase in deferred liabilities	<u>4,021,847</u>	<u>2,461,739</u>

#### **4.6 Provisions**

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

#### **4.7 Dividend**

Dividend distribution to the Company's shareholders and appropriation to reserve are recognized in the period in which these are approved.

#### **4.8 Taxation**

##### **Current**

Provision for 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 current rate of tax after taking into account rebates and tax credits, if any. 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 by using the liability method on all timing differences between carrying amounts of assets and liabilities in the financial statements and their tax base. Deferred tax liabilities are recognized for all taxable temporary differences. The Company recognizes deferred tax assets on all deductible temporary differences to the extent it is probable that future taxable profits will be available against which these deductible temporary differences can be utilized.

Deferred tax asset is also recognized for the carry forward of unused tax losses and unused tax credits to the extent it is probable that future taxable profits will be available against which the unused tax losses and unused tax credits can be utilized. Deferred tax is charged to / credited in the profit and loss account except in case of items credited or charged to other comprehensive income.

The carrying amount of all deferred tax assets is reviewed at each balance sheet date and adjusted to the appropriate extent, if it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

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

#### **4.9 Trade and other payables**

Liabilities for trade and other amounts payable are initially recognized at fair value which is normally the transaction cost.

#### **4.10 Operating segments**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decision. The management has determined that the Company has a single reportable segment as Board of Directors views the Company's operations as one reportable segment.

## **4.11 Property, plant and equipment**

### **4.11.1 Operating fixed assets and depreciation**

#### **a) Cost**

Operating fixed assets except land, building and plant and machinery are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing a part of such assets when that cost is incurred if the recognition criteria are met. Capital work-in-progress is stated at cost less accumulated impairment loss, if any. Building and plant and machinery are stated at revalued amount less accumulated depreciation, while land is stated at revalued amount.

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

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

#### **b) Depreciation**

Depreciation is charged to profit and loss account on reducing balance method to write off the cost of operating fixed assets less their residual values over their expected useful lives at the rates mentioned in Note 14.1.

Depreciation on assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed off.

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

#### **c) Derecognition**

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in profit and loss account in the year the asset is derecognized.

### **4.11.2 Assets subject to finance lease**

These are stated at lower of present value of minimum lease payments under the lease agreements and fair value of assets. Assets so acquired are depreciated over their expected useful lives at the rates mentioned in Note 14.1. Depreciation of leased assets is charged to current year's profit and loss account.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Depreciation on additions to leased assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed off.



#### **4.12 Stores and spare parts**

These are valued at lower of moving average cost and net realizable value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon. Provision is made for slow moving items based on management estimate.

#### **4.13 Stock in trade**

These are valued at lower of cost and net realizable value. Basis of determining cost is as follows: -

Raw material	-	First in first out (FIFO)
Raw material in transit	-	Invoice value plus other charges paid thereon
Packing material	-	Moving average
Work in process	-	Average manufacturing cost
Finished goods	-	Average manufacturing cost
Waste	-	Net realizable value

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

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

#### **4.14 Trade debts**

Trade debts originated by the Company are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. Known bad debts are written off and provision is made against debts considered doubtful when collection of the full amount is no longer probable.

#### **4.15 Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, cash at banks in current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

#### **4.16 Financial instruments**

Financial instruments comprise long term deposits, trade debts, other receivables, cash and bank balances, long term financings, short term borrowings and trade and other payables.

Financial assets and liabilities are recognized at the time the Company becomes a party to contractual provisions of the instruments.

The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset. The Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

Financial assets and liabilities are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

## **4.17 Impairment**

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss account.

## **4.18 Revenue recognition**

### **a) Sale of goods**

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer which generally coincides with the delivery of goods to customers. Export goods are considered dispatched when shipped on board.

### **b) Interest income**

Profit on bank deposit is recognised when incurred.

## **4.19 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. All other borrowing costs are charged to profit and loss account whenever incurred.

## **4.20 Foreign currencies**

Transactions in foreign currency during the year are initially recorded in the functional currency at the rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at functional currency rate of exchange prevailing at the balance sheet date. All differences are taken to the profit and loss account.

## **4.21 Related party transactions**

Transactions and contracts with related parties are carried out at arms length prices determined in accordance with comparable uncontrolled price method. Parties are said to be related if they are able to influence the operating and financial decisions of the Company and vice versa.

## **4.22 Standards, interpretations and amendments to published approved accounting standards that are not yet effective**

The following revised standards, 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:

<b>Standard or Interpretation</b>	<b>Effective date (accounting periods beginning on or after)</b>
IFRS 10 - Consolidated Financial Statements	01 January 2015
IFRS 11 - Joint Arrangements	01 January 2015
IFRS 12 - Disclosure of Interests in Other Entities	01 January 2015
IFRS 13 - Fair Value Measurement	01 January 2015
IAS 16 and 38 - Clarification of Acceptable Method of Depreciation and Amortization	01 January 2016
IAS 16 and 41 - Agriculture: Bearer Plants	01 January 2016
IAS 19 - Employee Contributions	01 July 2014
IAS 32 - Offsetting Financial Assets and Financial liabilities (Amendment)	01 January 2014
IAS 36 - Recoverable Amount for Non-Financial Assets (Amendment)	01 January 2014
IAS 39 - Novation of Derivatives and Continuation of Hedge Accounting - (Amendment)	01 January 2014
IFRIC 21 - Levies	01 January 2014

The Company expects that the adoption of the above revisions and amendments of the standards will not affect the Company's financial statements in the period of initial application.

In addition to the above standards and interpretations, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 July 2014. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

<b>Standard</b>	<b>IASB effective date (Annual periods beginning on or after)</b>
IFRS 9 - Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 - Regulatory Deferral Accounts	01 January 2016
IFRS 15 - Revenue from Contracts with Customers	01 January 2017

#### 5. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

<b>2014</b>	<b>2013</b>	<b>Note</b>	<b>2014 Rupees</b>	<b>2013 Rupees</b>
<b>( Number of shares)</b>				
<u>36,000,000</u>	<u>36,000,000</u>	Ordinary shares of Rs.10 each fully paid in cash	<u>360,000,000</u>	<u>360,000,000</u>

# Annual Report

	2014 Rupees	2013 Rupees
<b>6. SURPLUS ON REVALUATION OF FIXED ASSETS</b>		
Surplus on revaluation of fixed assets as at 01 July	187,461,033	207,533,325
Surplus arisen during the year	211,186,148	-
Surplus on revalued assets disposed off	(3,730,391)	(3,094,336)
Surplus relating to incremental depreciation charged on related assets - transferred to other comprehensive income	(25,887,610)	(16,977,956)
Surplus on revaluation of fixed assets as at 30 June	<u>369,029,180</u>	<u>187,461,033</u>
Less: Related deferred tax liability on:		
- Balance as at 01 July	(54,611,312)	(62,626,156)
- Additional surplus arisen during the year	(69,955,872)	-
- Fixed assets disposed off during the year	1,249,562	1,036,504
- Incremental depreciation charged during the year	8,671,521	5,687,072
- (Increase) / decrease due to change in proportionate local sales	(407,249)	1,291,268
- Decrease due to change in tax rate	3,383,585	-
	<u>(111,669,765)</u>	<u>(54,611,312)</u>
	<u>257,359,415</u>	<u>132,849,721</u>

The Company had revalued its freehold land, factory building, office building and plant and machinery on 31 December 2013. The revaluation exercise was carried out by M/s Harvest (Private) Limited to replace the carrying amount of freehold land with current market value and other assets with their depreciated market values. The surplus arisen on the revaluation aggregating to Rs. 211,186,148 was credited to this account to comply with the requirements of section 235 of the Companies Ordinance, 1984.

	2014 Rupees	2013 Rupees
<b>7. LONG TERM FINANCING</b>		
<b>Note</b>		
<b>From banking companies - secured</b>		
Faysal Bank Limited	(7.1) -	17,634,500
Less: Current portion taken as current liabilities	-	17,634,500
	<u>-</u>	<u>-</u>
<b>7.1</b>	The facility was obtained for purchase of gas generators. The rate of mark-up was State Bank of Pakistan rate plus 2% (2013: State Bank of Pakistan rate plus 2%) per annum. The loan was secured against ranking charge on fixed assets of the Company amounting to Rs. 92,000,000. The loan was further secured by personal guarantee of the directors. This has been repaid during the year.	
<b>8. LONG TERM DEPOSITS</b>		
These represent deposits taken from employees against future transfer of Company owned vehicles to them.		
<b>Note</b>	<b>2014 Rupees</b>	<b>2013 Rupees</b>
<b>9. DEFERRED LIABILITIES</b>		
Deferred taxation	(9.1) <b>287,627,753</b>	233,194,935
Gratuity - unfunded	(9.2) <b>28,883,564</b>	24,203,663
	<u><b>316,511,317</b></u>	<u>257,398,598</u>

## 9.1 Deferred taxation

### Taxable temporary differences

Surplus on revaluation of fixed assets	111,669,765	54,611,312
Accelerated tax depreciation	186,594,356	186,672,822
	<u>298,264,121</u>	<u>241,284,134</u>

### Deductible temporary differences

Unapproved gratuity	(10,636,368)	(8,089,199)
	<u>287,627,753</u>	<u>233,194,935</u>

## 9.2 Movement in net liability

Liability at the beginning of the year	24,203,663	19,396,479
Charge for the year	15,199,979	11,455,295
	<u>39,403,642</u>	<u>30,851,774</u>
Paid during the year	(12,848,597)	(6,648,111)
Actuarial loss	2,328,519	-
Liability at the end of the year	<u>28,883,564</u>	<u>24,203,663</u>

### 9.2.1 Charge for the year

Current service cost	12,888,661	8,933,751
Interest cost	2,311,318	2,521,544
	<u>15,199,979</u>	<u>11,455,295</u>

### 9.2.2 The charge for the year has been allocated as follows:

Cost of sales	(23)	12,463,982	9,399,734
Distribution cost	(24)	911,999	701,566
Administrative expenses	(25)	1,823,998	1,353,995
		<u>15,199,979</u>	<u>11,455,295</u>

### 9.2.3 Historical information

	2014	2013	2012	2011	2010
Present value of defined benefit obligations at the end of the year	<u>28,883,564</u>	<u>24,203,663</u>	<u>19,396,479</u>	<u>13,032,902</u>	<u>8,062,722</u>
Experience adjustment arising on plan liabilities- losses	<u>-8%</u>	<u>0%</u>	<u>-21%</u>	<u>-11%</u>	<u>-19%</u>

### 9.2.4 Sensitivity analysis

Significant assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting year, while holding all other assumptions constant.

	Rupees
Discount rate +100 bps	27,287,881
Discount rate -100 bps	30,708,309
Salary increase +100 bps	30,801,270
Salary increase -100 bps	27,173,951

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	Note	2014 Rupees	2013 Rupees
<b>10. TRADE AND OTHER PAYABLES</b>			
Creditors		76,113,313	24,734,590
Morabaha finance	10.1	10,000,000	10,000,000
Accrued liabilities		60,084,503	53,705,354
Advances from customers	10.2	14,929,873	21,082,676
Advance from brokers against customers		9,793,360	9,900,165
Ijarah rental payable		-	318,604
Unclaimed WPPF		4,729,567	783,523
Workers' Profit Participation Fund	10.3	7,951,817	18,670,482
Workers' Welfare Fund	10.4	3,984,988	5,717,998
Unclaimed dividend		476,134	585,193
Others		100,000	100,000
		<b>188,163,555</b>	<b>145,598,585</b>

**10.1** This facility has been obtained against sanctioned limit of Rs. 10,000,000 (2013: Rs. 10,000,000) to finance working capital requirements of the Company for purchase of raw material. The rate of mark-up is 3 months KIBOR plus 2.75% (2013: 3 months KIBOR plus 2.75% ) per annum. This is secured against first pari passu charge on all current assets of the Company amounting to Rs.134,000,000 and personal guarantees of all the directors except employee directors of the Company.

**10.2** These represent advances against sale of yarn and carry no mark-up.

	Note	2014 Rupees	2013 Rupees
<b>10.3 Workers' Profit Participation Fund</b>			
Balance at the beginning of the year		18,670,482	12,488,242
Charge for the year	26	7,951,817	18,670,482
		<b>26,622,299</b>	31,158,724
Less: Payments made during the year		18,670,482	12,488,242
		<b>7,951,817</b>	<b>18,670,482</b>

	Note	2014 Rupees	2013 Rupees
<b>10.4 Workers' Welfare Fund</b>			
Balance at the beginning of the year		5,717,998	4,745,532
Charge for the year	26	3,984,988	5,717,998
		<b>9,702,986</b>	10,463,530
Less: Payments made during the year		5,717,998	4,745,532
		<b>3,984,988</b>	<b>5,717,998</b>

## 11. MARK-UP ACCRUED ON FINANCING

Long term financing	15,219	368,634
Short term borrowings and morabaha finance	13,571,728	15,900,934
Liabilities against assets subject to finance lease	6,174	6,176
	<b>13,593,121</b>	<b>16,275,744</b>

12. SHORT TERM BORROWINGS	Note	2014 Rupees	2013 Rupees
<b>From banking companies - secured:</b>			
Cash finance	(12.1)	107,530,842	299,150,879
Running finance	(12.1)	37,105,617	113,612,107
<b>Unsecured:</b>			
Bank overdrawn	(12.2)	119,149	-
		144,755,608	412,762,986

**12.1** The aggregate facility of short term finances from commercial banks available at year end is Rs.1,375,000,000 (2013: Rs. 1,065,000,000). The rates of mark-up range from 3 months KIBOR plus 1.5% to 3 months KIBOR plus 2.75% (2013: 3 months KIBOR plus 1.5% to 3 months KIBOR plus 2.75%) per annum. These facilities are secured against pledge of cotton bales with 10% margin for cotton, 25% margin for yarn bags, first pari passu charge of Rs. 25,000,000 on all current assets of the Company, first pari passu charge of Rs. 25,000,000 on fixed assets of the Company, first exclusive charge of Rs. 16,670,000 on fixed assets of the Company, first pari passu charge of Rs. 14,000,000 on present and future current assets of the Company, trust receipts duly executed by the Company and personal guarantee of the directors of the Company.

**12.2** These represent the bank overdrawn due to un-presented cheques issued near the balance sheet date. However, the bank statement shows a favorable balance of Rs. 72,939 (2013: Rs. 1,104,539).

### 13. CONTINGENCIES AND COMMITMENTS

#### 13.1 Contingencies:

Order under section 122(5A) of the Income Tax Ordinance, 2001 (ITO 2001) for tax year 2005 was issued by CIR(A), which raised a demand amounting to Rs. 74,047,800 against the Company. The CIR(A) set aside the order and directed the assessing officer to decide the case on merit in the light of the submissions of the Company's lawyers, vide order dated 31 March 2012 and the decision was taken in favor of the Company. The department has now filed an appeal against CIR(A) before the ATIR which is pending adjudication.

Order under section 122(5A) of the Income Tax Ordinance, 2001 (ITO 2001) for tax year 2006 was issued by CIR(A), which raised a demand amounting to Rs. 667,372 against the Company. The CIR(A) granted partial relief vide order dated 23 October 2012 and deleted the addition under section 21(C). Against the order of the CIR(A), the Company has filed appeal before the ATIR, which is pending adjudication.

No provision has been made in these financial statements against the above as the tax consultant of the Company, in view of the merits of the submissions of the Company, is confident that the decisions will be taken in favor of the Company.

#### 13.2 Commitments:

##### Ijarah commitments

The Company entered into Ijarah arrangement for plant and machinery with an Islamic Bank. Future Ijarah payments due under these arrangements, as at 30 June 2014 amount to Rs. Nil (2013: 2,617,270).

##### Other commitments

Bank guarantees aggregating to Rs. 43,331,000 (2013: Rs. 40,943,000) issued on behalf of the Company were outstanding on balance sheet date against which margins amounting to Rs. 1,511,565 (2013: Rs. 1,011,565) have been deposited with the respective banks.

14. PROPERTY, PLANT AND EQUIPMENT	Note	2014 Rupees	2013 Rupees
Operating fixed assets	(14.1)	1,289,573,342	1,019,514,295
Capital work-in-progress	(14.2)	3,669,074	1,420,205
		1,293,242,416	1,020,934,500

## 14.1 Operating fixed assets

PARTICULARS	BALANCE AS AT 01 JULY 2013				RECONCILIATION					BALANCE AS AT 30 JUNE 2014			RATE (%)	
	Cost/ revalued amount	Accumulated depreciation	Net book value	Additions	DELETIONS		Revaluation adjustment	Transfers	Depreciation charge for the year	Accumulated depreciation adjustment	Cost / revalued amount	Accumulated depreciation		Net book value
					(Cost / revalued amount) / Accumulated depreciation	Cost/ (Accumulated depreciation)								
<b>Owned assets:</b>														
Free hold land	30,455,100	-	30,455,100	95,597,441			2,342,700		-	-	128,395,241	-	128,395,241	-
Building														
-Factory	159,621,665	35,855,461	123,766,204	3,924,984	-	-	65,058,490	-	15,352,837	42,043,771	186,561,368	9,164,527	177,396,841	10
-Residential	39,352,569	4,366,162	34,986,407	-	-	(4,564,555)			1,613,342	5,240,824	29,547,210	738,680	28,808,530	5
Plant and machinery	974,734,203	201,775,947	772,958,256	47,638,382	(6,774,800)	148,349,493			61,198,471	226,536,438	937,410,840	34,897,093	902,513,747	10
Electric installations	28,584,644	11,950,265	16,634,379	-	-	1,540,887			1,757,400	-	28,584,644	13,707,665	14,876,979	10
Mills equipment	38,702,908	12,267,952	26,434,956	114,000	-	-			997,780	-	38,816,908	13,265,732	25,551,176	10
Office equipment	2,507,062	786,170	1,720,892	229,040	(60,185)				191,461	-	2,675,917	936,263	1,739,654	10
Furniture and fixtures	1,121,360	640,121	481,239	8,000	41,368				29,952	-	1,129,360	670,073	459,287	10
Vehicles	17,931,997	5,875,218	12,056,779	3,167,710	(6,350,794)				1,589,359	-	14,748,913	4,935,957	9,812,956	20
Arms and ammunition	43,620	23,537	20,083	-	-	-			1,152	-	43,620	24,689	18,931	10
	1,293,055,128	273,540,833	1,019,514,295	150,679,557	(13,185,779)	211,186,148			82,731,754	273,821,033	1,367,914,021	78,340,679	1,289,573,342	
						4,110,875								

-Rupees-



PARTICULARS	BALANCE AS AT 01 JULY 2012				RECONCILIATION				BALANCE AS AT 30 JUNE 2013							
	Cost/ revalued amount	Accumulated depreciation	Net book value	Additions	DELETIONS		Revaluation adjustment	Transfers		Depreciation charge for the year	Accumulated depreciation adjustment	Cost / revalued amount	Accumulated depreciation	Net book value	RATE (%)	
					(Cost / revalued amount) / Accumulated depreciation			Cost/ (Accumulated depreciation)								
<b>Owned assets:</b>																
Free hold land	30,455,100	-	30,455,100	-	-	-	-	-	-	-	-	30,455,100	-	30,455,100	-	-
Building																
-Factory	131,940,616	24,923,027	107,017,589	27,681,049	-	-	-	-	-	10,932,434	-	159,621,665	35,855,461	123,766,204	10	10
-Residential	30,349,849	2,959,115	27,390,734	9,002,720	-	-	-	-	-	1,407,047	-	39,352,569	4,366,162	34,986,407	5	5
Plant and machinery	615,190,326	73,564,076	541,626,250	155,671,388	(7,924,619)	-	211,797,108	(86,606,206)	-	42,943,818	-	974,734,203	201,775,947	772,958,256	10	10
Electric installations	28,584,644	10,735,337	17,849,307	-	1,338,153	-	-	-	-	1,214,928	-	28,584,644	11,950,265	16,634,379	10	10
Mills equipment	8,874,405	3,131,768	5,742,637	8,622,657	(35,800)	-	21,241,646	(8,688,031)	-	458,543	-	38,702,908	12,267,952	26,434,956	10	10
Office equipment	2,357,529	603,386	1,754,143	149,533	10,390	-	-	-	-	182,784	-	2,507,062	786,170	1,720,892	10	10
Furniture and fixtures	1,121,360	606,845	514,515	-	-	-	-	-	-	33,276	-	1,121,360	640,121	481,239	10	10
Vehicles	15,515,216	5,919,130	9,596,086	6,311,940	(3,895,159)	-	-	-	-	977,663	-	17,931,997	5,875,218	12,056,779	20	20
Arms and ammunition	43,620	21,909	21,711	-	1,021,575	-	-	-	-	1,628	-	43,620	23,537	20,083	10	10
	864,432,665	122,464,593	741,968,072	207,439,287	(11,855,578)	-	233,038,754	(95,294,237)	-	58,152,121	-	1,293,055,128	273,540,833	1,019,514,295		
					2,370,118											
<b>Assets subject to finance lease:</b>																
Plant and machinery	211,797,108	74,006,893	137,790,215	-	-	-	(211,797,108)	86,606,206	-	12,599,313	-	-	-	-	10	10
Electric Installation	21,241,646	7,421,151	13,820,495	-	-	-	(21,241,646)	8,688,031	-	1,266,880	-	-	-	-	10	10
	233,038,754	81,428,044	151,610,710	-	-	-	(233,038,754)	95,294,237	-	13,866,193	-	-	-	-		
	1,097,471,419	203,892,637	893,578,782	207,439,287	(11,855,578)	-	-	-	-	72,018,314	-	1,293,055,128	273,540,833	1,019,514,295		
					2,370,118											

**14.1.1** Depreciation charge for the year has been allocated as follows:

	2014 Rupees	2013 Rupees
Cost of sales	80,919,830	70,822,963
Administrative expenses	1,811,924	1,195,351
	<u>82,731,754</u>	<u>72,018,314</u>

**Note**

(23)  
(25)

**14.1.2** Had there been no revaluation, the related figures of freehold land, building and plant and machinery at 30 June would have been as follows:

Particulars	Balance As at 30 June 2014		Balance As at 30 June 2013	
	Cost	Accumulated depreciation	Cost	Accumulated depreciation
		Net book value		Net book value

-----Rupees -----

**Owned Assets:**

Freehold land	101,625,920	-	101,625,920	6,028,479	6,028,479
Building					
Factory	171,940,415	115,950,411	168,015,431	100,597,574	67,417,857
Residential	20,003,884	8,878,209	20,003,884	7,264,867	12,739,017
Plant and machinery	1,222,427,579	589,934,108	1,181,563,997	530,276,524	651,287,473
	<u>1,515,997,798</u>	<u>714,762,728</u>	<u>801,235,070</u>	<u>638,138,965</u>	<u>737,472,826</u>

14.1.3 Detail of the assets disposed off during the year having book value exceeding Rupees 50,000 is as follows:

Description	Cost/ revalued amount	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
<b>Plant and machinery</b>						
Draw Frame DHY 500	1,725,000	397,763	1,327,237	2,901,684	Negotiation	Ali Akbar Textiles (Private) Limited
Draw Frame DHY 500	1,725,000	397,763	1,327,237	2,901,684	Negotiation	Ali Akbar Textiles (Private) Limited
RV Beater With Condenser	1,024,800	217,629	807,171	256,410	Negotiation	Niagra Spinning Mills (Private) Limited
Draw Frame DHY 500	1,150,000	265,176	884,824	1,968,912	Negotiation	Sargodha Spinning Mills Limited
Draw Frame DHY 500	575,000	129,968	445,032	984,456	Negotiation	Ellicot Spinning Mills Limited
Draw Frame DHY 500	575,000	132,588	442,412	984,456	Negotiation	Sargodha Spinning Mills Limited
<b>Vehicles</b>						
LEA-7877	1,588,590	154,888	1,433,702	1,500,000	Negotiation	Mr. Muhammad Ilyas
LEA-7860	1,418,380	691,239	727,141	627,141	Negotiation	M/S Gi Gi Motors
LRW-156	1,052,000	664,372	387,628	750,000	Negotiation	Mr. Naveed Ahmad
LEC-8565	977,140	451,960	525,180	675,000	Negotiation	M/S Gi Gi Motors
LRP-7000	750,000	376,132	373,868	750,000	Negotiation	Mr. Asim Farooq
LEL-3406	68,980	5,892	63,088	63,088	Company motor cycle scheme	Mr. Khadim Hussain
	12,629,890	3,885,370	8,744,520	14,362,831		

	Note	2014 Rupees	2013 Rupees
<b>14.2 Capital work in progress</b>			
Opening		1,420,205	8,431,692
Additions during the year		53,166,087	34,645,572
Less: transfer to operating fixed assets		(50,917,218)	(41,657,059)
		<u>3,669,074</u>	<u>1,420,205</u>
This represents expenses incurred and advances given in relation to mill building and import of machinery.			
<b>15. STORES AND SPARES</b>			
Stores in transit		9,915	163,895
Stores		1,079,443	639,376
Spare parts		36,553,368	14,394,202
		<u>37,642,726</u>	<u>15,197,473</u>
<b>16. STOCK IN TRADE</b>			
Raw material		181,312,119	528,539,854
Work in process		17,168,014	20,014,761
Finished goods		63,567,877	54,306,159
Packing material		4,863,640	4,772,465
Waste		1,542,800	505,619
		<u>268,454,450</u>	<u>608,138,858</u>
<b>17. TRADE DEBTS</b>			
<b>17.1</b> These are unsecured but considered good by the management.			
<b>18. ADVANCES - unsecured</b>			
Advances to suppliers:			
Considered good		5,391,478	2,519,388
Considered doubtful		743,604	743,604
		6,135,082	3,262,992
Less: provision for doubtful advances	(18.1)	743,604	743,604
		<u>5,391,478</u>	<u>2,519,388</u>
Advances to employees - considered good		860,694	2,257,089
		<u>6,252,172</u>	<u>4,776,477</u>
<b>18.1 Provision for doubtful advances</b>			
Opening balance		743,604	-
Add: Provision made during the year		-	3,001,804
Less: Advances written off		-	(2,258,200)
		<u>743,604</u>	<u>743,604</u>
<b>18.2</b> No advances were given to the Chief Executive Officer, Directors and Executives of the Company.			
<b>19. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>			
Bank guarantee margin		1,511,565	1,011,565
Short term prepayments		1,858,439	1,662,607
		<u>3,370,004</u>	<u>2,674,172</u>

**20. BALANCES WITH STATUTORY AUTHORITIES**

This represents sales tax refundable.

<b>21. CASH AND BANK BALANCES</b>	<b>Note</b>	<b>2014 Rupees</b>	<b>2013 Rupees</b>
Cash in hand		710,206	856,856
Cash at bank:			
Current accounts		41,695,480	11,593,728
Deposit accounts	(21.1)	-	46,746,577
		41,695,480	58,340,305
		42,405,686	59,197,161

**21.1** These carry profit at the rate ranging from 5% to 10.5% (2013: 5% to 10.75%) per annum.

**22. SALES - net**

Local	4,078,437,764	3,484,622,602
Waste	53,140,262	41,835,149
	4,131,578,026	3,526,457,751
Less: Sales tax	80,375,501	24,756,583
	4,051,202,525	3,501,701,168

**23. COST OF SALES**

	<b>Note</b>	<b>2014 Rupees</b>	<b>2013 Rupees Restated</b>
Raw materials:			
Opening		528,539,854	137,412,680
Purchases		2,703,948,693	2,780,457,159
Closing stock	(16)	(181,312,119)	(528,539,854)
Raw material consumed		3,051,176,428	2,389,329,985
Salaries, wages and other benefits	(23.1)	192,478,819	167,809,067
Fuel and power		336,161,096	218,131,787
Packing material consumed		43,761,905	37,422,259
Stores and spare parts consumed		54,704,165	63,840,889
Ijarah rentals		2,298,224	8,621,167
Insurance		6,337,295	4,294,341
Repairs and maintenance		6,118,797	5,320,677
Depreciation	(14.1.1)	80,919,830	70,822,963
Others		1,826,041	1,910,246
		3,775,782,600	2,967,503,381
Work in process:			
Opening stock		20,014,761	19,487,493
Closing stock	(16)	(17,168,014)	(20,014,761)
		2,846,747	(527,268)
Cost of goods manufactured		3,778,629,347	2,966,976,113
Finished goods and waste:			
Opening stock		54,811,778	81,965,660
Closing stock	(16)	(65,110,677)	(54,811,778)
		(10,298,899)	27,153,882
		3,768,330,448	2,994,129,995

**23.1 This includes an amount of Rs. 12,463,982 (2013: Rs. 9,399,734) representing gratuity expense for the year.**

24. DISTRIBUTION COST	Note	2014 Rupees	2013 Rupees Restated
Salaries and other benefits	(24.1)	5,099,177	3,556,663
Commission on sales		16,644,649	15,912,943
Freight and forwarding		123,800	70,650
Other expenses		308,260	190,889
		22,175,886	19,731,145

**24.1 This includes an amount of Rs. 911,999 (2013: Rs.701,566) representing gratuity expense for the year.**

## 25. ADMINISTRATIVE EXPENSES

Directors' remuneration		5,114,869	3,650,688
Salaries and other benefits	(25.1)	15,731,277	11,510,478
Electricity, gas and water		441,686	362,358
Postage, telephone and telex		853,211	898,833
Rent, rates and taxes		729,313	1,288,517
Insurance		315,121	328,456
Advertisement		179,816	68,872
Traveling and conveyance		135,560	216,163
Auditors' remuneration	(25.2)	630,000	630,000
Legal and professional		1,194,500	535,800
Fee and subscription		1,332,317	894,324
Printing and stationery		276,570	310,132
Entertainment		769,547	753,545
Charity and donations	(25.3)	13,900,000	23,430,000
Books and periodicals		79,753	70,313
Repairs and maintenance		434,481	394,836
Vehicle running and maintenance		1,693,200	1,775,064
Depreciation	(14.1.1)	1,811,924	1,195,351
Bad debts		-	10,935
Advances written off	(18.1)	-	2,258,200
Provision for doubtful advances	(18.1)	-	743,604
Others		1,673,401	1,436,509
		47,296,546	52,762,978

25.1 This includes an amount of Rs. 1,823,998 (2013: Rs. 1,353,995) representing gratuity expense for the year.

25.2	Auditors' remuneration	Note	2014 Rupees	2013 Rupees
	Statutory audit		500,000	500,000
	Half yearly review		75,000	75,000
	Other certifications		25,000	25,000
	Out of pocket expenses		30,000	30,000
			<u>630,000</u>	<u>630,000</u>

**25.3 Donations**

None of the directors had any interest in any of the donees.

**26. OTHER OPERATING EXPENSES**

Workers' Profit Participation Fund		7,951,817	18,670,482
Workers' Welfare Fund		3,984,988	5,717,998
		<u>11,936,805</u>	<u>24,388,480</u>

**27. OTHER INCOME**

Income from financial assets	(27.1)	2,418,305	3,776,725
Income from assets other than financial assets	(27.2)	18,664,030	4,143,911
		<u>21,082,335</u>	<u>7,920,636</u>

**27.1 Income from financial assets:**

Return on bank deposits		912,768	2,581,915
Subsidy on finance lease due to subsidized rate		1,505,537	1,194,810
		<u>2,418,305</u>	<u>3,776,725</u>

**27.2 Income from assets other than financial assets:**

Net gain on disposal of property, plant and equipment		9,334,896	327,659
Scrap sales		7,969,269	3,563,514
Creditors written back		1,359,865	252,738
		<u>18,664,030</u>	<u>4,143,911</u>

**28. FINANCE COST**

Interest / mark-up on:

Liabilities against assets subject to finance lease		429,714	170,766
Long term financing		698,374	12,122,142
Loans from directors		2,812,223	1,051,934
Short term borrowings and morabaha finance		67,339,002	53,392,213
Mark up on WPPF		2,071,656	607,958
		<u>73,350,969</u>	<u>67,345,013</u>

Bank charges and commission		2,094,679	1,809,376
		<u>75,445,648</u>	<u>69,154,389</u>

29. TAXATION	Note	2014 Rupees	2013 Rupees Restated
Current			
For the year	(29.1)	55,334,837	80,044,927
Prior year		6,822,219	-
		62,157,056	80,044,927
Deferred			
For the year		(10,528,748)	18,331,318
		51,628,308	98,376,245

## 29.1 Relationship between tax expenses and accounting profit

Profit before taxation		147,099,527	349,454,817
Current Taxation:			
Tax at applicable tax rate of 34% (2013: 35%)		50,013,839	122,309,186
Tax effect of change in prior year		6,822,219	
Tax effect of expenses that are not deductible in determining taxable income charged to profit and loss account		27,169,897	49,493,467
Tax effect of expenses that are deductible in determining taxable income not charged to profit and loss account		(21,322,581)	(55,407,678)
Effect of tax credits		(11,055,066)	(18,018,730)
		51,628,308	98,376,245

## 30. EARNINGS PER SHARE - BASIC AND DILUTED

		2014	2013 Restated
Net profit for the year	Rupees	95,471,219	251,078,572
Weighted average number of shares	Number	36,000,000	36,000,000
Basic earnings per share	Rupees	2.65	6.97

No figure for diluted earnings per share has been presented as the Company has not issued any instrument carrying options which would have an impact on the basic earnings per share, when exercised.



	<b>2014</b>	<b>2013</b>
	<b>Rupees</b>	<b>Rupees</b>
		<b>Restated</b>
<b>31. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	147,099,527	349,454,817
<b>Adjustment to reconcile profit before tax to net cash flows:</b>		
Depreciation	82,731,754	72,018,314
Gain on disposal of property, plant and equipment	(9,334,896)	(327,659)
Provision for gratuity	15,199,979	11,455,295
Finance cost	75,445,648	69,154,389
Provision for Workers' Welfare fund	3,984,988	5,717,998
Provision for Workers' Profit Participation Fund	7,951,817	18,670,482
	<u>175,979,290</u>	<u>176,688,819</u>
Cash flows from operating activities before working capital changes	323,078,817	526,143,636
<b>Working capital changes</b>		
<b>(Increase) / decrease in current assets:</b>		
Stores and spare parts	(22,445,253)	12,837,776
Stock in trade	339,684,408	(365,631,433)
Trade debts	(87,297,439)	(2,411,820)
Advances	(1,475,695)	9,673,207
Trade deposits and short term prepayments	(695,832)	51,606
Balances with statutory authorities	6,155,897	3,140,537
Other receivables	-	588,230
<b>Increase / (decrease) in current liabilities:</b>		
Trade and other payables	49,407,706	(18,076,113)
	<u>283,333,792</u>	<u>(359,828,010)</u>
Cash generated from operations	<u><u>606,412,609</u></u>	<u><u>166,315,626</u></u>

**32. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES**

	2014			2013		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executives
Managerial remuneration	982,629	2,427,283	8,590,368	893,301	1,540,490	4,023,080
Utilities	98,263	242,728	689,571	89,330	154,049	402,308
House rent	393,052	970,914	2,758,285	357,321	616,197	1,609,231
	1,473,944	3,640,925	12,038,224	1,339,952	2,310,736	6,034,619
Number of persons	1	3	6	1	2	5

-----Rupees-----

**32.1** In addition, the above persons have been provided with the Company maintained cars.

**32.2** No fee is paid to the Chief Executive Officer or any director of the Company for attending the meetings.

**33. TRANSACTIONS WITH RELATED PARTIES**

The related parties include directors of the Company and key management personnel . Remuneration of directors and key management personnel is disclosed in note 32. Other significant transactions with related parties are as below:

<u>Relationship with the Company</u>	<u>Nature of transaction</u>	2014 Rupees	2013 Rupees
Directors	Loan received during the year	95,663,700	74,844,000
	Loan repaid during the year	95,663,700	74,844,000
	Interest on loans	2,812,223	1,051,934
	Rent paid during the year	501,625	487,320

## 34. FINANCIAL RISK MANAGEMENT

### 34.1 Financial risk factors

The Company's financial liabilities comprise long term financing, short term borrowings and trade and other payables. The main purpose of these financial liabilities is to raise finances for Company's operations. The Company has trade debts, short term loans and advances, other receivables and short term bank deposits that arrive directly from its operations. The Company's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, price risk, interest rate risk, credit risk and liquidity risk.

#### a) Market risk

##### i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The Company has no significant transactions in foreign currency therefore, it is not exposed to currency risk.

##### ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to commodity price risk since it has diverse portfolio of commodity suppliers. The Company is also not exposed to equity price risk.

##### iii) Interest rate risk

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

The Company has no significant interest-bearing assets. The Company's interest rate risk arises from short term borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk. Borrowings obtained at fixed rate expose the Company to fair value interest rate risk.

At the balance sheet date the Company was not exposed to fair value interest rate risk, however the interest rate profile of the Company's floating interest bearing financial instruments was:

	2014	2013
	Rupees	Rupees
<b>Floating rate instruments</b>		
<b>Financial assets</b>		
Bank balances - deposit accounts	-	46,746,577
<b>Financial liabilities</b>		
Long term financing	-	17,634,500
Short term borrowings	144,755,608	412,762,986

## Cash flow sensitivity analysis for variable rate instruments

The following analysis demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit before tax. This analysis is prepared assuming the amounts of floating rate instruments outstanding at balance sheet dates were outstanding for the whole year.

		Changes Interest Rate	Effects on Profit Before Tax
Bank balances - deposit accounts	2014	+1.00	-
		-1.00	-
	2013	+1.00	(467,466)
		-1.00	467,466
Long term financing	2014	+1.50	-
		-1.50	-
	2013	+1.50	(264,518)
		-1.50	264,518
Short term borrowings	2014	+1.50	(2,171,334)
		-1.50	2,171,334
	2013	+1.50	(6,191,445)
		-1.50	6,191,445

## b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	<b>2014</b>	<b>2013</b>
	<b>Rupees</b>	<b>Rupees</b>
Long term deposits	3,697,560	3,677,560
Trade debts	101,807,905	14,510,466
Trade deposits	1,511,565	1,011,565
Bank balances	41,695,480	58,340,305
	148,712,510	77,539,896

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate. The table below shows the bank balances held with some major counterparties at the balance sheet date:

	Rating			2014	2013
	Short Term	Long term	Agency	Rupees	Rupees
<b>Banks</b>					
Habib Bank Limited	A-1+	AAA	JCR - VIS	488,987	1,680,445
Al-Baraka Bank	A-1	A	PACRA	529,105	106,875
MCB Bank Limited	A-1+	AAA	PACRA	732,734	2,732,327
National Bank of Pakistan	A-1+	AAA	JCR - VIS	861,691	612,730
Faysal Bank Limited	A-1+	AA	PACRA	2,286,577	5,634,473
Askari Commercial Bank Ltd	A-1+	AA	PACRA	35,068,462	10,720
Bank Alfalah Limited	A-1+	AA	PACRA	1,637,058	41,167,149
Bank of Punjab	A-1+	AA-	PACRA	34,392	34,462
Habib Metropolitan Bank Ltd	A-1+	AA+	PACRA	11,005	6,361,124
NIB Bank Limited	A-1+	AA-	PACRA	45,469	-
				<u>41,695,480</u>	<u>58,340,305</u>

### Trade debts

Credit risk related to trade receivables is managed by established policies, procedures and controls relating to customers credit risk management. Outstanding receivables are regularly monitored and shipments to foreign customers are covered by letters of credit.

	2014	2013
	Rupees	Rupees
The age of trade receivables at balance sheet date was:		
Not past due	98,857,405	-
Past due 1- 6 months	2,267,820	14,227,845
Past due 7- 12 months	455,262	120,124
1 - 2 years	227,418	162,497
	<u>101,807,905</u>	<u>14,510,466</u>

At 30 June 2014 the Company had 10 customers (2013: 4 customers) that owed the Company more than Rs. 1,000,000 each and accounted for approximately 97% (2013: 90.5%) of all receivables owing.

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, the management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly the credit risk is minimal.

### c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The management believes the liquidity risk to be low.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equate to their carrying balances as the impact of discounting is not significant.

	Carrying Amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years	Over 5 years
<b>30 June 2014</b>					
-----Rupees-----					
Long term financing	-	-	-	-	-
Trade and other payables	163,440,322	163,440,322	163,440,322	-	-
Mark-up accrued on financing	13,593,121	13,593,121	13,593,121	-	-
Post employment benefits - gratuity- restated	28,883,564	28,883,564	-	28,883,564	-
Short term borrowings	144,755,608	144,755,608	144,755,608	-	-
	<u>350,672,615</u>	<u>350,672,615</u>	<u>321,789,051</u>	<u>28,883,564</u>	<u>-</u>

	Carrying Amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years	Over 5 years
<b>30 June 2013</b>					
-----Rupees-----					
Long term financing	17,634,500	17,634,500	17,634,500	-	-
Trade and other payables	90,227,263	90,227,263	90,227,263	-	-
Mark-up accrued on financing	16,275,744	16,275,744	16,275,744	-	-
Post employment benefits - gratuity- restated	24,203,663	24,203,663	-	24,203,663	-
Short term borrowings	412,762,986	412,762,986	412,762,986	-	-
	<u>561,104,156</u>	<u>561,104,156</u>	<u>536,900,493</u>	<u>24,203,663</u>	<u>-</u>

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

### 34.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

### 34.3 Financial instruments by categories

	Cash and cash equivalents	Loans and receivables	Total
<b>As at 30 June 2014</b>			
-----Rupees-----			
<b>Financial assets as per balance sheet</b>			
Long term deposits	-	3,697,560	3,697,560
Trade debts	-	101,807,905	101,807,905
Trade deposits	-	1,511,565	1,511,565
Cash and bank balances	42,405,686	-	42,405,686
	<u>42,405,686</u>	<u>107,017,030</u>	<u>149,422,716</u>

**Financial liabilities as per balance sheet**

	<b>Financial liabilities at amortized cost</b>
	<b>Rupees</b>
Long term financing	-
Trade and other payables	163,440,322
Mark-up accrued on financing	13,593,121
Post employment benefits- Gratuity	28,883,564
Short term borrowings	144,755,608
	<u>350,672,615</u>

**As at 30 June 2013**

**Financial assets as per balance sheet**

	<b>Cash and cash equivalents</b>	<b>Loans and advances</b>	<b>Total</b>
	-----Rupees-----		
Long term deposits	-	3,677,560	3,677,560
Trade debts	-	14,510,466	14,510,466
Trade deposits	-	1,011,565	1,011,565
Cash and bank balances	59,197,161	-	59,197,161
	<u>59,197,161</u>	<u>19,199,591</u>	<u>78,396,752</u>

**Financial liabilities as per balance sheet**

	<b>Financial liabilities at amortized cost</b>
	<b>Rupees</b>
Long term financing	17,634,500
Trade and other payables	90,227,263
Mark-up accrued on financing	16,275,744
Post employment benefits- Gratuity - restated	24,203,663
Short term borrowings	412,762,986
	<u>561,104,156</u>

**34.4 Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide return for shareholders and benefits for other stakeholders and to maintain healthier capital ratios in order to support its business and maximize shareholders value. The Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payments to the shareholders or issue new shares.

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No changes were made in the objectives, policies or processes from the previous year. The Company monitors capital using gearing ratio, which is debt divided by equity plus net debt. Debt represents long-term financing (including current portion), liabilities against assets subject to finance lease and short term borrowings obtained by the Company as referred to in note 7 and 12. Total capital employed includes 'total equity' as shown in the balance sheet plus debt. The Company's strategy, which was unchanged from last year, was to maintain optimal capital structure in order to minimize cost of capital.

		<b>2014</b>	<b>2013</b>
	<b>Note</b>	<b>Rupees</b>	<b>Rupees Restated</b>
The gearing ratio as at year ended 30 June 2014 and 30 June 2013 is as follows:			
Debt	(7) & (12)	144,755,608	430,397,486
Equity		1,068,822,926	869,186,032
Total capital employed		<u>1,213,578,534</u>	<u>1,299,583,518</u>
Gearing ratio		<u>12%</u>	<u>33%</u>
<b>35. PLANT CAPACITY AND ACTUAL PRODUCTION</b>		<b>2014</b>	<b>2013</b>
Spindles installed/ worked	No.	38,448	38,448
Production at normal capacity in 20/S count based on 3 shifts per day	Kgs	14,102,609	14,102,609
Actual production converted to 20/S count based on 3 shifts per day	Kgs	12,275,920	10,117,639

### 35.1 Reason for low production

Under utilization of available capacity is due to change over in production mix and normal maintenance down time.

### 36 NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Company in its meeting held on 09 October, 2014 has proposed a cash dividend of Rs. 0.5 per share (2013: Nil) in respect of the year ended 30 June 2014. The appropriation will be approved by the members in the forthcoming Annual General Meeting. These financial statements do not include the effect of these appropriations which will be accounted for subsequent to the year end.

	<b>2014</b>	<b>2013</b>
<b>37. NUMBER OF EMPLOYEES</b>		
Number of employees at the end of the year	<u>959</u>	<u>969</u>
Average number of employees during the year	<u>994</u>	<u>955</u>



**38. DATE OF AUTHORIZATION FOR ISSUE**

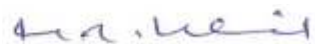
These financial statements were authorized for issue on 09 October, 2014 by the Board of Directors of the Company.

**39. CORRESPONDING FIGURES**

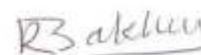
Corresponding figures have been re-arranged or reclassified wherever necessary, for better and fair presentation. However, no significant reclassifications / restatements have been made except as mentioned in note 4.5.1.

**40. GENERAL**

Figures in these financial statements have been rounded off to the nearest rupee.



(Chief Executive Officer)



(Director)

## PATTERN OF SHAREHOLDING

1. Incorporation Number **0021882**  
 2. Name of the Company **RESHAM TEXTILE INDUSTRIES LIMITED**  
 3. Pattern of holding of the shares held by the shareholders as at **30 June 2014**

4. No. of Shareholders	From	-----Shareholding-----	To	Total Shares Held
32	1		100	144
41	101		500	19,678
9	501		1,000	8,015
14	1,001		5,000	39,500
3	5,001		10,000	21,687
1	15,001		20,000	19,419
1	25,001		30,000	29,100
1	30,001		35,000	35,000
1	50,001		55,000	50,900
1	65,001		70,000	66,000
1	80,001		85,000	82,164
1	100,001		105,000	100,500
1	140,001		145,000	143,846
1	150,001		155,000	153,968
1	155,001		160,000	158,952
1	165,001		170,000	166,452
1	195,001		200,000	200,000
4	285,001		290,000	1,151,887
1	345,001		350,000	346,000
1	440,001		445,000	444,620
1	550,001		555,000	553,991
1	585,001		590,000	589,800
1	650,001		655,000	650,746
1	735,001		740,000	738,350
1	765,001		770,000	765,481
1	795,001		800,000	798,800
1	840,001		845,000	843,981
1	1,140,001		1,145,000	1,140,515
1	1,250,001		1,255,000	1,254,021
1	1,375,001		1,380,000	1,380,000
1	1,555,001		1,560,000	1,558,998
1	1,995,001		2,000,000	2,000,000
1	3,085,001		3,090,000	3,089,560
1	17,395,001		17,400,000	17,397,925
131				36,000,000

5. Categories of shareholders	Shares held	Percentage
5.1 Directors, Chief Executive Officer and their spouse and minor children	29,055,862	80.7107%
5.2 Banks Development Financial Institutions, Non Banking Financial Institutions.	119	0.0003%
5.3 Share holders holding 10% or more	18,538,440	51.4957%
5.4 General Public		
a. Local	6,923,914	19.2331%
b. Foreign	Nil	Nil
5.5 Others (to be specified)		
1- Joint Stock Companies	5	0.0000%
2- Pension Funds	19,419	0.0539%
3- Others	681	0.0019%

**CATEGORIES OF SHAREHOLDERS REQUIRED UNDER C.C.G.  
AS AT 30 JUNE 2014**

Name	Number of Shares Held	Percentage	
<b>Associated Companies, Undertakings and Related Parties (Name Wise Detail):</b>			
	-	-	
<b>Mutual Funds (Name Wise Detail):</b>			
	-	-	
<b>Directors and their Spouse and Minor Children (Name Wise Detail):</b>			
1	CH. MUHAMMAD KHURSHID	2,924,433	8.1234%
2	CH. RAHMAN BAKHSH (CDC)	82,164	0.2282%
3	MR. MUHAMMAD ARSHAD SAEED	18,538,440	51.4957%
4	MS. KIRAN ARSHAD CHAUDHRY (CDC)	3,089,560	8.5821%
5	MR. MUHAMMAD ALI CHAUDHRY (CDC)	843,981	2.3444%
6	MRS. SALMA AZIZ (CDC)	1,668,814	4.6356%
7	MR. KAMRAN ILYAS	50,900	0.1414%
8	MRS. RAZIA SULTANA BEGUM (CDC)	798,800	2.2189%
9	MRS. AQSA UMER W/O M. ALI CHAUDHRY	153,968	0.4277%
10	MRS. SHAHEEN ARSHAD	738,350	2.0510%
11	MRS. KALSOOM KAUSAR W/O CH. RAHMAN BAKHSH	166,452	0.4624%
<b>Executives:</b>			
	-	-	
<b>Public Sector Companies &amp; Corporations:</b>			
	-	-	
<b>Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:</b>			
	19,538	0.0543%	
<b>Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)</b>			
1	MR. MUHAMMAD ARSHAD SAEED	18,538,440	51.4957%
2	MS. KIRAN ARSHAD CHAUDHRY (CDC)	3,089,560	8.5821%
3	CH. MUHAMMAD KHURSHID	2,924,433	8.1234%
<b>All trades in the shares of the listed company, carried out by its Directors, Executives and their spouse and minor children shall also be disclosed:</b>			
Sr. No.	Name	Sale	Purchase
1	MR. MUHAMMAD ALI CHAUDHRY (CDC)	-	500



**FORM OF PROXY**

Folio No. \_\_\_\_\_

No. of Shares Held \_\_\_\_\_

The Company Secretary,  
Resham Textile Industries Limited,  
314-Upper Mall,  
Lahore.

I/We \_\_\_\_\_

of \_\_\_\_\_ (full address)

Being a member of RESHAM TEXTILE INDUSTRIES LIMITED hereby appoint

\_\_\_\_\_

(Name)

of \_\_\_\_\_ (full address)

as my/our Proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 25<sup>th</sup> Annual General Meeting of Share Holders of the Company to be held on Friday 31 October 2014 at 10.00 a.m. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014.

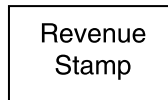
\_\_\_\_\_  
(Signature should agree with the specimen signature registered with the Company)

In the presence of witness :

Name \_\_\_\_\_

Signature \_\_\_\_\_

Address \_\_\_\_\_



**IMPORTANT :**

1. A member entitled to attend and vote at the General Meeting is entitled to appoint another member as his/her proxy to attend and vote on his/her behalf. Proxies in order to be effective must be received at the Company's Head Office at least 48 hours before the time of holding the meeting.
2. The instrument appointing a proxy should be signed by the member or by his/her attorney duly authorised in writing. If the member is a corporation, its Common Seal should be affixed to the instruments.