

SAJJAD TEXTILE MILLS LTD.



Annual Report 2014

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COMPANY INFORMATION**BOARD OF DIRECTORS**

Mr. Muhammad Asim Sajjad - Chief Executive
 Mr. Salman Muhammad Aslam
 Mrs. Seema Sajjad
 Mrs. Ayesha Rahim
 Miss Batool Zahra
 Mr. Mehr Allah Yar
 Mr. Sultan Mehmood

CFO/COMPANY SECRETARY

Mr. Irfan Hamid

AUDITORS

M/s. Mudassar Ehtisham & Company,
 Chartered Accountants

AUDIT COMMITTEE

Mr. Sultan Mehmood - Chairman
 Mr. Mehr Allah Yar - Member
 Miss Batool Zahra - Member

**HUMAN RESOURCE AND
REMUNERATION COMMITTEE**

Mr. Salman Muhammad Aslam - Chairman
 Mr. Mehr Allah Yar - Member
 Mrs. Seema Sajjad - Member
 Mrs. Ayesha Rahim - Member

BANKERS

Habib Metropolitan Bank Limited
 Askari Bank Limited
 Bank Alfalah Limited
 Habib Bank Limited

COMPANY SHARE REGISTRARS

Hameed Majeed Associates (Pvt) Ltd.
 1st Floor, H.M. House,
 7 -B ank Square, Lahore
 TEL: 042.37235081-82
 FAX: 04 2-37358817
 e-mail: shares@hmaconsultants.com

REGISTERED OFFICE

19-B, Off. Zafar Ali Road,
 Gulberg-V, Lahore.
 Tel: 042 -5712291 & 94
 Fax: 042-5711526
 E-Mail: Info@sajjadtextile.com

MILLS ADDRESS

64-KM, Multan Road, Jumber Kalan
 Tehsil Chunian
 District Kasur.
 Tel: 04951 -388102

VISION STATEMENT

We aim at seeing our company to be a model manufacturing unit producing high quality products by complying with the requirements of Quality Management System and continuously improving its effectiveness for total customer's satisfaction. We wish to play a leading role in the economy by keeping a substantial presence in the export and local markets.

MISSION STATEMENT

1. To purchase and install state of the art machinery and to acquire sophisticated process technology to achieve maximum growth in a competitive quality environment.
2. To exercise maximum care for improvement of quality of our products by employing a team of highly skilled technicians and professional managers.
3. To strive hard to develop new markets for the sale of our products locally and internationally.
4. To improve customer's satisfaction level by adhering strictly to quality requirements of our customers in local and export markets and by improving communications with customers for receiving prompt feed backs about quality of our products.
5. To attend to the prompt resolution of customer's complaints by taking timely corrective measures to redress the quality complaints.
6. To improve logistic facilities for our customers dispatch programme and issue all shipments/delivery documents well in time.
7. To make comprehensive arrangements for the training of our workers / technicians.
8. To promote team work, sense of transparency, creativity in our professionals and technical people.

KEY OPERATING AND FINANCIAL DATA

OPERATING

RUPEES IN MILLION

	2014	2013	2012	2011	2010	2009
Net Sales	1260.2	807.5	307.9	189.5	-	301.1
Gross Profit	21.1	122.3	20.0	9.4	(23.3)	(4.4)
Operating Profit/(Loss)	(13.9)	85.2	5.6	2.1	(30.0)	(25.3)
Pre tax Profit/(Loss)	(17.4)	80.0	1.7	1.8	77.0	(70.9)
After tax Profit/(Loss)	(4.4)	51.7	2.6	(11.4)	77.8	(57.2)

FINANCIAL

Tangible Fixed Assets-Net						
- Operating	430.7	441.0	379.0	386.4	403.3	374.3
- Capital work-in-progress	-	-	-	-	-	-
- Leased	-	-	-	-	-	-
Deposits	11.4	11.4	11.4	11.4	11.3	2.4
	<u>442.1</u>	<u>452.4</u>	<u>390.4</u>	<u>397.8</u>	<u>414.6</u>	<u>376.7</u>
Current Assets	167.6	258.8	106.0	64.0	17.0	18.9
Current Liabilities	(109.1)	(168.0)	(80.9)	(46.2)	(23.8)	(133.7)
	<u>58.5</u>	<u>90.8</u>	<u>25.1</u>	<u>17.8</u>	<u>(6.8)</u>	<u>(114.8)</u>
Capital Employed	415.5	415.5	415.5	415.6	403.7	261.9
Long Term Loans and Other Liabilities	23.3	48.4	21.2	24.0	12.9	127.3
Share Holders' Equity	<u>392.2</u>	<u>367.1</u>	<u>394.3</u>	<u>391.5</u>	<u>390.7</u>	<u>134.6</u>

REPRESENTED BY

Share Capital	212.7	212.7	212.7	212.7	212.7	212.7
Accumulated Loss	(106.4)	(95.8)	(151.1)	(158.0)	(150.6)	(241.4)
Surplus on revaluation of Fixed Assets	161.9	166.2	121.0	125.2	129.2	71.8
Directors and Sponsors loan	209.2	211.7	211.7	211.6	199.4	91.6
	<u>477.3</u>	<u>494.7</u>	<u>394.3</u>	<u>391.5</u>	<u>390.7</u>	<u>134.6</u>

RATIO

Debt/Equity Ratio	46 : 54	50 : 50	50 : 50	50 : 50	52 : 48	70 : 30
Current Ratio	0.77 : 1	0.76 : 1	1.31 : 1	1.39 : 1	0.69 : 1	0.08 : 1
Gross Profit/(Loss) to Sales %	1.7	15.2	6.5	4.9	-	(0.0)
Net Profit/(Loss) to Sales %	(0.3)	6.4	0.9	(6.0)	-	(0.2)
Break-up value per Share (Rs.)	12.61	13.31	8.58	8.46	6.67	2.03
Earning/(Loss) per Share (Rs.)	(0.21)	2.43	0.12	(0.53)	3.66	(2.70)
Dividends %	-	5.00	-	-	-	-

REVIEW REPORT TO THE MEMBERS

ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the statement of compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Sajjad Textile Mills Limited** ("the Company") to comply with the Listing Regulations of Karachi and Lahore Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not. 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 system sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Listing Regulations of Karachi and Lahore Stock Exchanges require the Company to place before the Board of Directors for their consideration and approval 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 recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken 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.

Mudassar Ehtisham & Co.

Chartered Accountants

Audit Engagement Partner: Muhammad Ehtisham

September 26, 2014

Lahore

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 26th Annual General Meeting of the Shareholders of **SAJJAD TEXTILE MILLS LIMITED** will be held at Company's Registered Office, 19-B, Off. Zafar Ali Road, Gulberg-V, Lahore on October 30, 2014 (Thursday) at 11:30 A.M. to transact the following business:

1. To confirm the minutes of last Extra-ordinary General Meeting of the Company held on April 07, 2014.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2014 together with the Directors' and Auditors' Reports thereon.
3. To appoint Auditors for the year ending June 30, 2015 and to fix their remuneration. The present auditors M/s Mudassar Ehtisham & Company - Chartered Accountants being eligible, have offered themselves for re-appointment.
4. To transact any other business with the permission of the Chair.

By Order of the Board

Lahore
Dated: September 26, 2014

(IRFAN HAMID)
Company Secretary

NOTES:

1. The Share Transfer Books of the Company will remain closed from October 23, 2014 to October 30, 2014 (both days inclusive). Transfers received in order at Company's Independent Registrar's Office, Hameed Majeed Associates (Private) Limited, H.M. House, 7- Bank Square, Lahore by the close of business October 22, 2014 will be treated in time.
2. A member entitled to attend and vote at this Meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxy form and power of attorney or other authority under which it is signed or notarially attested copy of the power of attorney must be received at the Registered Office of the Company not later than 48 hours before the time of the meeting.
3. Any individual Beneficial Owner of CDC entitled to attend and vote at this meeting, must bring his/her CNIC or Passport to prove his/her identity and in case of proxy must enclose an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose.
4. Members are requested to send copies of their CNICs to the Company's Registrar to enable the Company to comply with direction of the Securities and Exchange Commission of Pakistan contained in SRO-831(1) 2012.
5. Interested Members are encouraged to send their e-mail address with their consent (to opt for transmission of annual reports and AGM notices though e-mail) at Company's registered Office to enable the Company to transmit the annual report along with AGM notice through e-mail as per SECP' notification dated: 10th September, 2014.
6. CDC Account Holder will further have to follow the guidelines as laid down in Circular No.1 of 2000, dated: 26th January, 2000 issued by Securities and Exchange Commission of Pakistan.

DIRECTORS' REPORT TO THE MEMBERS
IN THE NAME OF ALLAH THE MOST GRACIOUS THE MOST MERCIFUL

The Directors welcome you to the 26th Annual General Meeting of the Company and are pleased to present the Annual Report together with the Audited Accounts, Auditors' Report and other various statements as required by the Code of Corporate Governance and listing regulations of Karachi & Lahore Stock Exchanges for the period ended June 30, 2014.

Financial Results

The financial results are as under:

	30-06-2014 Rs. (M)	30-06-2013 Rs. (M)
Sales - net	1260.200	807.481
Cost of Sales	1239.077	685.143
Gross Profit	21.123	122.338
Profit before Financial & Other Charges	(22.082)	85.180
Profit /(Loss) before Taxation	(17.375)	80.000
Taxation	12.980	(28.337)
Profit /(Loss) after Taxation	(4.396)	51.663

The Company suffered after tax loss of Rs. (4.396) million for the year ended June 30, 2014 as against after tax profit of Rs. 51.663 million for preceding year.

Earning/(Loss) per share

The loss per share for the period under discussion is Rs. (0.21) in comparison as against earning per share of Rs. 2.43 in the preceding year.

Dividend

The Directors have passed over the dividend due to loss suffered for the period under discussion as well as accumulated loss carried forward from prior years, as against a final cash dividend of 5% i.e. Rs.0.50 per share of Rs.10/- each, in the preceding year.

Future Prospects

The Company Management is pleased to inform that Company has successfully enhanced its production as well as sales volume in the financial year under discussion. The Company has produced 100% Cotton Yarn and total volume of sales in current year have increased to Rs. 1269.571 million from Rs. 815.843 million where as export sales have increased to Rs. 371.792 million from Rs. 169.030 million as compared to the preceding year. Unfortunately, the Company suffered after tax loss of Rs. (4.396) million largely due to low rates of yarn in local as well as international market and export sales further stressed due to low exchange rate of US\$. The Company management along with staff members has worked hard to put the Company in better position which is evident from the last two years' performance of the Company. The management places its appreciation on record for workers and staff. The management is hopeful for the bright future of the company and making continuous efforts for this cause.

DIRECTORS' REPORT TO THE MEMBERS**Corporate and Financial Reporting Framework**

- a) 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.
- b) Proper books of account of the Company have been maintained.
- c) Appropriate account policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There has been no material departure from the best practices of Corporate Governance, as detailed in the Listing Regulations.
- g) Key Operating and Financial Data for the last six (6) years in summarized form are annexed.
- h) There are no overdue taxes and levies as on 30th June, 2014 other than sales and income tax withheld as withholding agent.
- i) The Company operates un-funded gratuity scheme for its employees and proper provision has been made in the accounts.
- j) Pattern of shareholding and additional information is annexed.
- k) Chief Financial Officer / Company Secretary has not been changed during the year.
- l) The appointment of external auditors will be discussed in the annual general meeting; however existing external auditors M/s Mudassar Ehtisham & Company - Chartered Accountant being eligible for re-appointment have offered their services.
- m) Mr. Muhammad Asim Sajjad - Chief Executive Officer himself and one of the other directors obtained directors training certification, under Directors' Training Program. Chief Executive Officer is strongly encouraging other directors to acquire the above said certification.
- n) Company's periodic financial statements and investor related information, as per Securities and Exchange Commission of Pakistan's instructions, is available on the company's website www.sajjadtextile.com.
- o) During 2013-2014, trades in shares of the Company were not carried out by the Directors, CEO, CFO, Company Secretary, their Spouses and minor children.
- p) Eleven (11) Board of Directors' Meetings were held during the year. Following was the attendance of the Directors:-

<u>Name of Directors</u>	<u>No. of Meetings Attended</u>
Mr. Muhammad Asim Sajjad	10
Mr. Salman Muhammad Aslam	11
Mr. Aftab Anwar	08
Mr. Muhammad Amjad	09
Miss Batool Zahra	11
Mr. Mehr Allah Yar	11
Mr. Sultan Mahmood	11
Mrs. Seema Sajjad	02
Mrs. Ayesha Rahim	02

Directors who could not attend Board Meetings due to illness or some other reasons were granted leave of absence in accordance with the law. The Board of Directors was elected during the year and two new directors named Mrs. Seema Sajjad and Mrs. Ayesha Rahim have replaced Mr. Aftab Anwar and Mr. Muhammad Amjad who did not offered them-selves for the election in extra-ordinary general meeting held on 7th April, 2014.

Audit Committee

The Board of Directors in compliance of Code of Corporate Governance has established an Audit Committee which consists of following directors:

<u>Name of Member</u>		<u>No. of Meetings Attended</u>
Mr. Sultan Mehmood	Chairman	05
Mr. Mehr Allah Yar	Member	05
Miss Batool Zahra	Member	05

Human Resource and Remuneration Committee

In compliance with the Code of Corporate Governance the Board of Directors has formed a Human Resource and Remuneration Committee (HR & R Committee) comprising of four members named below one of which is independent director:

Name of Member

Mr. Salman Muhammad Aslam	Chairman
Mr. Sultan MAHMOUD	Member
Mrs. Seema Sajjad	Member
Mrs. Ayesha Rahim	Member

Statement of compliance with Code of Corporate Governance is annexed.

The Statutory Auditors will retire and being eligible for re-appointment has offered for appointment for the next financial year.

The labour and management relations remained cordial during the year. The directors of the Company place on record their appreciation to all the suppliers who have extended their valuable financial support to the Company during the year.

For and on behalf of the Board

Lahore
Dated: September 26, 2014

(MUHAMMAD ASIM SAJJAD)
Chief Executive

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Lahore and Karachi 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 Code in the following manner:

1. The company encourages representation of independent non-executive directors and Directors representing Minority interests on its Board of Directors.
2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this company.
3. All the executive 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. No casual vacancy occurred on the Board of directors during the year.
5. The company has prepared a 'Statement of Ethics and Business Practices' 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 and other executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Company has arranged orientation program for the directors and one of the directors has acquired certification from PICG. The Chief Executive recommends that members of the Board should approach him, should they feel any necessity to conduct other orientation courses in this regard.
10. The Board has approved appointment of CFO, Company Secretary and Internal Auditors - Horwath Hussain Chaudhary & Company Chartered Accountants, 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 Code of Corporate Governance and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

15. The Board has formed an audit committee. It comprises three members, of whom two are independent non-executive directors and one independent director.
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 as required by the Code of Corporate Governance. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has set up an effective internal audit function which is considered suitably qualified and experience for the purpose and is conversant with the policies and procedures of the company.
18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (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 Institute of Chartered Accountants of Pakistan (ICAP).
19. 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.
20. Material / price sensitive information has been disseminated among all market participants at once through stock exchanges.
21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
22. We confirm that all other material principles contained in the Code have substantially complied with.

Lahore
Dated: September 26, 2014

(MUHAMMAD ASIM SAJJAD)
Chief Executive

CORPORATE SOCIAL RESPONSIBILITY

This statement is being presented to comply with the corporate social responsibility.

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

1. The Company has implemented all possible measures for the conservation of the energy in order to play its part of job in facing the energy crisis in the country. The Company has restricted the use of electric and gas heaters; the time scheduling has been implemented in the use of A/C and electrical equipments.
2. To ensure the healthy and pollution free environment Sajjad Textile Mills Limited encourages its employees to grow the trees and plants.
3. The Company has adopted fair policy for providing better quality of yarn to our customers so as to deliver good quality clothing's to the end users.
4. The Company management has successfully promoted and maintained an environment of mutual trust and respect between the workers and management.
5. The company has prepared a 'Statement of Ethics and Business Practices' which has been signed by all the directors and employees of the company.
6. The Company has employed disabled persons as per labour laws prevailing in Pakistan.
7. The management has devised a code of ethics for employees to safeguard safety and health issues. The Company has an encouraging environment regarding the workers safety and health. The Company has arranged the first aid facility for providing emergency treatment for labour. Occupational safety and health is ensured by during the operational hours as well as in mills colony.
8. The management has also devised a code of business ethics in order to conduct the smooth business transactions and to avoid any misbehave or un-even incidents.
9. The Company is contributing towards national exchequer by paying its due taxes and levies to the government. All government taxes, dues and levies are paid in time and had never defaulted in such payments.
10. The Company is running under considerable accumulated loss and keeping in view disturbed cash flow, no contribution is made towards corporate philanthropy, community investment & welfare schemes and spending for under-privileged classes/ rural development.

Lahore
Dated: September 26, 2014

(MUHAMMAD ASIM SAJJAD)
Chief Executive

We have audited the annexed balance sheet of **SAJJAD TEXTILE MILS LIMITED** ("the Company") as at **June 30, 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 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 account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give true and fair view of the state of the Company's affairs as at **June 30, 2014** and of the profit, comprehensive income, changes in equity and cash flow for the year then ended; and
- d) In our opinion no Zakat was deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Mudassar Ehtisham & Co.
Chartered Accountants
Audit Engagement Partner: Muhammad Ehtisham

September 26, 2014
Lahore

BALANCE SHEET

AS AT JUNE 30, 2014

	NOTE	2014 (Rupees)	2013 (Rupees)
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	4	430,726,808	441,007,690
Long term deposits	5	11,368,938	11,368,938
		442,095,746	452,376,628
CURRENT ASSETS			
Stores and spares	6	14,224,697	12,251,411
Stock-in-trade	7	37,479,311	145,012,780
Trade debts	8	17,158,561	69,266,135
Loans and advances	9	5,184,179	1,113,281
Trade deposits, prepayments & other receivables	10	63,274,881	23,209,818
Financial asset	11	33,368	17,732
Cash and bank balances	12	30,280,796	7,893,110
		167,635,793	258,764,267
TOTAL ASSETS		609,731,539	711,140,895
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital 30,000,000 Ordinary Shares of Rs.10/- each		300,000,000	300,000,000
Issued, subscribed and paid-up capital	13	212,678,000	212,678,000
Capital reserve	14	27,556	11,920
Accumulated loss		(106,422,321)	(95,828,509)
		106,283,235	116,861,411
Surplus on revaluation of fixed assets	15	161,880,726	166,193,180
NON-CURRENT LIABILITIES			
Loan from directors and sponsors	16	209,192,447	211,692,447
Deferred liabilities	17	23,285,743	48,439,113
		232,478,190	260,131,560
CURRENT LIABILITIES			
Trade and other payables	18	76,533,203	132,037,079
Accrued mark-up	19	12,882,452	9,876,191
Short term loan from sponsors	16.3	7,500,000	24,900,000
Provision for taxation	28	12,173,732	1,141,474
		109,089,387	167,954,744
CONTINGENCIES & COMMITMENTS	20	-	-
TOTAL EQUITY AND LIABILITIES		609,731,539	711,140,895

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

CHIEF EXECUTIVE

DIRECTOR

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2014

	NOTE	2014 (Rupees)	2013 (Rupees)
Sales - net	21	1,260,200,196	807,481,022
Cost of Sales	22	(1,239,077,211)	(685,142,706)
Gross Profit		21,122,985	122,338,317
Distribution costs	23	(13,229,394)	(8,985,166)
Administrative expenses	24	(29,975,712)	(23,156,042)
Other operating expenses	25	(139,145)	(6,502,098)
		(43,344,251)	(38,643,306)
		(22,221,266)	83,695,010
Other Operating Income/(Loss)	26	8,341,985	1,484,801
Operating profit/(Loss) before finance costs		(13,879,281)	85,179,811
Finance cost	27	(3,496,420)	(5,179,307)
Profit/(Loss) before taxation		(17,375,701)	80,000,504
Taxation	28	12,979,638	(28,337,348)
Profit /(Loss) after taxation		(4,396,063)	51,663,156
Basic & Diluted Earning per share / (Loss)	29	(0.21)	2.43

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

CHIEF EXECUTIVE

DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2014

Note	2014 (Rupees)	2013 (Rupees)
Profit / (Loss) for the year after taxation	(4,396,063)	51,663,156
Other comprehensive income for the year		
Surplus on re-measurement of investment available for sale to fair value	24,055	4,855
Income tax relating to component of other comprehensive income	(8,419)	(1,699)
Total other comprehensive income for the year	15,636	3,156
Total comprehensive income / (loss)	(4,380,427)	51,666,312

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

CHIEF EXECUTIVE

DIRECTOR

CASH FLOW STATEMENT

For the Year Ended June 30, 2014

NOTE	2014 (Rupees)	2013 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	(17,375,701)	80,000,504
Adjustment for:		
Depreciation	18,451,902	16,709,187
Gratuity provision	3,838,433	2,132,875
Workers' Profit Participation Fund	139,145	4,296,482
Workers' Welfare Fund	-	1,632,663
Loss on sale of fixed assets	-	572,953
Financial Charges	3,496,420	5,179,307
Operating Loss before working capital changes	8,550,199	110,523,971
Adjustments for working capital changes:		
(Increase) / Decrease in Current Assets		
Stores and Spares	(1,973,286)	1,066,143
Stock in Trade	107,533,469	(99,906,862)
Trade Debts	52,107,574	(53,288,772)
Loans and Advances	(4,070,898)	2,806,310
Trade deposits, prepayments and other receivables	(30,173,828)	(8,268,845)
	123,423,031	(157,592,026)
(Decrease) / Increase In Current Liabilities		
Trade and Other Payables	(52,085,460)	73,834,517
	(52,085,460)	73,834,517
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash generated from / (utilized) in operations	79,887,770	26,766,463
Finance costs paid	(490,159)	(430,405)
Gratuity paid	(3,057,358)	(1,737,800)
Dividend paid @0.5%	(10,633,900)	-
Income & Sales tax paid	(15,256,185)	(5,648,437)
Net cash (utilized in) operating activities	50,450,167	18,949,821
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Fixed capital expenditure	(8,840,447)	(29,630,660)
Proceeds from disposal of property, plant & equipment	677,966	862,070
Net cash (out flow) / in flow from investing activities	(8,162,481)	(28,768,590)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Loan from directors and sponsors - disbursements	(2,500,000)	-
Short term loan from sponsors - disbursements	(17,400,000)	1,600,000
Net cash in flow from financing activities	(19,900,000)	1,600,000
Net increase in cash and cash equivalents	22,387,686	(8,218,769)
Cash and cash equivalents at beginning of the year	7,893,110	16,111,879
Cash and cash equivalents at end of the year	30,280,796	7,893,110

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

CHIEF EXECUTIVE

DIRECTOR

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2014

	SHARE CAPITAL	CAPITAL RESERVES	ACCUMULATED LOSS	TOTAL
	Paid up ordinary share capital	Unrealized gain on re-measurement of available for sale investment		
----- Rupees -----				
Balance as at June 30, 2012	212,678,000	8,764	(151,131,316)	61,555,448
Total comprehensive income for the year ended June 30, 2013				
- Profit for the year after taxation	-	-	51,663,156	51,663,156
- Other Comprehensive income	-	3,156	-	3,156
	-	3,156	51,663,156	51,666,312
Revaluation surplus realized on account of:				
- Incremental Depreciation current year - net off Tax	-	-	3,639,651	3,639,651
- Disposal of property, plant & equipment- net off Tax	-	-	-	-
	-	-	3,639,651	3,639,651
Balance as at June 30, 2013	212,678,000	11,920	(95,828,509)	116,861,411
Total comprehensive loss for the year ended June 30, 2014				
- Loss for the year after taxation	-	-	(4,396,063)	(4,396,063)
- Other Comprehensive income	-	15,636	-	15,636
	-	15,636	(4,396,063)	(4,380,427)
Final Dividend for the year ended June 30, 2013 @ Rupees 0.5 Per Ordinary Share of Rs.10/- each	-	-	(10,633,900)	(10,633,900)
	-	-	(10,633,900)	(10,633,900)
Revaluation surplus realized on account of:				
- Incremental Depreciation current year - net off Tax	-	-	4,312,454	4,312,454
- Disposal of property, plant & equipment- net off Tax	-	-	123,698	123,698
	-	-	4,436,152	4,436,152
Balance as at June 30, 2014	212,678,000	27,556	(106,422,321)	106,283,236

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

CHIEF EXECUTIVE

DIRECTOR

1- THE COMPANY AND ITS OPERATIONS

Sajjad Textile Mills Limited ("the company") was incorporated as a public limited company in Pakistan under the Companies Ordinance, 1984 and is listed on Karachi and Lahore Stock Exchanges. The Company is principally engaged in manufacturing, selling, buying and dealing in yarn of all types. The registered office of the company is situated at 19-B, Off Zafar Ali Road, Gulberg-V, Lahore.

2- BASIS OF PREPARATION**2.1 Statement of Compliance**

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

2.2 Basis of Measurement

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

2.3 Functional and Presentation Currency

These financial statements are presented in Pakistani Rupees which is also the Company's functional currency. All financial information presented in Pakistani Rupees has been rounded to the nearest rupee.

2.4 Use of Estimate & Judgment

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

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

- Retirement and other benefits
- Provision for taxation
- Residual values and useful lives of depreciable assets
- Provisions and contingencies

a) New standards, amendments to approved accounting standards and interpretations which became effective during the year

There are no amended standards and interpretations that are effective for the first time in the current year that would be expected to have a material impact on the Company.

b) Standards and amendments to published standards that are not yet effective and have not been early adopted by the Company

The following standards and amendments to published standards are effective for the Company's accounting periods beginning on or after July 1, 2014 (although available for early adoption) and have not been early adopted by the Company:

- IAS 19 (Amendment) 'Employee Benefits: Employee contributions' (effective from periods beginning on or after July 1, 2014). The amendment clarifies the application of IAS 19, 'Employee benefits' (2011) - referred to as 'IAS 19R', to plans that require employees or third parties to contribute towards the cost of benefits. The amendment does not affect the accounting for voluntary contributions. The 2011 revisions to IAS 19 distinguished between employee contributions related to service and those not linked to service. The current amendment further distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided.
- IAS 27 (Revised 2011) 'Separate Financial Statements' (effective from accounting period beginning on or after January 01, 2015). IAS 27 (Revised 2011) will concurrently apply with IFRS 10. The revised Standard sets out the requirements regarding separate financial statements only. Most of the requirements in the revised Standard are carried forward unchanged from the previous Standard. The IASB has issued recently the amendment to IAS 27 wherein it has allowed to follow the equity method in the separate financial statements also. These amendments will be effective from January 01, 2016 with earlier application allowed.
- IAS 28 (Revised 2011) 'Investment in Associates and Joint Ventures' (effective from accounting periods beginning on or after January 01, 2015). Similar to the previous Standard, the new Standard deals with how to apply the equity method of accounting. However, the scope of the revised Standard has been changed so that it covers investments in joint ventures as well because IFRS 11 requires investments in joint ventures to be accounted for using the equity method of accounting.

NOTES TO THE FINANCIAL STATEMENTS

- IAS 32 (Amendment) 'Financial Instruments: Presentation - Offsetting financial assets and financial liabilities' (effective for periods beginning on or after January 1, 2014). These amendments clarify the meaning of "currently has a legally enforceable right to set-off". It will be necessary to assess the impact to the Company by reviewing settlement procedures and legal documentation to ensure that offsetting is still possible in cases where it has been achieved in the past. In certain cases, offsetting may no longer be achieved. In other cases, contracts may have to be renegotiated. The requirement that the right of set-off be available for all counterparties to the netting agreement may prove to be a challenge for contracts where only one party has the right to offset in the event of default. The amendments are not likely to have an impact on Company's financial statements.
- IAS 36 'Impairment of assets - Recoverable amount disclosures for non-financial assets' (effective for periods beginning on or after January 1, 2014).
The amendments have removed:
the requirement to disclose the recoverable amount of a cash-generating unit (or group of cash-generating units) to which a significant amount of goodwill or intangible assets with indefinite useful lives has been allocated in periods when no impairment or reversal has been recognised (this requirement having been inadvertently introduced as part of consequential amendments on the introduction of IFRS 13; and
have introduced additional disclosure requirements in respect of assets for which an impairment has been recognised or reversed and for which the recoverable amount is determined using fair value less costs of disposal.
- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.
- IAS 39 Financial Instruments: Recognition and measurement - Novation of derivatives and continuation of hedge accounting (effective for periods beginning on or after January 1, 2014). The amendment allows the continuation of hedge accounting (under IAS 30 and IFRS 9 chapter on hedge accounting) when a derivative is novated to a clearing counterparty and certain conditions are met.
- IFRS 13 - Fair Value Measurement (effective from accounting periods beginning on or after January 01, 2015). IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. IFRS 13 gives a new definition of fair value for financial reporting purposes. Fair value under IFRS 13 is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market condition (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. IFRS 13 should be applied prospectively as of the beginning of the annual period in which it is initially applied.
- IFRIC 21 - Levies (effective for periods beginning on or after January 1, 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IFRIC 21 defines a levy as a payment to a government for which an entity receives no specific goods or services. A liability is recognised when the obligating event occurs. The obligating event is the activity that triggers payment of the levy. This is typically specified in the legislation that imposes the levy. The interpretations are not likely to have an impact on Company's financial statements.

Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:
- IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.
- IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.
- Amendments to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.
- IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.
- IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.
- Other than the aforesaid standards and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

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

3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**3.1 Property, Plant and Equipment and Depreciation**

Property, plant & equipment is stated at cost or revalued amount less accumulated depreciation and impairment loss, if any, except for freehold land which is stated at revalued amount. Cost of these assets consists of historical cost and directly attributable cost of bringing the assets to working condition. Surplus arising on revaluation after considering deficit in other categories, is credited to surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. Any surplus on revaluation of fixed assets is credited to the surplus on revaluation account. Borrowing costs pertaining to the construction and erection are capitalized up to the date of completion. Depreciation on property, plant & equipment is charged to income on reducing balance method at the rates specified in note No. 4 to the accounts to write off the cost over their estimated useful lives.

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

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

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

3.2 Intangible Assets

Intangible assets include software which is initially recognized at cost. Cost comprises of purchase price and directly attributable expenditures.

After initial recognition intangible assets are carried at cost less accumulated amortization and if any, identified impairment loss. Amortization is charged on straight line method over a maximum period of five years. Amortization on addition and deletion is charged from the period when asset is put in use and up to the period of deletion.

3.3 Inventories

These are valued at lower of cost and net realizable value. Cost is determined as follows:

Stores & Spares	At Weighted average cost.
Raw material	At Weighted average cost
Work in Process	At direct cost and appropriate portion of production overheads.
Finished Goods	At estimated manufacturing cost
Waste	Net realizable value

Net realizable value represents selling price in the ordinary course of business less selling expenses incidental to sales.

3.4 Trade Debts

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

3.5 Other Receivables

Other receivables are recognized at nominal amount which is the fair value of the consideration to be received less an allowance for any uncollectible amounts.

3.6 Employees' Retirement Benefits - Defined Benefit Plan

The company operates an unfunded gratuity scheme covering all employees, payable on ceasing of employment subject to completion of minimum qualifying period of service. Obligations under the scheme are provided annually.

3.7 Trade and other Payables

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

3.8 Taxation**a) Current**

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

b) Deferred Tax

Deferred tax is accounted for using the balance sheet liability method in respect of all taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination; and that affects neither accounting nor taxable profit or loss, and differences arising on the initial recognition of goodwill.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

3.9 Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for that sale of goods in the ordinary course of the Company's activities.

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue, and the associated cost incurred or to be incurred, can be measured reliably and when specific criteria have been met for each of the Company's activities as described below:

a) Sale of goods and conversion charges

Sales revenue and conversion charges are recognized when the goods are dispatched and significant risks and rewards of ownership are transferred to the customer. Revenue from sale of goods is measured at the fair value of consideration received or receivable, net of returns and trade discounts.

b) Income on bank deposits

Interest income on bank deposits is accounted for on the time proportion basis using the applicable rate of return.

c) Others

Scrap sales and miscellaneous receipts are recognized on realized amounts. Dividend income from investments is recognized when the Company's rights to receive payments has been established.

3.10 Borrowing Costs

Mark-up, interest and other charges on borrowings which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. All other borrowing costs i.e. mark-up, interest and other charges are charged to the profit and loss account in the period in which they are incurred.

3.11 Provisions

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

3.12 Cash and Cash Equivalent

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand, cheques in hand and deposits in banks that are readily convertible to known amounts of cash.

3.13 Financial assets

Financial assets represent investments in shares of listed companies and are classified as available for sale investments. These are initially recognized at cost and at subsequent reporting dates measured at fair values. Gains or losses from changes in fair values are taken to other comprehensive income until disposal at which time these are recycled to profit and loss account.

3.14 Impairment**a) Financial Assets**

A financial asset is considered to be impaired if objective evidence indicates that one or more events had a negative effect on the estimated future cash flow of that asset. An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

b) Non-Financial Assets

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognized as expense in the profit and loss account. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.15 Financial Instruments

All financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost as the case may be. A financial asset is de-recognized when the company loses control of its contractual rights that comprise the financial asset. A financial liability is de-recognized when it is extinguished. Any gain or loss on de-recognition of the financial assets or liabilities is taken to profit and loss account currently. The Company recognizes the regular way purchase or sale of financial assets using settlement date accounting.

a) Trade & Other Payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

b) Trade & Other Receivables

Trade and other receivables are recognized and carried at original invoice amount / cost less an allowance for any uncollectible amounts. Carrying amounts of trade and other receivables are assessed on a regular basis and if there is any doubt about the reliability of these receivables, appropriate amount of provision is made.

c) Off Setting Of Financial Assets and Financial Liabilities

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

3.16 Dividend & Appropriation to reserves

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

3.17 Earnings per share

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

3.18 Contingent Liabilities

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

3.19 Segment Reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be single reportable segment.

3.20 Foreign currency transactions

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. All monetary assets and liabilities denominated in foreign currencies at the year end are translated at exchange rates prevailing at the balance sheet date. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rate at the date of the transaction. Exchange differences are included in profit and loss account for the year.

3.21 Related party transactions

All transactions between company and related party are accounted for at arm's length price in accordance with "Comparable Uncontrolled Price Method".

3.22 Dividend and appropriation to reserves

dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

	2014 Rupees	2013 Rupees
5- LONG TERM DEPOSITS		
SNGPL	11,100,000	11,100,000
Others	268,938	268,938
	11,368,938	11,368,938
6- STORES AND SPARES		
Stores & Spares	14,224,697	12,251,411
7- STOCK IN TRADE		
Raw material	19,563,809	103,929,033
Work in process	10,528,125	10,304,521
Finished	6,225,232	28,068,113
Waste	1,162,145	2,711,113
	37,479,311	145,012,780
7.1 Waste is valued at net realizable value.		
8- TRADE DEBTS - Unsecured		
Trade Debts	17,804,885	69,912,459
Less:		
Provision for Doubtful Debts	(646,324)	(646,324)
	17,158,561	69,266,135
8.1 Trade debtors other than those against which provision has been made are considered good by the management.		
9- LOANS AND ADVANCES		
Advances to: (Unsecured but considered good)		
Suppliers	4,729,757	936,700
Staff	454,422	176,580
	5,184,179	1,113,281
10- TRADE DEPOSITS, PREPAYMENTS & OTHER RECEIVABLES		
Other receivables- Unsecured	100,000	100,000
Letter of credit	35,735,258	2,443,488
Sales tax refundable	11,324,966	13,779,143
Advance income tax	10,122,040	3,670,204
Prepayments	135,000	798,764
Income tax refundable	5,857,618	2,418,220
	63,274,881	23,209,818
11- FINANCIAL ASSET		
Available for Sale Investment		
Allied Bank Limited	33,368	17,732
- 347 (2013: 316) fully paid ordinary shares of Rs. 10/- each		
12- CASH AND BANK BALANCES		
Cash in hand	364,695	879,099
Cash with banks:		
- In current accounts	29,916,101	7,014,010
	30,280,796	7,893,109
13- ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
21,267,800 (2013: 21,267,800) ordinary shares of Rs.10/- each fully paid in cash	212,678,000	212,678,000
14- CAPITAL RESERVE		
Un-realized gain on re-measurement of available for sale investments		
Opening balance - net off tax	11,920	8,764
Surplus on re-measurement of available for sale investments to fair value - net off tax	15,636	3,156
14.1	27,556	11,920
14.1 This represents the unrealized gain on re-measurement of available for sale investments at fair value and is not available for distribution. This will be transferred to income statement on de-recognition of investment.		

NOTES TO THE FINANCIAL STATEMENTS

		2014	2013
		Rupees	Rupees
15- SURPLUS ON REVALUATION OF FIXED ASSETS			
Opening balance of revaluation surplus - net off tax		166,193,180	121,019,067
Add:			
Revaluation Surplus for the year		-	48,813,764
		166,193,180	169,832,831
Less:			
Surplus realized during the year on account of:			
- Incremental depreciation current year - net off tax		6,436,499	5,599,463
- Disposal - net off tax		-	-
- Related Deferred tax effect		(2,124,045)	(1,959,812)
		4,312,454	3,639,651
		161,880,726	166,193,180
15.1	Land, Building and Plant & Machinery of the company were last revalued by an independent valuer M/s Synergisers Private Limited as at 30 June 2013. It includes surplus on revaluation of freehold land amounting to Rs. Nil (2013: Rs. 48.813 million).		
15.2	Previously Free hold land, building and plant and machinery were revalued as on June 25, 2010 by an independent valuer M/s Hamid Mukhtar & Co. (Pvt) Ltd, on the basis of current values / replacement cost less depreciation for the period of use.		
16- LOAN FROM DIRECTORS AND SPONSORS - UNSECURED			
These are composed of :			
Interest free loan from directors and sponsors	16.1	199,437,447	199,437,447
Interest bearing loan from directors and sponsors	16.2	9,755,000	12,255,000
		209,192,447	211,692,447
16.1	The above loans are unsecured and are payable to directors and sponsors. These are repayable upon easing of the company's liquidity. There is no fix schedule or tenure for repayment of these liabilities.		
16.2	The loan carries markup @ 3 months kibar plus 2%. As there is no fix schedule or tenure for repayment of these liabilities, these loans have been stated at cost.		
16.3	The short term loan of Rs.7,500,000/- carries markup @ 3 months kibar plus 2%. As there is no fix schedule or tenure for repayment of loan, the loan has been stated at cost.		
17- DEFERRED LIABILITIES			
Gratuity - Defined benefit plan	17.1	1,604,150	823,075
Deferred Taxation	17.2	21,681,593	47,616,038
		23,285,743	48,439,113
17.1 <u>Gratuity - defined benefit plan</u>			
Movement in liability recognized in the balance sheet are as follows:			
Liability as at July 1		823,075	428,000
Charge to profit and loss account		3,838,433	2,132,875
		4,661,508	2,560,875
Payments during the year		(3,057,358)	(1,737,800)
Liability as at June 30		1,604,150	823,075
17.1.1	The closing liability represents the present obligation of the company. However, since the amount of gratuity is not material therefore, actuarial valuation has not		
17.2 <u>Deferred taxation</u>			
The liability for deferred taxation comprises of temporary differences in respect of:			
<u>Taxable temporary differences in respect of:</u>			
Revaluation surplus		40,356,850	45,055,494
Accelerated Tax depreciation		60,830,816	65,663,577
Re-measurement of investment available for sale		8,419	1,699
<u>Deductible temporary differences in respect of:</u>			
Staff retirement benefits		(529,370)	(288,076)
Unabsorbed losses and Credits		(57,519,876)	(53,512,215)
Minimum tax available for carry forward		(21,251,960)	(9,078,228)
Provisions for doubtful debts		(213,287)	(226,213)
Net liability as at June 30,		21,681,593	47,616,038

	2014	2013
	Rupees	Rupees
18- TRADE AND OTHER PAYABLES		
Creditors	57,905,756	104,325,385
Accrued liabilities	10,207,643	16,364,949
Advances from customers	3,652,576	2,227,990
Income tax deducted at source	58,558	957,646
Sales Tax Payable	-	138,477
Un-claimed dividend	176,635	75,200
Workers' profit participation fund	4,532,036	4,392,891
Workers' welfare fund	-	3,554,541
	76,533,203	132,037,079
18.1 Workers' profit participation fund		
Opening balance	4,392,891	96,409
Allocation / Interest for the year	139,145	4,296,482
	4,532,036	4,392,891
Payments made	-	-
Closing balance	4,532,036	4,392,891
18.2 Workers' welfare fund		
Opening balance	3,554,541	1,921,905
Allocation / Interest for the year	-	1,632,636
	3,554,541	3,554,541
Reversal / Payments made during the year	(3,554,541)	-
Closing balance	-	3,554,541
19- ACCRUED MARKUP		
Long term loan from directors and sponsors	6,095,376	4,836,384
Short term loan from sponsors	6,787,077	5,039,807
	12,882,452	9,876,191
20- CONTINGENCIES AND COMMITMENTS		
20.1 There were no contingencies and commitments as at June 30, 2014. (2013 : Nil)		
21- SALES - NET		
Sale of yarn - Local	873,937,024	463,376,028
Sale of yarn - Export	371,791,717	169,029,562
Sale of waste	23,842,523	41,411,983
	1,269,571,263	673,817,573
Yarn conversion charges	-	142,025,080
	1,269,571,263	815,842,653
Less: Commission	(9,371,068)	(8,361,631)
	1,260,200,196	807,481,022

NOTES TO THE FINANCIAL STATEMENTS

		2014	2013
		Rupees	Rupees
22- COST OF SALES			
Raw material consumed	22.1	917,656,531	470,926,641
Salaries, wages and benefits	22.2	83,800,996	71,514,129
Packing material		14,489,181	13,293,587
Fuel and power		141,221,637	99,752,821
Repair and maintenance		3,553,451	2,766,848
Other manufacturing overheads		7,322,208	7,772,970
Rent, Rates & Taxes		203,000	1,035,079
Cotton cess duty		1,574,852	1,879,353
Store consumed		25,864,925	19,314,612
Insurance		1,979,618	1,434,033
Workers' Welfare Expenses		355,191	312,742
Miscellaneous expenses		17,452	26,964
Depreciation	4.1.1	17,869,924	16,355,658
		1,215,908,966	706,385,437
Opening stock of work in process		10,304,521	7,900,034
Closing stock of work in process		(10,528,125)	(10,304,521)
		(223,604)	(2,404,487)
Cost of goods manufactured		1,215,685,362	703,980,950
Opening stock of finished goods		28,068,113	7,530,878
Closing Stock of Finished Goods		(6,225,232)	(28,068,113)
		21,842,881	(20,537,235)
Opening stock of waste		2,711,113	4,410,104
Closing stock of waste		(1,162,145)	(2,711,113)
		1,548,968	1,698,991
		1,239,077,211	685,142,706
22.1 Raw Material Consumed			
Opening Raw Material		103,929,033	25,264,902
Add: Purchases		833,291,307	549,590,772
Less: closing stock		(19,563,809)	(103,929,033)
		917,656,531	470,926,641
22.2 Salaries, wages and other benefits include Rs. 2.555 million (2013: Rs. 2.56 million) in respect of staff retirement benefits.			
23- DISTRIBUTION COSTS			
Export expenses		7,431,655	3,741,472
Freight - Steamer		3,081,058	3,678,684
- Inland		2,716,681	1,565,010
		13,229,394	8,985,166
24- ADMINISTRATIVE EXPENSES			
Salaries and Other Benefits (Establishment Cost)	24.1	15,052,127	10,451,400
Vehicle running and maintenance		2,516,123	1,544,429
Telephone		474,598	604,811
Traveling and conveyance		2,532,284	2,592,568
Printing and stationery		434,691	312,783
Entertainment		506,251	569,592
Fee and subscription		1,977,494	1,047,518
Repair & maintenance		1,726,949	1,583,087
Utilities		762,876	2,072,973
Auditors' remuneration	24.2	285,000	285,000
Postage		394,678	315,390
Rent, rate and taxes		59,239	110,394
Paper and periodicals		4,104	9,180
Legal and professional		2,325,800	917,116
Advertisement		281,110	53,960
Insurance		3,585	267,802
Staff Welfare		46,825	64,510
Donation		10,000	-
Depreciation	4.1.1	581,978	353,529
		29,975,712	23,156,042

	2014 Rupees	2013 Rupees
24.1 Salaries and Other Benefits (Establishment Cost) includes Rs. 26,677/- (2013: Rs. Nil) in respect of staff retirement benefits.		
24.2 Auditors' Remuneration		
Statutory audit fee	250,000	250,000
Review of compliance with code of corporate governance	10,000	10,000
Half yearly review	25,000	25,000
	285,000	285,000
25- OTHER OPERATING EXPENSES		
Loss on sale of fixed assets	-	572,953
Workers' profit participation fund	139,145	4,296,482
Workers' welfare fund	-	1,632,663
	139,145	6,502,098
25.1 This represents loss on sale of machinery (DYH-2C drawing machines(costing Rs. 0.80 million with accumulated depreciation of Rs. 0.131 million resulting in written down value of Rs. 0.669 million. These machines were sold to Al Barkat Spinning Mills And M. S. Traders of G. T. Road, Lahore through negotiation. Sale proceeds amounted to Rs. 0.678 million.		
26- OTHER OPERATING INCOME		
Gain on sale of fixed assets	8,539	-
Reversal of Workers' welfare fund	3,554,541	-
Income non-financial assets		
- Excess/(Short) Realization	-	1,374,085
- Exchange Gain/(Loss)	4,778,427	108,860
Income financial assets		
- Dividend	478	1,856
	8,341,985	1,484,801
26.1 This represented gain on export realizations Rs. 2.612 million.		
27- FINANCE COST		
Markup on loan from directors and sponsors:		
- Long term	1,258,992	1,499,974
- Short term	1,747,270	3,248,928
Bank charges and commission	490,159	430,405
	3,496,420	5,179,307
28- TAXATION		
Current	12,173,732	1,141,474
Deferred	(25,153,370)	27,195,874
	(12,979,638)	28,337,348
28.1 The company's income tax assessments have been finalized up to and including tax year 2013.		
28.2 The current tax provision represents the minimum tax on turnover for the year due under Section 113 of Income Tax Ordinance, 2001 since tax computation results in tax loss. Therefore reconciliation of tax charge for the year is not required.		
29- BASIC EARNING / (LOSS) PER SHARE		
There is no dilutive effect on the basic earning / (loss) per share of the company.		
Profit /(Loss) after taxation	(4,396,063)	51,663,156
Weighted average number of issued shares	21,267,800	21,267,800
Basic Earning / (Loss) per share	(0.21)	2.43

NOTES TO THE FINANCIAL STATEMENTS

30- REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the accounts during the year for remuneration including benefits is as follows:

	June 30, 2014			June 30, 2013		
	Chief Executive	Executives	Directors	Chief Executive	Executive	Directors
Managerial Remuneration including House Rent & Utility	2,697,000	6,204,000	2,697,000	2,538,500	1,617,860	2,538,500
	1,746,000	6,204,000	2,697,000	2,538,500	1,617,860	2,538,500
Number of persons	1	5	1	1	1	1

No meeting fee has been paid to any director of the company during the year (2013: Rs. Nil).

Fuel and maintenance charges of vehicles are reimbursed to Chief Executive and one Director of the company for business use only.

31- TRANSACTION WITH RELATED PARTIES:

Transactions with related parties and associated undertakings, other than remuneration and benefits to key management personnel under the terms of their employment (note 30) are as under:

- The company purchased from associated undertaking material of aggregate sum of Rs. Nil (2013: Rs. Nil) during the year.
- Interest bearing loan repaid Rs.2.500 million and provided by sponsors Rs.Nil (June 30, 2013 Rs. Nil)
- Interest bearing short term loan repaid Rs.24.900 million and provided by sponsors Rs.7.500 million (June 30, 2013 Rs.24.900 million)
- Short term loan payable to sponsors Rs.7.500 million (June 30, 2013 Rs. 24.900 million)
- Loan payable to directors and sponsors Rs.209.192 million (June 30, 2013 Rs. 211.692 million)
- Markup payable to directors and sponsors Rs. 12.882 million (June 30, 2013 Rs. 9.876 million)

31.1 All related party transactions are approved by the audit committee and the Board of directors of the Company. Directors' interest is limited to interest on these loans.

32- FINANCIAL RISK MANAGEMENT**32.1 Risk management framework**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

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

	2014	2013
	Rupees	Rupees
32.2 Financial instruments by category		
Financial Assets		
Long term deposits	11,368,938	11,368,938
Trade debts (net-off impairment)	17,158,561	69,266,135
Loans and Advances	454,422	176,580
Advance to Suppliers	4,729,757	936,700
Financial Asset	33,368	17,732
Cash and bank balances	30,280,796	7,893,110
Total	64,025,842	89,659,196
Financial Liabilities		
Loan from directors and sponsors	209,192,447	211,692,447
Gratuity - Defined benefit plan	1,604,150	823,075
Trade and other payables	68,116,418	120,690,334
Accrued mark-up	12,882,452	9,876,191
Short term loan from sponsors	7,500,000	24,900,000
Total	299,295,468	367,982,048

	2014 Rupees	2013 Rupees
32.3 <u>Fair Values</u>		
The carrying values of the financial assets and financial liabilities approximate their fair values except for Interest free sponsors' loans as disclosed in note. 16.2 to the financial statements. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If the transaction is not based on market terms, or if a market price cannot be readily determined, then an estimate of future cash payments or receipts, discounted using the current market interest rate for a similar financial instrument, is used to approximate the fair value.		

32.4 Financial Risk Factors

The Company has exposures to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

32.4.1 Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from long term security deposits, loans and advances, deposits, trade debts, other receivables, bank balances and investments.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. To manage exposure to credit risk in respect of trade receivables, management reviews credit worthiness, references, establish purchase limits taking into account the customer's financial position, past experience and other factors.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. One of the major customer account for Rs. 5.17 million of the trade debts carrying amount as at June 30, 2014 that has good track record with the Company.

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

Long term deposits	11,368,938	11,368,938
Trade debts	17,158,561	69,266,135
Loans and Advances	454,422	176,580
Advance to Suppliers	4,729,757	936,700
Financial Asset	33,368	17,732
Bank balances	29,916,101	7,014,010
Total	63,661,147	88,780,096

For trade debts, internal risk assessment process determines the credit quality of the customers, taking into account their financial positions, past experiences and other factors. The company assesses the credit quality of the counter parties as satisfactory. Bank balances are held only with reputable banks with high quality credit ratings. Loans and advances are not exposed to any material credit risk. Geographically there is no concentration of credit risk. The maximum exposure to credit risk for trade debts at the reporting date are with customers within the country.

Detail of impairment of trade debts is given in Note.8. Based on past experience the management believes that no further impairment allowance is necessary as there are reasonable grounds to believe that the amounts will be recovered in short course of time.

32.4.2 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. Prudent liquidity, risk management implies maintaining sufficient cash, marketable securities and the availability of adequate credit facilities. Furthermore, the directors and the sponsors have provided liquidity support to the Company in the form of short term and long term interest free and interest bearing loans.

Following is the contractual maturity analysis of financial liabilities:

	Up to One Year Rupees	Between 1 to 5 years Rupees
<u>Non derivative financial liabilities</u>		
Loan from directors and sponsors	-	209,192,447
Gratuity - Defined benefit plan	1,604,150	1,604,150
Trade and other payables	68,116,418	-
Accrued mark-up	12,882,452	-
Short term loan from sponsors	7,500,000	-
2014	90,103,021	210,796,597
<u>Non derivative financial liabilities</u>		
Loan from directors and sponsors	-	211,692,447
Gratuity - Defined benefit plan	-	823,075
Trade and other payables	120,690,334	-
Accrued mark-up	9,876,191	-
Short term loan from sponsors	24,900,000	-
2013	155,466,526	212,515,522

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

NOTES TO THE FINANCIAL STATEMENTS

	2014	2013
	Rupees	Rupees
32.4.3 Market Risk		
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.		
a) Interest Rate Risk		
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The company analysis its interest rates exposure on a regular basis by monitoring existing facilities against prevailing market interest rates and taking into accounts various other financing options available. The company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect the profit and loss account.		
As at June 30, 2014, if interest rates on sponsors' loans had been 2% higher / lower the markup expenses would have been higher / lower by 0.257 million (2013: Rs. 0.388 million). The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and asset / liabilities of the Company.		
b) Other price risk		
Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Equity price risk arises from available for sale equity securities held. The investment in available for sale equity securities is not material and company is not expose to significant price risk.		
c) Currency risk		
The company does not hold bank balances in foreign currencies nor any investment is denominated in currency other than the functional currency of the company. Therefore, the company is not expose to foreign currency risk.		
33- CAPITAL RISK MANAGEMENT		
The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The company's objective when managing capital are to safe guard the company's ability to continue as a going concern and to maintain an optimum capital structure to reduce the cost of capital.		
The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt. The company is not subject to externally imposed capital requirements.		
34- CASH AND CASH EQUIVALENTS		
Cash and bank balances (Note 12)	30,280,796	7,893,110
35- PLANT CAPACITY AND ACTUAL PRODUCTION		
	Nos	Nos
Number of spindles installed	20,208	20,208
Number of spindles operated	18,240	18,240
	Kgs	Kgs
Actual production for the year (including converging for others)	4,219,886	5,168,137
Production at normal capacity converted into 20/s count based on 3 shifts per day for 1080 shifts (2013-1080 shifts)	6,496,607	6,496,607
	Kgs	Kgs
Actual production converted into 20/s count based on 3 shifts per day for 1080 shifts (2013 -1080 shifts)	4,220,464	2,737,683
35.1 Due to operational losses, as result of electricity shutdown the production was below normal capacity.		
36- NUMBER OF EMPLOYEES		
	Nos	Nos
Number of employees at the year end	263	564
37- NON ADJUSTING EVENTS AFTER BALANCE SHEET DATE		
There were no post balance sheet events that required adjustments or disclosures.		
38- DATE OF AUTHORIZATION FOR ISSUE		
These financial statements were authorized for issue on September 26th, 2014 by the Board of Directors of the Company.		
39- GENERAL		
Figures have been rounded off to the nearest rupee.		

CHIEF EXECUTIVE

DIRECTOR

FORM - 34
PATTERN OF HOLDING OF SHARES
HELD BY THE SHARE HOLDERS AS AT 30-06-2014

No. of Share Holders	Shareholdings		Total Shares Held
	From	To	
122	1	100	7,386
287	101	500	122,932
31	501	1000	22,014
28	1001	5000	77,303
11	5001	10000	90,589
1	10001	20000	19,400
1	20001	25000	21,500
3	25001	50000	80,275
4	50001	100000	342,025
2	150001	200000	318,368
2	200001	350000	986,114
2	350001	500000	854,700
1	500001	1000000	528,650
3	1000001	1750000	4,990,370
2	1750001	2000000	3,729,735
1	2000001	3000000	2,185,107
2	3000001	4000000	6,891,332
503			21,267,800

CATEGORIES OF SHAREHOLDERS

AS AT 30-06-2014

		<u>SHARES HELD</u>	<u>PERCENTAGE</u>
			%
1 Directors, Chief Executive			
Their Spouse and minor Children			
Mr. Muhammad Asim Sajjad	- Chief Executive	1,662,590	7.817
Mr. Salman Muhammad Aslam	- Director	1,667,590	7.841
Mrs. Seema Sajjad	- Director	2,185,107	10.274
Mrs. Ayesha Rahim	- Director	1,816,722	8.542
Miss Batool Zahra	- Director	500	0.002
Mr. Mehr Allah Yar	- Director	500	0.002
Mr. Sultan Mehmood	- Director	500	0.002
	TOTAL	7,333,509	34.482
2 Executives		-	-

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2014

CATEGORIES OF SHAREHOLDERS**AS AT 30-06-2014**

3 Associated Companies, undertakings, related parties, spouse and family members of Directors.	-	-
Mr. Raza Muhammad Aslam	1,660,190	7.806
Mr. Sajjad Aslam	1,913,013	8.995
4 NIT and ICP	347,724	1.635
5 Bank, DFIs, Non-Banking Financial Institutions	579	0.003
6 Insurance Companies	-	0.000
7 Modaraba and Mutual Funds	500	0.002
8 General Public		
a) Local	9,236,485	43.429
b) Foreign	-	-
9 Other (to be specified)		
Sargodha Spinning Mills Limited	344,900	1.622
Nazir Cotton Mills Limited	383,300	1.802
Tariq Industries Limited	2,100	0.010
Sargodha Jute Mills Limited	19,400	0.091
Shahzad Textile Mills Limited	26,000	0.122
Mehran Sugar Mills Ltd.	100	0.000
Grand Total	21,267,800	100.000

SHAREHOLDERS HOLDING MORE THAN 5% SHAREHOLDING

	<u>SHARES HELD</u>	<u>PERCENTAGE</u>
Mr. Shahzad Aslam	3,686,569	17.334
Mrs. Seema Sajjad	2,185,107	10.274
Mrs. Ayesha Rahim	1,816,722	8.542
Mr. Salman Muhammad Aslam	1,667,590	7.841
Mr. Muhammad Asim Sajjad	1,662,590	7.817
Mr. Raza Muhammad Aslam	1,660,190	7.806
Mr. Parvez Aslam	3,204,763	15.069
Mr. Sajjad Aslam	1,913,013	8.995

No trade in shares of the Company carried out by the Directors, CEO CFO, Company Secretary and their spouses and minor children.

Ledge Folio/CDC A/C No.

Shares Held

I/We
of.....
appoint.....
of.....
(or failing him).....of.....

being another member of the Company as my/our proxy to attend and vote for me/us on my/our behalf, at the Annual General Meeting of the Company to be held on Thursday 30th October, 2014 at 11:30 a.m. and at every adjournment thereof.

As witness my/our hand(s) this Day of

Signed by the said

Witnesses:

1. Signature
Name:
N.I.C. No.....
Address.....

2. Signature.....
Name:
N.I.C. No.....
Address:

Notes:

1. A member entitled to attend and vote at this Meeting may appoint member as his/her proxy in accordance with the provisions of Article 52 of the Articles of Association of the Company. Proxies in order to be effective, must be received at 19 -B, Off. Zafar Ali Road, Gulberg-V, Lahore, the Registered Office of the Company not later than 48 hours before the time of holding the meeting and must be duly stamped, signed and witnessed.
2. For CDC Accounts Holders/Corporate Entities in addition to the above the following requirements be met:
 - i). Attested copies of NIC or the Passport of the Beneficial Owners and the proxy shall be provided with the proxy form.
 - ii). In case of a Corporate Entity, the Board of Directors Resolution/Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.
 - iii). The proxy shall produce his original CNIC or original Passport at the time of attending the meeting.