




ANNUAL REPORT
2014

 **Shadab Textile Mills Limited**

**CONTENTS**

Company Information	2
Vision / Mission Statement	3
Notice of Annual General Meeting	4
Directors' Report	5-8
Statement of Compliance with the Code of Corporate Governance	9-10
Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance	11
Six Year's Financial Data	12
Auditors' Report to the Members	13
Balance Sheet	14-15
Profit and Loss Account	16
Statement of Comprehensive Income	17
Cash Flow Statement	18
Statement of Changes in Equity	19
Notes to the Financial Statements	20-39
Pattern of Shareholding	40-42
Form of Proxy	

**COMPANY INFORMATION**

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



VISION STATEMENT

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

MISSION STATEMENT

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

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

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 35th Annual General Meeting of the Shareholders of **SHADAB TEXTILE MILLS LIMITED** will be held on Friday, October 31, 2014 at 10:30 a.m. at the Registered Office of the Company at A-601/A, City Towers, 6-K Main Boulevard, Gulberg-II, Lahore to transact the following business:

1. To receive, consider and adopt the Audited Accounts for the year ended June 30, 2014 together with Directors' and Auditors' Reports thereon.
2. To declare and approve the Final Cash Dividend at Rs. 1/- per share i.e. 10% for the year ended June 30, 2014 as recommended by the Board of Directors.
3. To appoint auditors for the year 2014-2015 and fix their remuneration.

By order of the Board

(Mazhar Hussain)
Company Secretary

LAHORE: September 30, 2014.

NOTES:

1. The Share Transfer Books of the Company will remain closed from October 25, 2014 to October 31, 2014 (both days inclusive). Transfers received at Corplink (Pvt) Limited, Wings Arcade, I-K, Commercial, Model Town, Lahore, the Registrar and Shares Transfer Office of the Company by the close of business on October 24, 2014 will be treated in time for the purpose of above entitlement to the transferees.
2. A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received by the Company at the Registered Office not less than 48 hours before the time of holding the meeting. A proxy must be a member.
3. Any Individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her original CNIC or Passport to prove his/her identity and in case of Proxy must enclose an attested copy of his/her CNIC or Passport. Representative of corporate members should bring the usual documents required for such purposes.
4. Shareholders are once again requested to submit copy of their valid CNIC mentioning company name & Folio Number at our Share Registrar's address for compliance of SECP SRO No. 831(1)/2012. In case of non-receipt of copy of valid CNIC, the company may be constrained to withhold dispatch of dividend warrants.
5. In pursuance of the Finance Act 2014 the withholding tax rates have been revised and it has been directed that all non-filers of Income Tax returns will be taxed @ 15%. However, the regular filers of Income Tax return will continue to be taxed @ 10%.

At the time of dividend distribution, the Company, being a withholding agent, would check each shareholder status on the ATL and if the shareholder's name does not appear on the ATL, the increased rate of withholding tax at 15 percent would be applied, in accordance with the law. In the instance of a 'filer' as defined above, withholding tax rate of ten percent will remain applicable.

In view of the above, all shareholders are advised to immediately check their status on ATL and may, if required take necessary action for inclusion of their name in the ATL. The Company, as per law, shall apply fifteen percent rate of withholding tax if the shareholder's name, with relevant details, does not appear on the ATL available on the FBR website on the first day of book closure.

6. Shareholders are requested to immediately notify the change of address, if any to Share Registrar of the Company.



DIRECTORS' REPORT

Dear Shareholders,

The Directors of the Company welcome you to the 35th Annual General Meeting and are pleased to present the Annual Report together with Audited Accounts of the Company for the year ended June 30, 2014.

Financial Results

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

	(RUPEES IN THOUSAND)	
	June 30 2014	June 30 2013
Sales - net	2,024,029	1,785,120
Cost of sales	<u>1,884,586</u>	<u>1,571,937</u>
GROSS PROFIT	139,443	213,183
Administrative and general	<u>37,048</u>	<u>34,540</u>
Selling and distribution	<u>291</u>	<u>943</u>
OPERATING PROFIT	102,104	177,700
Finance costs	<u>26,739</u>	<u>32,198</u>
Other charges	<u>5,374</u>	<u>10,136</u>
	69,991	135,366
Other income	<u>2,512</u>	<u>1,402</u>
PROFIT BEFORE TAXATION	72,503	136,768
Taxation	<u>29,154</u>	<u>24,586</u>
PROFIT AFTER TAXATION	43,349	112,182
Basic earning per share (Rupees)	<u>14.45</u>	<u>37.39</u>

During the year under review, your company earned profit after tax Rs. 43.349 million as compared to after tax profit Rs. 112.182 million of the previous year. The net sales made in the year are amounting to Rs. 2,024.029 million as compared to previous year sale of Rs. 1,785.120 million showing an increase of 13.38% against previous year sales. Earning per share is Rs. 14.45 as compared to Rs. 37.39 per share.

The profitability of the Company has been affected mainly due to increase in raw material cost, decline in demand of yarn in export market, shortage & high cost of energy, Pak Rupees appreciation viz-a-viz US Dollar, global recession and consequent inventory losses.

The Company is regularly investing in its expansion and balancing, modernization & replacement (BMR) of machinery and other fixed assets. During the year, the Company has invested Rs.95.000 million in BMR and other assets from its own resources to make the project more viable and to improve production capacity and compete with other spinning units equipped with latest machinery.

Future Prospects

The energy crises in the country are still unresolved. The Company is suffering production losses due to scheduled load shedding of electricity and gas. Gas is being provided to the industry in Punjab for eight hours a day. These factors pushed our energy cost to higher side resulting in disparity between Punjab and Sindh industry. At present, electricity is being supplied for fourteen hours in a day. Without continuous supply of energy, full capacity utilization is not possible and this uncertain situation has restrained the industry to make any future planning. The management cognizant of these factors and strives to take all steps to protect the interest of the Company.

**Dividend**

The Board of Directors has recommended a Final Cash Dividend of Rs.1.00 per share i.e. @ 10% to the shareholders of the Company which will be paid to those shareholders whose names would appear on members' register on October 24, 2014 as mentioned in notice of AGM.

Corporate and Financial Reporting Framework

- The financial statements, prepared by the management of the company, present its state of affairs fairly, the results of its operations, cash flows and changes in equity.
- Proper books of account have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the company's ability to continue as a going concern.
- Key operating and financial data of last six years is annexed to the annual report.
- There are no outstanding statutory payments on account of taxes, duties, levies and charges except routine payments of various levies.
- Value of investments of provident fund as on 30-06-2014 was Rs.56.145 million.
- The pattern of shareholding and the additional information as required by the CCG is annexed to the annual report.
- Directors, CEO, CFO, Company Secretary and their spouses and minor children have made transaction in the company's shares during the year is as follows:

<u>Sr.No.</u>	<u>Name</u>	<u>Sale</u>	<u>Purchase</u>
1.	Mian Aamir Naseem	10,000	--
2.	Mr. Yasir Naseem*	--	10,000

Mr. Yasir Naseem* has acquired shares before joining the board.

Board of Directors

During the year, five meetings of the Board of Directors were held and attendance of these meetings is as follows:

<u>Sr. No.</u>	<u>Name of Director</u>	<u>No. of Meetings Attended</u>
1.	Mian Aamir Naseem	5
2.	Mian Farrukh Naseem	5
3.	Mian Shahzad Aslam	5
4.	Mst. Nusrat Shamim*	-- Resigned.
5.	Mr. Ahmed Ali Tariq	5
6.	Mr. Saad Naseem	5
7.	Mr. Yasir Naseem*	3 Appointed in place of Mst. Nusrat Shamim on 5th September, 2013.
8.	Mrs. Fatima Aamir	5

The Board granted leave of absence to the director who could not attend the meeting.



Audit Committee

The Board has formed Audit Committee. It comprises three members, of whom all are non- executive directors including the chairman of the committee. During the year, six meetings of the Audit Committee were held and attendance of these meetings is as follows:

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

Human Resource Committee

The Board has formed HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and chairman of the committee is a non-executive director.

Mian Farrukh Naseem	Chairman
Mian Aamir Naseem	Member
Mr. Ahmed Ali Tariq	Member

During the year under review the HR and Remuneration Committee met for one time. All of the members attended the meeting.

Directors Training Programme

One director has obtained certification during the year ended June 30, 2014 under directors training programme.

Auditors

The present Auditors M/s Fazal Mehmood & Company, Chartered Accountants, retire and being eligible offer themselves for re-appointment. The audit committee of the board has recommended the re-appointment of M/s Fazal Mahmood & Company, Chartered Accountants, as external auditors of the Company for the year 2014-2015.

Corporate Social Responsibility

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

Health, Safety and Environment:

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

Work-Life Balance:

In order to promote a health work - life balance we strictly follow a 9:00 a.m to 5:30 p.m. working routine. This ensures that our employees have plenty of time after work for extra -curricular activities with their families and friends.

**Business Ethics and Anti-corruption Measures:**

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

Contribution to the National Exchequer:

To meet our legal and social obligation towards the development of the economy of the country, the company has contributed Rs. 76.541 million in the FY 2013-14 into the Government exchequer on account of taxes, levies, excise duty and sales tax.

Energy Conservation:

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

Acknowledgements

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

For and on behalf of the Board

MIAN AAMIR NASEEM
(Chief Executive)

Lahore: September 30, 2014



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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

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

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

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

2. The directors have confirmed that none of them is serving as director on more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBF I or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. During the year ended June 30, 2014 one casual vacancy occurred on the Board and filled within the stipulated period.
5. The Company has prepared a 'Code of Conduct' and has ensured that appropriate steps which have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and executive and non executive director have been taken by the Board.
8. The meetings of the Board were presided over by Chairman of the Board of Directors and in his absence by a director elected for this purpose and the Board met at least once in every quarter. Written notices of the Board meeting, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated in time.
9. One director has obtained certification during the year ended June 30, 2014 under directors training programme.
10. There is no change in the position of CFO, Company Secretary and Head of Internal Audit during the year. The remuneration and terms and conditions of employment have been approved by the Board.



11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval by the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee comprising of three members all of whom are non-executive directors including the chairman of the committee.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is a non-executive director.
18. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company and they are involved in the internal audit function on full time basis.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decision, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the CCG have been complied with.

for and on behalf of the Board

LAHORE: September 30, 2014

MIAN AAMIR NASEEM
(Chief Executive)



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 **SHADAB TEXTILE MILLS LIMITED** ("the Company"), to comply with the listing regulation of the Karachi and Lahore Stock Exchanges respectively 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 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, the listing regulations of the 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 transaction 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 place 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 undertaken at arms 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 June 30, 2014.

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

	Paragraph reference	Description
i.	1	Independent Director was not appointed

LAHORE: September 30, 2014

FAZAL MAHMOOD & COMPANY
Chartered Accountants
Engagement Partner: Fazal Mahmood



SIX YEAR'S FINANCIAL DATA AT A GLANCE

(RUPEES IN MILLION)

PARTICULARS	2014	2013	2012	2011	2010	2009
ASSETS EMPLOYEED						
Property, plant and equipment	390.450	338.069	271.336	258.062	251.650	268.142
Long term deposits	2.387	2.382	2.382	2.382	2.382	1.042
Current assets	361.612	372.401	255.075	238.165	240.487	171.280
TOTAL ASSETS EMPLOYEED	754.449	712.852	528.793	498.609	494.519	440.464
FINANCED BY						
Share holders' equity	348.269	309.420	200.238	182.394	131.152	83.620
Long term liabilities	-	23.486	46.973	68.290	40.589	74.904
Deferred taxation	64.562	48.857	42.492	49.517	28.334	6.728
Current liabilities	341.618	331.089	239.090	198.408	294.444	275.212
TOTAL FUNDS INVESTED	754.449	712.852	528.793	498.609	494.519	440.464
PROFIT & (LOSS)						
Sales - net	2,024.029	1,785.120	1,619.546	1,832.307	1,246.000	874.380
Cost of sales	1,884.586	1,571.937	1,524.589	1,664.082	1,095.568	849.672
Gross profit	139.443	213.183	94.957	168.225	150.432	24.708
Administrative & general	37.048	34.540	28.997	26.474	23.046	22.315
Selling & distribution	0.291	0.943	0.453	2.853	1.103	0.778
Operating profit	102.104	177.700	65.507	138.898	126.283	1.615
Finance costs	26.739	32.198	40.274	55.612	45.315	43.654
Other charges	5.374	10.136	1.953	5.901	5.635	-
	69.991	135.366	23.280	77.385	75.333	(42.039)
Other income	2.512	1.402	3.058	2.238	0.697	0.172
PROFIT BEFORE TAXATION	72.503	136.768	26.338	79.623	76.030	(41.867)
Taxation	29.154	24.586	5.494	25.381	28.498	(13.606)
PROFIT AFTER TAXATION	43.349	112.182	20.844	54.242	47.532	(28.261)
PREVIOUS YEARS' BALANCE B/F	219.420	110.238	92.394	41.152	(6.380)	21.881
Profit available for appropriation	262.769	222.420	113.238	95.394	41.152	(6.380)
Dividend	4.500	3.000	3.000	3.000	-	-
Transfer to general reserve	200.000	-	-	-	-	-
BALANCE CARRIED TO B/S	58.269	219.420	110.238	92.394	41.152	(6.380)
EARNING PER SHARE (Rs.)	14.45	37.39	6.95	18.08	15.84	(9.42)
Number of Spindles installed	33600	32640	32640	32640	32640	32640
Number of Spindles worked	33600	32640	32640	32640	32640	27800
Number of Shifts per day	3	3	3	3	3	3
Actual production converted into 20/s count (Kgs. in million)	13.946	13.253	13.960	12.771	13.666	12.090



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **SHADAB TEXTILE MILLS 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 a reasonable basis for our opinion and, after due verification, we report that:-

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

LAHORE: September 30, 2014

FAZAL MAHMOOD & COMPANY
Chartered Accountants
Engagement Partner: Fazal Mahmood

BALANCE SHEET AS
(RUPEES IN THOUSAND)

	NOTE	2014	2013
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 6,000,000 ordinary shares of Rs. 10/- each.		<u>60,000</u>	<u>60,000</u>
Issued, subscribed and paid-up share capital	6	<u>30,000</u>	30,000
Revenue reserves	7	<u>318,269</u>	279,420
		348,269	309,420
NON - CURRENT LIABILITIES			
Long term financing	8	-	23,486
Deferred liabilities	9	64,562	48,857
CURRENT LIABILITIES			
Trade and other payables	10	<u>121,385</u>	135,803
Accrued mark-up	11	<u>5,287</u>	7,141
Short term borrowings	12	<u>178,010</u>	149,569
Current portion of long term loans	13	<u>23,486</u>	23,487
Provision for taxation	14	<u>13,450</u>	15,089
		341,618	331,089
CONTINGENCIES AND COMMITMENTS	15	-	-
TOTAL EQUITY & LIABILITIES		<u>754,449</u>	<u>712,852</u>

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

(Mian Aamir Naseem)
Chief Executive



AT JUNE 30, 2014

		(RUPEES IN THOUSAND)	
	NOTE	2014	2013
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	16	390,450	338,069
Long term deposits	17	2,387	2,382
		<u>392,837</u>	<u>340,451</u>
CURRENT ASSETS			
Stores, spares and loose tools	18	44,960	30,633
Stock in trade	19	201,546	211,838
Trade debts	20	73,963	91,522
Loans and advances	21	9,964	2,451
Trade deposits and prepayments	22	20,464	22,617
Other receivables	23	7,834	7,829
Cash and bank balances	24	2,881	5,511
		<u>361,612</u>	<u>372,401</u>
TOTAL ASSETS		<u><u>754,449</u></u>	<u><u>712,852</u></u>


(Mian Farrukh Naseem)
Director



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

		(RUPEES IN THOUSAND)	
	NOTE	2014	2013
Sales - net	25	2,024,029	1,785,120
Cost of sales	26	<u>1,884,586</u>	<u>1,571,937</u>
GROSS PROFIT		139,443	213,183
Administrative and general expenses	27	<u>37,048</u>	<u>34,540</u>
Selling and distribution expenses	28	<u>291</u>	<u>943</u>
OPERATING PROFIT		102,104	177,700
Finance costs	29	<u>26,739</u>	<u>32,198</u>
Other charges	30	<u>5,374</u>	<u>10,136</u>
		69,991	135,366
Other income	31	<u>2,512</u>	<u>1,402</u>
PROFIT BEFORE TAXATION		72,503	136,768
Taxation	32	<u>29,154</u>	<u>24,586</u>
PROFIT AFTER TAXATION		43,349	112,182
BASIC AND DILUTED EARNING PER SHARE - (RUPEES)	35	<u>14.45</u>	<u>37.39</u>

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

(Mian Aamir Naseem)
Chief Executive

(Mian Farrukh Naseem)
Director



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

	(RUPEES IN THOUSAND)	
	2014	2013
PROFIT AFTER TAXATION FOR THE YEAR	43,349	112,182
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>43,349</u>	<u>112,182</u>

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

(Mian Aamir Naseem)
Chief Executive

(Mian Farrukh Naseem)
Director



CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

		(RUPEES IN THOUSAND)	
	NOTE	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	36	138,513	127,128
Finance cost paid		(28,593)	(33,210)
Income tax paid		(16,723)	(10,756)
Paid to Workers' Profit Participation Fund		(7,345)	(1,415)
Net cash generated from operating activities		85,852	81,747
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital expenditure		(93,170)	(96,484)
Capital work in progress		-	(1,582)
Proceeds from disposal of operating fixed assets		4,200	1,465
Long term deposit paid		(5)	-
Net cash (used) in investing activities		(88,975)	(96,601)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments against long term loans		(23,487)	(23,487)
Proceeds from short term borrowings - net		28,441	40,176
Dividends paid		(4,461)	(2,976)
Net cash generated from financing activities		493	13,713
NET CASH (UTILIZED) DURING THE YEAR		(2,630)	(1,141)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		5,511	6,652
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	37	2,881	5,511

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

(Mian Aamir Naseem)
Chief Executive

(Mian Farrukh Naseem)
Director



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

(RUPEES IN THOUSAND)

Description	Share Capital	Revenue Reserves		Total Equity
	Issued, subscribed and paid up ordinary shares	General reserve	Un-appropriated profit	
Balance as at July 01, 2012	30,000	60,000	110,238	200,238
Total comprehensive income				
- Profit after taxation	-	-	112,182	112,182
Transaction with owners				
Final Dividend for the year ended June 30, 2012 @ Rs. 1.00 per share	-	-	(3,000)	(3,000)
Balance as at June 30, 2013	30,000	60,000	219,420	309,420
Total comprehensive income				
- Profit after taxation	-	-	43,349	43,349
Transaction with owners				
Final Dividend for the year ended June 30, 2013 @ Rs. 1.50 per share	-	-	(4,500)	(4,500)
Transfer to General Reserve	-	200,000	(200,000)	-
Balance as at June 30, 2014	30,000	260,000	58,269	348,269

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

(Mian Aamir Naseem)
Chief Executive

(Mian Farrukh Naseem)
Director



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

1. THE COMPANY AND ITS OPERATIONS

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

2. BASIS OF PREPARATION

2.1 Basis of measurement

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

2.2 Statement of compliance

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

2.3 Functional and presentation currency

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

3. USE OF ESTIMATES AND JUDGMENTS

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

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

Property, plant and equipment

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

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

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

Income taxes

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

4. NEW OR AMENDMENTS TO EXISTING STANDARD / INTERPRETATION AND FORTHCOMING REQUIREMENTS

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), have been notified by the Securities and Exchange Commission of Pakistan, for the purpose of their applicability in Pakistan vide SRO 633 (1) /2014 dated 10 July 2014. The company is yet to assess the full impact of these standards.

Standard or Interpretation		Effective Date Annual period beginning on or after
IFRS 2	Share Based Payments (Amendments)	01 July 2014
IFRS 3	Business Combinations (Amendments)	01 July 2014
IFRS 8	Operating Segments (Amendments)	01 July 2014
IFRS 10	Consolidated Financial Statements (Amendments)	01 January 2014
IFRS 11	Joint arrangements	01 January 2014
IFRS 12	Disclosure of Interest in Other Entities (Amendments)	01 July 2014
IFRS 13	Fair Value Measurements (Amendments)	01 July 2014
IAS 16	Property, Plant and Equipment (Amendment)	01 July 2014
IAS 19	Employee Benefits (Amendments)	01 July 2014
IAS 24	Related Party Disclosures (Amendments)	01 July 2014
IAS 27	Separate Financial Statements (Amendments)	01 January 2014
IAS 32	Financial Instruments : Presentation (Amendments)	01 January 2014
IAS 36	Impairment of Assets (Amendments)	01 January 2014
IAS 38	Intangible Assets (Amendments)	01 July 2014
IAS 39	Financial Instruments : Recognition and Measurements (Amendments)	01 January 2014
IAS 40	Investment Property (Amendments)	01 July 2014
IFRIC 21	Levies	01 January 2014

The management anticipates that the adoption of above standards, interpretations and amendments in future periods will not have a material impact on the financial statements other than the impact on presentation and disclosure. The company is yet to assess the full impact of the amendments.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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



5.1 Property, plant and equipment

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

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

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

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

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

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

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

5.2 Stores, spares & loose tools

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

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

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

5.3 Stock in trade

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

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



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

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

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

5.4 Trade debts and other receivables

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

5.5 Foreign currency translation

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

5.6 Staff Retirement Benefits

Defined contribution plan - Provident fund

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

5.7 Trade and other payables

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

5.8 Revenue Recognition

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

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

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

5.9 Borrowings Cost

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



5.10 Provisions

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

5.11 Impairment

a) Financial Assets

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

b) Non Financial Assets

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

5.12 Contingent Liabilities

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

5.13 Taxation

Current

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

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.



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

5.14 Financial instruments

a) Financial assets

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

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

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

(ii) Held to maturity investments

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

(iii) Loans and receivables

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

(iv) Available for sale investments

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

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

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

**b) Financial liabilities**

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

5.15 Offsetting of financial assets and financial liabilities

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

5.16 Basic and diluted earning per share

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

5.17 Cash and cash equivalents

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

5.18 Related party transactions

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

5.19 Proposed dividends and transfer between reserves

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

		(RUPEES IN THOUSAND)	
		2014	2013
6.	ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
	2,000,000 ordinary shares of Rs. 10/- each fully paid in cash.	20,000	20,000
	1,000,000 ordinary shares of Rs. 10/- each issued as bonus shares	10,000	10,000
		<u>30,000</u>	<u>30,000</u>
6.1	Husein Sugar Mills Ltd an associated company holds 375,000 (2013: 375,000) shares as at June 30, 2014.		
7.	REVENUE RESERVES		
	Unappropriated Profit	58,269	219,420
	General Reserve	260,000	60,000
		<u>318,269</u>	<u>279,420</u>
8.	LONG TERM FINANCING		
	Loan from banking companies - secured	8.1	<u>23,486</u>



		(RUPEES IN THOUSAND)		
		2014	2013	
8.1	National Bank of Pakistan			
	Term Finance I	8.1.1	<u>23,486</u>	46,973
	Balance as at 30th June		<u>23,486</u>	46,973
	Less:			
	Current portion shown under current liabilities		<u>(23,486)</u>	<u>(23,487)</u>
			<u>-</u>	<u>23,486</u>
8.1.1	This is repayable in 9 bi-annually equal installments commencing from March 1, 2011 and ending on March 1, 2015. The loan carries markup @ 6 months KIBOR + 3% p.a. payable on quarterly basis.			
8.1.2	The above finances are secured against first equitable / registered mortgage ranking pari passu over fixed assets of the company, demand promissory note and personal guarantees of the directors of the company.			
9.	DEFERRED LIABILITIES			
	Deferred Taxation	9.1	<u>64,562</u>	<u>48,857</u>
9.1	Deferred tax credits / (debits) arising in respect of:			
	Taxable Temporary Differences			
	Accelerated tax depreciation		<u>65,634</u>	62,549
	Deductible Temporary Differences			
	Minimum tax available for carry forward		<u>(1,072)</u>	<u>(13,692)</u>
			<u>64,562</u>	<u>48,857</u>
10.	TRADE AND OTHER PAYABLES			
	Creditors	10.1	<u>17,180</u>	11,544
	Contractors retention money		<u>1,074</u>	115
	Security deposits - Interest free		<u>10,193</u>	10,193
	Provident fund trust		<u>879</u>	869
	Accrued charges	10.2	<u>77,617</u>	84,761
	Unclaimed dividend		<u>180</u>	141
	Advances from customers		<u>1,382</u>	13,329
	Workers' profit participation fund		<u>3,894</u>	7,345
	Workers' welfare fund		<u>7,986</u>	6,506
	Others		<u>1,000</u>	1,000
			<u>121,385</u>	<u>135,803</u>
10.1	No interest is payable on the deposits and it can be used for the business.			
10.2	Workers' Profit Participation Fund			
	Balance as on 01 July		<u>7,345</u>	1,415
	Add: Provision for the year		<u>3,894</u>	7,345
	Interest for the year		<u>679</u>	125
			<u>11,918</u>	8,885
	Less: Payment during the year		<u>(8,024)</u>	<u>(1,540)</u>
	Balance as on 30 June		<u>3,894</u>	<u>7,345</u>



(RUPEES IN THOUSAND)

		2014	2013
11. ACCRUED MARK-UP			
Long term financing		770	1,453
Short term borrowings		4,517	5,688
		<u>5,287</u>	<u>7,141</u>
12. SHORT TERM BORROWINGS			
From Banking Companies - Secured	12.1	178,010	149,569
		<u>178,010</u>	<u>149,569</u>
12.1	These have been obtained from banking companies on mark-up basis and are secured by pledge and hypothecation of stocks & stores, charge on stocks, book debts, other movable assets and fixed assets of the company and against personal guarantee of directors. The borrowing form a part of total credit facilities available to the extent of Rs. 565 million (2013: Rs. 540 million). Unavailed facility as at balance sheet date is Rs. 387 million (2013: Rs. 390 million). Mark-up is paid at the rate ranging from 3 months Kibor plus 2% to 2.5 %. It includes inland letter of credit for purchase of raw material amounting to Rs. 37.574 million (2013: Nil).		
13. CURRENT PORTION OF LONG TERM LOANS			
National Bank of Pakistan	8	23,486	23,487
		<u>23,486</u>	<u>23,487</u>
14. PROVISION FOR TAXATION			
Opening balance		15,089	13,142
Less:			
Paid during the year		(1,387)	-
Adjusted during the year		(13,701)	(16,274)
		<u>1</u>	<u>(3,132)</u>
Current		13,450	15,089
Prior		(1)	3,132
		<u>13,449</u>	<u>18,221</u>
		<u>13,450</u>	<u>15,089</u>
15. CONTINGENCIES AND COMMITMENTS			
15.1 Contingencies			
Counter guarantees of Rs. 14.487 million (2013: Rs. 14.487 million) has been issued by the bank of the company to Sui Northern Gas Pipelines Limited against gas connections.			
15.2 Commitments			
Commitments for capital expenditure are amounting to Rs. 3.560 million (2013: Rs. 19.314 million) and non capital expenditure are amounting to Rs. 3.968 million (2013: Rs. 26.109 million).			
16. PROPERTY, PLANT & EQUIPMENT			
Operating fixed assets	16.1	390,450	336,487
Capital work-in-progress		-	1,582
		<u>390,450</u>	<u>338,069</u>

**16.1 Operating fixed assets****(RUPEES IN THOUSAND)**

Description	Land Freehold	Buildings	Plant and Machinery	Electric Installations	Factory Equipments	Furniture & Fixtures	Vehicles	Office Equipments	Total
At June 30, 2012									
Cost	3,351	91,994	484,510	2,425	150	3,783	14,790	3,343	604,346
Accumulated depreciation	-	50,022	268,713	1,890	136	2,687	7,306	2,256	333,010
Net book Value	3,351	41,972	215,797	535	14	1,096	7,484	1,087	271,336
Year ended June 30, 2013									
Opening Net book value	3,351	41,972	215,797	535	14	1,096	7,484	1,087	271,336
Additions	-	22,260	67,798	-	-	-	6,426	-	96,484
Disposals									
Cost	-	-	-	-	-	-	1,940	-	1,940
Depreciation	-	-	-	-	-	-	(1,691)	-	(1,691)
Net book value	-	-	-	-	-	-	249	-	249
Depreciation	-	(5,440)	(23,109)	(54)	(1)	(109)	(2,262)	(109)	(31,084)
Closing Net book value	3,351	58,792	260,486	481	13	987	11,399	978	336,487
At June 30, 2013									
Cost	3,351	114,254	552,308	2,425	150	3,783	19,276	3,343	698,890
Accumulated depreciation	-	55,462	291,822	1,944	137	2,796	7,877	2,365	362,403
Net book Value	3,351	58,792	260,486	481	13	987	11,399	978	336,487
Year ended June 30, 2014									
Opening Net book value	3,351	58,792	260,486	481	13	987	11,399	978	336,487
Additions	-	20,542	74,210	-	-	-	-	-	94,752
Disposals									
Cost	-	-	3,300	-	-	-	-	-	3,300
Depreciation	-	-	(1,613)	-	-	-	-	-	(1,613)
Net book value	-	-	1,688	-	-	-	-	-	1,688
Depreciation	-	(6,221)	(30,354)	(48)	(1)	(99)	(2,280)	(98)	(39,101)
Closing Net book value	3,351	73,113	302,654	433	12	888	9,119	880	390,450
At June 30, 2014									
Cost	3,351	134,796	624,830	2,425	150	3,783	19,276	3,343	791,954
Accumulated depreciation	-	61,683	322,176	1,992	138	2,895	10,157	2,463	401,504
Net book Value	3,351	73,113	302,654	433	12	888	9,119	880	390,450
Depreciation Rate (%)	-	10	10	10	10	10	20	10	

(RUPEES IN THOUSAND)

16.2	Depreciation for the year has been allocated as follows:	2014	2013
	Cost of goods sold	36,625	28,604
	Administrative and general expenses	2,476	2,480
		<u>39,101</u>	<u>31,084</u>

16.3 Statement of disposals of operating fixed assets

Depreciation	Cost	Accumulated Depreciation	Net Book Value	Sales Proceeds	Gain/Loss	Sold to	Basis of Sales
Plant and Machinery							Sargodha Spinning Mills Ltd.
Air compressor	876	(647)	229	1,000	771	Faisalabad (Related Party)	Negotiation
Cone winder	2,424	(965)	1,459	3,200	1,741	Sargodha Spinning Mills Ltd.	Negotiation
						Faisalabad (Related Party)	
Grand Total	<u>3,300</u>	<u>(1,612)</u>	<u>1,688</u>	<u>4,200</u>	<u>2,512</u>		



	(RUPEES IN THOUSAND)	
	2014	2013
17. LONG TERM DEPOSITS		
Others	<u>2,387</u>	<u>2,382</u>
	<u>2,387</u>	<u>2,382</u>
18. STORES, SPARES AND LOOSE TOOLS		
Stores	12,662	10,646
Spares	<u>32,298</u>	<u>19,987</u>
	<u>44,960</u>	<u>30,633</u>
19. STOCK IN TRADE		
Raw material	156,061	144,324
Work in process	16,035	15,478
Finished goods	28,957	50,072
Waste	493	1,964
	<u>201,546</u>	<u>211,838</u>
20. TRADE DEBTS		
These are unsecured but considered good.	20.1 <u>73,963</u>	<u>91,522</u>
20.1 The aging of trade debts at the balance sheet date is:		
Not past due	64,206	63,902
Past due 1-30 days	9,471	25,243
Past due 30-180 days	111	2,369
Past due 180 days	175	8
	<u>73,963</u>	<u>91,522</u>
21. LOANS AND ADVANCES		
(Unsecured but considered good):-		
Advances to :		
Suppliers and contractors	9,703	2,163
Against expenses	247	279
Employees	14	9
	<u>9,964</u>	<u>2,451</u>
22. TRADE DEPOSITS AND PREPAYMENTS		
Income tax	15,336	13,701
Letters of credit	3,360	7,148
Margin on bank guarantee	1,587	1,587
Prepayments	181	181
	<u>20,464</u>	<u>22,617</u>
23. OTHER RECEIVABLES		
Sales tax	7,810	7,805
Others	24	24
	<u>7,834</u>	<u>7,829</u>



		(RUPEES IN THOUSAND)	
		2014	2013
24.	CASH AND BANK BALANCES		
	Cash in hand	219	185
	Cash with banks:		
	In current accounts	2,662	5,326
		<u>2,881</u>	<u>5,511</u>
25.	SALES - NET		
	Local	2,077,178	1,814,574
	Waste	9,914	8,048
		<u>2,087,092</u>	<u>1,822,622</u>
	Less:		
	Sales tax	46,330	25,362
	Commission	16,733	12,140
		<u>2,024,029</u>	<u>1,785,120</u>
26.	COST OF SALES		
	Raw material consumed	26.1 1,298,311	1,139,046
	Salaries, wages and benefits	26.2 165,534	161,152
	Stores and spares	46,251	47,534
	Packing materials	22,920	17,820
	Fuel and power	280,622	200,868
	Repair and maintenance	4,708	4,009
	Insurance	4,625	4,530
	Other factory overhead	2,961	2,629
	Depreciation	36,625	28,604
		<u>564,246</u>	<u>467,146</u>
		<u>1,862,557</u>	<u>1,606,192</u>
	Opening stock in process	15,478	17,292
	Closing stock in process	(16,035)	(15,478)
	Cost of goods manufactured	<u>1,862,000</u>	<u>1,608,006</u>
	Opening stock of finished goods	52,036	15,967
	Closing stock of finished goods	(29,450)	(52,036)
		<u>1,884,586</u>	<u>1,571,937</u>
26.1	RAW MATERIAL CONSUMED		
	Opening stock	144,324	96,302
	Purchases	1,310,048	1,187,068
		<u>1,454,372</u>	<u>1,283,370</u>
	Less: Closing stock	(156,061)	(144,324)
		<u>1,298,311</u>	<u>1,139,046</u>

26.2 Salaries, wages and other benefits include Rs. 4.118 million (2013: Rs. 3.553 million) in respect of staff retirement benefits.



		(RUPEES IN THOUSAND)	
		2014	2013
27.	ADMINISTRATIVE AND GENERAL EXPENSES		
	Salaries, allowances and benefits	27.1	25,816
	Traveling and conveyance		23,716
	Vehicle running and maintenance		268
	Printing and stationery		442
	Newspaper and periodicals		2,508
	Postage, telegram and telephone		2,481
	Advertisement		497
	Rent, rates, and taxes		459
	Legal and professional	27.2	77
	Auditors' remuneration	27.3	14
	Subscription and donations		1,128
	Insurance		537
	Entertainment		307
	Computerization		1,341
	General		1,049
	Lighting charges		289
	Depreciation		241
			169
			225
			520
			2,480
		<u>37,048</u>	<u>34,540</u>
27.1	Salaries, allowances and benefits include Rs.0.600 million (2013: Rs. 0.526 million) in respect of staff retirement benefits.		
27.2	Auditors' Remuneration		
	Statutory audit fee		500
	Half yearly review fee		500
	Provident fund audit & other certification fee		25
			12
			<u>537</u>
27.3	No director or his spouse had any interest in the donee's fund.		
28.	SELLING AND DISTRIBUTION EXPENSES		
	Freight and expenses on local sales		291
			943
			<u>291</u>
			<u>943</u>
29.	FINANCE COSTS		
	Mark-up on:		
	Long term financing - secured	4,347	8,112
	Short term bank borrowings - secured	19,720	22,214
		24,067	30,326
	Bank charges and commission	1,993	1,747
	Interest on workers' profit participation fund	679	125
		<u>26,739</u>	<u>32,198</u>
30.	OTHER CHARGES		
	Workers' profit participation fund	3,894	7,345
	Workers' welfare fund	1,480	2,791
		<u>5,374</u>	<u>10,136</u>



		(RUPEES IN THOUSAND)	
		2014	2013
31. OTHER INCOME			
Gain on sale of operating fixed assets	16.3	2,512	1,216
Profit on sale of stores		-	1
Sale of scrap		-	185
		2,512	1,402
32. TAXATION			
Current		13,450	15,089
Prior		(1)	3,132
Deferred tax		15,705	6,365
		29,154	24,586

32.1 The company's income tax assessments have been finalized upto and including tax year 2013.

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

Reconciliation of tax charge for the year

Accounting profit for the year before tax	-	136,768
Tax on accounting profit at applicable rate @ 34% / 35%	-	47,869
Tax effect of amounts that are inadmissible for tax purposes	-	11,247
Tax effect of amounts that are admissible for tax purposes	-	(22,643)
Tax credit to a person registered under the Sales Tax Act, 1990	-	(912)
Minimum turnover tax @ 1%	-	-
Adjustment of minimum tax	-	(20,472)
Tax effect relating to prior years	-	3,132
Tax effect of timing differences	-	6,365
	-	24,586

33. CHIEF EXECUTIVE OFFICER, DIRECTOR AND EXECUTIVES' REMUNERATION

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

(RUPEES IN THOUSAND)			
	Chief Executive Officer	Director	Executives
	2014	2014	2014
Managerial remuneration	1,260	1,080	4,816
House rent	567	486	2,167
Medical allowance	126	108	482
Utility allowance	147	126	562
Provident fund contribution by company	-	-	289
	2,100	1,800	8,316
Number(s)	1	1	10



	Chief Executive Officer	Director	Executives
	2013	2013	2013
Managerial remuneration	1,260	1,047	3,071
House rent	567	471	1,382
Medical allowance	126	105	307
Utility allowance	147	122	358
Provident fund contribution by company	-	-	177
	<u>2,100</u>	<u>1,745</u>	<u>5,295</u>
Number(s)	<u>1</u>	<u>1</u>	<u>6</u>

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

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

33.3 No meeting fee was paid to the directors of the company during the year (2013: Rs. Nil).

34. TRANSACTIONS WITH RELATED PARTIES / ASSOCIATED UNDERTAKING

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

The company sold to associated undertaking machinery / material of aggregate sum of Rs. 4.200 million (2013: Rs. 0.128 million) and purchased from associated undertaking office building / material of aggregate sum of Rs. Nil (2013: Rs. 21.000 Million) during the year.

The maximum aggregate amount due from associated undertaking at the end of any month during the year was Rs. Nil (2013: Rs. Nil).

(RUPEES IN THOUSAND)

35. EARNING PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earning per share of the company.

Profit after taxation	43,349	112,182
Weighted average number of ordinary shares outstanding during the year (No in '000)	3,000	3,000
Basic earning per share (Rupees)	<u>14.45</u>	<u>37.39</u>

36. CASH GENERATED FROM OPERATIONS

Profit before taxation	72,503	136,768
Adjustments for non cash charges & other items:		
Depreciation on operating fixed assets	39,101	31,084
Finance costs	26,739	32,198
Provision for workers' profit participation fund	3,894	7,345
Provision for workers' welfare fund	1,480	2,791
Gain on disposal of operating fixed assets	(2,512)	(1,216)
Working capital changes	36.1 (2,692)	(81,842)
	<u>138,513</u>	<u>127,128</u>



		(RUPEES IN THOUSAND)	
		2014	2013
36.1	WORKING CAPITAL CHANGES		
	(Increase) / decrease in current assets		
	Stores, spares and loose tools	(14,327)	(1,649)
	Stock in trade	10,292	(82,277)
	Trade debts	17,559	(31,406)
	Loans and advances	(7,513)	2,766
	Trade deposits and prepayments	3,788	(5,853)
	Other receivables	(5)	(5,566)
		<u>9,794</u>	<u>(123,985)</u>
	Increase / (decrease) in current liabilities		
	Trade and other payable	(12,486)	42,143
		<u>(2,692)</u>	<u>(81,842)</u>
37.	CASH AND CASH EQUIVALENTS		
	Cash and bank balances	24	5,511
		<u>2,881</u>	<u>5,511</u>
38.	STAFF RETIREMENT BENEFITS		
	38.1 DEFINED CONTRIBUTION PLAN		
	The Company has maintained an employee provident fund trust and investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance 1984, and the rules formulated for this purpose. The salient information of the fund is as follows:		
	Size of the fund	74,105	52,774
	Cost of investment made	38.2 33,257	16,247
	Percentage of investment made	44.88%	30.79%
	Fair value of investment	56,145	26,616
	38.2 BREAKUP OF INVESTMENT		
	Investment in mutual fund	33,257	16,247
		<u>33,257</u>	<u>16,247</u>
39.	PLANT CAPACITY AND ACTUAL PRODUCTION		
	Number of spindles installed	33,600	32,640
	Number of spindles worked	33,600	32,640
	Production at normal capacity converted to 20/s (Kgs.)	15,662,356	15,084,942
	Actual production converted to 20/s (Kgs.)	13,945,582	13,252,914
	No. of shifts worked per day	3	3
	39.1 Reason for low production is due to normal maintenance, gas and electric shut down / closures.		
40.	NUMBER OF EMPLOYEES		
	At the year end number of employees of the company	984	977
	Weighted average number of employees of the company	981	980



	(RUPEES IN THOUSAND)	
41. FINANCIAL INSTRUMENTS BY CATEGORY	2014	2013
FINANCIAL ASSETS		
as per Balance Sheet		
Cash and bank balances	2,881	5,511
Trade debts	73,963	91,522
Loans & advances	14	9
Deposit & prepayments	1,587	1,587
Other receivables	24	24
Long term deposits	2,387	2,382
	<u>80,856</u>	<u>101,035</u>
FINANCIAL LIABILITIES		
as per Balance Sheet		
Long term loans	23,486	46,973
Short term borrowings	178,010	149,569
Trade and other payable	108,123	108,623
Accrued mark-up on secured loans	5,287	7,141
	<u>314,906</u>	<u>312,306</u>

41.1 Fair value of financial instruments

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

42. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial Risk Management

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

- Credit Risk
- Liquidity Risk
- Market Risk

Risk management framework

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

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



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

42.1 CREDIT RISK

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

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

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

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

	(RUPEES IN THOUSAND)	
	2014	2013
Bank balances	2,662	5,326
Trade debts	73,963	91,522
Loans & advances	14	9
Deposits & prepayments	1,587	1,587
Other receivables	24	24
Long term deposits	2,387	2,382
	<u>80,637</u>	<u>100,850</u>

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

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

42.2 LIQUIDITY RISK

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



Following is the maturity analysis of financial liabilities:

(RUPEES IN THOUSAND)			
2014	Upto 1 Year	Between 1 to 5 Years	Total
Non derivative financial liabilities			
Long term loans	23,486	-	23,486
Short term borrowings	178,010	-	178,010
Trade and other payable	108,123	-	108,123
Accrued mark-up on secured loans	5,287	-	5,287
	314,906	-	314,906
2013	Upto 1 Year	Between 1 to 5 Years	Total
Non derivative financial liabilities			
Long term loans	23,487	23,486	46,973
Short term borrowings	149,569	-	149,569
Trade and other payable	108,623	-	108,623
Accrued mark-up on secured loans	7,141	-	7,141
	288,820	23,486	312,306

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

42.3 MARKET RISK

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

42.3.1 Interest Risk

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

Cash flow sensitivity analysis

A change of 100 basis points in interest rate of long term loans at the reporting date would have increased / (decreased) equity and profit or (loss) by Rs. 0.347 million (2013: Rs. 0.584 million).

42.3.2 Fair value of financial assets and liabilities

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

**43. CAPITAL MANAGEMENT**

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

The Company's objectives when managing capital are:

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

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

44. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on 30 September 2014 by the Board of Directors of the company.

45. NON ADJUSTING EVENTS AFTER BALANCE SHEET DATE

The Board of Directors in their meeting held on 30 September 2014 has recommended a cash dividend at Rs. 1.00/- per share (i.e. 10 %) (2013: Rs 1.50/- per share) amounting to Rs.3.000 million for the year ended 30 June 2014. The Board of Directors also proposed to transfer Rupees Nil (2013: 200.000 Million) from un-appropriated profit to general reserve. The above proposed cash dividend is subject to the approval of the members at the Annual general Meeting to be held on 31 October 2014. These financial statements do not include the effect of the above proposals which will be accounted for in the period in which it is approved by the members.

46. GENERAL

Figures have been rounded off to the nearest thousand rupee.

(Mian Aamir Naseem)
Chief Executive

(Mian Farrukh Naseem)
Director



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

FORM 34

PATTERN OF SHAREHOLDING

1. Incorporation Number **0007162**
 2. Name of the Company **SHADAB TEXTILE MILLS LIMITED**
 3. Pattern of holding of the shares held by the shareholders as at **30 06 2014**

4.	No. of Shareholders	Shareholdings			Total shares held
		From		To	
	86	1	-	100	2,185
	73	101	-	500	18,272
	16	501	-	1,000	13,130
	12	1,001	-	5,000	25,988
	4	5,001	-	10,000	36,063
	1	10,001	-	15,000	11,000
	1	15,001	-	20,000	16,800
	1	25,001	-	30,000	30,000
	2	30,001	-	35,000	62,025
	1	35,001	-	40,000	40,000
	2	40,001	-	45,000	85,720
	2	45,001	-	50,000	95,260
	4	60,001	-	65,000	248,098
	2	65,001	-	70,000	130,364
	1	70,001	-	75,000	75,000
	1	75,001	-	80,000	79,034
	1	80,001	-	85,000	80,753
	1	85,001	-	90,000	88,253
	1	90,001	-	95,000	94,207
	2	100,001	-	105,000	208,491
	1	105,001	-	110,000	108,182
	1	145,001	-	150,000	147,900
	1	190,001	-	195,000	193,200
	1	200,001	-	205,000	203,636
	1	260,001	-	265,000	262,486
	1	265,001	-	270,000	268,953
	1	370,001	-	375,000	375,000
	<u>221</u>				<u>3,000,000</u>



5.	Categories of shareholders	Shares Held	Percentage
5.1	Directors, Chief Executive Officer, and their spouse and minor children.	1,484,065	49.4688
5.2	Associated Companies, undertakings and related parties.	375,000	12.5000
5.3	NIT and ICP	600	0.0200
5.4	Banks Development Financial Institutions, Non Banking Financial Institutions.	53	0.0018
5.5	Insurance Companies	-	-
5.6	Modarabas and Mutual Funds	94,207	3.1402
5.7	Shareholders holding 10%	791,853	26.3951
5.8	General public		
	a. Local	961,931	32.0644
	b. Foreign	-	-
5.9	Others (to be specified)		
	1. Joint Stock Companies	75,200	2.5067
	2. Pension Funds	8,613	0.2871
	3. Others	331	0.0110
6.	Signature of Company Secretary		
7.	Name of Signatory	Mr. Mazhar Hussain	
8.	Designation	Company Secretary	
9.	NIC Number	3 5 2 0 2 - 2 7 2 5 5 7 6 - 3	
10.	Date	30-06-2014	



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

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

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

<u>S.No.</u>	<u>Name</u>	<u>Sale</u>	<u>Purchase</u>
1.	Mian Aamir Naseem	10,000	-
2.	Mr. Yasir Naseem	-	10,000



FORM OF PROXY

I / We _____
 Son / Daughter / Wife of _____
 being a member of SHADAB TEXTILE MILLS LIMITED and holder of _____
 (Number of Shares)
 Ordinary Shares as per Registered Folio No. _____
 hererby appoint Mr. _____ of _____
 of failing him Mr. _____ of _____
 who is also a member of SHADAB TEXTILE MILLS LIMITED, Vide Registered Folio No. _____
 as my / our proxy to vote for me / us and on my / our behalf at the 35th Annual General Meeting of the
 Company to be held on Friday, October 31, 2014 at 10:30 a.m. and at any adjournment thereof.

As witness my / our hand (s) this _____ day of _____ 2014

1. Witness:

Signature _____
 Name _____
 Address _____

Affix
 Revenue
 Stamps of
 Rs. 5/-

 Signature of Member

2. Witness:

Signature _____
 Name _____
 Address _____

Shareholder's Folio No. _____

CDC A/c No. _____

NIC No.

NOTE:

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

