

2015

ANNUAL REPORT



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Company Profile

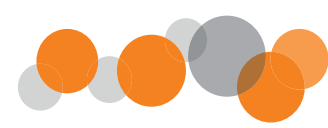
Suraj Cotton Mills Limited is a Public Limited Company incorporated on December 18, 1984 and is listed on Karachi and Lahore Stock Exchanges of Pakistan. The Company is engaged in the manufacturing and trading of high quality Yarn and Woven Fabrics.

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The Company has four operating units located at Nooriabad (Sindh), Shahkot and Raiwind (Punjab). The Company initially set up its spinning project with the capacity of 16,320 spindles at Nooriabad in 1985, which came into commercial production in 1986. After additions this unit now comprises of 24,576 spindles producing yarn counts from 10/1 cd to 30/1 cd, high end combed yarns and spandex yarns for weaving

Spinning unit No. 2 was set up at Shahkot in 1990 and this unit has witnessed a continuous process of modernization and expansion. Currently its spinning capacity is 43,000 spindles all of which specialize in the production of fine count yarns in range 40 combed to 130 combed.

The third production facility set up in 1994 in the same location. The weaving unit is equipped with most modern, sophisticated, state-of-the-art machinery and has a collective capacity exceeding 12 Million meters of grey cloth annually. In order for the company to be able to absorb the increasing competitiveness, and to be able to produce a variety of fabrics, the management has expanded its weaving facilities by addition of 120 state of art, wider width Air Jet looms in



2003 which has further enhanced the collective capacity to 28 million meters of Grey cloth annually.

In 2006 Suraj Cotton Mills completed the acquisition of a spinning unit comprising of 25,000 spindles located in Raiwind, Punjab. This unit has added to the company's production capability for fine count yarns in range 40/1 to 130/1.

Suraj Cotton Mills Limited enjoys a sound market reputation in both the domestic as well as international markets. The company has developed long term relationships with its customers and suppliers and is maintaining focus on increasing and enhancing investor values.

Company Information

Board of Directors

Khalid Bashir	(Chairman)
Nadeem Maqbool	(Chief Executive)
Ahsan Bashir	
Amjad Mahmood	
Asif Bashir	
Humayun Maqbool	
Mohammad Iqbal	

Chief Financial Officer

Farooq Ahmad

Company Secretary

Gulraiz Ali

Audit Committee

Humayun Maqbool	(Chairman)
Ahsan Bashir	(Member)
Asif Bashir	(Member)

HR & R Committee

Ahsan Bashir	(Chairman)
Asif Bashir	(Member)
Humayun Maqbool	(Member)

Share Registrar

Crescent Group (Pvt.) Ltd.
10th Floor, BOP Tower, 10-B,
Block E-2, Gulberg III, Lahore

Auditors

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Bankers

Allied Bank Limited
Habib Bank Limited
MCB Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited
Dubai Islamic Bank Limited
Habib Metropolitan Bank Limited

Registered Office

7-B-III, Aziz Avenue, Gulberg-V, Lahore.
Ph: +92-423-576 0381
Fax: +92-423-576 0376
Email: infor@suraj.com
Web: www.suraj.com

Project Locations

Nooriabad, District Dadu, Sindh.
Kotla Kahloon, District Nankana Sahib, Punjab.
Bhaikot, Rawind, District Lahore, Punjab.



Mission / Vision Statement

Our Business

We are a manufacturing organization operating integrated spinning and weaving facilities in textile industry and our end products are sold to international and national customers.

Vision of Future Business

We are committed to becoming the premier manufacturing organization in the textile industry maintaining market leadership in the present business and diversifying into value added projects with the object of maximizing returns for all the stakeholders.

Our Strengths

We have made pioneering efforts in development of new products which has enabled us to emerge as a market leader. This together with an innovative and professional management style has helped us to build a strong and financially sound base.

Our Strategy

We are determined to convert our vision into reality by using innovation to create a market niche for our products and by investing in facilities, people, systems and new technology, diversification into value addition and improvements in productivity and service to customers.

We shall aggressively exploit new markets by drawing strength from our corporate image and by promoting a culture that encourages initiatives at all levels of decision making.

Our Values

- We take pride in adhering to ethical business practices and in being a good corporate citizen.
- We respect our people and endeavor to provide them opportunities to realize their full potential.
- We recognize our responsibility to our stakeholders and society.

Performance Indicators

For the current and past five financial years

A Profitability Ratios		2015	2014	2013	2012	2011	2010
Gross profit ratio	(%)	10.5	11.2	15.1	10.0	13.3	16.6
Operating profit margin to sales	(%)	9.0	8.6	11.5	6.5	9.2	13.0
Net profit margin to sales (net)	(%)	6.9	6.6	9.4	4.2	5.8	7.3
Return on average equity	(%)	14.0	17.7	30.2	14.2	24.4	30.9
Return on capital employed	(%)	16.8	20.3	29.3	19.3	31.7	39.2
Return on average assets	(%)	10.2	12.3	20.1	8.5	13.1	14.5

B Liquidity Ratios		2015	2014	2013	2012	2011	2010
Current ratio	(times)	3.3	3.0	2.8	2.4	1.5	1.5
Quick ratio	(times)	2.5	1.8	1.2	1.2	0.4	0.5

C Activity / Turnover Ratios		2015	2014	2013	2012	2011	2010
Debtors turnover ratio	(times)	24.8	22.9	24.3	20.3	22.2	21.3
No. of days in receivables / Average collection period	(days)	15	16	15	18	16	17
Inventory turnover ratio	(times)	6.6	5.7	5.6	5.4	5.9	6.6
No. of days in inventory	(days)	55	64	65	68	62	55
Creditors turnover ratio	(times)	5.6	8.0	10.3	10.3	14.3	12.2
No. of days in creditors / Average payment period	(days)	65	46	36	35	26	30
Total assets turnover	(times)	1.5	1.9	2.1	2.0	2.3	2.0

D Investment / Market Ratios		2015	2014	2013	2012	2011	2010
Earnings per share	(Rs.)	24.7	30.0	45.6	17.5	28.4	28.1
Price earnings ratio	(times)	5.5	3.4	1.9	1.7	1.3	1.1
Cash dividend per share	(Rs.)	5.0	5.0	6.0	4.0	4.0	5.0
Stock dividend / Bonus shares	(%)	10.0	10.0	10.0	-	10.0	-
Break-up value per share	(Rs.)	188.0	181.2	172.2	130.3	128.0	104.3

E Market value per share		2015	2014	2013	2012	2011	2010
Closing	(Rs.)	135.0	102.0	85.3	28.9	37.0	31.5
High	(Rs.)	147.9	158.8	95.0	39.4	42.0	40.6
Low	(Rs.)	93.0	73.0	28.0	22.0	29.0	12.0

F Capital Structure Ratios		2015	2014	2013	2012	2011	2010
Debt equity ratio		02:98	06:94	10:90	08:92	11:89	22:78
Total liabilities to total assets	(%)	25.1	28.8	32.6	34.7	44.9	48.3



Vertical Analysis

For the current and past five financial years

Rupees in thousand

Balance Sheet	2015	%	2014	%	2013	%	2012	%	2011	%	2010	%
Property, plant and equipment	1,970,611	32.8	1,982,781	35.74	1,990,050	39.34	1,863,563	47.20	1,894,078	45.24	1,971,954	54.32
Investment property	100,000	1.7	100,000	1.80	-	-	-	-	-	-	-	-
Long term investments	-	-	-	-	-	-	13	0.00	13	0.00	17	0.00
Long term loans and deposits	19,531	0.3	19,531	0.35	18,974	0.38	18,688	0.47	12,810	0.31	23,506	0.65
Stores, spares and loose tools	83,027	1.4	89,846	1.62	125,850	2.49	106,446	2.70	103,375	2.47	76,769	2.11
Stock-in-trade	933,159	15.5	1,372,741	24.75	1,716,673	33.93	1,183,983	29.99	1,567,459	37.44	1,027,331	28.30
Trade debts	230,127	3.8	459,258	8.28	406,138	8.03	383,246	9.71	432,174	10.32	360,603	9.93
Loan and advances	43,482	0.7	56,046	1.01	39,070	0.77	42,165	1.07	53,842	1.29	47,302	1.30
Trade deposits and short term prepayments	4,105	0.1	4,618	0.08	4,844	0.10	2,678	0.07	2,432	0.06	6,376	0.18
Balances with statutory authorities	57,710	1.0	70,306	1.27	66,044	1.31	39,857	1.01	16,745	0.40	30,943	0.85
Taxation - net	12,131	0.2	3,024	0.05	11,786	0.23	22,015	0.56	22,111	0.53	-	-
Other receivables	2,916	0.0	817	0.01	912	0.02	3,074	0.08	7,330	0.18	4,198	0.12
Short term investments	2,448,452	40.7	1,185,844	21.38	582,982	11.52	276,823	7.01	59,780	1.43	58,692	1.62
Cash and bank balances	95,556	1.6	190,673	3.44	95,510	1.89	5,754	0.15	14,480	0.35	22,241	0.61
Assets held for sale	11,583	0.2	11,583	0.21	-	-	-	-	-	-	-	-
Total assets	6,012,390	100.0	5,547,068	100.0	5,058,833	100.0	3,948,305	100.0	4,186,629	100.0	3,629,932	100.0
Issued, subscribed and paid-up capital	239,580	4.0	217,800	3.9	198,000	3.9	198,000	5.0	180,000	4.3	180,000	5.0
Capital reserves	111,785	1.9	38,667	0.7	33,984	0.7	28,914	0.7	28,429	0.7	22,376	0.6
Revenue reserves	4,151,685	69.1	3,690,874	66.5	3,177,012	62.8	2,352,867	59.6	2,096,400	50.1	1,675,548	46.2
Shareholders' equity	4,503,050	74.9	3,947,341	71.2	3,408,996	67.4	2,579,781	65.3	2,304,829	55.1	1,877,924	51.7
Long term loan	90,263	1.5	251,537	4.5	336,807	6.7	216,934	5.5	241,213	5.8	405,504	11.2
Liabilities against assets subject to finance lease	399	0.0	635	0.0	854	0.0	-	0.0	311	0.0	11,453	0.3
Deferred taxation	213,970	3.6	215,535	3.9	212,186	4.2	213,386	5.4	215,943	5.2	210,978	5.8
Trade and other payables	987,599	16.4	791,840	14.3	770,582	15.2	536,709	13.6	513,595	12.3	440,966	12.1
Mark-up accrued	12,425	0.2	19,213	0.3	21,132	0.4	26,265	0.7	35,096	0.8	34,945	1.0
Short term borrowings	149,857	2.5	205,276	3.7	224,216	4.4	287,391	7.3	778,292	18.6	404,431	11.1
Current portion of long term liabilities	54,827	0.9	115,691	2.1	84,060	1.7	87,839	2.2	97,350	2.3	234,174	6.5
Taxation - net	-	-	-	-	-	-	-	-	-	-	9,557	-
Total equity and liabilities	6,012,390	100.0	5,547,068	100.0	5,058,833	100.0	3,948,305	100.0	4,186,629	100.0	3,629,932	100.0

Profit and Loss Account	2015	%	2014	%	2013	%	2012	%	2011	%	2010	%
Sales - net	8,562,185	100.0	9,924,609	100.0	9,593,325	100.0	8,257,042	100.0	8,797,929	100.0	6,896,059	100.0
Cost of sales	7,664,263	89.5	8,808,650	88.8	8,145,758	84.9	7,432,717	90.0	7,628,389	86.7	5,751,905	83.4
Gross profit	897,922	10.5	1,115,959	11.2	1,447,567	15.1	824,325	10.0	1,169,540	13.3	1,144,154	16.6
Distribution and selling expenses	160,620	1.9	233,778	2.4	254,750	2.7	189,659	2.3	244,538	2.8	135,003	2.0
Administrative expenses	116,095	1.4	115,279	1.2	102,178	1.1	87,379	1.1	77,503	0.9	66,975	1.0
Other operating expenses	57,396	0.7	94,838	1.0	98,257	1.0	38,796	0.5	60,746	0.7	64,540	0.9
Other operating income	206,282	2.4	180,342	1.8	106,522	1.1	30,006	0.4	20,587	0.2	16,686	0.2
Operating profit before finance costs	770,093	9.0	852,406	8.6	1,098,904	11.5	538,497	6.5	807,340	9.2	894,322	13.0
Finance costs	64,518	0.8	83,924	0.8	87,772	0.9	104,522	1.3	161,350	1.8	196,239	2.8
Profit before taxation	705,575	8.2	768,482	7.7	1,011,132	10.5	433,975	5.3	645,990	7.3	698,083	10.1
Taxation	114,084	1.3	116,020	1.2	107,787	1.1	87,508	1.1	135,138	1.5	192,980	2.8
Profit after taxation	591,491	6.9	652,462	6.6	903,345	9.4	346,467	4.2	510,852	5.8	505,103	7.3

Key Operating and Financial Data

For the current and past five financial years

Rupees in thousand

A Summary of Profit and Loss Account	2015	2014	2013	2012	2011	2010
Sales - net	8,562,185	9,924,609	9,593,325	8,257,042	8,797,929	6,896,059
Cost of sales	7,664,263	8,808,650	8,145,758	7,432,717	7,628,389	5,751,905
Gross profit	897,922	1,115,959	1,447,567	824,325	1,169,540	1,144,154
Distribution and selling expenses	160,620	233,778	254,750	189,659	244,538	135,003
Administrative expenses	116,095	115,279	102,178	87,379	77,503	66,975
Other operating expenses	57,396	94,838	98,257	38,796	60,746	64,540
Other operating income	206,282	180,342	106,522	30,006	20,587	16,686
Operating profit before finance costs	770,093	852,406	1,098,904	538,497	807,340	894,322
Finance costs	64,518	83,924	87,772	104,522	161,350	196,239
Profit before taxation	705,575	768,482	1,011,132	433,975	645,990	698,083
Taxation	114,084	116,020	107,787	87,508	135,138	192,980
Net income	591,491	652,462	903,345	346,467	510,852	505,103

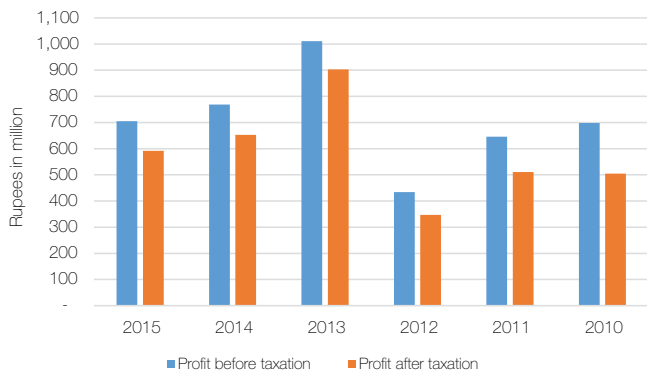
B Summary of Balance Sheet	2015	2014	2013	2012	2011	2010
Property, plant and equipment	1,970,611	1,982,781	1,990,050	1,863,563	1,894,078	1,971,954
Stock-in-trade	933,159	1,372,741	1,716,673	1,183,983	1,567,459	1,027,331
Trade debts	230,127	459,258	406,138	383,246	432,174	360,603
Trade and other payables	987,599	791,840	770,582	536,709	513,595	40,966
Current assets	3,922,248	3,444,756	3,049,809	2,279,728	2,066,041	1,634,455
Total assets	6,012,390	5,547,068	5,058,833	3,948,305	4,186,629	3,629,932
Reserves	4,263,470	3,729,541	3,210,996	2,381,781	2,124,829	1,697,924
Shareholders' equity	4,503,050	3,947,341	3,408,996	2,579,781	2,304,829	1,877,924
Long term financing	90,263	251,537	336,807	216,934	241,213	405,504
Deferred liabilities	213,970	215,535	212,186	213,386	215,943	210,978
Short term financing	149,857	205,276	224,216	287,391	778,292	404,431
Current liabilities	1,204,708	1,132,020	1,099,990	938,204	1,424,333	1,124,073

C Summary of Cash Flow Statement	2015	2014	2013	2012	2011	2010
Cash and cash equivalents at the beginning of the year	190,673	95,510	5,754	14,480	22,241	13,543
Net cash (used in) / generated from operating activities	1,374,302	914,367	563,684	873,888	34,184	400,675
Net cash used in investing activities	(1,191,626)	(746,406)	(526,028)	(357,612)	(103,549)	(71,291)
Net cash (used in) / generated from financing activities	(277,793)	(72,798)	52,100	(525,002)	61,604	(320,686)
Net increase / (decrease) in cash and cash equivalents	(95,117)	95,163	89,756	(8,726)	(7,761)	8,698
Cash and cash equivalents at the end of the year	95,556	190,673	95,510	5,754	14,480	22,241

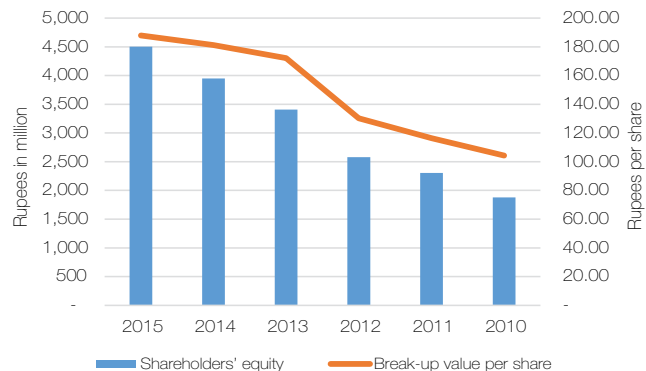
D Other data	2015	2014	2013	2012	2011	2010
Depreciation and amortization	201,959	202,598	191,322	187,992	196,403	206,529
Capital expenditure	194,633	210,988	341,084	158,697	119,693	69,446
No. of ordinary shares (no. of shares in millions)	23,958	21,780	19,800	19,800	18,000	18,000



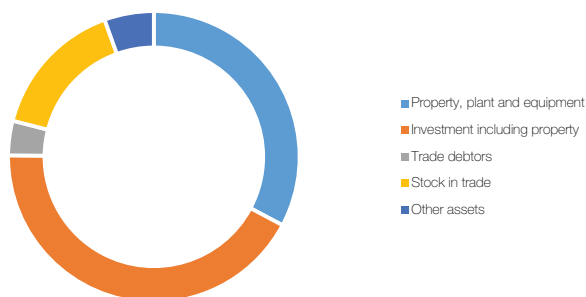
Profit before and after taxation



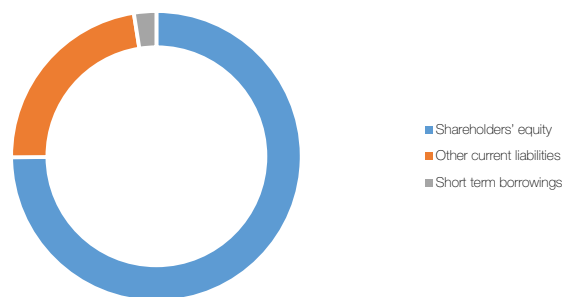
Shareholders' equity and break-up value per share



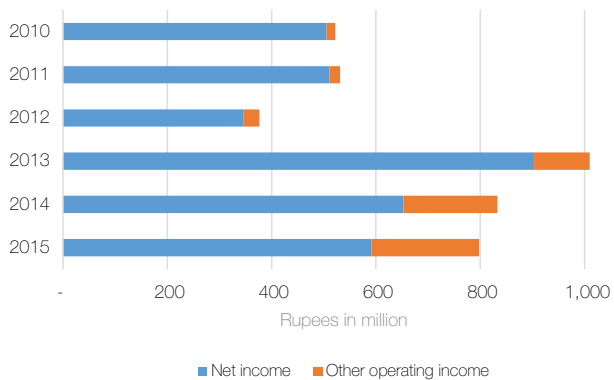
Total assets as of 30 June 2015



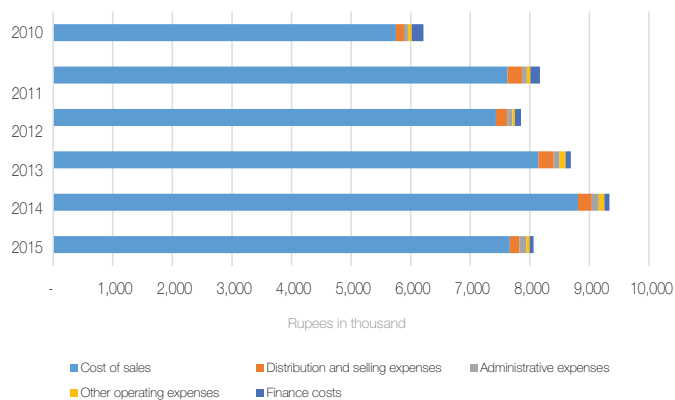
Total liabilities as of 30 June 2015



Profit and loss analysis (Income)



Profit and loss analysis (Expenses)



Directors' Profile



Mr. Khalid Bashir, 73

Chairman
Director (Non-Executive)

Joint Board: 1998
Chief Executive & Director: Shams Textile Mills Limited
Director: Shakarganj Mills Limited
The Crescent Textile Mills Limited
Crescent Cotton Mills Limited
Premier Insurance Limited



Mr. Nadeem Maqbool, 56

Chief Executive Officer
Director (Executive)

Joint Board: 1984
Director: Premier Insurance Limited
Crescent Fibres Limited
Equity Textile Mills Limited
Premier Financial Services (Pvt) Limited
Mohd Amin Mohd Bashir International (Pvt) Limited



Mr. Ahsan Bashir, 46

Director (Executive)

Joint Board: 1994
Chief Executive & Director: Crescent Powertec Limited
Director: Crescent Bahuman Limited



Mr. Amjad Mahmood, 68

Director (Non-Executive)

Joint Board: 1988



Mr. Asif Bashir, 43

Director (Non-Executive)

Joint Board: 1996

Director: Shams Textile Mills Limited



Mr. Humayun Maqbool, 48

Director (Non-Executive)

Joint Board: 1996

Director: Crescent Fibres Limited
Crescent Powertec Limited



Mr. Mohammad Iqbal, 71

Director (Non-Executive)

Joint Board: 2010

Chairman & Director: Al Abbas Sugar Mills Limited
Acme Mills (Pvt.) Limited

Director: Javedan Cement Company Limited
BMA Assets Management Company Limited
ICon Global (Pvt) Limited

Chief Executive's Review

On behalf of the Board of Directors, I present the operating and financial performance of the company for the year ended 30 June 2015. Although during the latter part of the period under review, the textile industry started to enter into a recessionary phase, your Company managed to maintain healthy returns with profit after tax of Rs. 591.491 million. As compared to last year, the profitability decline was restricted to under 9% with earnings per share of Rs. 24.69.

Operating Results

In the year under review your company performance was satisfactory and our results are indicative of this fact. Due to recessionary trends the company was unable to maintain the trend in the second half of the year. During this time there was a marked decline in the both prices and demand for yarn and fabrics especially in China which has become a major importer of Pakistani textile products. However, we were able to ensure that there was minimum inventory of finished goods and the cash flows of the company remained steady.

Our raw material procurement policy helped us to reduce carrying costs as well as take advantage of falling prices towards end of season. This coupled with our aggressive marketing helped us to reduce the negative effects on our results.

The Company's sales decreased by approximately 14%, due to lower end product prices with a marked decline in exports of about 28% and in local sales of 7%. Export sales reduced because of low demand from China as well as lower sales prices. China remains the most important market for textile products but it is becoming very difficult to maintain market share in view of increasing competition from India and Vietnam. Domestic fabric demand in both local and export markets remained weak with low prices and low operating margins.

There was a marginal increase in administration costs as compared to the corresponding period. Distribution costs declined by 31% mainly due to the reduction in export sales on account of freight and forwarding, sales commissions and other related expenses.

For the period under review, financial charges decreased by about 23% compared to the corresponding period. Reduction on this account is largely due to business

cash flows and the company's income from financial assets.

The key financial results are as under;

Particular	Rs. in Million	
	2015	2014
Sales	8,562	9,925
Gross profit	898	1,116
Operating profit	770	852
Financial cost	65	84
Profit before taxation	706	768
Provision for taxation	114	116
Profit after taxation	591	652

Other income rose by approximately 14% and this includes dividend income from investments as well as gain on disposal of investments. Due to better financial returns, the company's net borrowing costs declined which has also contributed to lower financial charges.

Provision of energy to the textile industry showed some improvement as compared to the previous year. Even though electricity supply was better than previous years, gas shortages continue to persist, especially in Punjab. In Sindh, gas shortages are less pronounced but supply of gas is restricted to 6 days a week. Gas shortages are having an extremely detrimental effect on existing industries, which have to rely on higher cost alternate energy and in some cases, cease operations. New investment decisions are not being made due to energy issues and unless the governments objective of 24/7 availability of power is realized, there will be limited expansion of the industrial base. However, it is important to note that this situation may improve due to falling oil prices which make alternative energy a viable option.

The cotton crop output was almost 15 million bales, which was higher than last year. Although the output has increased marginally, there is still a need to introduce scientific measures to increase the cotton output so that the industry is able to maintain its competitive edge and reduce reliance on imports.

Statements on Corporate and Financial Reporting Frame Work

- 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 accounting 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 and explained;
- e. The System of Internal Control is sound in design and has been effectively implemented and monitored; and
- f. There are no significant doubts upon the company's ability to continue as a going concern;
- g. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;
- h. Key operating and financial data of last six years in a summarized form is annexed;
- i. The following is the value of investment in respect of retirement benefit funds: Provident Fund: Rs. 198.22 Million (2014: Rs. 158.65 Million).
- j. All the statutory payments on account of taxes, duties, levies and charges have been made except those disclosed in financial statement.
- k. Four meetings of the Board of Directors were held during the year 2014-15. Attendance by each director was as under:

Sr. No.	Name of Director	No. Of Meetings Attended
1.	Mr. Ahsan Bashir	03
2.	Mr. Amjad Mahmood	03
3.	Mr. Asif Bashir	04
4.	Mr. Humayun Maqbool	04
5.	Mr. Khalid Bashir	04
6.	Mr. Nadeem Maqbool	04
7.	Mr. Mohammad Iqbal	04

(However, leave of absence was granted to the Directors who could not attend the Board Meetings due to preoccupations)

Audit Committee

The Board of Directors in compliance to the Code of Corporate Governance has established an Audit Committee and the following non-executive directors are its members. Five audit committee meetings were held:

Sr. No.	Name of Director	No. Of Meetings Attended
1.	Mr. Humayun Maqbool	05
2.	Mr. Ahsan Bashir	03
3.	Mr. Asif Bashir	04
4.	Mr. Khalid Bashir	02

Human Resource & Remuneration Committee

The Board of Directors in compliance to the Code of Corporate Governance has established a Human Resource & Remuneration Committee and the following directors are its members:

Sr. No.	Name of Director	
1.	Mr. Ahsan Bashir	Chairman
2.	Mr. Asif Bashir	Member
3.	Mr. Humayun Maqbool	Member

Directors' Training Programme:

As per Code of Corporate Governance all Directors met the criteria of 14 years of education and 15 years of

Chief Executive's Review

experience on the board of the listed Companies.

Investor Value

The Board of Directors has recommended a final cash dividend of Rs.5/- per share & 1 share for every 10 shares for approval by the shareholders in the next Annual General Meeting.

The Break up value per share for the year is Rs. 188 (2014: Rs. 181.24)

Company Secretary

The Company appointed Mr. Gulraiz Ali as Company Secretary on January 20, 2015. The gross remuneration of Rs. 150,000/- along with other terms and conditions as per Company's policy.

Auditors

As recommended by the Audit Committee, the present auditor M/s Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants retire and being eligible, offer themselves for re-appointment.

Pattern of Shareholding

The pattern of shareholding, as required by section 236 of the Companies Ordinance 1984 and Code of Corporate Governance, is enclosed.

Key Operating and Financial Data

The key operating and financial data for the last six years is annexed.

Corporate Governance

Your Company has been complying with the rules of Securities and Exchange Commission of Pakistan and has implemented better internal control policies with more rigorous checks and balances.

Future Outlook

We look at the future with caution in view of the demand destruction and low prices for both yarn and fabrics. Our main market, China, is beset with problems and demand for our products remains subdued. In addition, there is increasing regional competition with India and

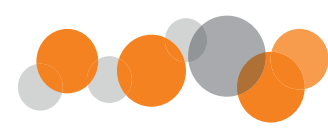
Vietnam steadily increasing their share in China. Our input costs continue to rise unabated and we have become uncompetitive. Our regional competitors have lower power costs and export incentives. In Pakistan, our costs have increased with the burden of Gas Infrastructure Development Cess, increase in natural gas prices and imposition of electricity surcharges. The Government should move to bring our input costs in line with our neighboring countries so that the industry is able to compete.

The current year cotton prices opened low but have become steady with mixed forecasts of the crop. The Government has reduced the crop size citing reasons of pest attack and excessive rainfall. It is too early to make any firm predictions in this regard. We hope that the damage is not significant and that the harvest is close to last years' level. However, international prices of raw cotton remain on the lower side although cotton output is predicted to be lower than last year. But on the other hand, recessionary trends will lead to lower consumption as well. In Pakistan, sales of our products continue to be very bad and unless this phenomenon changes, we expect there to be pressure on operating margins with the textile industry not being able to maintain its past earnings.

China continues to be an important market for Pakistani and regional textiles. It continues to import large quantities of yarn and fabrics from this region but taking advantage of their position they are reducing prices. Pakistani yarn is no longer competitive and Indian yarns are being offered at cheaper prices and reducing our market share. Although the quantities from Pakistan remain higher than last year, the value has dropped significantly.

The government needs to take immediate and decisive action if it is to save the textile industry, which is contributing significantly to the national exchequer. There is a need to reduce the cost of doing business and special emphasis needs to be laid on the provision of uninterrupted and fairly priced utilities. The advantage of lower oil prices should be passed on to the industry so that it can become competitive and move to regain its share. The currency has remained stable with a recent correction of about 4%. It is quite apparent that this is not going to be adjusted to counter the declining exports.

We continue our focus on improving efficiencies and productivity within the existing plants. We had spoken about new investments in our existing plants and diversification in the last review. However, no major



initiatives are planned at the moment and we will continue to monitor the situation before we make any decision. The Board of Directors has given their approval to initiate preliminary studies. We will continue to keep our stakeholders apprised of progress in this regard.

Acknowledgements

On behalf of the Board of Directors, I would take this opportunity to thank all our partners and employees for their continued support. I would also take this opportunity to express my gratitude to the Board for their valuable

insights and guidance.

Nadeem Maqbool
Chief Executive

October 02, 2015
Lahore

Statement of Compliance with the Best Practices of Corporate Governance

This statement is being presented to comply with the best practices of the Code of Corporate Governance as contained in the Listing Regulation 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:

- At present the Board included:

Category	Names
1 Executive Directors	Mr. Nadeem Maqbool Mr. Ahsan Bashir
2 Non-Executive Directors	Mr. Khalid Bashir Mr. Amjad Mahmood Mr. Asif Bashir Mr. Humayun Maqbool Mr. Mohammad Iqbal

- The directors have confirmed that none of them is serving as a director in more than seven listed companies including this Company.
- 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 NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
- No causal vacancy occurred during the financial year 2014-2015.
- The Company has prepared a 'Code of Conduct', and has ensured that appropriate steps have been taken to disseminate it throughout the company along with supporting policies & procedures.
- 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 dates on which they were approved or amended has been maintained.
- 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 and non-executive directors, have been taken by the Board.
- 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 meeting were appropriately recorded and circulated.
- The Company has arranged an orientation course for its directors and all of the Directors met the criteria of minimum of 14 years of education and 15 years of experience on the board of listed companies.
- The Board has approved appointment of CFO and Company Secretary including their remuneration and terms and conditions of employment.
- 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.
- The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
- 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.
- The Company has complied with all the corporate and financial reporting requirements of the CCG.
- The Board has formed an audit committee. It comprises of 3 (three) members, of whom two are non executive Directors including the Chairman of the Committee.
- The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by



- the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed and HR and Remuneration Committee. It comprises three members, of whom two are non-executive and the chairman of the committee is an executive director.
18. The Board has outsourced the internal audit function to KPMG Taseer Hadi & Company, Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company. The Head of Internal Audit has resigned during the year and the post is currently vacant which will be filled by a suitable person appointed by the Board meeting requirements prescribed by the Code.
19. The statutory auditors of the Company have confirmed that they have given a satisfactory rating under the quality control review programme 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 decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. There is no independent director as required by the clause i (b) of the Code of Corporate Governance.
24. We confirm that all other material principles enshrined in the CCG have been complied with except for the above paragraph, toward which reasonable progress is being made by the company to seek compliance by next election of directors.

Nadeem Maqbool

Chief Executive

October 2, 2015

Lahore

Pattern of Shareholding

As at June 30, 2015

No. of Shareholders	Shareholding		Total
	From	To	
183	1	100	6,470
214	101	500	54,768
116	501	1,000	82,453
99	1,001	5,000	229,951
28	5,001	10,000	188,568
14	10,001	15,000	170,390
17	15,001	20,000	298,790
9	20,001	25,000	187,978
3	25,001	30,000	85,947
1	30,001	35,000	31,200
2	35,001	40,000	77,630
1	40,001	45,000	43,923
2	45,001	50,000	93,987
1	50,001	55,000	54,450
1	55,001	60,000	59,394
1	75,001	80,000	79,194
2	80,001	85,000	163,877
1	95,001	100,000	96,497
1	115,001	120,000	119,975
1	140,001	145,000	141,911
3	155,001	160,000	475,087
1	190,001	195,000	194,725
1	210,001	215,000	213,356
1	245,001	250,000	248,550
1	270,001	275,000	275,000
1	300,001	305,000	302,500
1	455,001	460,000	459,772
1	515,001	520,000	518,566
1	670,001	675,000	671,489
1	710,001	715,000	714,695
1	725,001	730,000	726,230
1	755,001	760,000	758,796
1	795,001	800,000	798,466
1	1,085,001	1,090,000	1,088,446
1	1,335,001	1,340,000	1,336,429
1	1,530,001	1,535,000	1,532,940
1	1,545,001	1,550,000	1,546,165
1	9,825,001	9,830,000	9,829,435
717			23,958,000

Categories of Shareholders	Number	Share Held	%
Joint Stock Companies	13	11,313,797	47.22
Mutual Fund	1	518,566	2.16
Investment Companies	2	726,930	3.03
Insurance Companies	3	798,484	3.33
Others	3	50,315	0.21
Financial Institutions	3	159,672	0.67
Individuals	691	10,390,103	43.37
Modaraba	1	133	0.00
	717	23,958,000	100.00

INFORMATION REQUIRED AS PER CODE OF CORPORATE GOVERNANCE

As at June 30, 2015

Categories of Share Holders	Net Holding	Percentage	
Associated Companies, Undertakings & Related Parties:			
Crescent Powertec Limited	10,588,231	44.19	
Premier Insurance Limited	798,466	3.33	
National Investment Trust Limited:			
NBP-Trustee Department NI(U)T Fund	518,566	2.16	
Directors, Their Spouse & Minor Children:			
Mr. Khalid Bashir	Director/Chairman	1,088,446	4.54
Mr. Nadeem Maqbool	Director/Chief Executive	81,295	0.34
Mr. Ahsan Bashir	Director	1,336,429	5.58
Mr. Amjad Mahmood	Director	10,525	0.04
Mr. Asif Bashir	Director	141,911	0.59
Mr. Humayun Maqbool	Director	18,799	0.08
Mr. Mohammad Iqbal	Director	119,975	0.50
Mrs. Nazia Maqbool (W/o Mr. Nadeem Maqbool)		14,108	0.06
Mrs. Tanveer Khalid (W/o Mr. Khalid Bashir)		714,695	2.98
Mrs. Naheed Amjad (W/o Mr. Amjad Mahmood)		24,754	0.10
Mrs. Amna Asif (W/o Mr. Asif Bashir)		14,641	0.06
Mrs. Humera Iqbal (W/o Mr. Mohammad Iqbal)		1,532,940	6.40
Executives:			
Executives		1,546,165	6.45
Public Sector Companies & Corporations:			
		1,250	0.01
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas & Pension Funds			
		935,818	3.91
Individuals, and Joint Stock Companies			
		4,470,986	18.85
TOTAL NUMBER OF SHARES		23,958,000	100.00
Shareholders' Holding Five Percent or More Voting in the Co.:			
Crescent Powertec Limited		10,588,231	44.19
Mrs. Humera Iqbal		1,532,940	6.40
Mr. Adil Bashir		1,546,165	6.45
Mr. Ahsan Bashir		1,336,429	5.58

Details of Purchase / Sale of shares by Directors / CEO / Company Secretary / CFO and Their Spouses / Minor Children during 2015

15,000 shares were purchased by Mr. Ahsan Bashir, Director

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Financial Statements

For the year ended 30 June 2015

Review Report to the Members on Statement of Compliance with the Best Practices of Code of Corporate Governance

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

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

As 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 of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

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

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

Further, we have highlighted below instances of non-compliance with the requirements of the Code as reflected in the paragraph references where these are stated in the Statement:

Paragraph Reference	Description
18	The Head of Internal Audit has resigned during the year and the post is currently vacant which will be filled by a suitable person appointed by the Board meeting requirements prescribed by the Code.
23	There is no Independent Director as required by clause xi (b) of the Code of Corporate Governance

Chartered Accountants

Engagement Partner: Farooq Hameed
Ernst & Young Ford Rhodes Sidat Hyder

Lahore: 02 October 2015



Auditors' Report to The Member

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

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

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

- (a) In our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for changes as stated in note 4.1 of these financial statements with which we concur;
 - ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company.
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 June 2015 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.

Chartered Accountants

Engagement Partner: Farooq Hameed
Ernst & Young Ford Rhodes Sidat Hyder

Lahore: 02 October 2015

Balance Sheet

as at 30 June 2015

	Note	2015 (Rupees in thousand)	2014
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital 50,000,000 (2014: 50,000,000) ordinary shares of Rupees 10/- each		500,000	500,000
Issued, subscribed and paid up share capital	5	239,580	217,800
Capital reserves		111,785	38,667
Revenue reserves		4,151,685	3,690,874
		4,503,050	3,947,341
Non-current liabilities			
Long term financing	6	90,263	251,537
Liabilities against assets subject to finance lease	7	399	635
Deferred taxation	8	213,970	215,535
		304,632	467,707
Current liabilities			
Trade and other payables	9	987,599	791,840
Accrued interest on financing	10	12,425	19,213
Short term borrowings	11	149,857	205,276
Current portion of long term liabilities	12	54,827	115,691
		1,204,708	1,132,020
		1,509,340	1,599,727
TOTAL EQUITY AND LIABILITIES		6,012,390	5,547,068
CONTINGENCIES AND COMMITMENTS	13		

The annexed notes from 1 to 46 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER



Balance Sheet

as at 30 June 2015

	Note	2015 (Rupees in thousand)	2014
ASSETS			
Non-current assets			
Property, plant and equipment			
Operating fixed assets	14	1,921,544	1,935,757
Assets subject to finance lease	15	928	1,160
Capital work in progress	16	48,139	45,864
		1,970,611	1,982,781
Investment properties	17	100,000	100,000
Long term deposits		19,531	19,531
		2,090,142	2,102,312
Current assets			
Stores, spare parts and loose tools	18	83,027	89,846
Stock-in-trade	19	933,159	1,372,741
Trade debts	20	230,127	459,258
Loans and advances	21	43,482	56,046
Trade deposits and short term prepayments	22	4,105	4,618
Balances with statutory authorities	23	57,710	70,306
Taxation-net		12,131	3,024
Other receivables	24	2,916	817
Short term investments	25	2,448,452	1,185,844
Cash and bank balances	26	95,556	190,673
Assets held for sale	27	11,583	11,583
		3,922,248	3,444,756
TOTAL ASSETS		6,012,390	5,547,068

DIRECTOR

Profit and Loss Account

For the year ended 30 June 2015

	Note	2015 (Rupees in thousand)	2014
Sales	28	8,562,185	9,924,609
Cost of sales	29	7,664,263	8,808,650
Gross profit		897,922	1,115,959
Operating expenses			
Distribution cost	30	160,620	233,778
Administrative expenses	31	116,095	115,279
Other operating expenses	32	57,396	94,838
		334,111	443,895
Other income	33	563,811	672,064
		206,282	180,342
Finance cost	34	770,093	852,406
		64,518	83,924
Profit before taxation		705,575	768,482
Taxation	35	114,084	116,020
Profit for the year		591,491	652,462
Earnings per share - basic and diluted (Rupees)	36	24.69	Restated 27.23

The annexed notes from 1 to 46 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR



Statement of Comprehensive Income

For the year ended 30 June 2015

	2015	2014
	(Rupees in thousand)	
Profit for the year	591,491	652,462
Other comprehensive income:		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Net unrealized gain on available for sale investments	73,118	4,683
Items not to be reclassified to profit or loss in subsequent periods	-	-
Total other comprehensive income, net of tax	73,118	4,683
Total comprehensive income for the year	664,609	657,145

The annexed notes from 1 to 46 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

Cash Flow Statement

For the year ended 30 June 2015

	Note	2015 (Rupees in thousand)	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	37	1,733,959	1,276,136
Finance cost paid		(71,306)	(85,843)
WPPF paid		(40,446)	(53,218)
Income tax paid		(139,005)	(103,908)
Dividend paid		(108,900)	(118,800)
		(359,657)	(361,769)
Net cash from operating activities		1,374,302	914,367
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(192,358)	(209,333)
Proceeds from disposal of operating fixed assets		7,350	14,035
Purchase of investment property		-	(100,000)
Increase in capital work in progress		(2,275)	(1,655)
Investments made - net		(1,026,868)	(460,273)
Dividend received		22,525	11,377
Increase in long term deposits - net		-	(557)
Net cash used in investing activities		(1,191,626)	(746,406)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in long term financing - net		(222,172)	(53,666)
Decrease in short term borrowings - net		(55,419)	(18,940)
Finance lease liabilities repaid		(202)	(192)
Net cash used in financing activities		(277,793)	(72,798)
Net (decrease) / increase in cash and cash equivalents		(95,117)	95,163
Cash and cash equivalents at the beginning of year		190,673	95,510
Cash and cash equivalents at the end of year	26	95,556	190,673

The annexed notes from 1 to 46 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

Statement of Changes in Equity

For the year ended 30 June 2015

	Share capital	Capital Reserves			Revenue Reserves			Total
		Premium on issue of shares	Unrealized gain / (loss) on available-for-sale investments	Sub total	General	Unappropriated profit	Sub total	
------(Rupees in thousand)-----								
Balance as at 01 July 2013	198,000	29,000	4,984	33,984	2,214,000	963,012	3,177,012	3,408,996
Profit for the year ended 30 June 2014	-	-	-	-	-	652,462	652,462	652,462
Other comprehensive income	-	-	4,683	4,683	-	-	-	4,683
Total comprehensive income for the year	-	-	4,683	4,683	-	652,462	652,462	657,145
Transfer to general reserve	-	-	-	-	750,000	(750,000)	-	-
Bonus shares issued for the year ended 30 June 2013 at the rate of 10%	19,800	-	-	-	-	(19,800)	(19,800)	-
Final dividend for the year ended 30 June 2013 at the rate of Rs. 6 per share	-	-	-	-	-	(118,800)	(118,800)	(118,800)
Balance as at 30 June 2014	217,800	29,000	9,667	38,667	2,964,000	726,874	3,690,874	3,947,341
Profit for the year ended 30 June 2015	-	-	-	-	-	591,491	591,491	591,491
Other comprehensive income	-	-	73,118	73,118	-	-	-	73,118
Total comprehensive income for the year	-	-	73,118	73,118	-	591,491	591,491	664,609
Transfer to general reserve	-	-	-	-	750,000	(750,000)	-	-
Bonus shares issued for the year ended 30 June 2014 at the rate of 10%	21,780	-	-	-	-	(21,780)	(21,780)	-
Final dividend for the year ended 30 June 2014 at the rate of Rs. 5 per share	-	-	-	-	-	(108,900)	(108,900)	(108,900)
Balance as at 30 June 2015	239,580	29,000	82,785	111,785	3,714,000	437,685	4,151,685	4,503,050

The annexed notes from 1 to 46 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

Notes to the Financial Statements

For the year ended 30 June 2015

1. THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan as a public limited company under the Companies Act, 1913 (now Companies Ordinance, 1984) and is listed on Karachi and Lahore Stock Exchanges. The Company is engaged in the manufacturing, sale and trading of yarn, cloth and processing of cloth. Registered Office of the Company is situated at 7-B-III, Aziz Avenue, Gulberg-V, Lahore.

2. STATEMENT OF COMPLIANCE

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

3. BASIS OF PREPARATION

3.1 These financial statements have been prepared under the historical cost convention except for certain financial instruments, which are carried at their fair values.

3.2 Significant accounting judgments and critical accounting estimates / assumptions

The Company's main accounting policies affecting its result of operations and financial conditions are set out in note 4. Judgments and assumptions have been used by the management in applying the Company's accounting policies in many areas. Actual results may differ from estimates calculated using these judgments and assumptions. Key sources of estimation, uncertainty and critical accounting judgments are as follows:

a) Income taxes (note 4.2)

The Company takes into account relevant provisions of the current income tax laws while providing for current and deferred taxes.

b) Useful lives, patterns of economic benefits and impairments (note 4.5)

Management has made estimates of residual values, useful lives and recoverable amounts of certain items of property, plant and equipment. Any change in these 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 loss.

c) Provision for slow moving /obsolete items (note 4.9 & 4.10)

Provision is made for slow moving and obsolete items. Provisions are made against those having no activity during the current and last three years and are considered obsolete by the management.



Notes to the Financial Statements

For the year ended 30 June 2015

d) Provision for doubtful debts (note 4.11)

An estimate is made for doubtful receivables based on review of outstanding amounts at the year end, if any. Provisions are made against those having no activity during the current period and are considered doubtful by the management. Balances considered bad and irrecoverable are written off when identified.

3.3 Functional and presentation currency

These financial statements are presented in Pak rupee, which is the functional and presentation currency of the Company. Figures have been rounded off to the nearest thousand of rupees; unless otherwise stated.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of financial statements of the Company are consistent with previous year except as discussed in Note 4.1 and are as follows:

4.1 Change in accounting policy

During the year the Company changed its accounting policy for subsequent recognition of investment properties from fair value model to cost model under IAS 40, Investment Properties. This change has been accounted for in accordance with IAS 8, Accounting policies, Changes in Accounting Estimates and Errors. Had this change not been made, the Company's profit for the year and earnings per share would have been higher by Rs. (thousand) 4,000 and Rs. 0.17 per share respectively.

4.2 New and amended standards and interpretations become effective

The Company has adopted the following amendments to IFRSs which became effective for the current year:

IAS 19 – Employee Benefits – (Amendment) - Defined Benefit Plans: Employee Contributions

IFRS 7 – Financial Instruments : Presentation – (Amendment)
– Offsetting Financial Assets and Financial Liabilities

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

IAS 39 – Financial Instruments: Recognition and Measurement – (Amendment)
– Novation of Derivatives and Continuation of Hedge Accounting

IFRIC 21 – Levies

Improvements to Accounting Standards Issued by the IASB

IFRS 2 – Share-based Payment - Definitions of vesting conditions

IFRS 3 – Business Combinations – Accounting for contingent consideration in a business combination

IFRS 3 – Business Combinations - Scope exceptions for joint ventures

IFRS 8 – Operating Segments – Aggregation of operating segments

Notes to the Financial Statements

For the year ended 30 June 2015

IFRS 8 – Operating Segments - Reconciliation of the total of the reportable segments' assets to the

IFRS 13 – Fair Value Measurement - Scope of paragraph 52

IAS16 – Property, Plant and Equipment and IAS 38 Intangible Assets – Revaluation method – proportionate

IAS 24 – Related Party Disclosures - Key management personnel

IAS 40 – Investment Property - Interrelationship between IFRS 3 and IAS 40

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

4.3 Taxation

Current

Provision for taxation on income from local sales and other income is based on taxable income at current rates after taking into account tax rebates and credits available, if any. The Company falls in the ambit of presumptive tax regime under section 169 of the Income Tax Ordinance, 2001 to the extent of its export sales. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed during the year.

Deferred

Deferred taxation is accounted for using the balance sheet liability method providing for temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary timing differences and deferred tax assets 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 is calculated based on the rates that have been enacted or substantively enacted upto the balance sheet date and are expected to apply to the period when the difference will be reversed.

4.4 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.

4.5 Provisions

A provision is recognized in balance sheet when the Company has a legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of obligation.



Notes to the Financial Statements

For the year ended 30 June 2015

4.6 Property, plant and equipment

Owned

These are stated at cost less accumulated depreciation and impairment, if any, except freehold land which is stated at cost. Cost of operating fixed assets comprises historical cost, borrowing cost and other expenditure pertaining to the acquisition, construction, erection and installation of these assets.

Depreciation is charged to profit and loss account using the reducing balance method to write off the cost over the expected useful life of assets at rates, which are disclosed in note 14. Leasehold land is amortized over the lease period using straight-line method. Depreciation on additions to property, plant and equipment is charged from the month in which the asset is acquired or capitalized, while no depreciation is charged for the month in which the asset is disposed off.

Residual value and the useful life of assets are reviewed at each financial year end and if expectations differ from previous estimates the change is accounted for as change in accounting estimate in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

Normal repairs and maintenance costs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized. Gains and losses on disposal of property, plant and equipment are taken to profit and loss account.

Leased

Leased assets in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Leased assets are stated at an amount equal to the lower of its fair value and the present value of minimum lease payments at the inception of lease, less accumulated depreciation and any identified impairment loss.

Each lease payment is allocated between the liability and finance charge so as to achieve a constant rate on the balance outstanding. Financial charges element of the rental is charged to profit and loss account.

Depreciation on assets subject to finance lease is recognized in the same manner as for owned assets.

Capital work in progress

Capital work-in-progress represents expenditure on property, plant and equipment which are in the course of construction and installation. Transfers are made to relevant property, plant and equipment category as and when assets are available for use.

Capital work-in-progress is stated at cost less any identified impairment loss.

Impairment

The Company assesses at each balance sheet date whether there is any indication that assets excluding inventory may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where the carrying value exceeds the recoverable amount, assets are written down to the recoverable amount and the difference is charged to the profit and loss account.

Notes to the Financial Statements

For the year ended 30 June 2015

4.7 Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets classified as held for sale are presented separately as current items in the balance sheet.

4.8 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, these area measured under the cost model in IAS 40, investment properties.

4.9 Investments

Investment in associates

Investment in associates where the Company holds 20% or more of the voting power of the investee companies and where significant influence can be established are accounted for using the equity method. Investments in associates other than those described as above are classified as "available for sale".

In case of investments accounted for under the equity method, the method is applied from the date when significant influence is established until the date when that significant influence ceases.

Available for sale

These are initially measured at cost, being the fair value of consideration given. Cost of purchase includes transaction cost. At subsequent reporting dates, these investments are re-measured at fair value. For listed securities, fair value is determined on the basis of period end bid prices obtained from stock exchange quotations, while for unquoted securities, these are valued at lower of cost and break-up value.

All purchases and sales of investments are recognized on the trade date which is the date that the Company commits to purchase or sell the investment.

Changes in carrying value are recognized in statement of comprehensive income until the investment is sold or determined to be impaired at which time the cumulative gain or loss previously recognized in statement of comprehensive income is included in profit and loss account for the year.

Held for trading

Investments that are acquired principally for the purpose of generating a profit from short term fluctuations in price are classified as held for trading investments and are included in current assets. These are initially measured at cost and at subsequent reporting dates, these investments are remeasured at fair value. Cost of purchase includes transaction cost. Realized and unrealized gains and losses arising from changes in fair value are included in profit and loss account for the year in which they arise.

The fair value of publicly traded securities is based on market prices quoted on the Karachi Stock Exchange at the balance sheet date.



Notes to the Financial Statements

For the year ended 30 June 2015

All purchases and sales of investments are recognized on the trade date which is the date that the Company commits to purchase or sell the investment.

Impairment

At each balance sheet date, the Company reviews the carrying amounts of the investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense. In respect of 'available for sale' financial assets, cumulative impairment loss less any impairment loss on that financial assets previously recognized in profit and loss account is removed from statement of comprehensive income at disposal or derecognition and recognized in the profit and loss account. Impairment losses recognized in the profit and loss account on equity instruments are not reversed through the profit and loss account.

4.10 Stores, spare parts and loose tools

These are valued at the lower of cost, which is carried at moving average, and net realizable value less provision for slow moving and obsolete items except for items in transit, which are valued at cost comprising invoice value, plus other charges paid thereon. Provision is made for slow moving and obsolete items.

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

4.11 Stock in trade

These are valued at the lower of cost and net realizable value except waste, which is valued at net realizable value determined on the basis of contract price. Cost is determined as under:

Raw materials	- Weighted average cost
Materials in transit	- At invoice value plus other charges incurred thereon
Work-in-progress and finished goods	- At average manufacturing cost including a proportion of production overheads

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and selling expenses.

4.12 Trade debts

Trade debts are carried at the amounts billed / charged which is fair value of consideration to be received in the future. An estimate is made for doubtful receivables based on review of outstanding amounts at the year end, if any. Provisions are made against those having no activity during the current period and are considered doubtful by the management. Balances considered bad and irrecoverable are written off when identified.

Notes to the Financial Statements

For the year ended 30 June 2015

4.13 Other receivables

Other receivables are recognized at nominal amount which is fair value of the consideration to be received in the future.

4.14 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

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

Any gain or loss on de-recognition of the financial assets and financial liabilities is taken to profit and loss account.

4.15 Impairment of financial assets

The Company assesses at each balance sheet date whether there is any indication that financial assets may be impaired. If such indication exists, the carrying amounts of such financial assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceed recoverable amount, financial assets are written down to the recoverable amount and the difference is charged to profit and loss account.

4.16 Off setting of financial assets and financial liabilities

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

4.17 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date on which derivative contract is entered into and subsequently re-measured at fair value. Any change in the fair value of the derivative financial instruments is taken to profit and loss account. Derivatives with positive market values are included in other receivables and derivatives with negative market values are included in other liabilities in the balance sheet.

4.18 Foreign currency translation

Monetary assets and liabilities in foreign currencies excluding derivative financial instruments are translated at the rates of exchange prevailing at balance sheet date while foreign currency transactions are recorded at the rates of exchange prevailing at the transaction date. Exchange gains and losses are charged to profit and loss account.

Notes to the Financial Statements

For the year ended 30 June 2015

4.19 Revenue recognition

Local sales are recognized on dispatch of goods to customers whereas export sales are recognised on the date of bill of lading, which is the time when the risks and rewards are transferred.

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

Profit on bank deposits is recognized on time proportion basis taking into account principal outstanding and effective rates of profit applicable thereon.

4.20 Employees' benefits

Defined contribution plan

The Company operates a funded employee's provident fund scheme for its permanent employees. Equal monthly contributions at the rate of six percent of basic pay are made both by the Company and employees to the fund.

Compensated absences

Compensated absences are accounted for in the period in which the absences are earned.

4.21 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to profit and loss account whenever incurred. Finance cost is accounted for on accrual basis.

4.22 Related party transactions and transfer pricing

Transactions and contracts with the related parties are based on the policy that all transactions between the Company and related parties are carried out at an arm's length.

4.23 Business segments

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. Business segments are the primary reporting format and the Company is organized into two business segments:

Spinning: Production of different quality of yarn using natural and artificial fibers.

Weaving: Production of different quality of greige fabric using yarn.

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

Notes to the Financial Statements

For the year ended 30 June 2015

4.23.1 Segment assets and liabilities

The assets of a segment include all operating assets used by a segment and consists principally of property, plant and equipment, long and short term investments, inventories, trade debts, receivables and cash & bank balances, net of allowances and provisions, if any.

Segment liabilities include all operating liabilities consisting principally of long term and short term financing, liabilities against assets subject to finance lease, deferred liabilities and trade & other payables.

4.23.2 Allocation of segment expenses

All identifiable expenses are directly attributed to the respective segments.

4.24 Cash and cash equivalents

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

4.25 Dividends

Dividend distribution to the Company's shareholders is recognized as a liability in the year in which dividends are approved by Company's shareholders.

4.26 Standards, Interpretations and Amendments to Published Approved Accounting Standards that are not yet effective

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

Standard	Effective Date (Annual periods beginning on or after)
IFRS 10 – Consolidated Financial Statements	01 January 2015
Consolidated Financial Statements, IFRS 12 Disclosure of - Interests in	
IFRS 10 – Other Entities and IAS 27 Separate Financial Statements - Investment	01 January 2016
Entities (Amendment)	
Consolidated Financial Statements, IFRS 12 Disclosure of Interests - in	01 January 2016
IFRS 10 – Other Entities and IAS 27 Separate Financial Statements - Investment	
Entities: Applying the Consolidation Exception (Amendment)	01 January 2016
Consolidated Financial Statements and IAS 28 Investment - in	
IFRS 10 – Associates and Joint Ventures - Sale or Contribution of Assets -	01 January 2016
between an Investor and its Associate or Joint Venture (Amendment)	
IFRS 11 – Joint Arrangements	01 January 2015
IFRS 11 – Joint Arrangements Accounting for Acquisition of Interest in - Joint	
Operation (Amendment)	01 January 2016
IFRS 12 – Disclosure of Interests in Other Entities	01 January 2015



Notes to the Financial Statements

For the year ended 30 June 2015

IFRS 13 – Fair Value Measurement	01 January 2015
IAS 1 – Presentation of Financial Statements - Disclosure Initiative - (Amendment)	01 January 2016
IAS 16 – Property, Plant and Equipment - Clarification of Acceptable Method of Depreciation (Amendment)	01 January 2016
IAS 38 – Intangible assets - Clarification of Acceptable Method of Amortization (Amendment)	01 January 2016
IAS 41 – Agriculture - Bearer Plants (Amendment)	01 January 2016
IAS 27 – Separate Financial Statements - Equity Method in Separate Financial Statements (Amendment)	01 January 2016

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

The Company expects that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application other than to the extent of certain changes or enhancements in the presentation and disclosure in the financial statements.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

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

5. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2015 (No. of Shares)	2014	2015 (Rupees in thousand)	2014
17,400,000	17,400,000	174,000	174,000
6,558,000	4,380,000	65,580	43,800
23,958,000	21,780,000	239,580	217,800

5.1 Ordinary shares of the Company held by related parties as at year end are as follows:

Notes to the Financial Statements

For the year ended 30 June 2015

	2015	2014
	(No. of Shares)	
Crescent Powertec Limited	10,588,231	9,625,665
Premier Insurance Limited	798,466	725,879
	11,386,697	10,351,544

	Note	2015 (Rupees in thousand)	2014
6. LONG TERM FINANCING			
From banking companies - secured			
Finance 1	(6.1)	4,630	22,439
Finance 2	-	-	19,234
Finance 3	(6.2)	6,397	19,188
Finance 4	(6.3)	3,447	37,826
Finance 5	(6.4)	73,558	120,368
Finance 6	-	-	20,687
Finance 7	(6.5)	56,806	127,268
		144,838	367,010
Less: Current portion taken as current liability	(12)	54,575	115,473
		90,263	251,537

- 6.1** This facility represents the loan obtained from Habib Bank Limited under the EOP-LTF Scheme launched by SBP to retire import letter of credits for machinery under Balancing, Modernization and Replacement (BMR) of the project. It carries mark up at SBP refinance rate plus 2% (2014 : SBP refinance rate plus 2%) per annum payable quarterly. This is secured against first pari passu equitable mortgage on land and building, hypothecation charge on plant and machinery of the Company to the extent of Rs. 187,000 thousand and personal guarantees of sponsoring directors. The loan is repayable in twenty four equal quarterly installments. However, State Bank of Pakistan had granted one year moratorium on all loans installments payable in calendar year 2009 on the EOP-LTF loans.
- 6.2** This represents term finance obtained from MCB Bank Limited to finance imported air jet looms. It carries mark up at SBP refinance rate plus 2% (2014 : SBP refinance rate plus 2%) per annum. This finance is secured against first pari passu charge of Rs. 170,000 thousand over fixed assets of the Company and personal guarantees of the sponsoring directors. The loan is repayable in twelve equal semi annual installments. However, State Bank of Pakistan had granted one year moratorium on all loans installments payable in calendar year 2009 on the EOP-LTF loans.
- 6.3** This finance has been obtained from MCB Bank Limited to retire LC's opened for importing compact frames and air compressor for industrial use. It carries markup at 1 month KIBOR plus 2.25% (2014: 1 month KIBOR plus 2.25%) per annum to be paid quarterly. This finance is secured against first pari passu charge over all present and future fixed assets of the Company aggregating to Rs. 897,000 thousands. The principal portion is to be repaid in five years through seven equal half yearly installments starting from November 2013 after grace period of one and a half year.
- 6.4** This finance has been obtained from MCB Bank Limited for import of compact frames, blow room medication and high production cards. It carries markup at 6 month KIBOR plus 1.75% (2014: 6 month KIBOR plus 1.75%) per annum to be serviced quarterly. This finance is secured against first pari passu charge over all present and future fixed assets of the Company aggregating to Rs. 897,000 thousands and personal guarantees of the sponsoring directors. The principal portion of loan is to be repaid in five years through sixteen equal quarterly installments starting from February 2014 with grace period of one year.

Notes to the Financial Statements

For the year ended 30 June 2015

- 6.5 This finance has been obtained from United Bank Limited to retire letter of credit for import of new machinery. It carries markup at 6 month KIBOR plus 1.25% (2014: 6 months KIBOR plus 1.25%) per annum to be serviced quarterly. This finance is secured against first pari passu charge by way of equitable mortgage charge of land, building and hypothecation of machinery aggregating to Rs. 334,000 thousands and personal guarantees of sponsoring directors. The principal portion is to be repaid in seven years through ten equal semi annual installments starting from April 2015 with grace period of two years.

	Note	2015 (Rupees in thousand)	2014
7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
The amount of future rentals and periods during which they fall due are as under:			
Not later than one year		370	333
Later than one year and not later than five years		454	990
		824	1,323
Less : Future financial charges		173	470
Present value of minimum lease payments	(7.1)	651	853
Less : Current portion taken as current liability	(12)	252	218
		399	635
7.1 Break up of net lease obligation			
Within one year		252	218
Within two to five years		399	635
		651	853

- 7.2 The value of the minimum lease payments has been discounted at an implicit interest rate of 12 month KIBOR plus 4% (2014: 12 month KIBOR plus 4%) per annum. The balance rentals are payable in monthly installments. In case of termination of the agreement, the Company shall pay entire amount of rentals for un-expired period of lease agreement.

	Note	2015 (Rupees in thousand)	2014
8. DEFERRED TAXATION			
Taxable temporary differences			
Accelerated tax depreciation		228,046	230,217
Finance lease arrangements		60	259
		228,106	230,476
Deductible temporary differences			
Provision for doubtful debts		(8,612)	(9,684)
Provision for slow moving / obsolete items		(5,524)	(5,257)
		(14,136)	(14,941)
		213,970	215,535

Notes to the Financial Statements

For the year ended 30 June 2015

	Note	2015 (Rupees in thousand)	2014
9. TRADE AND OTHER PAYABLES			
Creditors	(9.1)	363,153	351,097
Accrued liabilities		519,741	333,747
Workers' profit participation fund	(9.2)	37,136	40,446
Excise duty payable on loans		11,707	11,707
Income tax deducted at source		1,351	846
Payable to employees' provident fund trust		2	496
Unclaimed dividend		2,149	2,049
Workers welfare fund		52,360	51,452
		987,599	791,840

9.1 These include an amount of Rs. 22,246 thousand (2014: Rs. 17,722 thousand) due to associated undertakings.

	Note	2015 (Rupees in thousand)	2014
9.2 Workers' profit participation fund			
Balance at the beginning of the year		40,446	53,218
Allocation for the year	(32)	37,136	40,446
		77,582	93,664
Payments made during the year		(40,446)	(53,218)
Closing balance		37,136	40,446
10. ACCRUED INTEREST ON FINANCING			
Long term financing		5,366	10,863
Short term borrowings		7,042	8,342
Liabilities against assets subject to finance lease		17	8
		12,425	19,213



Notes to the Financial Statements

For the year ended 30 June 2015

	Note	2015 (Rupees in thousand)	2014
11. SHORT TERM BORROWINGS			
From banking companies - secured			
Cash finance	(11.1)	-	25,905
Running finance	(11.1)	149,857	179,371
		149,857	205,276

11.1 Finance facilities aggregating to Rs. 2,275,000 thousand (2014: Rs. 2,125,000 thousand) are available under mark-up agreements and carry mark up ranging from KIBOR plus 0.20 % to 1.75 % (2014: KIBOR plus 0.20 % to 1.75 %) per annum. The aggregate short term finances are secured by way of charge on all present and future current assets of the Company and lien on export letters of credit or firm contracts.

12. CURRENT PORTION OF LONG TERM LIABILITIES

Long term financing	(6)	54,575	115,473
Liabilities against assets subject to finance lease	(7)	252	218
		54,827	115,691

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

There is contingent liability in respect of bank guarantees issued by the Company's bankers in the ordinary course of business in favour of collector of customs aggregating to Rs. 810 thousand (2014: Rs. 810 thousand) against cases pending in the court of law.

13.2 Commitments

Commitment in respect of letter of credit for capital expenditures amounts to Rs. 266,658 thousand (2014: Rs. 49,202).

Notes to the Financial Statements

For the year ended 30 June 2015

14. OPERATING FIXED ASSETS

DESCRIPTION	2015						RATES %				
	BALANCE AS AT 01 JULY 2014			BALANCE AS AT 30 JUNE 2015							
	Cost	Accumulated depreciation	Net Book Value	Additions	Transfer (accumulated depreciation)	Disposal Cost / (accumulated depreciation)		Depreciation charge	Cost	Accumulated depreciation	Net Book Value
Land - Freehold	69,173	-	69,173	18,831	-	-	-	88,004	-	88,004	-
Land - Leasehold	2,108	616	1,492	-	-	21	21	2,108	637	1,471	1.01
Building on freehold land	82,310	60,251	22,059	-	-	10,440	10,440	82,310	70,691	11,619	10
Building on leasehold land	332,574	219,487	113,087	-	-	3,075	3,075	332,574	222,562	110,012	10
Plant and machinery	3,756,919	2,115,647	1,641,272	147,514	-	-	172,762	3,904,433	2,288,409	1,616,024	10
Electric installations	83,626	54,746	28,880	-	-	-	2,902	83,626	57,648	25,978	10
Furniture and fixtures	3,549	2,500	1,049	-	-	-	107	3,549	2,607	942	10
Office equipments	38,624	24,017	14,607	-	-	-	1,454	38,624	25,471	13,153	10
Vehicles	88,297	44,159	44,138	26,013	-	13,584 (8,740)	10,966	100,726	46,385	54,341	20
	4,457,180	2,521,423	1,935,757	192,358	-	13,584 (8,740)	201,727	4,635,954	2,714,410	1,921,544	

DESCRIPTION	2014						RATES %				
	BALANCE AS AT 01 JULY 2013			BALANCE AS AT 30 JUNE 2014							
	Cost	Accumulated depreciation	Net Book Value	Additions	Transfer (accumulated depreciation)	Disposal Cost / (accumulated depreciation)		Depreciation charge	Cost	Accumulated depreciation	Net Book Value
Land - Freehold	52,479	-	52,479	16,694	-	-	-	69,173	-	69,173	-
Land - Leasehold	2,108	595	1,513	-	-	-	21	2,108	616	1,492	1.01
Building on freehold land	75,204	48,651	26,553	7,106	-	-	11,600	82,310	60,251	22,059	10
Building on leasehold land	332,574	216,795	115,779	-	-	-	2,692	332,574	219,487	113,087	10
Plant and machinery	3,658,812	1,998,461	1,660,351	168,978	56,853 (45,270)	14,018 (10,862)	173,318	3,756,919	2,115,647	1,641,272	10
Electric installations	78,123	51,968	26,155	5,503	-	-	2,778	83,626	54,746	28,880	10
Furniture and fixtures	3,549	2,369	1,180	-	-	-	131	3,549	2,500	1,049	10
Office equipments	37,526	22,627	14,899	1,200	-	102 (91)	1,481	38,624	24,017	14,607	10
Vehicles	80,981	35,499	45,482	9,852	-	2,536 (1,627)	10,287	88,297	44,159	44,138	20
	4,321,356	2,376,965	1,944,391	209,333	56,853 (45,270)	16,656 (12,550)	202,308	4,457,180	2,521,423	1,935,757	

14.1 Depreciation charge for the year on operating fixed assets has been allocated as follows:

	2015	2014
	Rupees in thousand	
Cost of sales	189,318	190,540
Administrative expenses	12,409	11,768
	201,727	202,308



Notes to the Financial Statements

For the year ended 30 June 2015

14.2 Disposal of operating fixed assets

Description	Cost	Accumulated Depreciation	Net Book Value	Sale Proceeds	Mode of Disposal	Sold to
----- (Rupees thousand) -----						
Vehicles:						
Shahzore truck	569	549	20	425	Negotiation	Mr. Saleem Moeen
Flat pick-up	80	80	-	400	Negotiation	Madni Motors
Honda City	1,553	602	951	1,275	Negotiation	Shuja Saleem
Suzuki Liana	1,199	695	514	759	Negotiation	Premier Insurance
Mercedes Benz	10,183	6,814	3,368	4,500	Negotiation	Waleed Zafar
	13,584	8,740	4,853	7,359		

15. ASSETS SUBJECT TO FINANCE LEASE

DESCRIPTION	2015				RATES %					
	BALANCE AS AT 01 JULY 2014	FOR THE YEAR		BALANCE AS AT 30 JUNE 2015						
	Cost	Accumulated depreciation	Net Book Value	Additions	Transfer Cost / (accumulated depreciation)	Depreciation charge	Cost	Accumulated depreciation	Net Book Value	
Vehicles	1,673	513	1,160	-	-	232	1,673	745	928	20
----- (Rupees in thousand) -----										

DESCRIPTION	2014				RATES %					
	BALANCE AS AT 01 JULY 2013	FOR THE YEAR		BALANCE AS AT 30 JUNE 2014						
	Cost	Accumulated depreciation	Net Book Value	Additions	Transfer Cost / (accumulated depreciation)	Depreciation charge	Cost	Accumulated depreciation	Net Book Value	
Vehicles	1,673	223	1,450	-	-	290	1,673	513	1,160	20
----- (Rupees in thousand) -----										

15.1 Depreciation charge for the year on assets subject to finance lease has been allocated to administrative expenses.

Notes to the Financial Statements

For the year ended 30 June 2015

16. CAPITAL WORK IN PROGRESS

This includes advance given to M/s Tricon Developers of Rs. 44,209 thousands (2014: 44,209 thousands) for purchase of office. The title of the office is executed in the favour of Company as on November 2012. The office is still under construction as on 30 June 2015.

	Note	2015 (Rupees in thousand)	2014
17. INVESTMENT PROPERTIES			
Opening balance		100,000	-
Additions		-	100,000
		100,000	100,000

17.1 This represents plots purchased by the Company in June 2014 stated at cost. The fair value of this property is Rs. 104 million which has been determined based on valuations as at 15 September 2015 performed by registered independent appraiser Jasper & Jasper having appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. The valuation is based on comparable market transactions that consider sales of similar properties that have been transacted in open market.

The Company has no restrictions on the realisability of its investment property and no contractual obligations to purchase or develop the investment properties.

18. STORES, SPARE PARTS AND LOOSE TOOLS

Stores in transit		2,887	-
Stores		102,436	112,891
Spare parts		3,172	2,447
Loose tools		106	82
		108,601	115,420
Less : Provision for slow moving / obsolete items	(18.1)	25,574	25,574
		83,027	89,846

18.1 Provision for slow moving / obsolete items

Opening balance		25,574	24,171
Addition during the year		-	1,403
		25,574	25,574
Adjusted during the year		-	-
		25,574	25,574

19. STOCK-IN-TRADE

Raw material in transit		-	89,593
Raw material		246,928	496,082
Work in process		103,093	113,163
Finished goods		577,158	669,746
Waste		5,980	4,157
		933,159	1,372,741



Notes to the Financial Statements

For the year ended 30 June 2015

19.1 During the year Rs. Nil thousands (2014: 75,686) was recognized as an expense for inventories carried at net realizable value. This is recognized in cost of sales.

	Note	2015 (Rupees in thousand)	2014
20. TRADE DEBTS			
Considered good:			
Secured against letters of credit		60,973	108,129
Unsecured	(20.1)	169,154	351,129
		230,127	459,258
Considered doubtful - unsecured		28,709	28,482
Less: Provision for doubtful debts	(20.3)	(28,709)	28,482
		-	-
		230,127	459,258
20.1 This includes amount due from following associated companies:			
Crescent Textile Mills Limited		54	1,266
Crescent Bahuman Limited		171	29,697
		225	30,963
20.2 There are no past due or impaired receivables from related parties as on 30 June 2015.			
20.3 Provision for doubtful debts			
Opening balance		28,482	27,999
Addition during the year	(32)	227	483
		28,709	28,482
20.4 The ageing of trade debts and related impairment loss at balance sheet date was:			
Age analysis of trade debts - not impaired			
Not past due		128,754	312,000
Past due 0 - 180 days		85,539	139,219
Past due 180 - 365 days		11,059	6,063
1 - 2 years		4,775	1,976
		230,127	459,258
Age of impaired trade debts			
Past due 0 - 180 days		-	-
Past due 180 - 365 days		-	-
1 - 2 years		-	-
More than 2 years		28,709	28,482
		28,709	28,482

Notes to the Financial Statements

For the year ended 30 June 2015

	Note	2015 (Rupees in thousand)	2014
21. LOANS AND ADVANCES			
Loans to employees - considered good - unsecured		4,156	5,299
Advances - considered good:			
To suppliers - unsecured		33,092	44,374
Against letters of credit - secured		6,234	6,373
		39,326	50,747
		43,482	56,046
22. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits		656	992
Short term prepayments		3,449	3,626
		4,105	4,618
23. BALANCES WITH STATUTORY AUTHORITIES			
Sales tax refundable		55,471	66,974
Export rebate		2,239	3,332
		57,710	70,306
24. OTHER RECEIVABLES			
These include cotton claims receivables which are considered good by the management of the Company.			
25. SHORT TERM INVESTMENTS			
Available for sale	(25.1)	698,207	26,756
Held for trading	(25.2)	1,750,245	1,159,088
		2,448,452	1,185,844



Notes to the Financial Statements

For the year ended 30 June 2015

	Note	2015 (Rupees in thousand)	2014
25.1 Available for sale			
Quoted			
Investments in related party			
Premier Insurance Limited			
360,926 (2014: 721,353) fully paid ordinary shares of Rupees 10 each.	(25.1.1)	12,135	8,152
Others			
Pakistan International Airlines Corporation			
Nil (2014: 6,124) fully paid ordinary shares of Rupees 10 each.		-	45
Samba Bank Limited			
1,652,306 (2014: 1,652,306) fully paid ordinary shares of Rupees 10 each.		15,875	15,875
PICIC Energy Fund			
Nil (2014: 73,789) fully paid ordinary shares of Rupees 10 each.		-	745
NIB Bank Limited			
1,000,000 (2014: 1,000,000) fully paid ordinary shares of Rupees 10 each.		4,574	4,574
Nimir Industrial Chemical Limited			
75,000 (2014: 125,000) fully paid ordinary shares of Rupees 10 each.		621	1,035
Jahangir Siddiqui & Co. Limited			
149,878 (2014: 149,878) fully paid ordinary shares of Rupees 10 each.		1,733	1,733

Notes to the Financial Statements

For the year ended 30 June 2015

	Note	2015 (Rupees in thousand)	2014
DG Khan Cement Company Limited			
1,010,000 (2014: Nil) fully paid ordinary shares of Rupees 10 each.		92,386	-
Engro Corporation Limited			
75,000 (2014: Nil) fully paid ordinary shares of Rupees 10 each.		12,386	-
Tripack Films Limited			
30,000 (2014: Nil) fully paid ordinary shares of Rupees 10 each.		7,822	-
Pakistan Oilfield Limited			
50,000 (2014: Nil) fully paid ordinary shares of Rupees 10 each.		18,781	-
Fauji Cement Company			
250,000 (2014: Nil) fully paid ordinary shares of Rupees 10 each.		6,460	-
Fatima Fertilizer Company Limited			
400,000 (2014: Nil) fully paid ordinary shares of Rupees 10 each.		15,267	-
Fauji Fertilizer Company Limited			
200,000 (2014: Nil) fully paid ordinary shares of Rupees 10 each.		23,422	-
Pakistan Petroleum Limited			
250,640 (2014: Nil) fully paid ordinary shares of Rupees 10 each.		44,107	-



Notes to the Financial Statements

For the year ended 30 June 2015

	Note	2015 (Rupees in thousand)	2014
Crescent Steel and Allied Products Limited			
250,000 (2014: Nil) fully paid ordinary shares of Rupees 10 each.		12,604	-
Nishat Mills Limited			
894,700 (2014: Nil) fully paid ordinary shares of Rupees 10 each.		102,039	-
Bank Al Falah Limited			
1,000,000 (2014: Nil) fully paid ordinary shares of Rupees 10 each.		27,754	-
Engro Polymer Chemicals Limited			
800,000 (2014: Nil) fully paid ordinary shares of Rupees 10 each.		9,332	-
PICIC Growth Fund			
250,000 (2014: Nil) fully paid ordinary shares of Rupees 10 each.		6,163	-
Fauji Fertilizer Bin Qasim Limited			
200,000 (2014: Nil) fully paid ordinary shares of Rupees 10 each.		9,042	-
Faisal Bank Limited			
1,989,325 (2014: 149,878) fully paid ordinary shares of Rupees 10 each.		31,630	-
Pakistan State Oil Limited			
80,000 (2014: Nil) fully paid ordinary shares of Rupees 10 each.		28,633	-
Engro Fertilizers Limited			
412,500 (2014: Nil) fully paid ordinary shares of Rupees 10 each.		34,025	-

Notes to the Financial Statements

For the year ended 30 June 2015

	Note	2015 (Rupees in thousand)	2014
Shell Pakistan Limited			
30,000 (2014: Nil) fully paid ordinary shares of Rupees 10 each.		7,766	-
Oil & Gas Development Company Limited			
100,000 (2014: Nil) fully paid ordinary shares of Rupees 10 each.		19,884	-
GlaxoSmith Kline Pakistan Limited			
35,000 (2014: Nil) fully paid ordinary shares of Rupees 10 each.		7,650	-
National Bank of Pakistan			
30,000 (2014: Nil) fully paid ordinary shares of Rupees 10 each.		2,084	-
The Searle Company Limited			
9,000 (2014: Nil) fully paid ordinary shares of Rupees 10 each.		2,177	-
IGI Insurance Limited			
25,000 (2014: Nil) fully paid ordinary shares of Rupees 10 each.		6,761	-
IBL Healthcare Limited			
25,000 (2014: Nil) fully paid ordinary shares of Rupees 10 each.		3,713	-
Cherat Cement Limited			
450,000 (2014: Nil) fully paid ordinary shares of Rupees 10 each.		34,439	-
Kot Adu Power Company Limited			
275,000 (2014: Nil) fully paid ordinary shares of Rupees 10 each.		22,350	-



Notes to the Financial Statements

For the year ended 30 June 2015

	Note	2015 (Rupees in thousand)	2014
Pakistan Telecommunication Limited			
300,000 (2014: Nil) fully paid ordinary shares of Rupees 10 each.		6,401	-
Unquoted			
Investments in related party			
Premier Financial Services (Private) Limited			
2,200 (2014: 2,200) fully paid ordinary shares of Rupees 1,000 each.		2,200	2,200
Crescent Spinning Mills Limited			
208,800 (2014: 208,800) fully paid ordinary shares of Rupees 10 each.	(25.1.2)	2,088	2,088
		634,304	36,447
Unrealized gain on revaluation of investments - net		82,785	9,667
Impairment loss		(18,882)	(19,358)
		698,207	26,756

25.1.1 Due to reduction in share capital of the Premier Insurance Limited the number of shares have reduced from 721,853 to 360,926 shares.

25.1.2 The official liquidator had submitted the statement in Lahore High Court for final liquidation of the Company and final decision is still awaited.

Notes to the Financial Statements

For the year ended 30 June 2015

	2015			2014		
	Carrying value	Unrealized gain / (loss)	Market value	Carrying value	Unrealized gain / (loss)	Market value
	----- (Rupees in thousand) -----					
25.2 Held for trading						
Quoted - other than related parties:						
Tripack Films Limited						
Nil (2014: 45,000) fully paid ordinary shares of Rupees 10 each.	-	-	-	9,090	(1,461)	7,629
Pakistan State Oil Limited						
Nil (2014: 50,000) fully paid ordinary shares of Rupees 10 each.	-	-	-	20,336	(893)	19,443
Pakistan Oilfield Limited						
Nil (2014: 40,000) fully paid ordinary shares of Rupees 10 each.	-	-	-	20,671	2,301	22,972
DG Khan Cement Company Limited						
Nil (2014: 896,500) fully paid ordinary shares of Rupees 10 each.	-	-	-	70,322	8,534	78,856
Engro Corporation Limited						
Nil (2014: 150,000) fully paid ordinary shares of Rupees 10 each.	-	-	-	24,070	2,706	26,776
Fauji Cement Company						
Nil (2014: 800,000) fully paid ordinary shares of Rupees 10 each.	-	-	-	9,927	5,465	15,392
Fatima Fertilizer Company Limited						
Nil (2014: 200,000) fully paid ordinary shares of Rupees 10 each.	-	-	-	4,966	834	5,800
The Hub Power Company Limited						
Nil (2014: 250,000) fully paid ordinary shares of Rupees 10 each.	-	-	-	14,276	409	14,685
Fauji Fertilizer Company Limited						
Nil (2014: 200,000) fully paid ordinary shares of Rupees 10 each.	-	-	-	21,892	558	22,450
Pakistan Petroleum Limited						
Nil (2014: 200,640) fully paid ordinary shares of Rupees 10 each.	-	-	-	40,768	4,244	45,012



Notes to the Financial Statements

For the year ended 30 June 2015

	2015			2014		
	Carrying value	Unrealized gain / (loss)	Market value	Carrying value	Unrealized gain / (loss)	Market value
	----- (Rupees in thousand) -----					
Crescent Steel and Allied Products Limited Nil (2014: 200,000) fully paid ordinary shares of Rupees 10 each.	-	-	-	9,862	(1,160)	8,702
Bank Al Falah Limited Nil (2014: 100,000) fully paid ordinary shares of Rupees 10 each.	-	-	-	2,711	39	2,750
Fauji Fertilizer Bin Qasim Limited Nil (2014: 400,000) fully paid ordinary shares of Rupees 10 each.	-	-	-	16,314	(406)	15,908
Nishat Mills Limited Nil (2014: 325,000) fully paid ordinary shares of Rupees 10 each.	-	-	-	39,533	(3,159)	36,374
Pakgen Power Limited Nil (2014: 600,000) fully paid ordinary shares of Rupees 10 each.	-	-	-	12,725	(1,901)	10,824
Arif Habib Corporation Limited Nil (2014: 150,000) fully paid ordinary shares of Rupees 10 each.	-	-	-	3,670	506	4,176
Engro Polymer Chemicals Limited Nil (2014: 600,000) fully paid ordinary shares of Rupees 10 each.	-	-	-	9,394	(1,276)	8,118
PICIC Growth Fund Nil (2014: 200,000) fully paid ordinary shares of Rupees 10 each.	-	-	-	5,272	1,076	6,348
Engro Fertilizers Limited Nil (2014: 15,000) fully paid ordinary shares of Rupees 10 each.	-	-	-	-	857	857
Faisal Bank Limited Nil (2014: 500,000) fully paid ordinary shares of Rupees 10 each.	-	-	-	6,203	1,872	8,075
Nishat Power Limited Nil (2014: 100,000) fully paid ordinary shares of Rupees 10 each.	-	-	-	3,468	90	3,558

Notes to the Financial Statements

For the year ended 30 June 2015

	2015			2014		
	Carrying value	Unrealized gain / (loss)	Market value	Carrying value	Unrealized gain / (loss)	Market value
----- (Rupees in thousand) -----						
HBL Asset Management Fund 3,461,015 (2014: 2,042,404) Units	350,000	-	350,000	190,071	14,826	204,897
NAFA Money Market Fund Nil (2014: 24,630,617) Units	-	-	-	230,944	15,687	246,631
MCB Dynamic Cash Fund Nil (2014: 622) Units	-	-	-	64	(1)	63
MCB Pakistan Cash Management Fund 6,981,026 (2014: 62,731) Units	350,000	121	350,121	3,141	(4)	3,137
ABL Cash Fund 34,937,811 (2014: 23,874,885) Units	350,000	87	350,087	225,000	14,339	239,339
UBL Liquidity Fund Plus Nil (2014: 999,494) Units	-	-	-	100,000	316	100,316
MCB Cash Management Optimizer 3,496,909 (2014: Nil) Units	350,000	37	350,037	-	-	-
Faisal Money Market Fund 3,463,974 (2014: Nil) Units	350,000	-	350,000	-	-	-
	1,750,000	245	1,750,245	1,094,690	64,398	1,159,088

Notes to the Financial Statements

For the year ended 30 June 2015

	Note	2015 (Rupees in thousand)	2014
26. CASH AND BANK BALANCES			
Cash in hand		1,135	469
Balances with banks in:			
Current accounts		5,773	143,587
Deposit accounts	(26.1)	88,648	46,617
		94,421	190,204
		95,556	190,673
26.1	The rate of return on deposit accounts ranges from 5% to 8% (2014: 6% to 8%) per annum.		
27. ASSETS HELD FOR SALE			
Carrying Value	(27.1)	11,583	11,583
Less : Impairment loss		-	-
		11,583	11,583
27.1	The assets held for sale include items of plant and machinery. The carrying amounts of these assets will be recovered principally through a sale transaction rather than through continuing use.		
28. SALES-net			
Local		6,363,586	6,849,214
Export		2,183,066	3,041,344
Waste		173,036	187,651
		8,719,688	10,078,209
Less: Sales tax	(19)	157,503	153,600
		8,562,185	9,924,609
29. COST OF SALES			
Raw materials:			
Opening stock		496,082	1,066,098
Purchases		5,008,298	6,246,195
		5,504,380	7,312,293
Closing stock	(19)	(246,928)	(496,082)
Raw material consumed		5,257,452	6,816,211
Sizing expenses		59,570	63,440
Stores, spare parts and loose tools consumed		170,100	159,242
Packing material consumed		98,248	101,443
Salaries, wages and other benefits	(29.1)	586,118	504,524
Fuel and power		1,113,776	1,043,508
Repairs and maintenance		47,335	25,548
Insurance		24,135	24,234
Depreciation	(14.1)	189,318	190,540
Other overheads		17,376	17,544
		2,305,976	2,130,023
		7,563,428	8,946,234

Notes to the Financial Statements

For the year ended 30 June 2015

	Note	2015 (Rupees in thousand)	2014
Work-in-process			
Opening stock		113,163	98,952
Closing stock	(19)	(103,093)	(113,163)
		10,070	(14,211)
Cost of goods manufactured		7,573,498	8,932,023
Finished goods			
Opening stock		673,903	551,623
Closing stock	(19)	(583,138)	(673,903)
		90,765	(122,280)
Less: Export rebate		-	1,093
		7,664,263	8,808,650

29.1 This includes contribution made to provident fund by the Company amounting to Rs 11,899 thousand (2014: 9,974 thousand).

30. DISTRIBUTION COST

Salaries, wages and other benefits	(30.1)	2,773	3,819
Commission on sales		91,862	144,572
Freight and shipment		32,267	47,886
Clearing and forwarding		28,283	29,562
Export development surcharge		5,435	7,939
		160,620	233,778

30.1 This includes contribution made to provident fund by the Company amounting to Rs 82 thousand (2014: 116 thousand).

31. ADMINISTRATIVE EXPENSES

Salaries, wages and other benefits	(31.1)	69,239	68,046
Rent, rates and taxes		6,704	4,594
Electricity and gas		5,576	4,519
Traveling and conveyance		1,775	2,502
Repair and maintenance		2,442	5,349
Vehicle running and maintenance		5,066	5,749
Printing and stationery		2,044	1,472
Communication		2,983	3,458
Fee and subscription		1,924	3,572
Advertisement		556	151
Insurance		2,231	2,237
Depreciation	(14.1&15.1)	12,641	12,058
Entertainment		539	572
Research and development		1,360	500
Donation	(31.2)	1,015	500
		116,095	115,279

Notes to the Financial Statements

For the year ended 30 June 2015

31.1 This includes contribution made to provident fund by the Company amounting to Rs 2,153 thousand (2014: 2,110 thousand).

31.2 None of the directors or their spouses have any interest in the donees.

	Note	2015 (Rupees in thousand)	2014
32. OTHER OPERATING EXPENSES			
Legal and professional		3,526	3,432
Auditors' remuneration			
Statutory audit		1,150	1,150
Half yearly review and other certifications		150	150
Out of pocket expenses		50	50
		1,350	1,350
Workers' profit participation fund	(9.2)	37,136	40,446
Workers welfare fund		15,157	16,510
Provision for doubtful trade debts	(20.3)	227	483
Provision for slow moving stores		-	1,403
Impairment on contracts for purchase of raw material		-	31,214
		57,396	94,838
33. OTHER INCOME			
Income from financial assets	(33.1)	197,854	165,905
Income from assets other than financial assets	(33.2)	8,428	14,437
		206,282	180,342
33.1 Income from financial assets			
Exchange gain - net		4,117	10,187
Profit on bank deposits		8,590	6,435
Dividend income		22,525	11,377
Unrealized gain on investments		476	64,398
Gain on disposal of investments		162,146	73,508
		197,854	165,905
33.2 Income from assets other than financial assets			
Sale of empties and scrap		5,922	4,478
Gain on disposal of operating fixed assets		2,506	9,959
		8,428	14,437

Notes to the Financial Statements

For the year ended 30 June 2015

	Note	2015 (Rupees in thousand)	2014
34. FINANCE COST			
Interest / markup on:			
Long term financing		25,252	41,444
Short term borrowings		30,587	31,861
Liabilities against assets subject to finance lease		109	145
		55,948	73,450
Bank charges and commission		8,570	10,474
		64,518	83,924
35. TAXATION			
Charge for the year:			
Current	(35.1)	115,649	112,671
Deferred			
Relating to origination of temporary difference		23,698	9,411
Due to reduction in tax rate		(25,263)	(6,062)
		(1,565)	3,349
		114,084	116,020

35.1 Reconciliation of tax expense and accounting profit is not meaningful in view of presumptive taxation.

35.2 The Finance Act, 2015 introduced a tax on every public company at the rate of 10 percent of such undistributed reserves which exceed the amount of its paid up capital. However, this tax shall not apply in case of a public company which distributes cash dividend equal to at least either 40 percent of its after tax profits or 50 percent of its paid up capital, within the prescribed time after the end of the relevant tax year.

Based on the above fact, the Board of Directors of the Company has proposed a dividend amounting to Rs. 119.79 million in their meeting held on 02 October 2015 for the financial and tax year 2015 which exceeds (or meets) the prescribed minimum dividend requirement as referred above. The Company believes that it would not be liable to pay tax on its undistributed reserves as of 30 June 2015.

Notes to the Financial Statements

For the year ended 30 June 2015

	2015	2014
36. EARNINGS PER SHARE - BASIC AND DILUTED		
Profit attributable to ordinary shareholders	591,491	652,462
	(Number of shares)	
Weighted average number of ordinary shares outstanding during the year	23,958,000	Restated 23,958,000
	Rupees	
Earnings per share - basic (Rupees)	24.69	Restated 27.23

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

	Note	2015 (Rupees in thousand)	2014
37. CASH GENERATED FROM OPERATIONS			
Profit before taxation		705,575	768,482
Adjustments to reconcile profit to net cash provided by operating activities			
Depreciation on operating fixed assets	(14)	201,727	202,308
Depreciation on leased assets	(15)	232	290
Unrealized gain on investments held for trading		(476)	(64,398)
Gain on disposal of investments - held for trading		(162,146)	(73,508)
Provision for doubtful debts		227	483
Provision for slow moving stores		-	1,403
Impairment on contracts for purchase of raw material		-	31,214
Exchange gain - net		(4,117)	(10,187)
Dividend income		(22,525)	(11,377)
Gain on disposal of operating fixed assets		(2,506)	(9,959)
Provision for WPPF		37,136	40,446
Provision for WWF		15,157	16,510
Finance cost		64,518	83,924
Cash flows from operating activities before working capital changes		832,802	975,631

Notes to the Financial Statements

For the year ended 30 June 2015

Note	2015 (Rupees in thousand)	2014
Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	6,819	34,601
Stock-in-trade	439,582	343,932
Trade debts	233,021	(43,416)
Loans and advances	12,564	(16,976)
Trade deposits and short term prepayments	513	226
Balances with statutory authorities	12,596	(4,262)
Other receivables	(2,099)	95
Increase in current liabilities:		
Trade and other payables	198,161	(13,695)
	901,157	300,505
	1,733,959	1,276,136

38. CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES' REMUNERATION

The aggregate amounts charged in the accounts for remuneration, allowances including all benefits to the Chief Executive, Director and other Executives of the Company are as follows:

Description	2015			2014		
	------(Rupees in thousand)-----					
	Chief Executive	Director	Executives	Chief Executive	Director	Executives
Managerial remuneration	7,442	6,291	18,822	6,765	5,720	17,035
House rent	2,605	2,202	8,517	2,368	2,002	6,879
Provident fund contribution	744	629	4,140	406	343	1,016
Reimbursable expenses	446	377	1,117	677	572	3,551
Others	484	1,155	517	513	1,178	412
	11,721	10,654	33,113	10,729	9,815	28,893
No. of persons	1	1	16	1	1	13

38.1 Chief Executive, Directors and Executives are provided with free use of Company maintained vehicles.

38.2 The aggregate amount charged in financial statements for the year against fees for attending four board meetings and five audit committee meetings was Rs. 750 thousand (2014: Rs. 250 thousand).

Notes to the Financial Statements

For the year ended 30 June 2015

39. RELATED PARTY DISCLOSURES

The related parties and associated undertakings comprise associated companies, associates, companies in which directors are interested, staff retirement funds, directors and key management personnel. Significant transactions with related parties and associated undertakings are as under:

Relationship with the Company	Nature of transactions	2015	2014
		(Rupees in thousand)	
Associated Companies	Purchases of goods and services	754,097	726,400
	Sales of goods and services	57,298	243,986
	Insurance claim	7,000	16,467
	Dividend paid	51,758	56,463
	Dividend received	360	721
Provident Fund Trust	Amount contributed	14,134	12,199
	Remuneration	Such transactions have been disclosed in Note 38	

The outstanding balances of such parties have been disclosed in respective notes to the financial statements.

40. OPERATING SEGMENT INFORMATION

The textile sector comprise of spinning, combing, weaving, dyeing, bleaching, printing, stitching, buying, selling and dealing in yarn, cloth and other goods and fabrics made from raw cotton and synthetic fibers. This sector also includes power generation facilities which provide electricity for internal consumption purposes.

40.1 Business segments

For management purposes, the Suraj Cotton Mills Limited is organized into business units based on their products and services and has two reportable operating segments as follows:

Spinning: Production of different quality of yarn using natural and artificial fibers.

Weaving: Production of different quality of greige fabric using yarn.

No other operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.

Notes to the Financial Statements

For the year ended 30 June 2015

	Spinning		Weaving		Elimination of Inter-segment transactions		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
(Rupees in thousand)								
Sales								
External	4,845,591	5,546,058	3,716,594	4,378,551	-	-	8,562,185	9,924,609
Inter-segment	1,262,575	813,140	-	-	1,262,575	813,140	-	-
	6,108,166	6,359,198	3,716,594	4,378,551	1,262,575	813,140	8,562,185	9,924,609
Cost of sales								
External	5,405,439	5,588,112	2,258,824	3,220,538	-	-	7,664,263	8,808,650
Inter-segment	-	-	1,262,575	813,140	1,262,575	813,140	-	-
	5,405,439	5,588,112	3,521,399	4,033,678	1,262,575	813,140	7,664,263	8,808,650
Gross profit	702,727	771,086	195,195	344,873	-	-	897,922	1,115,959
Distribution cost	68,604	83,822	92,016	149,956	-	-	160,620	233,778
Administrative expenses	94,496	93,646	21,600	21,634	-	-	116,095	115,279
	163,099	177,468	113,616	171,590	-	-	276,715	349,057
Profit before taxation and unallocated income and expenses	539,628	593,618	81,579	173,283	-	-	621,207	766,902
Unallocated income and expenses:								
Other operating expenses							(57,396)	(94,838)
Other income							206,282	180,342
Finance cost							(64,518)	(83,924)
							84,368	1,580
Profit before taxation							705,575	768,482
Taxation							114,084	116,020
Profit for the year							591,491	652,462

Inter segment sales and purchases have been eliminated on consolidation.

Notes to the Financial Statements

For the year ended 30 June 2015

	Spinning		Weaving		Elimination of Inter-segment transactions		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
------(Rupees in thousand)-----								
Segment operating assets	2,563,857	3,190,275	770,518	940,172	-	-	3,334,375	4,130,447
Unallocated:								
Capital work in progress							48,139	45,864
Long term investments							100,000	100,000
Balances with statutory authorities							57,710	70,306
Taxation-net							12,131	3,024
Non current assets held for sale							11,583	11,583
Short term investments							2,448,452	1,185,844
Total operating assets							6,012,390	5,547,068
Segment operating liabilities	990,393	1,048,062	215,481	244,232	-	-	1,205,874	1,292,294
Unallocated:								
Deferred taxation							213,970	215,535
Workers' profit participation fund							37,136	40,446
Workers welfare fund							52,360	51,452
Total operating liabilities							1,509,340	1,599,727
Other disclosures								
Capital expenditure	173,488	199,672	21,145	11,316	-	-	194,633	210,988

40.2 Geographical segments

Secondary information is reported geographically.

The Company operates in three major geographical segment i.e. Pakistan, Europe and Far East. The cumulative revenue attributable to foreign countries is disclosed in note 28.

Notes to the Financial Statements

For the year ended 30 June 2015

41. FINANCIAL RISK MANAGEMENT

41.1 Financial risk factors

The Company's financial liabilities comprise long term financing, liabilities against assets subject to finance lease, short term borrowings and trade and other payables. The main purpose of these financial liabilities is to raise finances for Company's operations. The Company has trade debts, short term loans and advances, other receivables and cash and short term deposits that arrive directly from its operations. The Company also holds available for sale and held for trading investments.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

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

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The following analysis demonstrates the sensitivity to a reasonably possible change in US\$ exchange rate, with all other variables held constant, of the Company's profit before tax.

	2015	2014
Rupees per US Dollar		
Reporting date rate	101.75	98.55
	Changes in US \$ Rate	Effects on Profit Before Tax
		(Rupees in thousand)
2015	+10%	6,097
	-10%	(6,097)
2014	+10%	1,067
	-10%	(1,067)



Notes to the Financial Statements

For the year ended 30 June 2015

(ii) Equity price risk

Equity price risk represents the risk that the fair value of equity investments will fluctuate because of changes in levels of indices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is exposed to equity price risk as Company holds available for sale and held for trading investments.

		2015		2014
Reporting date all index points		24032		14988
		Changes in KSE all Index	Effects on Profit Before Tax	Effects on Other Comprehensive Income
(Rupees in thousand)				
Available for sale investments	2015	+10%	-	69,821
		-10%	-	(69,821)
	2014	+10%	-	2,676
		-10%	-	(2,676)
Held for trading investments	2015	+10%	175,025	-
		-10%	(175,025)	-
	2014	+10%	115,909	-
		-10%	(115,909)	-

(iii) Interest rate risk

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

The Company has no significant long-term interest-bearing assets. The Company's interest rate risk arises from long term financing, short term borrowings and liabilities against assets subject to finance lease. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk. Borrowings obtained at fixed rate expose the Company to fair value interest rate risk.

Notes to the Financial Statements

For the year ended 30 June 2015

At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments is as follows:

	2015	2014
	(Rupees in thousand)	
Fixed rate instruments		
Financial liabilities		
Long term financing	11,027	60,861
Floating rate instruments		
Financial assets		
Bank balances - deposit accounts	88,648	46,617
Financial liabilities		
Long term financing	133,811	306,148
Liabilities against assets subject to finance lease	651	853
Short term borrowings	149,857	205,277

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

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

		Changes in Interest Rate	Effects on Profit Before Tax
		(Rupees in thousand)	
Bank balances - deposit accounts	2015	+1.00	886
		-1.00	(886)
	2014	+1.00	466
		-1.00	(466)
Long term financing	2015	+2.00	(2,676)
		-2.00	2,676
	2014	+2.00	(1,932)
		-2.00	1,932

Notes to the Financial Statements

For the year ended 30 June 2015

		Changes in Interest Rate	Effects on Profit Before Tax (Rupees in thousand)
Liabilities against assets subject to finance lease	2015	+2.00	(13)
		-2.00	13
	2014	+2.00	(6)
		-2.00	6
Short term borrowings	2015	+2.00	(2,997)
		-2.00	2,997
	2014	+2.00	(5,748)
		-2.00	5,748

(b) Credit risk

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

	2015	2014
	(Rupees in thousand)	
Long term deposits	19,531	19,531
Trade debts	169,154	351,129
Loans to employees	4,156	5,299
Trade deposits	656	992
Other receivables	2,916	817
Bank balances	94,421	190,204
	290,834	567,972

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

The maximum credit risk exposure at reporting date is carrying value of financial assets stated above.

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

Notes to the Financial Statements

For the year ended 30 June 2015

	Rating			2015	2014
	Short Term	Long term	Agency	(Rupees in thousand)	
Banks					
MCB Bank Limited	A1+	AAA	PACRA	89,581	52,706
National Bank of Pakistan	A-1+	AAA	JCR - VIS	1,609	2,954
United Bank Limited	A-1+	AA+	JCR - VIS	236	490
Allied Bank Limited	A1+	AA+	PACRA	31	70
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	732	5,695
Habib Bank Limited	A-1+	AAA	JCR - VIS	44	126,156
Royal Bank of Scotland Limited	A-1+	AA	JCR - VIS	29	28
Bank Al-Habib Limited	A1+	AA+	PACRA	1,653	1,527
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	401	473
NIB Bank Limited	A1+	AA-	PACRA	102	102
Dubai Islamic Bank Limited	A-1+	A+	JCR - VIS	3	3
				94,421	190,204

At 30 June 2015, the Company has 24 customers (2014: 47 customers) that owed the Company more than Rs. 2,500 thousand each and accounted for approximately 92 % (2014: 92 %) of all receivables.

There are 9 customers (2014: 19 customers) with balance greater than Rs. 7,000 thousand accounted for over 63 % (2014: 67 %) of total amount receivables.

The Company's exposure to credit risk related to trade debts is disclosed in Note 20.

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

(c) Liquidity risk

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

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company maintains flexibility in funding by maintaining availability under committed credit lines.

Notes to the Financial Statements

For the year ended 30 June 2015

The table below analysis the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Carrying Amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years	Over 5 years
----- (Rupees in thousand) -----					
30 June 2015					
Long term financing	144,838	181,248	68,165	113,083	-
Liabilities against assets subject to finance lease	651	824	370	454	-
Trade and other payables	885,045	885,045	885,045	-	-
Accrued interest on financing	12,425	12,425	12,425	-	-
Short term borrowings	149,857	149,857	149,857	-	-
	1,192,816	1,229,399	1,115,862	113,537	-
----- (Rupees in thousand) -----					
	Carrying Amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years	Over 5 years
----- (Rupees in thousand) -----					
30 June 2014					
Long term financing	367,010	454,634	151,108	290,081	13,445
Liabilities against assets subject to finance lease	853	1,323	333	990	-
Trade and other payables	687,389	687,389	687,389	-	-
Accrued interest on financing	19,213	19,213	19,213	-	-
Short term borrowings	205,276	234,918	234,918	-	-
	1,279,741	1,397,477	1,092,961	291,071	13,445

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

41.2 Fair values of financial assets and liabilities

Fair value of available-for-sale financial assets is derived from quoted market prices in active markets, if available. Fair value of unquoted available-for-sale financial assets is estimated using appropriate valuation techniques. The carrying values of other financial assets and financial liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Notes to the Financial Statements

For the year ended 30 June 2015

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either, directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

As at 30 June 2015, the Company hold the following financial instruments carried at fair value on the statement of financial position:

Assets measured at fair value

	2015	Level 1	Level 2	Level 3
	----- (Rupees in thousand)-----			
Held for trading				
Equity shares and mutual fund units	1,750,245	1,750,245	-	-
Available for sale financial assets				
Equity shares	698,207	698,207	-	-

There were no liabilities measured at fair value as at 30 June 2015.

During the reporting year ended 30 June 2015, there were no transfers between Level 1 and Level 2 fair value measurements.

As at 30 June 2014, the Company held the following financial instruments measured at fair value:

Assets measured at fair value

	2014	Level 1	Level 2	Level 3
	----- (Rupees in thousand)-----			
Held for trading				
Equity shares and mutual fund units	1,159,088	1,159,088	-	-
Available for sale financial assets				
Equity shares	26,756	26,756	-	-

There were no liabilities measured at fair value as at 30 June 2014.

During the reporting year ended 30 June 2014, there were no transfers between Level 1 and Level 2 fair value measurements.

* The Company carries unquoted equity shares in Crescent Spinning Mills Limited and Premier Financial Services (Private) Limited as available-for-sale financial instruments classified as Level 3 within the fair value hierarchy. However, such investments have been fully impaired and are carried at nil value. The Company did not incur any gain or loss recorded in the profit & loss account and statement of comprehensive income as the impairment had been recorded prior to 01 July 2011.

Notes to the Financial Statements

For the year ended 30 June 2015

41.3 Financial instruments by categories

	2015				
	Cash and cash equivalents	Loans and advances	Available for sale	Held for trading	Total
	----- (Rupees in thousand) -----				
Assets as per balance sheet					
Long term deposits	-	19,531	-	-	19,531
Trade debts	-	230,127	-	-	230,127
Loans	-	4,156	-	-	4,156
Trade deposits	-	656	-	-	656
Short term investments	-	-	698,207	1,750,245	2,448,452
Other receivables	-	2,916	-	-	2,916
Cash and bank balances	95,556	-	-	-	95,556
	95,556	257,386	698,207	1,750,245	2,801,394

	2015	
	Financial Liabilities at amortized cost (Rupees in thousand)	
Liabilities as per balance sheet		
Long term financing		144,838
Liabilities against assets subject to finance lease		651
Trade and other payables		885,045
Accrued interest on financing		12,425
Short term borrowings		149,857
		1,192,816

	2014				
	Cash and cash equivalents	Loans and advances	Available for sale	Held for trading	Total
	----- (Rupees in thousand) -----				
Assets as per balance sheet					
Long term deposits	-	19,531	-	-	19,531
Trade debts	-	459,258	-	-	459,258
Loans	-	5,299	-	-	5,299
Trade deposits	-	992	-	-	992
Short term investments	-	-	26,756	1,159,088	1,185,844
Other receivables	-	817	-	-	817
Cash and bank balances	190,673	-	-	-	190,673
	190,673	485,897	26,756	1,159,088	1,862,414

Notes to the Financial Statements

For the year ended 30 June 2015

	2014
	Financial Liabilities at amortized cost (Rupees in thousand)
Liabilities as per balance sheet	
Long term financing	367,010
Liabilities against assets subject to finance lease	853
Trade and other payables	687,389
Accrued interest on financing	19,213
Short term borrowings	205,276
	1,279,741

41.4 Capital risk management

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

No changes were made in the objectives, policies or processes from the previous year. The Company monitors capital using gearing ratio, which is debt divided by equity plus net debt. Debt represent long-term financing (including current portion) plus liabilities against assets subject to finance lease and short term borrowings obtained by the Company as referred to in note 6, note 7 and note 11. Total capital employed includes 'total equity' as shown in the balance sheet plus debt. The Company's strategy, which was unchanged from last year, was to maintain optimal capital structure in order to minimize cost of capital.

	Note	2015	2014
		(Rupees in thousand)	
The gearing ratio as at year ended 30 June 2015 and 30 June 2014 is as follows:			
Debt	(6) & (7) & (11)	295,346	573,139
Equity		4,503,050	3,947,341
Total capital employed		4,798,396	4,520,480
Gearing ratio		6.16%	12.68%



Notes to the Financial Statements

For the year ended 30 June 2015

	2015	2014
42. PLANT CAPACITY AND ACTUAL PRODUCTION		
Spinning:		
Spindle installed - Numbers	92,928	92,928
Spindle operated - Numbers	90,130	90,275
Production at normal capacity in 20 s count based on 3 shifts per day - Kgs	40,028,985	38,147,859
Actual production converted to 20 s count based on 3 shifts per day - Kgs	36,571,945	35,989,830
Weaving:		
Looms installed - Numbers	204	204
Looms worked - Numbers	204	204
Production at normal capacity in 50 picks based on 3 shifts per day - Square Meters	80,160,453	80,160,453
Actual production at normal capacity converted to 50 picks based on 3 shifts per day - Square Meters	69,346,607	68,236,085

42.1 Reason for low production

Under utilization of available capacity is due to normal repair and maintenance of plant and machinery and gas load shedding.

43. PROVIDENT FUND TRUST

43.1 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 except the investments in the unit trusts schemes which exceed the limit prescribed in the clause (i) of the SRO 261(I)/2002 regarding the investment in listed unit trusts schemes.

The salient information of the fund is as follows:

	2015	2014
	(Rupees in thousand)	
Size of the fund	202,950	169,563
Cost of investment made	157,314	109,514
Percentage of investment made	77.51%	64.59%
Fair value of investment	198,218	158,651

Notes to the Financial Statements

For the year ended 30 June 2015

	2015	2014
	(Rupees in thousand)	
43.2 Breakup of investment		
Investment in listed securities	7,156	7,449
Investment in funds	191,062	151,202
	198,218	158,651

	2015	2014
44. NUMBER OF EMPLOYEES		
Number of employees at the end of the year	2,582	2,702
Average number of employees during the year	2,585	2,690

45. EVENTS AFTER THE REPORTING DATE

The Board of Directors of the Company in its meeting held on 02 October 2015 has proposed a cash dividend in respect of the year ended 30 June 2015 of Rupees 5 per share (2014: Cash dividend of Rupees 5 per share) and 10% bonus shares (2014: 10% bonus). The appropriation will be approved by the members in the forthcoming Annual General Meeting. These financial statements do not include the effect of these appropriations which will be accounted for subsequent to the year end.

46. DATE OF AUTHORIZATION

These financial statements have been authorized for issue by Board of Directors of the Company on 02 October 2015.

CHIEF EXECUTIVE OFFICER

DIRECTOR



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 31st Annual General Meeting of the shareholders of Suraj Cotton Mills Limited will be held on Friday October 30, 2015 at 9:00 a.m. at the Registered Office, 7-B III, Aziz Avenue, Gulberg V, Lahore to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Accounts together with the Directors' and Auditors' reports thereon for the year ended June 30, 2015.
2. To approve as recommended by Directors, the payment of Cash Dividend @ 50% i.e. Rs. 5/- per share and bonus @ 10% i.e. 1 share of every 10 shares for the year ended June 30, 2015.
3. To appoint auditors of the Company and fix their remuneration. The present auditor M/s Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants retires and offers themselves for re-appointment.
4. To transact any other business with the permission of the Chair.

Lahore

By Order of the Board

October 09, 2015

Gulraiz Ali
Company Secretary

BOOK CLOSURE:

The Members' Register will remain closed from October 24, 2015 to October 30, 2015 (both day inclusive)

NOTES:

1. Transfer received in order at the Registered Office by the close of business hours on Friday October 23, 2015 will be treated in time.
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.
3. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notorially attested copy of the power of attorney must be received by the Company at the Registered Office not later than 48 hours before the time for holding the Meeting.
4. CDC account holders will further have to follow the under mentioned guidelines as laid down in circular no. 1 dated January 26, 2000 of the Securities & Exchange Commission of Pakistan for attending the meeting:

For Attending the Meeting:

- i. In case of individuals, the account holder or sub-account holder and whose registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original National Identity Card (NIC) or passport at the time of attending the meeting.

Notice of Annual General Meeting

- ii. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

For Appointing Proxies:

- i. In case of individuals, the account holder or sub-account holder and whose registration details are uploaded as per the Regulations, shall submit the proxy form as per above requirement
- ii. Attested copies of valid CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
- iii. The proxy shall produce his/her original valid CNIC or original passport at the time of the meeting. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be produced (unless it has been provided earlier) at the time of meeting.
5. SECP has directed vide SRO No. 779(1)/2011 dated August 18, 2011 to issue dividend warrant only crossed as "A/c Payee only" and should bear the Computerized National Identity Card (CNIC) of the registered members. Members who have not yet submitted photocopy of their valid CNIC are requested to send the same to the Company's Registrar.
6. As directed by SECP vide Circular NO. 18 of 2012 dated June 5, 2012, we give the shareholders the opportunity to authorize the Company to directly credit in your bank account with cash dividend, if any, declared by the Company in future. If you wish that the cash dividend if declared by the Company be directly, credited into your bank account, instead of issuing a dividend warrants, please provide the following details:

Folio No.	
Name	
Title of Bank Account	
Bank Account Number	
Bank's Name	
Branch Name & Address	
Cell Number of Transferee	
Landline Number of Transferee, if any	

Deduction of Tax on Dividend Income – Finance Act, 2015

It is hereby informed that pursuant to the Finance Act, 2015, effective from July 1, 2015, the rate of withholding tax under Section 150 of the Income Tax Ordinance, 2001 on dividend income has been segregated as follows:

- | | | |
|-----|---|-------|
| i) | Rate of tax deduction on dividend income for filer of income tax return | 12.5% |
| ii) | Rate of tax deduction of dividend income for non filer of income tax return | 17.5% |

Further you are therefore requested to please provide us the following details:

Name	Folio No. / CDC Account No.	National Tax No.	CNIC No. (for individual only) enclose a copy of valid CNIC, if not already provided



Form of Proxy

Thirty First Annual General Meeting

I/We _____ of _____
_____ being a member of Suraj Cotton Mills Limited and holder of _____
_____ shares as per Registered Folio No. _____

<p>For Beneficial Owners as per CDC list CDC Participant I. D. No. _____ Sub-Account No. _____ NIC No. _____ or Passport No _____.</p>

hereby appoint _____ of _____ Who is also a member of the Company, Folio No. _____ or failing him/her _____ of _____ who is also member of the Company vide Registered Folio No. _____ as my/our Proxy to attend, speak and vote for me/us and on my/our behalf at the 31st Annual General Meeting of the Company to be held on Friday, October 30, 2015 at 09:00 a.m. at Registered Office, 7-B-III, Aziz Avenue, Gulberg-V Lahore and at any adjournment thereof.

Dated this _____ day of _____, 2015.

Witness 1:

Signature: _____
Name: _____
Address: _____

Affix
Revenue of Stamp
of Rs. 5/-

Witness 2 :

Signature: _____
Name: _____
Address: _____

Signature of Member(s)

Note:

- Proxies in order to be effective, must be received at the Registered Office of the Company at 7-B-III, Aziz Avenue, Gulberg-V, Lahore not later than 48 hours before the meeting.
- CDC Shareholders and their Proxies are each requested to attach an attested Photocopy of their National Identity Card or Passport with this proxy form before submission to the Company.

Second Fold

Affix Revenue
Stamp

The Company Secretary
Suraj Cotton Mills Limited
7-B-III, Aziz Avenue, Gulberg-V, Lahore.

Third Fold and Tuck In

First Fold



www.suraj.com

► Suraj Cotton Mills Limited, 7-B III, Aziz Avenue, Gulberg-V, Lahore - Pakistan

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