









Fazal Cloth Mills Limited



Contents

Corporate

UZ	Company information
03	Corporate Vision and Mission Statement
04	Statement of Ethics
07	Corporate Values and Code of Conduct
11	Notice of Meeting
13	Directors' Report
17	Statement of Compliance with the Code of Corporate Governance
19	Review Report to the Members on Statement of Compliance with
	the Code of Corporate Governance

Financial Statements of Fazal Cloth Mills Limited

23	Auditors' Report to the Members
24	Balance Sheet
26	Profit and Loss Account
27	Statement of Comprehensive Income
28	Cash Flow Statement
29	Statement of Changes in Equity
30	Notes to the Financial Statements

Consolidated Financial Statements of Fazal Cloth Mills Limited

107	Directors' Report
108	Auditors' Report to the Members
110	Consolidated Balance Sheet
112	Consolidated Profit and Loss Account
113	Consolidated Statement of Comprehensive Income
114	Consolidated Cash Flow Statement
115	Consolidated Statement of Changes in Equity
116	Notes to the Consolidated Financial Statements
187	Pattern of Shareholding of Shareholders
188	Pattern of Shareholding As Per Requirements of Code of Corporate
	Governance
189	Form of Proxy



Company Information

Board of Directors Sh. Naseem Ahmad Chief Executive Officer

> Mr. Rehman Naseem Chairman

Mrs. Mahnaz Amir Sheikh Mr. Fazal Ahmed Sheikh Mr. Faisal Ahmed Mr. Fahd Mukhtar

Mr. Jamal Nasim Independent Director

Audit Committee Mr. Jamal Nasim Chairman

> Mr. Rehman Naseem Member Mr. Fahd Mukhtar Member

Human Resource and

Remuneration Committee Mr. Rehman Naseem

Chairman Mrs. Mahnaz Amir Sheikh Member Mr. Faisal Ahmad Member

Company Secretary Mr. M.D. Kanwar Chief Financial Officer Mr. Faizan-ul-Haq

Auditors KPMG Taseer Hadi & Co., Chartered Accountants

Bankers Allied Bank Limited

> National Bank of Pakistan MCB Bank Limited Meezan Bank Limited United Bank Limited

Standard Chartered Bank Pakistan Limited

Habib Bank Limited Soneri Bank Limited NIB Bank Limited Bank Al-Falah Limited Faysal Bank Limited Barclays Bank PLC, Pakistan Askari Bank Limited The Bank of Punjab The Bank of Khyber

Pak Kuwait Investment Company (Pvt.) Limited Pak Brunei Investment Company Limited Pak Oman Investment Company Limited

KASB Bank Limited Samba Bank Limited

Saudi Pak Industrial and Agricultural Investment Company Limited

Head Office &

Shares Department: 129/1 Old Bahawalpur Road, Multan.

> Phone: (92) 61-4579001-7, 4781637 Fax: (92) 61-4583425, 4541832 E-mail: kanwar@fazalcloth.com; arfan.zahid@fazalcloth.com

Website: www.fazalcloth.com

Vision Consulting Ltd. Shares Registrar:

> 3-C, LDA Flats, Lawrence Road, Lahore. shares@vcl.com.pk Phone: (92) 42-36283096, 36283097 Fax: (92) 42-36374839

Registered Office: 69/7, Abid Majeed Road, Survey No. 248/7, Lahore Cantt, Lahore.

Phone: (92) 42-36684909

Mills: Fazal Nagar, Jhang Road, Muzaffargarh - Pakistan Ph. (92) 66-2422216, 18 Fax: (92) 66-2422217

Qadirpur Rawan Bypass, Khanewal Road, Multan - Pakistan

Ph. (92) 61-6740041-43, Fax: (92) 61-6740052



Corporate Vision / Mission Statement

Vision

The Company aims at becoming a Complete Textile unit, which can explore local and international market of very high value products. The Company would keep its emphasis on product and market diversification, value addition and cost effectiveness. We want to fully equip the Company to play a meaningful role on the sustainable basis in the economic development of the Country.

Mission

The Company should provide a secure and rewarding investment to its shareholders and investors, quality products to its customers, a secure place of work to its employees and an ethical partner to all its business associates.



Statement of Ethics

INTRODUCTION

The Company's policy is to conduct business with honesty and integrity and be ethical in all its dealing, showing respect for the interest of those with whom it has relationships.

EMPLOYEES

- 1. This Code of Ethics is established on the basis that unless a limitation is specifically stated the objectives and fundamental principles are equally valid for all employees, whether they are at mills or at head office.
- 2. An employee is distinguished by certain characteristics including:
 - 2.1 Master of particular intellectual skill, acquired by training and education.
 - 2.2 Acceptance of duty to society as a whole in addition to duties to the organization and employer.
 - 2.3 Rendering personal services to a high standard of conduct and performance.
- 3. The specialized knowledge, skills, training and experience required to be a proficient employee.
- 4. The efforts of the services of superiors to train those working directly and indirectly under them would be appreciated.

THE PUBLIC INTEREST

- A distinguishing mark of a profession is acceptance of its responsibility to the organization. The organization is responsible towards customer, credit grantors, governments, employees, investors, the business and financial community and others who rely on the objectivity and integrity of the organization to maintain the orderly functioning of commerce and industry. This reliance imposes a public interest responsibility on the organization. The public interest is defined as the collective wellbeing of the community of people and institution served by the organization.
- 6. An organization's responsibility is not exclusively to satisfy the needs of an individual customer or director. The standards of service are heavily determined by the public interest for example:
 - 6.1 Transparent dealings help to maintain the integrity and efficiency of the Organization presented to the shareholders, financial institutions, customers, employees, government regulations and tax authorities. The transparent dealings would help to secure loans and to obtain capital from shareholders.
 - 6.2 Financial planning serves in efficient and effective use of the organization's resources.
 - 6.3 Internal auditors provide assurance about a sound internal control system, which enhances the reliability of the external financial information of the organization.
 - 6.4 Directors help to establish confidence and efficiency for fair resolution Organization's affairs.
 - 6.5 Management has responsibility toward the organization in advocating sound management decision making.
- 7. The organization has an important role towards society, shareholders, creditors, employees and other sectors of the business community, as well as the government and the public at large for sound financial accounting, reporting effective financial management and variety of business and taxation matters. Sound business practices of the organization have an impact on the economic wellbeing of the country.



- 8. It is in the best interest of the organization that services are provided at the highest level of performance and in accordance with ethical standards to ensure continued good performance.
- 9. In formulating this code of ethics, the Board of Directors has considered the public service and employees expectations of the ethical standards of the organization.

OBJECTIVES OF THE ORGANIZATION

10. The code recognizes that the objectives of the organization are to work to the highest standards of professionalism, to attain the highest levels of performance and generally to meet the interested group requirements set out above. These objectives require four basic needs to be met:

10.1 **Credibility**

In the whole society there is a need for credibility in information and information systems.

10.2 **Professionalism**

The customers, employees and other interested parties can rely on the professionalism of the organization.

10.3 **Quality of Services**

There is a need for assurance that all services provided are carried out to the highest standards of performance.

10.4 **Confidence**

Interested groups should be able to feel confident that there exists a framework of professional ethics, which governs the provision of services provided by the organization to the community and the country.

FUNDAMENTAL PRINCIPLES

11. In order to achieve the objectives of the organization, employer and employees have to observe a number of prerequisites or fundamental principles.

The fundamental principles are:

11.1 **Integrity**

An interested group connected with the organization should be straight forward and honest in performing professional services.

11.2 **Objectivity**

The organization should be fair and should not allow prejudice or bias or influence of other to override objectivity.

11.3 **Professional Competence, Due Care and Timeliness**

An organization should perform and provide goods and services with due care, competence and diligence and has a continuing duty to maintain a level required to ensure that a customer or an employee receives goods and services based on up-to date product line. Further all industrial obligations should be adhered to for timely compliance.

11.4 Confidentiality

The organization should respect the confidentiality of information acquired during the course of providing goods and services and should not use or disclose any such information without proper and specific authority or unless there is a legal or professional right or duty to disclose.

11.5 **Organizational Behavior**

The organization should act in a manner consistent with the good reputation of the industry and refrain from any conduct, which might bring discredit to the company.

11.6 **Technical Standards**

The organization should provide goods and services in accordance with the relevant technical



and professional standards. The organization has a duty to carry out with care and skill, the instructions of the customers in so far as they are compatible with the requirements of commercial trade practice. In addition they should conform with the technical and professional standards promulgated by:

- PCSIR (Pakistan Council for Scientific & Industrial Research)
- International Standard
- Relevant Legislation
- 12. In addition to observing the fundamental principles listed above; the organization should be and appear to be free of any interest, which might be, regarded, whatever its actual effect, as being incompatible with integrity, objectivity and independence.
- 13. The objectives as well as the fundamental principles are of a general nature and are not intended to be used to solve the organization's ethical problems in a specific case. However, the code provides some guidance as to the application in practice of the objectives and the fundamental principles with regard to a number of typical situations occurring in the industrial process and company procedure.



Corporate Values & Code of Conduct

The Company has adopted the following corporate values:

- To fulfill customer needs by producing quality products;
- To act with good governance;
- To achieve sustainable and equitable growth;
- To promote diversity and ethical behavior;
- To develop a dynamic team of professionals to achieve excellence and innovation.

Fazal Cloth Mills Limited ("the company") promulgated the code of conduct ("the Code") on October 05, 2012. The Company is committed to maintain the highest level of ethical conduct among its directors and employees. Therefore separate codes were framed for directors and employees, which include the acceptable business practices, source of guidance and principles of behavior.

Salient Features for the Code of Conduct for Directors

Compliance with Laws

Directors must comply with the laws, rules and regulations applicable to business of the Company in and outside Pakistan.

Conflict of interest

A conflict of an interest is a situation where a director would be in a position to make personal gains by influencing the decision making. Conflict of interest might not be easily identifiable. Whenever a director feels that the conflict of interest exists, he should inform about it to the chairman of the Board of Directors.

Corporate Opportunity

Directors should not use the Company's property, information and their position for personal benefit. He should not establish competing business and divert the Company's business opportunities for personal gains.

Confidentiality

Directors must always maintain confidentially of the confidential information. He should not make public such information which would harm the interests of the Company. He should consult with Chairman of the Board or compliance officer if he has to disclose any information due to his legal obligation.

Fair Dealing

A director must deal with all the stakeholders of the Company fairly. He should not provide unfair advantage to any customer, supplier, banker etc. due to his position.

Protection and Proper Use of the Company Assets

Directors should ensure that all assets of the Company must be used for the benefit of the Company. They are required to exercise best of their abilities and judgment to put the assets of the company for efficient use and benefit of the Company.

Reporting any Illegal or Unethical Behavior

A director must inform the Compliance officer or chairman of the Board of Directors if he finds any employee or other director committing the violation of the Code and any law of the land. He should take all possible measures which could help prevent illegal or unethical behavior of fellow directors or employees.

Public Company Reporting

Directors are responsible for the timely and accurate reporting to the SECP, FBR, stock exchanges and other regulatory bodies. They should make possible that the financial statements of the Company are published and circulated among shareholders in time.



Disclosure of Interest

The directors should disclose their interest in the shareholding of other companies. They must inform within four days to the Company Secretary if any director or his spouse trades in the shares of the other Company.

Insider Trading

No director or his spouse will transact in the shares of the Company after the start of close period. The Company secretary will inform about the close period that will start when the documents and financial statements are circulated among the directors. Directors should also inform the Company Secretary immediately about transactions performed by them and their spouse in the shares of the Company other than close period.

Salient Features for the Code of Conduct for Employees

Safety

The Company is highly concerned with the safety of both employees and non-employees on its premises and maintains standard operating procedures in case of emergencies. All the employees must follow these procedures and are required to inform their seniors in case of any mishap.

Fitness for Duty

An employee should be mentally and physically fit when he is on work. He should not use any drugs. Even if he is using any prescribed medicine which might affect his performance at work he should inform about it to his senior.

Attendance Report

An employee should have contact information of his senior and inform him if he is not able to report on work.

Work Place Harassment and Discrimination

The Company treats all its employees equally and maintains an environment free from workplace harassment and discrimination. The policy of equal treatment applies to hiring, career prospects, promotions, training, remuneration and dismissal as well.

Environment

All the employees are required to promote culture of environmental protection among employees, customers, suppliers, public authorities and communities. They must use the Company's facilities and processes in an environmentally sustainable way.

Workplace Violence

Employees must restraint themselves from any form of violence at the Company premises otherwise he will be terminated from his job.

Weapons in Workplace

All the employees, other than those who are authorized, cannot carry any weapon whether on or off duty if they are using premises, vehicle or any other property of the Company.

Protection and proper use of the Company Assets

Employees should ensure that all assets of the Company must be used for the benefit of the Company. They are required to exercise best of their abilities and judgment to put the assets of the company for efficient use and benefit of the Company.

Computer and System Security

All the employees of the Company are required to use computer and information technology system of the Company according to the Company information technology policy and guidelines.

Fair Dealing

All employees must deal with all the stakeholders of the Company fairly. He should not provide unfair



advantage to any customer, supplier, banker etc. due to his position.

Bribery

The payment of bribery and kickbacks in any form is strictly prohibited because the Company does not allow anyone to promote its business by compromising the integrity and ethical practices.

Confidential Information

All the employees must keep the company information on its premises and should not make copies of documents, papers, statements and record for an unauthorized use. Employees are not permitted to share the information about Company business outside the Company unless authorized.

Regulatory Compliance and Corporate governance

The company maintains an environment of good governance. All the employees are required to follow the Company's policies, rules and regulations.

Financial Integrity

No employee should indulge himself in any fraudulent activity. If he believes and finds anyone engaged in a fraudulent activity he should inform about it to his seniors.

Alcohol, Drugs and Gambling

The use of alcohol, drugs, other than for medication, and gambling is prohibited on the location or premises of the Company.

Insider Trading

No employee or his spouse will transact in the shares of the Company after the start of close period prior to the announcement of financial results. Employees categorized as executives according to the requirements of Code of Corporate Governance 2012 should also inform the Company Secretary immediately about transactions performed by them and their spouse in the shares of the Company other than close period.

Audit Committee

Members

1.	Mr. Jamal Nasim	Chairman
2.	Mr. Rehman Naseem	Member
3.	Mr. Fahd Mukhtar	Member

Terms of Reference

The terms of reference of the Audit Committee shall include the following:

- A. Recommending to the Board of Directors the appointment of external auditors, their remuneration and audit fees;
- B. Determination of appropriate measures to safeguard the Company's assets;
- C. Review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
 - Major judgmental areas;
 - Significant adjustments resulting from the audit;
 - The going concern assumption;
 - Any changes in accounting policies and practices;
 - Compliance with applicable accounting standards;
 - Compliance with listing regulations and other statutory and regulatory requirements; and
 - Significant related party transactions.
- D. Review of preliminary announcements of results prior to publication;



- E. Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- F. Review of management letter issued by external auditors and management's response thereto;
- G. Ensuring coordination between the internal and external auditors of the Company;
- H. Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
- I. Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power; and management's response thereto;
- J. Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
- K. Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
- L. Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body;
- M. Determination of compliance with relevant statutory requirements;
- N. Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and
- O. Consideration of any other issue or matter as may be assigned by the Board of Directors.

Human Resource & Remuneration (HR & R) Committee

Members

Mr. Rehman Naseem Chairman
 Mrs. Mahnaz Amir Sheikh Member
 Mr. Faisal Ahmad Member

Terms of Reference

The Human Resource and Remuneration Committee was constituted on October 05, 2012 and its terms of reference were defined as follows:

The Committee shall be responsible for recommending the following to the Board: -

- Human resource management policies
- Selection, evaluation, compensation (including retirement benefits) and succession planning of the Chief Executive Officer, Chief Financial Officer, Company Secretary and Head of Internal Audit.
- Key management positions who directly report to CEO.



NOTICE OF MEETING

Notice is hereby given that the 49th Annual General Meeting of the Shareholders of the Company M/S. FAZAL CLOTH MILLS LIMITED will be held on Friday, the 31st day of October, 2014 at 11:00 a.m. at 129/1, OLD BAHAWALPUR ROAD, MULTAN to transact the following business:

ORDINARY BUSINESS

- 1. To confirm the minutes of the last Extra Ordinary General Meeting of the Company held on 30-05-2014.
- 2. To receive, consider and adopt the Audited Accounts of the Company for the year ended **30**th **June, 2014** together with the Auditors' and Director's Report thereon.
- 3. To consider and approve payment of final Cash Dividend for the year ended 30th June 2014 at the rate of Rs.2.50 (Rupees Two and Paisa Fifty Only) per Ordinary Share of Rs.10.00 each (2013: 25%) as recommended by the Board of Directors.
- 4. To appoint External Auditors of the Company for the Financial Year Ending 30th June, 2015 and fix their remuneration. M/s. KPMG Taseer Hadi & CO., Chartered Accountants, Lahore, External Auditors of the Company retire and being eligible offer themselves for re-appointment.
- 5. To transact any other business with the permission of the Chairman.

BY ORDER OF THE BOARD

MULTAN.

Dated: 09th October, 2014.

(M.D. KANWAR)

NOTES.

- 1. The Share Transfer Books of the Company will remain closed from 26 th October, 2014 to 31 st October, 2014 (both days inclusive).
- 2. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote instead of him/her. A corporate Body being a member of the Company may appoint its proxy either under its seal or under the hand of any officer or attorney duly authorized. The instrument of appointing proxy must be deposited with Company's Share Department at 129/1 Old Bahawalpur Road, MULTAN or Company's Share Registrar VISION CONSULTING LIMITED, 3-C, LDA Flats, Lawrence Road, LAHORE not later than 48 hours before the time of meeting.
- 3. **CDC Accountholders** will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan:-

a. For attending the meeting

In case of individuals, the account holders or sub-account holders whose registration details are uploaded as per regulations shall authenticate their identity by showing their original National Identity Cards (NIC) or original Passport at the time of attending the meeting.

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

b. For appointing proxies

In case of individuals, the account holders or sub-account holders whose registration details are uploaded as per regulations shall submit the proxy form as per the above requirements.



The proxy form shall be witnessed by two persons whose names, addresses and NIC numbers shall be mentioned on the form.

Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

The proxies shall produce their original NIC or original passport at the time of meeting.

In case of corporate entities, the Board of Directors' resolution/power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

4. Submission of Copies of CNIC:

It is hereby reiterated that the Securities and Exchange Commission of Pakistan (SECP) vide S.R.O. 779(1)/2011 dated August 18, 2011 and notification S.R.O. 831 (a)/2012 dated July 05, 2012 has directed all the listed companies to issue dividend warrant only crossed as "A/C Payee Only" and ensure that the dividend Warrant should bear the Computerized National Identity Card (CNIC) Numbers of the registered members except in the case of minor(s) and corporate shareholder(s).

All those shareholders (holding Physical Shares) who have not submitted their valid CNICs are requested to send a photocopy of their valid CNIC /NTN along with the Folio number(s) to the company's share registrar. In case of non-availability of a valid copy of the CNIC in the records of the company , the company will be constrained to withhold the dividend warrant in terms of section 251(2)(a) of the companies ordinance 1984, which will be released by the Shares Registrar only upon compliance with the aforesaid notifications.

5. Deduction of Income Tax from Dividend under Section 150 of the Income Tax Ordinance, 2001.

Pursuant to the provisions of the Finance Act 2014 effectively July 01, 2014, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows:

- a- Rate of tax deduction for filers of income tax returns 10%
- b- Rate of tax deduction for non-filers of income tax returns 15%

All Shareholders/members of the company who hold shares in physical form are therefore requested to send a valid copy of their CNIC and NTN Certificate to the company's Share Registrar, Vision Consulting Limited at the above mentioned address, to allow the Company to ascertain the status of the shareholders/members.

Shareholders/members of the company who hold shares in script-less form on Central Depository System (CDS) of Central Depository Company of Pakistan Limited (CDC) are requested to send valid copies of their CNIC and NTN Certificates to their CDC Participants/CDC Investor Account Services.

Where the required documents are not submitted, the company will be constrained to treat the non-complying shareholder/member as a non-filer thereby attracting a higher rate of withholding tax.

6. Dividend Mandate (Optional):

The company wishes to inform its shareholders that under the law they are also entitled to receive their cash dividend directly in their bank accounts instead of receiving it through dividend warrants. Shareholders wishing to exercise this option may submit their application to the Company's Share Registrar, giving particulars relating to their name, folio number, bank accounts number, title of account and complete mailing address of the bank. CDC account holders should submit their request directly to their broker (participant) / CDC.

7. Shareholders are requested to promptly notify any change in their addresses.



Assalam-o-Alaikum,

DIRECTORS' REPORT

It is a pleasure to welcome you to the 49th Annual General Meeting of the Company and place before you the Audited Financial Statements of the Company for the year ended June 30, 2014.

FINANCIAL AND OPERATING RESULTS:

Sales for the year were Rs. 23,780 Million as compared to Rs. 20,559 Million last year. This represents an increase of 15.67%. Profit for the year after tax is Rs. 877.86 Million after charging depreciation of Rs. 592.35 Million and contribution to Workers Profit Participation Fund of Rs. 44.54 Million. Earnings per share (EPS) are Rs. 29.26 (2013: Rs. 39.35 Restated). EBITDA of Rs. 2,699.34 Million was generated. EBITDA per ordinary share is Rs. 89.98 (2013:Rs. 122.29).

Your Directors and Chief Executive Officer, Chief Financial Officer, Company Secretary, their spouses and minor children have made following transaction in Company's shares.

Description	Sh.Naseem Ahmad & Mst.Nighat Naseem	Mst. Mahnaz Amir Sh., Amir Naseem Sh. & Minor Childern	Rehman Naseem & Minor Childern	Fazal Ahmed Sheikh	Fahad Mukhtar	Faisal Ahmed	Company Secretary	CFO
Opening Balance								
as on 01.07.2013	7,350	2,382,728	2,655,820	1,701,343	36,256	1,699,888	1,167	809
Purchase	-	-	-	-	-	-	09	-
Bonus	1,470	476,543	531,164	340,268	7,251	339,977	233	161
Inherited	-	-	-	-	-	-	-	-
Gift	-	568,657	2,395,571	-	-	-	-	-
Transfer as Gift	-	(568,657)	(2,395,571)	-	-	-	-	-
Sold							1,400	
Closing Balance as on 30.06.2014	8,820	2,859,271	3,186,984	2,041,611	43,507	2,039,865	09	970

During the year 2013-2014, four board meetings were held which were attended as follows:

Sh. Naseem Ahmad	Chief Executive Officer	4
Mr. Rehman Naseem	Chairman	4
Mrs. Mahnaz Amir Sheikh		4
Mr. Fazal Ahmad Sheikh		2
Mr. Faisal Ahmad		4
Mr. Fahd Mukhtar		2
MR. Jamal Nasim	Independent Director	4



COMPARISON OF LAST SIX YEARS OF OPERATIONS:

Salient features of the financial performance of the company for the last six years are reproduced below:

	2014	2013	2012	2011	2010	2009
Production in Kgs Spinning (000)	61,179	53,013	53,251	46,454	43,723	41,995
Production in Sq. Meters Fabric (000)	33,101	24,570	12,210	-	-	-
Sales net (Rs. In millions)	23,780	20,559	19,750	18,934	11,211	8,651
Gross Profit (Rs. In millions)	2,420	2,890	2,831	2,026	1,573	1,196
Net Profit before tax (Rs. In millions)	823	1,462	1,648	1,001	845	550
		Restated	Restated	Restated	Restated	Restated
Provision for taxation including	55	282	463	225	198	92
deferred tax (Rs. In millions)		Restated	Restated	Restated	Restated	Restated
Profit after taxation (Rs. In million)	878	1,180	1,184	776	648	458
		Restated	Restated	Restated	Restated	Restated
Un-appropriated profit brought	4,936	3,711	2,618	2,447	1,761	1,270
forward (Rs. In million)		Restated	Restated	Restated	Restated	Restated
Appropriation (Rs. In million)	5,945	5,074	3,691	3,016	2,358	1,669
		Restated	Restated	Restated	Restated	Restated
Cash Dividend	25%	25%	20%	Nil	Nil	Nil
Specie Dividend %age	Nil	Nil	Nil	50%	100%	Nil
Bonus Shares %age	Nil	20%	10.62%	20.50%	Nil	Nil
Gross Profit ratio	10.18%	14.06%	14.33%	10.70%	14.03%	13.83%
Net profit to sale ratio	3.69%	5.74%	6.00%	4.36%	4.70%	2.08%
Earnings before interest, tax,	2,699	3,057	3,164	2,106	1,734	1,565
depreciation and amortization		Restated	Restated	Restated	Restated	Restated
(EBITDA) (Rs. In million)						

CORPORATE GOVERNANCE:

As required by the code of corporate governance the board of directors hereby declares that:

The financial statements for the year ended June 30, 2014 present fairly the state of affairs, the result of its operations, cash flows and changes in equity;

Proper books of account have been maintained;

Appropriate accounting policies have been consistently applied in preparation of financial statements for the year ended June 30, 2014 and accounting estimates are based on reasonable and prudent judgment;

International Accounting Standards (IAS) as applicable in Pakistan, have been followed in preparation of financial statements;

The system of internal control is sound in design and has been effectively implemented and monitored; There is no doubt about the Company to continue as going concern;



There has been no material departure from best practices of corporate governance as detailed in listing regulations;

PATTERN OF SHAREHOLDING:

The pattern of share holding as on June 30, 2014 is annexed.

FUTURE OUTLOOK:

As dictated by fundamentals, Pakistani rupee has started weakening against the US Dollar again. Since, August 14, Rupee has depreciated to Rs. 102.90 from Rs. 98.75 per US Dollar, although it is still overvalued (exchange rate of Rupee to the US Dollar should be Rs. 107.50 as per purchasing power parity). Raw Cotton prices have also adjusted sharply as the Chinese Government has changed it's farmer support program and is providing direct subsidy to cotton growers instead of purchasing cotton at a high rate. As a result of these two developments, spinning margins have improved. However, demand for greige fabric remains tepid and weaving business of the Company remains under pressure. Overall, your management remains cautiously optimistic about future outlook.

Your management is happy to report that during the year additional spinning and weaving capacities of the Company came on line. These have resulted in lower costs due to economies of scale and improved the product profile of the Company.

Your management is also happy to report that financial close of Fatima Energy Limited was achieved. Your Company owns 35% of FEL which is setting up a Coal Fired Power Plant. In Sha Allah, this plant will commence generation of electricity in the first quarter of 2016 providing uninterrupted and competitively priced power to all textile plants of your Company.

DIVIDEND ANNOUNCEMENT

Your Directors have proposed to distribute @ 25% cash dividend (2013: 25% cash dividend and Bonus Shares in the Proportion of 20 shares for every 100 ordinary shares held i.e. 20%).

Subsidiary Company

The Company has annexed its consolidated financial statements along with its separate financial statements in accordance with the requirements of International Accounting Standard-27 (Consolidated and Separate Financial Statements).

Following is a brief description of subsidiary company of Fazal Cloth Mills Limited.

The Company owns and controls 100% shares of this subsidiary. The registered office of the Company is

69/7, Abid Majeed Road, Survey # 248/7, Lahore Cantt, Lahore and the manufacturing facility of the Company is located at Mauza Khairabad, Qadirpur Rawan bypass, Khanewal Road, Multan. The Principal activity of the Company is to carry business of textile spinning and weaving.

AUDITORS:

M/s.KPMG Taseer Hadi & Co., Chartered Accountants, auditors of the Company retires and being eligible offers themselves for reappointment for the year 2014-2015.



MANAGEMENT/LABOUR RELATIONS:

The management/labour relations remained warm and cordial throughout the year under review. We place great importance on our employees. We continue to invest in the professional development and improvement of skills of our human resources, since we believe that by investing in our people we invest in our future. Company's human resource policy is based on the underlying values of fairness, merit, equal opportunity and social responsibility. Complying with our human resource policies we do not hire any child labour.

The employees and management of the company continued to make joint efforts to keep up high standards of productivity. By the grace of Allah the Almighty, relationship of management and employees continued to remain in total harmony.

The board wishes to place on record its deep appreciation to all of them for their hard work and dedication to achieve these results.

For and on behalf of the Board

Sd/-(Rehman Naseem) Director Sd/-(Faisal Ahmad) Director

Dated: October 09, 2014



Statement Of Compliance With The Code Of Corporate Governance [See Clause (XLVI)].

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation # 35 (Chapter XI) of Listing Regulations of the Karachi and Lahore Stock Exchanges Limited for the purpose of establishing a framework of good governance, whereby a Listed Company is managed in compliance with the best practices of corporate governance.

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

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

Category	Names		
Executive Directors	Sh. Naseem Ahmad Mr. Fazal Ahmad Sheikh	-	CEO / Director Director
Non-Executive	Mr. Rehman Naseem Mr. Faisal Ahmad Mrs. Mahnaz Amir Sheikh Mr. Fahd Mukhtar Mr. Jamal Nasim	- - - -	Chairman/Director Director Director Director (Independent Director)

- 2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this company.
- 3. All the 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.
- 4. No casual vacancy occurred in the board. However, election of directors was due on 30th May 2014, which was held accordingly.
- 5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate if throughout the company along-with its supporting policies and procedures.
- 6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along-with the dates on which they were approved or amended has been maintained.
- 7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive directors, have been taken by the board/shareholders.
- 8. The meetings of the board of directors were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
- 9. Almost all the directors are exempt from training programs. They have sufficient educational background as well as experience in business as required in the CCG.



- 10. The board has approved [Nil] appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment as determined by the CEO.
- 11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
- 12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
- 13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
- 14. The company has complied with all the corporate and financial reporting requirements of the CCG.
- 15. The board has formed three members Audit Committee comprising of Non-Executive directors.
- 16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
- 17. The board has formed a three Human Resource and Remuneration Committee comprising of Non-Executive directors.
- 18. The board has set up an effective internal audit function.
- 19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
- 20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 21. The "closed period", prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
- 22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
- 23. We confirm that all other material principles enshrined in the CCG have been complied with.

On behalf of the Board of Directors

Sd/-(REHMAN NASEEM) Chairman

Multan:

Dated: October 09, 2014



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

We have reviewed the enclosed Statement of Compliance with the best practice contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Fazal Cloth Mills Limited ("the Company") for the year ended 30 June 2014 to comply with the requirements of Listing Regulation no 35 of Karachi and Lahore Stock Exchanges where the company is listed.

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

As a part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control system sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Director's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the company's corporate governance procedures and risks.

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 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 such altern ate pricing mechanism. We have only required and have ensured compliance of this requirement to the extent of the approval of the related party transaction by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

Based on 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 2014.

Lahore:

Date: October 09, 2014

KPMG Taseer Hadi & Co Chartered Accountants (Kamran Iqbal Yousafi)







Fazal Cloth Mills Limited (The Company)

Financial Statements

for the year ended 30 June 2014





Auditors' Report to the Members

We have audited the annexed balance sheet of Fazal Cloth Mills Limited ("the Company") as at 30 June 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a) In our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) In our opinion:
 - 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 the change as stated in Note 3 with which we concur;
 - ii. the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2014 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company, and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

	,
Date: October 09, 2014	KPMG Taseer Hadi & Co.
	Chartered Accountants

(Kamran Iqbal Yousafi) Lahore:

Sd/-



Balance Sheet

	Note	2014	2013 Rupees Restated	2012
ASSETS				,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Non-current assets				
Property, plant and equipment	5	13,534,368,091	12,271,377,241	11,255,073,203
Intangibles	6	-	2,258,439	3,398,483
Long term investments	7	2,329,793,605	2,067,108,496	1,743,404,016
Long term loan	8	499,940,000	-	64,000
Long term deposits		22,807,493	20,228,306	25,710,156
	•	16,386,909,189	14,360,972,482	13,027,649,858
<u>Current assets</u>				
<u>Current assets</u>				
Stores, spares and loose tools	9	403,516,139	305,172,591	
Stores, spares and loose tools Stock-in-trade	10	5,362,875,978	5,928,618,601	3,774,011,125
Stores, spares and loose tools Stock-in-trade Trade debts	10 11	5,362,875,978 2,884,937,972	5,928,618,601 1,995,627,804	3,774,011,125 2,012,188,252
Stores, spares and loose tools Stock-in-trade Trade debts Loans and advances	10	5,362,875,978	5,928,618,601	3,774,011,125 2,012,188,252
Stores, spares and loose tools Stock-in-trade Trade debts Loans and advances Trade deposits and short term	10 11 12	5,362,875,978 2,884,937,972 864,098,887	5,928,618,601 1,995,627,804 140,777,880	3,774,011,125 2,012,188,252 136,506,798
Stores, spares and loose tools Stock-in-trade Trade debts Loans and advances Trade deposits and short term prepayments	10 11	5,362,875,978 2,884,937,972 864,098,887 3,431,538	5,928,618,601 1,995,627,804	3,774,011,125 2,012,188,252
Stores, spares and loose tools Stock-in-trade Trade debts Loans and advances Trade deposits and short term prepayments Mark-up accrued	10 11 12 13	5,362,875,978 2,884,937,972 864,098,887 3,431,538 49,029,704	5,928,618,601 1,995,627,804 140,777,880 6,655,581	3,774,011,125 2,012,188,252 136,506,798 6,754,211
Stores, spares and loose tools Stock-in-trade Trade debts Loans and advances Trade deposits and short term prepayments Mark-up accrued Other receivables	10 11 12 13	5,362,875,978 2,884,937,972 864,098,887 3,431,538 49,029,704 329,094,883	5,928,618,601 1,995,627,804 140,777,880 6,655,581 - 4,778,084	3,774,011,125 2,012,188,252 136,506,798 6,754,211 - 102,862,038
Stores, spares and loose tools Stock-in-trade Trade debts Loans and advances Trade deposits and short term prepayments Mark-up accrued Other receivables Short term investments	10 11 12 13	5,362,875,978 2,884,937,972 864,098,887 3,431,538 49,029,704 329,094,883 227,268,181	5,928,618,601 1,995,627,804 140,777,880 6,655,581 - 4,778,084 190,495,126	3,774,011,125 2,012,188,252 136,506,798 6,754,211 - 102,862,038 176,496,671
Stores, spares and loose tools Stock-in-trade Trade debts Loans and advances Trade deposits and short term	10 11 12 13	5,362,875,978 2,884,937,972 864,098,887 3,431,538 49,029,704 329,094,883	5,928,618,601 1,995,627,804 140,777,880 6,655,581 - 4,778,084	2,012,188,252 136,506,798 6,754,211 - 102,862,038

The annexed notes from 1 to 48 form an integral part of these financial statements.

As required under section 241(2) of the Companies Ordinance, 1984 these accounts have been signed by two directors in the absence of Chief Executive Officer who for the time being is not in the country.

27,349,115,550

23,402,333,399

Sd/-(Rehman Naseem) Director Sd/(Faisal Ahmed)
Director

19,768,328,583



As at 30 June 2014

		2014	2013	2012
	Note -		Rupees	
			Restated	Restated
EQUITY AND LIABILITIES				
Share capital and reserves				
Authorized share capital	;	700,000,000	700,000,000	700,000,000
Issued, subscribed and paid-up capital				
- Ordinary shares	17	300,000,000	250,000,000	226,000,000
- Preference shares		-	-	175,000,000
		300,000,000	250,000,000	401,000,000
Capital reserves	18	1,311,261,242	1,048,576,133	1,036,665,931
Unappropriated profits	,	5,822,543,822	4,935,664,397	3,711,376,413
		7,433,805,064	6,234,240,530	5,149,042,344
Surplus on revaluation of fixed assets	19	3,440,823,294	3,563,514,117	3,701,706,802
Non-current liabilities				
Long term financing	20	5,965,676,977	4,392,121,833	3,641,788,504
Long term musharika	21	275,000,000	325,000,000	225,000,000
Deferred liabilities	22	1,532,281,866	1,810,932,235	1,551,607,685
		7,772,958,843	6,528,054,068	5,418,396,189
<u>Current liabilities</u>				
Trade and other payables	23	1,694,478,611	1,602,138,962	799,192,313
Accrued profit / interest / mark-up	24	294,005,219	249,516,726	252,971,251
Short term borrowings	25	5,636,135,888	4,337,180,633	3,798,190,475
Current portion of non-current liabilities	26	1,076,908,631	887,688,363	648,829,209
		8,701,528,349	7,076,524,684	5,499,183,248
Contingencies and commitments	27			
		27,349,115,550	23,402,333,399	19,768,328,583

Sd/-(Faizan ul Haq) Chief Financial Officer



Profit and Loss Account

For the year ended 30 June 2014

	Note	2014 Rupees	2013 Rupees <i>Restated</i>
Sales - net	28	23,780,218,493	20,558,587,886
Cost of sales	29	(21,360,209,825)	(17,668,351,141)
Gross profit		2,420,008,668	2,890,236,745
Distribution cost	30	(260,342,131)	(256,769,780)
Administrative expenses	31	(247,434,749)	(213,839,620)
Other expenses	32	(81,680,760)	(118,819,703)
		(589,457,640)	(589,429,103)
Other income	33	274,175,569	220,636,413
Profit from operations		2,104,726,597	2,521,444,055
Finance cost	34	(1,281,756,044)	(1,059,121,058)
Profit before taxation		822,970,553	1,462,322,997
Taxation	35	54,890,960	(281,923,368)
Profit after taxation		877,861,513	1,180,399,629
Earnings per share - basic and diluted	36	29.26	39.35

The annexed notes from 1 to 48 form an integral part of these financial statements.

As required under section 241(2) of the Companies Ordinance, 1984 these accounts have been signed by two directors in the absence of Chief Executive Officer who for the time being is not in the country.

Sd/
(Rehman Naseem)

Director

Sd/
(Faisal Ahmed)

Director

Sd/-



Profit after taxation

Statement of Comprehensive Income

For the year ended 30 June 2014

2014	2013
Rupees	Rupees
	Restated
877,861,513	1,180,399,629
(1,470,301)	(31,517,909)
297,390	6,413,579
(1,172,911)	(25,104,330)

1,139,373,711

Other comprehensive income - net of tax

Remeasurement of defined benefit liability

Total comprehensive income for the period

Items that will never be reclassified to profit or loss:

,	1 ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' '	` ' ' '
Related tax impact	297,390	6,413,579
	(1,172,911)	(25,104,330)
Items that are or may be reclassified subsequently		
to profit or loss:		
Net change in fair value of available for		
sale financial assets	262,685,109	11,910,202

The annexed notes from 1 to 48 form an integral part of these financial statements.

As required under section 241(2) of the Companies Ordinance, 1984 these accounts have been signed by two directors in the absence of Chief Executive Officer who for the time being is not in the country.

Sd/(Rehman Naseem)

Director

Sd/-

(Faisal Ahmed) Director Sd/-

1,167,205,501

(Faizan ul Haq) Chief Financial Officer



Cash Flow Statement

For the year ended 30 June 2014

	2014	2013
	Rupees	Rupees
Cash flow from operating activities		Restated
Profit before taxation Adjustments for:	822,970,553	1,462,322,997
Depreciation of property, plant and equipment	592,351,098	534,552,964
Amortization of intangible assets	2,258,439	1,140,044
Unrealized gain on re-measurement of investments	(36,773,055)	(13,998,455)
Provision for gratuity	69,151,341	39,740,889
Provision for infrastructure cess	26,317,041	29,987,431
Gain on disposal of property, plant and equipment	(437,938)	(3,116,994)
Dividend income	(174,365,398)	(208,996,022)
Finance cost	1,281,756,044	1,059,121,058
Cash generated from operations before working capital changes	2,583,228,125	2,900,753,912
Effect on cash flow due to working capital changes		
Increase in current assets:		
Stores, spares and loose tools	(98,343,548)	25,737,673
Stock in trade	565,742,623	(2,154,607,476)
Trade debts	(889,310,168)	16,560,448
Loans and advances	(723,321,007)	(4,271,082)
Trade deposits and short term prepayments	3,224,043	98,630
Other receivables	(199,561,425)	98,083,954 (2,018,397,853)
Increase in current liabilities		, , , , , ,
Trade and other payables	178,522,608	552,584,218
Cash generated from operations	1,420,181,251	1,434,940,277
Gratuity paid to employees	(43,968,350)	(25,430,151)
Tax paid	(428,582,164)	(246,287,943)
Finance cost paid	(1,237,267,551)	(1,062,575,565)
Net cash used in operating activities	(1,709,818,065) (289,636,814)	(1,334,293,659)
Cash flow from investing activities	(===,===,===,,	
Capital expenditure incurred	(1,858,618,017)	(1,620,394,916)
Proceeds from sale of property, plant and equipment	3,714,007	22,654,908
Investment in subsidiary	3,714,007	(199,761,000)
Long term loan	(499,940,000)	-
Long term deposits	(2,579,187)	5,481,850
Dividend received	580,320	147,201,720
Net cash used in investing activities	(2,356,842,877)	(1,644,817,438)
Cash flow from financing activities		
Long term financing obtained	2,603,717,304	1,587,692,633
Long term financing repaid	(840,941,893)	(599,744,699)
Long term musharika obtained	-	150,000,000
Long term musharika repaid	(50,000,000)	(48,755,451)
Short term borrowings - net	1,298,955,255	538,990,158
Redemption of preference shares	(175,000,000)	-
Net cash generated from financing activities	2,836,730,666	1,628,182,641
Net increase in cash and cash equivalents	190,250,976	84,011,821
Cash and cash equivalents at the beginning of the period Cash and cash equivalents at the end of the period	156,000,176	71,988,355 156,000,176
The annexed notes from 1 to 48 form an integral part of these financial statements.	346,251,152	130,000,176
the annexed notes from 1 to 40 form an integral part of these infancial statements.		

As required under section 241(2) of the Companies Ordinance, 1984 these accounts have been signed by two directors in the absence of Chief Executive Officer who for the time being is not in the country.

Sd/-	Sd/-	Sd/-
(Rehman Naseem)	(Faisal Ahmed)	(Faizan ul Haq)
Director	Director	Chief Financial Officer



Statement of Changes in Equity

For the year ended 30 June 2014

	Share ca	pital		Capital reserves		Revenue reserve	
	Ordinary shares	Preference shares	Share premium	Capital redemption reserve	Fair value reserve- available for sale financial assets	Un-appropriated profits	Total
				Rupees			
Balance as at 01 July 2012- as reported Prior period adjustments Effect of change in accounting policy Balance as at 01 July 2012 - restated	226,000,000	175,000,000 - 175,000,000	77,616,000 - 77,616,000	175,000,000 - 175,000,000	784,049,931 - 784,049,931	3,600,039,246 110,561,332 775,835 3,711,376,413	5,037,705,177 110,561,332 775,835 5,149,042,344
Total comprehensive income							
Profit for the year - restated Other comprehensive income / (loss) - restated			-	-	11,910,202	1,180,399,629 (25,104,330)	1,180,399,629 (13,194,128)
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the year - net of tax	-	-	-	-	11,910,202	1,155,295,299 126,620,334	1,167,205,501
Preference shares transferred to current liability	-	(175,000,000)	-	-	-	-	(175,000,000)
Surplus transferred on disposal of a revalued asset	-	-	-	-	-	11,572,351	11,572,351
Transactions with the owners of the Company:							
Bonus shares issued Cash dividend @ Rs.2 per share	24,000,000	-	-	-	-	(24,000,000) (45,200,000)	- (45,200,000)
Balance as at 30 June 2013 - restated	250,000,000	-	77,616,000	175,000,000	795,960,133	4,935,664,397	6,234,240,530
<u>Total comprehensive income</u>							
Profit for the period Other comprehensive income / (loss)			-		- 262,685,109	877,861,513 (1,172,911)	877,861,513 261,512,198
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the year - net of tax	-	-	-	-	262,685,109	876,688,602 122,690,823	1,139,373,711
Transactions with the owners of the Company:							
Bonus shares issued Cash dividend @ Rs.2.5 per share	50,000,000	-	- -	-	-	(50,000,000) (62,500,000)	- (62,500,000)
Balance as at 30 June 2014	300,000,000	-	77,616,000	175,000,000	1,058,645,242	5,822,543,822	7,433,805,064

The annexed notes from 1 to 48 form an integral part of these financial statements.

As required under section 241(2) of the Companies Ordinance, 1984 these accounts have been signed by two directors in the absence of Chief Executive Officer who for the time being is not in the country.

Sd/(Rehman Naseem)
Director

Sd/-(Faisal Ahmed) Director Sd/-(Faizan ul Haq) Chief Financial Officer



Notes to the Financial Statements

For the year ended 30 June 2014

1 Reporting entity

Fazal Cloth Mills Limited ("the Company") was incorporated in Pakistan in 1966 as a public limited company under the Companies Act, 1913 (now the Companies Ordinance, 1984) and its shares are quoted on Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at 69/7, Abid Majeed Road, Survey No. 248/7, Lahore Cantt, Lahore. The Company is engaged in manufacture and sale of yarn and fabric. The manufacturing facilities are located at Fazal Nagar, Jhang Road, Muzaffargarh and Qadirpur Rawan Bypass, Khanewal Road, Multan in the province of Punjab.

2 Basis of preparation

2.1 Separate financial statements

These financial statements are the separate financial statements of the Company in which investments in subsidiaries are accounted for on the basis of direct equity interest rather than on the basis of reported results and net assets of the investee. Consolidated financial statements of the company are prepared separately.

The Company has following major investment:

Name of the company	Shareholding	Nature
<u>Subsidiary</u>		
- Fazal Weaving Mills Limited	100%	Spinning and Weaving

2.2 Statement of compliance

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



2.3 Standards, interpretations and amendments to published approved accounting standards

2.3.1 New standards, amendments to approved accounting standards and interpretations which became effective during the year ended 30 June 2014

During the year certain amendments to standards or new interpretations became effective, however, the amendments or interpretation did not have any material effect on the financial statements of the Company.

2.3.2 The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2014:

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The interpretation is not likely to have an impact on Company's financial statements.
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement. The amendments are not likely to have an impact on Company's financial statements.
- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. These amendments are not likely to have a material impact on the financial statements of the Company.
- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" Continuing hedge accounting after derivative novation (effective for annual periods beginning on or after 1 January 2014). The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria. This amendment is not likely to have any impact on financial statements of the Company.



- Amendments to IAS 19 "Employee Benefits" Employee contributions a practical approach (effective for annual periods beginning on or after 1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria. This amendment is not likely to have any impact on the financial statements of the Company.
- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments have no impact on Company's financial statements.
- IFRS 10 'Consolidated Financial Statements' (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. The standard has no impact on financial statements of the Company.
- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016. The standard has no impact on financial statements of the Company.



- IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place. The standard has no impact on the financial statements of the Company.
- IFRS 13 'Fair Value Measurement' effective for annual periods beginning on or after 1 January 2015 defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The standard is not likely to have any impact on the financial statements of the Company.
- Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. This amendment is not likely to have any impact on the financial statements of the Company.
- Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:
 - o IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.



- o IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.
- o IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.
- o Amendments to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.
- o IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.
- o IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination. This amendment is not likely to have any effect on the financial statements of the Company.

2.4 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for:

- modification of foreign currency translation adjustments,
- recognition of employee retirement benefits at present value,
- long term investments classified as available for sale which are stated at fair value,
- revaluation of certain property, plant and equipment; and
- certain financial instruments at fair value



2.5 Functional and presentation currency

These financial statements are presented in Pak Rupees ("Rs."), which is the Company's functional and presentation currency. All financial information has been rounded to the nearest rupee, except when otherwise indicated.

2.6 Use of estimates and judgments

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

The estimates and underlying assumptions are reviewed on a continuous basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods affected.

Judgments made by the management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

Property, plant and equipment

The Company reviews the useful lives of property, plant and equipment on regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

Revaluation of property, plant and equipment

Revaluation of property, plant and equipment is carried out by independent professional valuers. Revalued amounts of non-depreciable items are determined by reference to local market values and that of depreciable items are determined by reference to present depreciated replacement values.

The frequency of revaluations depends upon the changes in fair values of the items of property, plant and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required. Such frequent revaluations are unnecessary for items of property, plant and equipment with only insignificant changes in fair value. Instead, it may be necessary to revalue the item only every three to five years.



Intangible assets

The Company reviews the rate of amortization and value of intangible assets for possible impairment, on an annual basis. Any change in the estimates in future years might affect the carrying amounts of intangible assets with a corresponding effect on the amortization charge and impairment.

Stores, spares, loose tools and stock in trade

The Company reviews the stores, spares, loose tools and stock in trade for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of stores, spares and loose tools and stock in trade with a corresponding effect on the provision.

<u>Provision for doubtful debts, advances and other receivables</u>

The Company reviews the recoverability of its trade debts, advances and other receivables at each reporting date to assess whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimates of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on certain assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

Employee benefits

The Company operates an un-funded gratuity scheme covering all eligible employees completing the minimum qualifying period of service as specified by the scheme. Annual provision is made on the basis of actuarial valuation to cover obligations under the scheme for all employees eligible to gratuity benefits respective of the qualifying period. The projected unit credit method used for the valuation of the scheme is based on assumptions stated in note 22.

Taxation

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax laws and the decisions of appellate authorities on certain issues in the past. In making the provision for deferred taxes, estimates of the Company's future taxable profits are taken into account.



3 Change in accounting policies

Except for the changes below, the Company has consistently applied the accounting policies as set out in Note 4 to all the periods presented in these financial statements. During the year the Company has adopted IAS 19 "Employee Benefits" with the date of initial application of 01 January 2013.

The nature and the effect of the changes are further explained below:

Defined benefit plan

As a result of IAS 19 (2011), the Company has changed its accounting policy with respect to the basis for determining the income or expense related to post employment defined benefit plans.

Under IAS 19, the Company determines the interest expense for the year on the defined benefit liability by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the defined benefit liability at the beginning of the annual period, taking into account any changes in the defined benefit liability during the year as a result of contributions and benefit payments.

Consequently, the interest on the defined benefit liability now comprises of interest cost on the defined benefit obligation.

All the changes in present value of defined benefit obligation are now recognized in the statement of comprehensive income and the past service costs are recognized in profit and loss account, immediately in the period they occur.

The change in accounting policy has been applied retrospectively. The effect of the change is as follows:

2	013	20:	12
Previously Reported	Restated	Previously Reported	Restated
	Rup	ees	

Balance sheet

Deferred tax liability - net	1,686,892,593	1,680,479,014	1,466,983,105	1,467,313,684
Reserves	5,875,501,468	5,984,240,530	4,636,705,177	4,748,042,344
Deferred liabilities	99,907,603	130,453,221	85,596,865	84,624,574



		2013	
	Previously	Defined benefit	Restated
	reported	plans	nestateu
		Rupees	
Statement of comprehensive income			
Remeasurement of defined benefit liability	-	(31,517,909)	(31,517,909)
Related tax impact	-	6,413,579	6,413,579
Statement of changes in equity as on 30 June 2012			
Unappropriated profit	3,600,039,246	775,835	3,600,815,081

4 Significant accounting policies

4.1 Property, plant and equipment

Owned

Furniture and fixtures, office equipment and vehicles are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Operating assets except mentioned above are stated at revalued amount being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses while freehold land is stated at revalued amount being the fair value at the date of revaluation, less any subsequent impairment losses, if any. Any revaluation increase arising on the revaluation of such assets is credited in 'Surplus on Revaluation of fixed assets'. A decrease in the carrying amount arising on revaluation is charged to profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation account relating to a previous revaluation of that asset. Cost includes borrowing cost in respect of qualifying assets as stated in note 4.5.

Depreciation is charged on a systematic basis over the useful life of the assets, on reducing balance method, which reflects the patterns in which the economic benefits are consumed by the Company, at the rates specified in note 5.1. Depreciation on additions is charged on a pro-rata basis from the date the asset is available for use up to the date the asset is disposed off.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Major renewals and improvements to an item of property, plant and equipment are recognized in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the Company and the cost of renewal or improvement can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.



Surplus arising on revaluation of operating assets is credited to surplus on revaluation of property, plant and equipment account. The surplus on revaluation of operating assets to the extent of incremental depreciation charged on the related assets is transferred by the Company to its unappropriated profit.

The assets' residual values and useful lives are continually reviewed by the Company and adjusted if impact on depreciation is significant. The Company's estimate of residual values of property, plant and equipment as at 30 June 2014 has not required any adjustment as its impact is considered insignificant.

Capital work-in-progress

Capital work in progress is stated at cost less identified impairment loss, if any, and includes the expenditures on material, labour and appropriate directly attributable overheads. These costs are transferred to property, plant and equipment as and when assets are available for their intended use.

4.2 Lease

Operating lease

Financing where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit on a straight-line basis over the lease term unless another systematic basis is representative of the time pattern of the Company's benefit.

4.3 Intangible assets

Expenditure incurred on intangible asset is capitalized and stated at cost less accumulated amortization and any identified impairment loss. Intangible assets are amortized using the straight-line method over the estimated useful life of three years. Amortization of intangible assets is commenced from the date an asset is capitalized.

4.4 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss account. An impairment loss is reversed in the profit and loss account if the reversal can be related objectively to an event occurring after the impairment loss was recognised.



Non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax asset, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit and loss account.

Impairment loss recognized in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.5 Borrowings and their cost

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of that asset.

4.6 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the profit and loss account, except to the extent that it relates to items recognized directly in other comprehensive income or below equity, in which case it is recognized in other comprehensive income or below equity respectively.

Current

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments to charge for prior years, if any.



Deferred

Deferred tax is recognized using balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation.

The Company recognizes a deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Further, the Company recognizes deferred tax asset / liability on deficit / surplus on revaluation of property, plant and equipment which is adjusted against the related deficit / surplus.

4.7 Foreign currency

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into rupees at exchange rates prevailing at the date when fair values are determined. Exchange gains and losses are included in the income currently.

4.8 Staff retirement benefits

The Company operates an un-funded gratuity scheme covering all eligible employees completing the minimum qualifying period of service as specified by the scheme. Annual provision is made on the basis of actuarial valuation to cover obligations under the scheme for all employees eligible to gratuity benefits respective of the qualifying period. The projected unit credit method used for the valuation of the scheme is based on assumptions stated in note 22.1

Past-service costs are recognized immediately in profit and loss account, unless the changes to the plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

The Company's obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount. The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.



Remeasurements of the defined benefit liability, which comprise actuarial gains and losses, is recognised immediately in other comprehensive income. The Company determines the interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of benefit payments. Interest expense and other expenses related to defined benefit plan are recognized in profit and loss account.

4.9 Provisions

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

4.10 Contingent liabilities

A contingent liability is disclosed when:

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

4.11 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 instruments. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item. The Company de-recognizes a financial asset or a portion of financial asset when, and only when, the enterprise loses control of the contractual rights that comprise the financial asset or portion of financial asset. A financial liability or part of financial liability is de-recognized from the balance sheet, when and only when, it is extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on the recognition or de-recognition of the financial assets and liabilities is included in the profit and loss account currently.



Significant financial assets include long term loan, long term deposits, short term investments, trade debts, loans and advances, other receivables, mark-up accrued, short term investments, tax refunds due from Government and cash and bank balances.

Significant financial liabilities are classified according to the substance of the contractual agreements entered into. Significant financial liabilities include long and short term financing, trade and other payables and accrued markup.

4.12 Settlement date accounting

All "regular way" purchases and sales of financial assets are recognized on the settlement date, i.e. the date on which the asset is delivered to or by the Company. Regular way purchases or sales of financial assets are those contracts which requires delivery of assets within the time frame generally established by regulation or convention in the market.

4.13 Financial liabilities

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Company classifies financial liabilities recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Financial liabilities comprise long term finances and deposits, liabilities against assets subject to finance lease, trade and other payables, accrued mark-up, short term borrowings and provision for taxation.

4.14 Investments

4.14.1 Available-for-sale

Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity are classified as available-for-sale. After initial recognition, these are stated at fair values (except for unquoted investments where active market does not exist) with any resulting gains and losses which are charged to other comprehensive income, until the investment is disposed or impaired. At the time of disposal, the respective surplus or deficit is transferred to income. Fair value of quoted investments is their bid price at the balance sheet date.

Unquoted investments, where active market does not exist, are carried at cost and tested for impairment at each year end. Impairment loss, if any, is charged to income currently.



4.14.2 Investments in subsidiaries

Investments in subsidiaries are initially valued at cost. At subsequent reporting dates, the Company reviews the carrying amount of the investment 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.

4.14.3 Investments in associates

Investment in associates where the Company has significant influence are classified as available-forsale, for the purpose of measurement in the Company's separate financial statements.

4.14.4 Investments at fair value through profit or loss

These include investments classified as held for trading or upon initial recognition are designated by the Company at fair value through profit or loss. Investments which are acquired principally for the purpose of generating a profit from short term fluctuations in price or dealer's margin are classified as held for trading. After initial recognition, these are stated at fair values with any resulting gains and losses recognized directly in income. Fair value of investments is their quoted bid price at the balance sheet date. Transaction costs are charged to income currently.

4.15 Stores, spares and loose tools

These are valued at moving average cost less allowance for obsolete and slow moving items. Items in transit are valued at invoice values plus other charges incurred thereon.

4.16 Stock-in-trade

These are stated at the lower of cost and net realizable value except for waste stock which is valued at net realizable value.

Cost has been determined as follows:

Raw materials Weighted average cost

Work in process and finished goods Cost of direct materials, labour and appropriate

manufacturing overheads.

Materials in transit comprises of invoice value plus other charges paid thereon.

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



4.17 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

- Sales are recorded when significant risks and rewards of ownership of the goods are transferred to the customers.
- Return on investments and deposits is accounted for on time proportionate basis.
- Dividend income is accounted for when the right to receive is established.
- Gain on sale and lease-back transactions is deferred and is credited to profit and loss account over the lease term.
- Interest/mark-up income is recognized as the interest / mark-up become due.

4.18 Loan and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Long term advances and deposits

At initial recognition these financial assets are measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. After initial recognition these are measured at amortized cost using the effective interest rate method less impairment loss, if any. A provision for impairment of long term loan is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of advance.

Trade debts

Trade debts are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

4.19 Cash and cash equivalents

For the purpose of cash flow, cash and cash equivalents mainly comprise cash and bank balances which are stated in the balance sheet at cost.

4.20 Off setting of financial instruments

Financial assets and liabilities are off-set and the net amount reported in the balance sheet when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.



4.21 Operating segment

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. All operating segments' operating results are regularly reviewed by the Company's Chief Executive to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4.22 Earnings per share

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

4.23 Dividend distribution

Dividend is recognized as a liability in the period in which it is declared and approved. Appropriations of profit are reflected in the statement of changes in equity in the period in which such appropriations are approved.



5 Property, plant and equipment		Note	2014 Rupees	2013 Rupees								
Operating assets Capital work-in-progress		5.2	13,354,869,381 179,498,710 13,534,368,091	12,102,832,043 168,545,198 12,271,377,241								
5.1 Operating assets												
					Owned assets						٠	
	Freehold-Land	Factory Building	Non-Factory Building	Plant & Machinery	Electric Fittings & Installations	Sui Gas Installation	Tools, Laboratory Equipments & Arms	Office Equipments	Fire Extinguishing Equipments & Weighing Scales	Furniture & Fittings	Vehicles	Total
Cost							,					
Balance at 1 July 2012	1,113,721,870	2,088,000,387	744,637,260	10,102,727,331	408,551,188	14,620,961	57,088,673	28,301,915	27,753,389	12,601,636	103,656,599	14,701,661,209
Disposals	(14,400,000)	+02,411,161		(20.480.251)	010,410,14	CCT '+ '+	0,212,230	(640,238)	000,08	100,400,0	(5.048.172)	(40.568.661)
Balance at 30 June 2013	1,175,742,132	2,285,174,591	785,044,064	11,233,599,898	455,925,267	15,095,156	63,307,911	31,766,827	27,839,889	16,156,327	136,209,764	16,225,861,826
-												
Balance at 1 July 2013	1,175,742,132	2,285,174,591	785,044,064	11,233,599,898	455,925,267	15,095,156	63,307,911	31,766,827	27,839,889	16,156,327	136,209,764	16,225,861,826
Disposals	-		-	(3,726,954)	(1,414,523)			(955,742)	0000		(1,939,566)	(8,036,785)
Balance at 30 June 2014	1,375,053,203	2,449,625,452	890,854,910	12,404,696,882	592,556,934	15,095,156	65,788,616	36,236,954	28,294,247	20,124,473	187,162,719	18,065,489,546
Rate of depreciation - %age		2%	2%	2%	2%	2%	2%	10%	2%	10%	20%	
Accumulated depreciation												
Balance at 1 July 2012		532,691,715	168,301,810	2,734,070,129	79,329,938	5,272,165	24,269,761	10,766,311	8,706,523	5,008,206	41,091,008	3,609,507,566
Depreciation		78,977,506	29,119,969	386,454,799	17,111,681	479,531	1,718,917	1,902,291	953,123	858,587	16,976,560	534,552,964
Disposals		- 611 660 221	- 077 107 701	(17,545,711)	- 06 441 610	- 5751 606	25 000 670	(254,530)	- 0 650 646	- 266 703	(3,230,506)	(21,030,747)
בממוורב מו כם זמווב דכדם		122,000,110	011/131/101	3,102,010,010	00,111,00	000,400,0	010,000,02	210/111/21	00000	00,000,0	200,100,10	4,120,020,1
Balance at 1 July 2013	•	611,669,221	197,421,779	3,102,979,217	96,441,619	5,751,696	25,988,678	12,414,072	9,659,646	5,866,793	54,837,062	4,123,029,783
Depreciation		86,424,485	30,507,331	429,255,586	20,148,064	466,948	1,897,701	2,222,098	917,803	1,174,194	19,336,888	592,351,098
Balance at 30 June 2014		698,093,706	227,929,110	3,529,605,486	116,068,463	6,218,644	27,886,379	14,227,296	10,577,449	7,040,987	72,972,645	4,710,620,165
Carrying amounts												
At 30 June 2013	1,175,742,132	1,673,505,370	587,622,285	8,130,620,681	359,483,648	9,343,460	37,319,233	19,352,755	18,180,243	10,289,534	81,372,702	12,102,832,043
At 30 June 2014	1,375,053,203	1,751,531,746	662,925,800	8,875,091,396	476,488,471	8,876,512	37,902,237	22,009,658	17,716,798	13,083,486	114,190,074	13,354,869,381



•			2014	2013
5.2	Capital work-in-progress	Note	Rupees	Rupees
	oup to the control of			
	Opening balance		168,545,198	162,919,560
	Additions during the year		1,657,248,897	1,114,106,111
	Transfers during the year		(1,646,295,385)	(1,108,480,473)
	Closing balance		179,498,710	168,545,198
	5.2.1 Breakup of closing balance of capital work-	in-progress:		
	Land			
	Advance payments		563,000	-
	Factory buildings			
	Material and expenses		67,382,214	52,991,390
	Advance payments		42,105,565	44,750,183
			109,487,779	97,741,573
	Non-factory buildings		F1 074 F2F	20,000,001
	Material and expenses		51,974,535	39,690,801
	Plant and machinery			
	Cost and expenses		2,170,405	1,907,064
	Advance payments		1,557,620	27,213,847
	Letters of credit		8,561,321	-
			12,289,346	29,120,911
	Furniture and fixtures			
	Advance payments		468,161	14,600
	Office equipment			
	Advance payments		-	147,298
	Electric fittings & Installations			
	Advance payments		4,715,889	1,830,015
			179,498,710	168,545,198
5.3	Depreciation is allocated as under:			
	Cost of sales	29	569,610,833	514,808,069
	Administrative expenses	31	22,740,265	19,744,895
	•		592,351,098	534,552,964

5.4 Property, plant and equipment of the Company were first revalued on 30 June 2007 which resulted in the surplus of Rs. 2,915 million. The next revaluation had been carried out on 31 March 2012 by another independent valuer on the basis of depreciated replacement values which resulted in the additional surplus of Rs.2,028 million. Freehold land and building revaluations were carried out under the market value basis whereas plant and machinery were revalued on net replacement cost basis. All the revaluations were carried out by independent valuers.

Had there been no revaluation, the net book value of operating fixed assets are as follows:

	Cost	Depreciation	Net book value
		Rupees	
Freehold land	342,842,589	-	342,842,589
Building	1,752,738,070	61,919,319	1,690,818,751
Plant & machinery and others	10,420,576,158	3,150,859,900	7,269,716,258
30 June 2014	12,516,156,817	3,212,779,219	9,303,377,598
30 June 2013	10,603,339,967	2,710,711,912	7,892,628,055



	Reassessed value / original cost	Accumulated depreciation	Net book value	Sale	Gain/(loss) on disposal	Mode of disposal	
			- Rupees		:		
Culture More again.	000 819	306 520	516 480	000 000	383 530	mic) obacanoal	Adamina Incurance Limited
Toyota Corolla XLI 1299CC	965,566	745,654	219,912	400,000	180,088	As per negotiation	Mr. Idbal Memon
Honda CD 70	61,000	59,131	1,869	15,000	13,131	As per negotiation	Mr. Muhammad Nawaz
Auto Bale Plucker FA002 Condensor	405,854	123,519	282,335	254,237	(28,098)	As per negotiation	Haji Shaukat
Automatic Bale Pluckers	960'989	458,444	177,652	49,576	(128,076)	As per negotiation	Muhammad Hafeez
Automatic Bale Pluckers	668,277	460,761	207,516	347,034	139,518	As per negotiation	Muhammad Hafeez
Roving Waste Opener	184,239	161,315	22,924	21,186	(1,738)	As per negotiation	Haji Shaukat
R.N. Beater	102,125	19,983	82,142	72,034	(10,108)	As per negotiation	Haji Shaukat
Reeling Machines Ring Frames	470,257	460,269	886'6	38,402	28,414	As per negotiation	Haji Shaukat
Reeling Machines Rowing Stipper Machine	110,669	108,197	2,472	9,037	6,565	As per negotiation	Haji Shaukat
Reeling Machines Panja Machine	197,402	156,284	41,118	16,120	(24,998)	As per negotiation	Haji Shaukat
Gbr Bale Breaker	398,225	203,296	194,929	169,492	(25,437)	As per negotiation	Haji Shaukat
Murata Cone Winder	553,810	477,248	76,562	170,940	94,378	As per negotiation	Fazal Rehman Fabrics Ltd
Caterpillar Generators	1,289,623	505,299	784,324	683,761	(100,563)	As per negotiation	Fazal Rehman Fabrics Ltd
Ricoh Aficie-2045 Digital Photocopier	000'89	25,225	42,775	38,500	(4,275)	Insurance Claim	Adamjee Insurance Limited
Xeon Quard Core 2 GHz	137,400	44,650	92,750	78,335	(14,415)	Insurance Claim	Adamjee Insurance Limited
Gestetner DSM618 Digital Photocopier	133,681	79,015	54,666	78,211	23,545	Insurance Claim	Adamjee Insurance Limited
Hp-4530 Core Laptop	61,800	11,607	50,193	40,171	(10,022)	Insurance Claim	Adamjee Insurance Limited
Hp Notebook Dv 6700	87,000	35,520	51,480	29,251	(22,229)	Insurance Claim	Adamjee Insurance Limited
Laser Printer Hp 1320N	39,500	25,214	14,286	13,000	(1,286)	Insurance Claim	Adamjee Insurance Limited
Printer Epson LQ 2180	39,800	25,405	14,395	13,000	(1,395)	Insurance Claim	Adamjee Insurance Limited
Air Condition 1.5 Ton	52,850	13,606	39,244	39,800	556	Insurance Claim	Adamjee Insurance Limited
Success Cabinet A/C 4 Ton	124,900	15,921	108,979	57,500	(51,479)	Insurance Claim	Adamjee Insurance Limited
P4 Pc With Monitor	54,940	35,136	19,804	13,000	(6,804)	Insurance Claim	Adamjee Insurance Limited
Printer Hp 2420, Panasonic 722	85,332	65,053	20,279	28,000	7,721	Insurance Claim	Adamjee Insurance Limited
Ups 2Kva	34,733	22,438	12,295	15,600	3,305	Insurance Claim	Adamjee Insurance Limited
Laptop Hp 6535S Core2	909'55	15,311	40,295	34,000	(6,295)	Insurance Claim	Adamjee Insurance Limited
Laptop Hp Core I5 Envy	85,900	9,735	76,165	66,720	(9,445)	Insurance Claim	Adamjee Insurance Limited
Black Berry Curve 9360	19,200	096	18,240	22,100	3,860	Insurance Claim	Adamjee Insurance Limited
2014	8,036,785	4,760,716	3,276,069	3,714,007	437,938		
2013	40,568,661	21,030,747	19,537,914	22,654,908	3,116,994		
	,	,	, , , ;	, , ,			



Intangibles			Rupees
ERP software and licence			
Cost			
Balance as at 01 July 2012		_	10,514,570
Balance as at 30 June 2013		=	10,514,570
Balance as at 01 July 2013		_	10,514,570
Balance as at 30 June 2014		=	10,514,570
Amortization			
Balance as at 01 July 2012			7,116,087
Amortization for the year		_	1,140,044
Balance as at 30 June 2013		=	8,256,131
Balance as at 01 July 2013			8,256,131
Amortization for the year			2,258,439
Balance as at 30 June 2014		=	10,514,570
Amortization rate per annum (%)			20%
Carrying amount			
At 30 June 2013		=	2,258,439
At 30 June 2014		=	-
		2014	2013
	Note	Rupees	Rupees
Long term investments (available for sale)			
Investment in related parties			
Others - at fair value	7.1	1,826,826,899	1,564,141,790
- at cost	7.2	252,966,706	252,966,706
Subsidiary company - at cost	7.3	250,000,000	250,000,000
		2,329,793,605	2,067,108,496



		Shares	res	Market value	alue	Market value per share	e per share	Percentage of holding	of holding
		2014	2013	2014	2013	2014	2013	2014	2013
	Note	Number	ber	Rupees		Rupees	es		
Other - at fair value									
Fatima Fertilizer Company Limited 7.1.1	7.1.1	62,994,031	62,994,031	1,826,826,899	1,564,141,790	29	25	2.88%	2.88%
			. 11	1,826,826,899	1,564,141,790				

7.1

7.1.1 The company is an associated company due to common directorship, as defined in Companies Ordinance, 1984.

	Sha	Shares	Carrying	g value	Percentage of holdi	of holding
	2014	2013	2014	2013	2014	2013
Note	Number	ıber	Rup	ees		
Other - at cost						

5.73% 252,966,706 252,966,706 252,966,706 252,966,706 25,790,610 25,790,610 7.2.1 Pak Arab Fertilizers Limited

7.2

5.73%

The investment is valued at cost, owing to non-availability of market value of its shares as the company is not listed on any of the stock exchanges in Pakistan. The company is an associated company due to common directorship, as defined in Companies Ordinance, 1984. 7.2.1

		Shares	se	Carrying value	lue	Percentage of holding	of holding	
		2014	2013	2014	2013	2014	2013	
	Note	Number	er	Rupees				
Subsidiary company - at cost								
Fazal Weaving Mills Limited	7.3.1	25,000,000	25,000,000	250,000,000	250,000,000	100%	100%	

7.3

7.3.1 Fazal Weaving Mills Limited was set up to carry business of textile spinning. The Company holds 100% of equity of the subsidiary and this was sourced from Company's own source. Fazal Weaving Mills Limited commenced its commercial operations from 01 April 2014.

7.4 Shares of all investee companies are ordinary fully paid-up shares, having a face value of Rs. 10 per share.

2013

2014



Rupees Rupees Long term loan Fazal Weaving Mills Limited 499,940,000

8.1 It represents a loan disbursed to Fazal Weaving Mills Limited which is a wholly owned subsidiary of the Company, to finance the capital expenditure as well as the working capital needs thereof. The Company charged mark up at a rate not less than the average borrowing cost of the Company. The loan is unsecured and repayable after 5 years. The loan is subordinated to the extent of Rs. 430 million to all the financing facilities obtained by Fazal Weaving Mills Limited from MCB Bank Limited, Allied Bank Limited, Faysal Bank Limited, Habib Bank Limited, Askari Bank Limited, United Bank Limited, Meezan Bank Limited and Bank Al-Falah Limited.

			2014	2013
		Note	Rupees	Rupees
9	Stores, spares and loose tools			
	Stores	9.1	166,414,167	146,582,114
	Spares		237,908,890	159,811,788
	Loose tools		963,398	549,005
			405,286,455	306,942,907
	Less: Provision for slow moving items		(1,770,316)	(1,770,316)
			403,516,139	305,172,591

9.1 This includes store in transit of Rs. 70.87 million (2013: Rs. 4.89 million).

10	Stock-in-trade	Note	2014 Rupees	2013 Rupees
	Raw material	10.1	2,824,995,770	4,646,912,278
	Work-in-process		276,188,806	205,937,615
			3,101,184,576	4,852,849,893
	Finished goods			
	Yarn		1,810,892,548	831,554,614
	Fabric		450,798,854	244,214,094
			2,261,691,402	1,075,768,708
			5,362,875,978	5,928,618,601

- 10.1 This includes raw material in transit of Rs. 282.83 million (2013: Rs. 337.96 million).
- 10.2 During the year, adjustments have been incorporated in the stock-in-trade in accordance with the policy mentioned in note 4.16.



			2014	2013	
		Note	Rupees	Rupees	
11	Trade debts				
	Considered good				
	Export - secured	11.1	1,076,104,732	608,024,072	
	Local - unsecured	11.2	1,808,833,240	1,387,603,732	
			2,884,937,972	1,995,627,804	
	11.1 These are secured through banks by letters of cro	edit.			
	11.2 These include due from following associated und	lertakings on ac	on account of trading activities.		
			2014	2013	
		Note	Rupees	Rupees	
	Faral Daharan Fahaisa Liusika d		427.752.664	120 705 504	
	Fazal Rehman Fabrics Limited Amir Fine Exports (Private) Limited		127,753,664 8,400	138,795,584 8,400	
	Reliance Weaving Mills Limited		1,836,415	-	
	Kellance weaving wills cliniced		129,598,479	138,803,984	
				<u> </u>	
12	Loans and advances				
	Considered good				
	Due from associated undertaking / related party	12.1	113,112,102	9,681,589	
	<u>Others</u>				
	Advances to:				
	- Suppliers and contractors		83,230,329	117,989,180	
	Advances for issue of shares - related party	12.2	651,081,694	-	
	Loan to:			450.000	
	- Executives	12.3	844,583	450,000	
	- Other employees Letters of credit		7,399,409	6,335,528	
	Letters of credit		8,430,770 864,098,887	6,321,583	
			004,038,887	140,777,880	
	12.1 Due from associated undertaking / related part - On account of non-trading activities	у			
	Fatima Fertilizers Limited			0 601 500	
	Fatima Fertilizers Limited Fazal Weaving Mills Limited		- 113,112,102	9,681,589	
	i azai vveaving iviilis Lillilleu		113,112,102	9,681,589	
				3,001,000	



- 12.2 It represents advance against future issue of ordinary shares of Fatima Energy Limited, an associated company, and Multan Real Estate Company (Private) Limited. Provisions of section 208 of the Companies Ordinance, 1984 have been fully complied with in this regard.
- 12.3 Maximum aggregate amount due from executives at any month end during the year was Rs. 1.1 million (2013: Rs. 0.45 million).

	,			
			2014	2013
		Note	Rupees	Rupees
13	Trade deposits and short term prepayments			
	Deposits		-	4,587,000
	Prepayments		3,431,538	2,068,581
			3,431,538	6,655,581
14	Other receivables			
	Insurance claim receivable		1,441,213	909,492
	Dividend receivable on investments		177,653,670	3,868,592
	Cash margin		150,000,000	-
			329,094,883	4,778,084
15	Short term investments			
	Investments at fair value through profit or loss			
	These investments are 'held for trading'			
	Carrying value at 30 June:			
	Related parties		161,891,600	168,495,058
	Others		28,603,526	15,648,271
			190,495,126	184,143,329
	Unrealized gain on re-measurement of			
	investment - during the year		36,773,055	6,351,797
			227,268,181	190,495,126
	Fair value of short term investments at 30 June			
	comprises of:			
	Related parties	15.1	189,080,000	161,891,600
	Others	15.2	38,188,181	28,603,526
			227,268,181	190,495,126



15.1 Held for trading - related parties 2014 2013 2014 2013 15.1 Held for trading - related parties Chemicals Chemicals 189,080,000 161,891,600 0.43% 0.43% 15.2 Held for trading - others A relation of trading - others 189,080,000 161,891,600 0.43% 0.43% 15.2 Held for trading - others A relation of the for trading - others A			Shares	S	Fair value	- er	Percentage of holding	of holding
Held for trading - related parties ——Number—— Rupees—— Chemicals Chemicals 6,520,000 6,520,000 189,080,000 161,891,600 0.43% Held for trading - others Held for trading - others 38,188,181 28,603,526 0.04% Pakistan State Oil Company Limited 98,208 89,280 38,188,181 28,603,526 0.04%			2014		2014	2013	2014	2013
Chemicals Chemicals 6,520,000 6,520,000 189,080,000 161,891,600 0.43% Held for trading - others Held for trading - others 189,080,000 161,891,600 0.43% Pakistan State Oil Company Limited 98,208 89,280 38,188,181 28,603,526 0.04%			dmuNbumb		Rupee	Si		
Chemicals Chemicals 6,520,000 6,520,000 189,080,000 161,891,600 0.43% Held for trading - others Held for trading - others 189,080,000 161,891,600 0.43% Oil and Gas Oil and Gas 89,208 89,280 38,188,181 28,603,526 0.04% Pakistan State Oil Company Limited 98,208 89,280 38,188,181 28,603,526 0.04%	15.1							
Fatima Fertilizer Company Limited 6,520,000 6,520,000 189,080,000 161,891,600 0.43% Held for trading - others Oil and Gas Pakistan State Oil Company Limited 98,208 89,280 38,188,181 28,603,526 0.04%		<u>Chemicals</u>						
Held for trading - others 101 and Gas 38,188,181 28,603,526 0.04% Pakistan State Oil Company Limited 98,208 89,280 38,188,181 28,603,526 0.04%		Fatima Fertilizer Company Limited	6,520,000	6,520,000	189,080,000	161,891,600	0.43%	0.43%
te Oil Company Limited 98,208 89,280 38,188,181 28,603,526 0.04% 38,188,181 28,603,526	15.2			II		0000		
98,20889,28038,188,18128,603,5260.04%38,188,18128,603,526		Oil and Gas						
		Pakistan State Oil Company Limited	98,208	89,280	38,188,181	28,603,526	0.04%	0.04%
					38,188,181	28,603,526		

Shares of all investee companies are ordinary fully paid-up shares, having a face value of Rs. 10/- per share.



16

Cash and bank balances	Note	2014 Rupees	2013 Rupees
Cash in hand Cash at banks		5,912,321	3,743,255
- Current accounts - Saving accounts	16.1	339,930,993 407,838 340,338,831	150,559,085 1,697,836 152,256,921
	_	346,251,152	156,000,176

16.1 Rate of interest and mark up on saving accounts ranges from 5.5% to 7% (2013: 6% to 7%) per annum.

17 Issued, subscribed and paid-up capital

	2014	2013			
	(Number of	shares)			
	1,000,000	1,000,000	Ordinary shares of Rs.10 each fully paid in cash	10,000,000	10,000,000
	9,187,200	9,187,200	Ordinary shares of Rs.10 each		
			fully paid as right shares	91,872,000	91,872,000
	19,812,800	14,812,800	Ordinary shares of Rs.10 each		
			issued as bonus shares 17.	¹ 198,128,000	148,128,000
	30,000,000	25,000,000		300,000,000	250,000,000
17.1	Movement of bo	onus shares			
	Opening balance	<u>}</u>		148,128,000	124,128,000
	Add: Bonus sha	ares issued duri	ng the year	50,000,000	24,000,000
	(5,000,000	(2013: 2,400,0	000) ordinary shares of Rs. 10 each)		
				198,128,000	148,128,000

17.2 As at the balance sheet date, ordinary shares held by an associated company is as follows:

	2014	2013
	(Percentage of holding)	
Amir Fine Exports (Private) Limited	24.49	24.48



			2014	2013
			(Number o	f shares)
	Amir Fine Exports (Private) Limited	-	7,346,226	6,119,941
		Note	2014 Rupees	2013 Rupees
18	Capital reserves			
	Share premium			
	Issue of 3,168,000 ordinary shares of Rs. 10 each @ Rs. 20 per share issued during 2001		63,360,000	63,360,000
	Issue of 2,851,200 ordinary shares of Rs. 10 each @ Rs. 5 per share issued during 2002		14,256,000	14,256,000
		18.1	77,616,000	77,616,000
	Capital redemption reserve	18.2	175,000,000	175,000,000
	Fair value reserve	_	1,058,645,242	795,960,133
		_	1,311,261,242	1,048,576,133
		_		

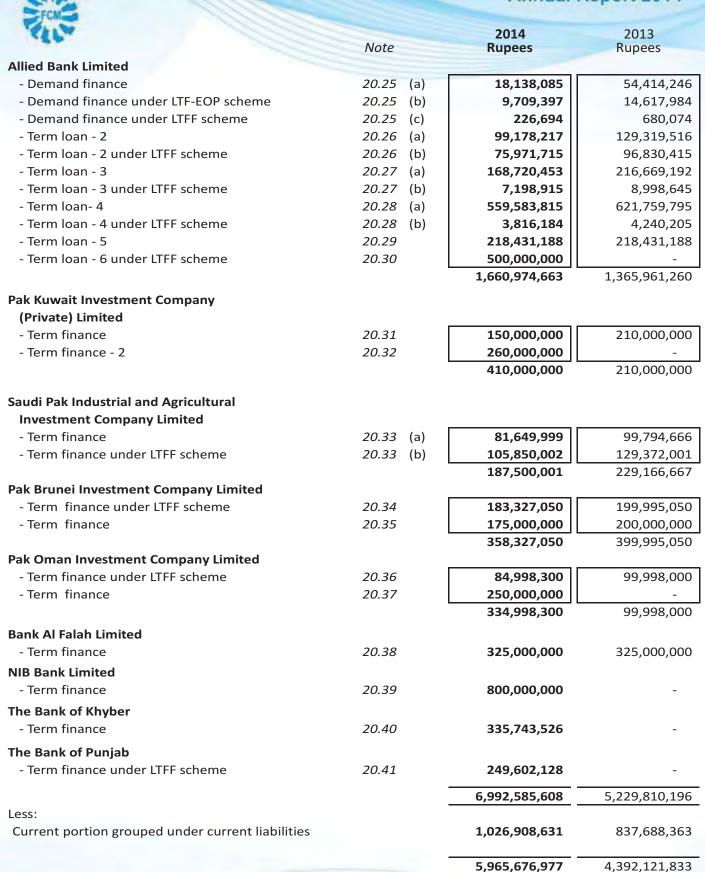
- **18.1** The share premium reserve can be utilized by the Company only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.
- **18.2** This represents capital redemption reserve created for the purpose of redemption of preference shares.

		2014 Rupees	2013 Rupees Restated
19 Surplu	us on revaluation of fixed assets		
Surplu	us on revaluation of fixed assets as at 1 July	4,210,203,989	4,377,674,509
Surplu	is transferred to equity:		
-on	account of incremental depreciation charged		
	during the year - net of tax	(122,690,823)	(126,620,334)
-on	account of disposal of assets during the year-net of tax	-	(11,572,351)
-rela	ated deferred tax liability	(36,021,386)	(29,277,835)
		(158,712,209)	(167,470,520)
		4,051,491,780	4,210,203,989
Less:	Related deferred tax liability on:		
	Opening balance of revaluation	646,689,872	675,967,707
	Incremental depreciation charged on related assets	(36,021,386)	(29,277,835)
		610,668,486	646,689,872
		3,440,823,294	3,563,514,117



			2014	2013
		Note	Rupees	Rupees
20	Long term financing - secured		·	·
	Banking Companies			
	Askari Bank Limited			
	- Term finance - VI under LTF-EOP scheme	20.1	3,366,000	6,732,000
	- Term finance - under LTF-EOP scheme	20.2	29,544,334	44,316,501
	- Term finance - VII	20.3 (a)	45,656,715	63,919,399
	- Term finance - VII under LTFF scheme	20.3 (b)	6,426,450	8,997,029
	- Term finance - VIII	20.4 (a)	48,472,361	62,970,147
	- Term finance - VIII under LTFF scheme	20.4 (b)	31,878,118	38,608,496
			165,343,978	225,543,572
	Soneri Bank Limited		, ,	, ,
	- Term finance	20.5	7,900,000	24,300,000
	- Term finance	20.6	38,888,889	50,000,000
	- Term finance	20.7	149,927,045	149,927,045
	- Term finance	20.8	350,000,000	350,000,000
		•	546,715,934	574,227,045
	Faysal Bank Limited	_		
	- Term finance	20.9	50,000,000	100,000,000
	- Term finance	20.10	180,000,000	200,000,000
	- Term finance	<i>20.11</i> (a)	213,827,852	237,586,502
	- Term finance under LTFF scheme	<i>20.11</i> (b)	104,733,582	112,413,498
	- Term finance	20.12	200,000,000	200,000,000
			748,561,434	850,000,000
	Habib Bank Limited	r		
	- Demand finance	<i>20.13</i> (a)	17,949,091	53,847,275
	- Demand finance under LTF-EOP scheme	<i>20.13</i> (b)	8,652,605	14,421,115
	- Term finance	20.14	8,371,650	-
			34,973,346	68,268,390
	National Bank of Pakistan	20.45	20,000,000	120,000,000
	- Demand finance - IV - Demand finance - III	20.15	80,000,000	120,000,000
		20.16 (a)	50,942,440	71,318,646
	- Demand finance - III under LTFF scheme	20.16 (b)	22,944,483	32,122,277
	- Demand finance - VI- Demand finance - VI under LTFF scheme	20.17 (a)	165,733,760	207,167,200
	- Demand infance - vi under EFF Scheme	<i>20.17</i> (b)	50,266,240 369,886,923	62,832,800 493,440,923
	United Bank Limited		309,880,923	493,440,923
	- Demand finance-I B	20.18		26,288,424
	- Demand finance-I C	20.19	_	10,000,000
	- Demand finance-II	20.20 (a)	_	17,130,000
	- Demand finance- under LTF-EOP scheme	20.20 (b)	2,517,000	7,551,000
	- Demand finance-III under LTF-EOP scheme	20.21	_,,	2,311,576
	- Demand finance-IV under LTF-EOP scheme	20.22	_	4,166,670
	- Demand Finance	20.23	200,000,000	-,
			202,517,000	67,447,670
	MCB Bank Limited		, ,	,
	- Demand finance under LTFF scheme	20.24	262,441,325	320,761,619

Annual Report 2014





20.1 Askari Bank Limited - TF-VI under LTF-EOP scheme

This finance has been obtained for the purpose of disbursement and retirement of letters of credit of Meezan Bank Limited opened for import of Caterpillar Gas Generator Set. During the year 2008 this finance was approved and refinanced by the State Bank of Pakistan (SBP) under LTF-EOP scheme. This finance is repayable in 12 half yearly installments commencing from July 10, 2008 after a grace period of one year. However, during the year 2009, SBP has allowed grace period of one year starting from January 01, 2009 to December 31, 2009 and accordingly last installment is due on January 26, 2015. This finance carried mark up at the rate of 6 months KIBOR + 2.50% per annum before refinancing by SBP under LTF-EOP scheme, however, after approval and refinancing by SBP under LTF-EOP, it carries mark up at the rate of SBP rate + 2.00% per annum. During the year mark up was charged at the rate of 7.00% per annum (2013: 7.00% per annum). This finance was secured against 1st Joint pari passu charge/mortgage of Rs.723.500 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the Company.

20.2 Askari Bank Limited - TF under LTF-EOP scheme

This finance has been disbursed during the year 2008 for the purpose of retirement of letters of credit opened for import of Caterpillar Gas Generator Sets. This finance was approved and refinanced by the State Bank of Pakistan (SBP) under LTF-EOP scheme. This finance is repayable in 12 half yearly equal installments of principal amount commencing after a grace period of one year. However, during the year 2009 SBP has allowed grace period of one year starting from January 01, 2009 to December 31, 2009 and accordingly last installment is due on June 08, 2016. It carries mark up at the rate of SBP rate + 2.00% per annum. During the year mark up was charged at the rate of 7.00% per annum (2013: 7.00% per annum.). It is secured against the security as stated in note 20.1.

20.3 (a) Askari Bank Limited - TF-VII

This finance has been obtained for the purpose of retirement of letters of credit opened for import of textile machinery. It is repayable within a period of eight years including two years grace period in 12 half yearly equal installments of principal amount and accordingly last installment is due on September 26, 2016. This finance carries markup at the rate of 6 months KIBOR + 1.25% per annum with floor of 4.25% per annum. During the year markup was charged at the rates ranging from 10.34% per annum to 11.40% per annum (2013: from 10.63% per annum to 13.31% per annum). It is secured against the security as stated in note 20.1.

20.3 (b) Askari Bank Limited - TF-VII under LTFF scheme

During the year 2010, an amount of Rs. 15.423 million out of Term Finance VII of Askari Bank Limited was approved and refinanced by the State Bank of Pakistan (SBP) under LTFF scheme against imported textile machinery eligible under the scheme. This finance is repayable in 12 equal installments of principal amount. Last installment is falling due on September 30, 2016. This finance carries mark up at the rate of SBP rate + 3.00 % per annum. During the year mark up was charged at the rate of 10.50% per annum (2013: 10.50% per annum). It is secured against the security as stated in note 20.1.



20.4 (a) Askari Bank Limited - TF-VIII

This finance has been obtained during the year 2010 for the purpose of retirement of letters of credit opened for import of textile machinery. It is repayable within a period of eight years including two years grace period in 12 half yearly equal installments of principal amount. Last installment is falling due on December 23, 2017. This finance carries markup at the rate of 6 months KIBOR + 2.00% per annum. During the year markup was charged at the rates ranging from 11.09% per annum to 12.15% per annum (2013: 11.38% per annum to 14.06% per annum) . It is secured against the security as stated in note 20.1.

20.4 (b) Askari Bank Limited - TF-VIII under LTFF scheme

During year 2011 an amount of Rs. 19.204 million and during the year 2010, an amount of Rs. 32.7 million, out of Term Finance VIII of Askari Bank Limited were approved and refinanced by the State Bank of Pakistan (SBP) under LTFF scheme against imported textile machinery eligible under the scheme. This finance is repayable in 12 equal installments of principal amount. Last installment is falling due on December 23, 2017. This finance carries mark up at the rate of SBP rate + 3.00% per annum. During the year mark up was charged at the rate of 10.50% per annum (2013: 10.50% per annum). It is secured against the security as stated in note 20.1.

20.5 Soneri Bank Limited - TF

During the year 2009, a term finance amounting to Rs. 82 million was obtained for BMR projects and retirement of letters of credit. It is repayable within a period of 6 years including one year grace period in 10 equal semi annual installments of principal amount. Last installment is falling due on July 24, 2014. It carried mark up at the rate of 6 months KIBOR + 1.25% per annum which was reduced during the current year to 3 months KIBOR + 1.25% per annum. During the year mark up was charged at the rates ranging from 10.31% to 11.31% per annum (2013: 10.61% to 13.25% per annum). It is secured against 1st joint pari passu charge/mortgage of Rs. 834 million over all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the Company.

20.6 Soneri Bank Limited - TF

During the year 2012, a term finance amounting to Rs. 50 million was obtained from Soneri Bank Limited for ongoing BMR projects. It is repayable within the period of six years inclusive of one & half year grace period in 9 semi annual equal installments of principal amount. Last installment is falling due on October 19, 2017. It carried mark up at the rate of 6 months KIBOR + 2.00% per annum which was reduced during the current year to 3 months KIBOR + 1.25% per annum. During the year mark up was charged at the rates ranging from 10.31% to 11.42% per annum (2013: 11.36% to 14.00% per annum). It is secured against the security as stated in note 20.5.



20.7 Soneri Bank Limited- TF

During the year 2013, a term finance of Rs. 149.927 million was obtained from Soneri Bank Limited to finance the retirement of letters of credit opened for import of textile machinery. It is repayable within the period of seven years inclusive of two years grace period in ten half yearly equal installments of principal amount. Last installment is falling due on December 11, 2019. It carried mark up at the rate of 6 months KIBOR + 1.75% per annum which was reduced during the current year to 3 months KIBOR + 1.25% per annum. During the year mark up was charged at the rates ranging from 10.81% to 11.31% per annum (2013: 11.10% to 11.24% per annum). It is secured against the security as stated in note 20.5.

20.8 Soneri Bank Limited-TF

During the year 2013, a term finance of Rs. 350 million was obtained from Soneri Bank Limited for BMR projects. It is repayable within the period of seven years inclusive of two years grace period in ten half yearly equal installments of principal amount. Last installment is falling due on August 27, 2019. It carried mark up at the rate of 6 months KIBOR + 1.75% per annum which was reduced during the current year to 3 months KIBOR + 1.25% per annum. During the year mark up was charged at the rates ranging from 10.31% to 11.42% per annum (2013: 11.11% to 12.28% per annum). It is secured against the security as stated in note 20.5.

20.9 Faysal Bank Limited - TF

This finance was obtained during the year 2009 to finance the import of textile machinery and existing fixed assets. It is repayable within a period of 6 years including two years grace period in 8 equal semi annual installments of principal amount. Last installment is falling due on June 18, 2015. It carried mark up at the rate of 6 months KIBOR + 2.50% per annum which was reduced during the current year to 6 months KIBOR + 2.25% per annum. During the year mark up was charged at the rates ranging from 11.94% to 12.64% per annum (2013: 11.90% to 14.53% per annum). It is secured against 1st joint pari passu charge/mortgage of Rs.1,269 million over all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.

20.10 Faysal Bank Limited - TF

This finance was obtained during the year 2012 for the purpose of partially financing the additional cost of ongoing expansions and BMR projects. It is repayable within the period of seven years inclusive of two years grace period in 10 semi annual equal installments of principal amount. Last installment is falling due on July 20, 2018. It carried mark up at the rate of 6 months KIBOR + 2.25% per annum which was reduced during the current year to 6 months KIBOR + 1.75% per annum. During the year mark up was charged at the rates ranging from 11.35% to 12.39% per annum (2013: 11.60% to 14.24% per annum). This finance is secured against security as stated in note 20.9.



20.11 (a) Faysal Bank Limited - TF

During the year 2012, a term finance / LTFF amounting to Rs. 350 million was obtained from Faysal Bank Limited for retirement of letters of credits opened for imported plant and machinery. It is repayable within the period of seven years inclusive of two years grace period in 10 semi annual equal installments of principal amount. It carried mark up at the rate of 6 months KIBOR + 2.25% per annum which was reduced during the current year to 6 months KIBOR + 2.00% per annum. During the year mark up was charged at the rates ranging from 11.52% to 12.18% per annum (2013: 12.01% to 14.50% per annum). This finance is secured against the security as stated in note 20.9.

20.11 (b) Faysal Bank Limited - Term Finance under LTFF scheme

During the year 2012, an amount of Rs. 112.413 million out of Term Finance of Rs. 350 million of Faysal Bank Limited were approved and refinanced by the State Bank of Pakistan (SBP) under LTFF scheme against imported textile machinery eligible under the scheme. This finance is repayable in 10 equal installments of principal amount after grace period of two years. This finance carries mark up at the rate of SBP rate + 3.00% per annum. During the year mark up was charged at the rate of 12.70% per annum (2013: 12.70% per annum). It is secured against the security as stated in note 20.9.

20.12 Faysal Bank Limited - TF

During the year 2013, a term finance of Rs. 200 million was obtained from Faysal Bank Limited to finance the retirement of Letters of Credit opened for import of textile machinery. It is repayable within the period of seven years inclusive of two years grace period in 10 half yearly equal installments of principal amount. It carried mark up at the rate of 6 months KIBOR + 2.00% per annum which was reduced during the current year to 6 months KIBOR + 1.75% per annum. During the year mark up was charged at the rates ranging from 11.08% to 12.13% per annum (2013: 11.35% to 11.50% per annum). It is secured against the security as stated in note 20.9.

20.13 (a) Habib Bank Limited - DF

This finance was disbursed for the purpose of retirement of letters of credit and swap of other expensive term finances. This finance is repayable with in seven years inclusive of one year grace period in 12 half yearly equal installments of principal amount. Last installment is falling due on November 20, 2014. It carries mark up at the rate of 6 months KIBOR + spreads of 1.00% per annum for first year, 1.25% per annum for second year and 1.50% per annum from third year to onward. During the year mark up was charged at the rates ranging from 11.09% to 11.64% per annum (2013: 10.99% to 13.52% per annum). It is secured against 1st joint pari passu charge/mortgage of Rs. 694 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the company.



20.13 (b) Habib Bank Limited - DF under LTF- EOP scheme

During the year 2009 an amount of Rs. 0.923 million and in the year 2008 an amount of Rs. 33.687 million out of Demand Finance of Habib Bank Limited were approved and refinanced by the State Bank of Pakistan (SBP) under LTF-EOP scheme against the imported textile machinery. This finance is repayable in 12 equal half yearly installments of principal amount. However, during the year 2009, SBP allowed grace period of one year starting from January 01, 2009 to December 31, 2009 and accordingly last installment is due on November 19, 2015. This finance carries mark up at the rate of SBP rate + 2.00% per annum. During the year mark up was charged at the rate of 7.00% per annum (2013: 7.00% per annum). This finance is secured against the security as stated in note 20.13(a).

20.14 Habib Bank Limited - TF

During the current year, a term finance of Rs. 8.372 million has been obtained from Habib Bank Limited to finance the retirement of letters of credit opened for import of textile machinery for expansion/BMR of existing weaving and spinning units of the Company. It is repayable within the period of seven years inclusive of one year grace period in twelve half yearly equal installments of principal amount. Last installment is falling due on June 22, 2021. It carries mark up at the rate of 6 months KIBOR + 1.25% per annum. During the year mark up was charged at the rate of 11.42% per annum. It is secured against the security as stated in note 20.13(a).

20.15 National Bank of Pakistan - DF- IV

This finance has been obtained during the year 2010 for the purpose of re-profiling of balance sheet to ease out cash flow burdens owing to repayments of long term loans. It is repayable within a period of six years including one year grace period in 10 half yearly equal installments of principal amount. Last installment is falling due on March 16, 2016. This finance carries markup at the rate of 6 months KIBOR + 2.00% per annum. During the year markup was charged at the rates ranging from 11.09% to 12.15% per annum (2013: 11.38% to 14.06% per annum). It is secured against 1st joint pari passu charge/mortgage of Rs. 3,300 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the Company.

20.16 (a) National Bank of Pakistan - DF III

During the year 2012, a demand finance amounting to Rs. 147.772 million was obtained from National Bank of Pakistan for retirement of 720 days letters of credits opened for imported plant and machinery. It is repayable within the period of five years without grace in 10 semi annual equal installments of principal amount. Last installment is falling due on December 2, 2016. It carries mark up at the rate of 6 months KIBOR + 2.00% per annum. During the year mark up was charged at the rates ranging from 11.09% to 12.15% per annum (2013: 11.38% to 14.06% per annum). This finance is secured against the security as stated in note 20.15.



20.16 (b) National Bank of Pakistan - DF III under LTFF scheme

During the year 2012, an amount of Rs. 45.889 million out of Demand Finance III of National Bank of Pakistan was approved and refinanced by the State Bank of Pakistan (SBP) under LTFF scheme against imported textile machinery eligible under the scheme. This finance is repayable in 10 equal installments of principal amount. Last installment is falling due on December 2, 2016. This finance carries mark up at the rate of SBP rate + 3.00 % per annum. During the year mark up was charged at the rate of 12.60% per annum (2013: 12.60% per annum). It is secured against the security as stated in note 20.15.

20.17 (a) National Bank of Pakistan - DF VI

This finance amounting to Rs. 270 million has been obtained from National Bank of Pakistan for retirement of letters of credits opened for imported plant and machinery. It is repayable within the period of six years inclusive of one year grace period in 10 semi annual equal installments of principal amount. It carries mark up at the rate of 6 months KIBOR + 2.00% per annum. During the year mark up was charged at the rates ranging from 11.09% to 12.15% per annum (2013: 11.88% to 14.56% per annum). This finance is secured against the security as stated in note 20.15.

20.17 (b) National Bank of Pakistan - DF VI under LTFF scheme

During the year 2013, an amount of Rs. 62.833 million out of Demand Finance VI of National Bank of Pakistan was approved and refinanced by the State Bank of Pakistan (SBP) under LTFF scheme against imported textile machinery eligible under the scheme. This finance is repayable in 10 equal installments of principal amount. Last installment is falling due on May 22, 2018. This finance carries mark up at the rate of SBP rate + 3.00 % per annum. During the year mark up was charged at the rate of 11.20% per annum (2013: 11.20% per annum). It is secured against the security as stated in note 20.15.

20.18 United Bank Limited - DF-I B

This finance was obtained for retirement of import documents of plant and machinery. It was repayable in 10 bi-annual installments of principal amount commencing from March 31, 2009 after grace period of 2 years. This finance was fully repaid during the current year. Originally it carried markup at the rate of 6 months KIBOR + 2.00% per annum. During the year 2008, pricing was reduced to 3 months KIBOR + 1.00% per annum. However, during the year 2009, spread was revised to 1.50% per annum. During the year markup was charged at the rates ranging from 10.58% to 11.56% per annum (2013: 10.81% to 13.49% per annum). It is secured against 1st joint pari passu charge/mortgage of Rs. 1,100 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the Company.

20.19 United Bank Limited- DF-I C

This finance was obtained for the purpose of incurring capital expenditures. It was repayable in 10 biannual installments of principal amount commencing from September 30, 2009 after grace period of 2 years. This finance was fully repaid during the current year. Originally it carried markup at the rate of 6 months KIBOR + 2.25% per annum. During the year 2008, pricing was reduced to 3 months KIBOR + 1.50% per annum. During the year markup was charged at the rates ranging from 10.58% to 11.67% per annum (2013: 10.81% to 13.49% per annum). It is secured against the security as stated in note 20.18.



20.20 (a) United Bank Limited - DF- II

This finance was obtained for retirement of import documents of plant and machinery. It was repayable in 12 equal semi-annual installments of principal amount with no grace period. Originally it carried markup at the rate of 6 months KIBOR + 2.00% per annum. This finance was fully repaid during the current year. During the year 2008, pricing was reduced to 3 months KIBOR + 1.00% per annum. However, during the year 2009, spread was revised to 1.50% per annum. During the year markup was charged at the rates ranging from 10.58% to 11.56% per annum (2013: 10.81% to 13.49% per annum). It is secured against the security as stated in note 20.18.

20.20 (b) United Bank Limited - DF under LTF-EOP scheme

During the year 2008, an amount of Rs. 30.204 million out of Demand Finance II of United Bank Limited was approved and refinanced by the State Bank of Pakistan (SBP) under LTF-EOP scheme against the imported textile machinery eligible under the scheme. It is repayable in 12 equal semi annual installments of principal amount. However, during the year 2009, SBP has allowed grace period of one year starting from January 01, 2009 to December 31, 2009 and accordingly last installment is due on July 31, 2014. This finance carries mark up at the rate of SBP rate + 2.00% per annum. During the year mark up was charged at the rate of 7.00% per annum (2013: 7.00% per annum). This finance is secured against the security as stated in note 20.18.

20.21 United Bank Limited - DF-III under LTF-EOP scheme

During the year 2007, an amount of Rs. 23.116 million out of Demand Finance I B of United Bank Limited was approved and refinanced by the State Bank of Pakistan (SBP) under LTF-EOP scheme against the imported textile machinery eligible under the scheme. This finance was fully repaid during the current year. It is repayable in 10 equal semi annual installments of principal amount. However, during the year 2009, SBP has allowed one year grace period starting from January 01, 2009 to December 31, 2009 and accordingly last installment is due on July 20, 2013. This finance carries mark up at the rate of SBP rate + 2.00% per annum. During the year mark up was charged at the rate of 7.00% per annum (2013: 7.00% per annum). This finance is secured against the security as stated in note 20.18.

20.22 United Bank Limited - DF-IV under LTF-EOP scheme

This finance was obtained under LTF-EOP scheme of State Bank of Pakistan (SBP) for swap of an amount of Rs. 50 million out of outstanding Diminishing Muskarika Finance of Meezan Bank Limited. This finance was approved and refinanced by the SBP under LTF-EOP scheme against the eligible textile machinery imported through Meezan Bank Limited. It was repayable in 24 equal quarterly installments of principal amount. However, during the year 2009, SBP has allowed grace period of one year starting from January 01, 2009 to December 31, 2009 and accordingly last installment is due on October 10, 2013. This finance was fully repaid during the current year. This finance carried mark up at the rate of SBP rate + 2.00% per annum. During the year mark up was charged at the rate of 7.00% per annum (2013: 7.00% per annum). It is secured against the security as stated in note 20.18.



20.23 United Bank Limited - Demand Finance

During the current year a demand finance of Rs. 200 million has been obtained from United Bank Limited to finance the Capex/ BMR in the mills/ for retirement of local letters of credit opened for the purchase of local plant, machinery, equipments,/expansion/BMR. It is repayable within the period of six years inclusive of one year grace period in ten half yearly equal installments of principal amount. Last installment is falling due on September 3, 2019. It carries mark up at the rate of 3 months KIBOR + 1.00% per annum. During the year mark up was charged at the rates ranging from 10.06% to 11.20 % per annum. It is secured against the security as stated in note 20.18.

20.24 MCB Bank Limited - Demand Finance under LTFF scheme

During the year 2012, a demand finance / LTFF amounting to Rs. 349.922 million has been obtained from MCB Bank Limited for retirement of letters of credits opened for imported plant and machinery. It is repayable within the period of seven years inclusive of one year grace period in 12 semi annual equal installments of principal amount. Entire amount was refinanced by the State Bank of Pakistan (SBP) under LTFF scheme as entire imported machinery was qualified under LTFF scheme. It carries mark up at the rate of SBP rate + 3% per annum. During the year mark up was charged at the rate of 12.70% per annum (2013: 12.70% per annum). This finance is secured against 1st joint pari passu charge/ mortgage of Rs. 949 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the Company.

20.25 (a) Allied Bank Limited - DF

This finance has been obtained for retirement of letters of credit opened for import of plant and machinery. It is repayable with in a period of seven years including one year grace period in 12 equal biannual installments of principal amount. Last installment is falling due on July 04, 2014. Originally it carried markup at the rate of 6 months KIBOR + 2.50% per annum. During the year 2008, pricing was reduced to 6 months KIBOR + 1.50% per annum. During the year markup was charged at the rates ranging from 10.59% to 12.65% per annum (2013: 10.88% to 13.56% per annum). It is secured against 1st joint pari passu charge/mortgage of Rs. 2,640 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the Company.

20.25 (b) Allied Bank Limited - DF under LTF-EOP scheme

During the year 2009 an amount of Rs. 1.293 million and in the year 2008 an amount of Rs. 28.158 million out of Demand Finance of Allied Bank Limited were approved and refinanced by the State Bank of Pakistan (SBP) under LTF-EOP scheme against the imported textile machinery eligible under the scheme. It is repayable in 12 equal semi annual installments of principal amount commencing from November 13, 2009 after a grace period of one year. However, during the year 2009, SBP has allowed one year grace period starting from January 01, 2009 to December 31, 2009 and accordingly last installment is due on May 16, 2016. This finance carries mark up at the rate of SBP rate + 2.00% per annum. During the year mark up was charged at the rate of 7.00% per annum (2013: 7.00% per annum). This finance is secured against the security as stated in note 20.25(a).



20.25 (c) Allied Bank Limited - DF under LTFF scheme

During the year 2010, an amount of Rs. 2.267 million out of Demand Finance of Allied Bank Limited was approved and refinanced by the State Bank of Pakistan (SBP) under LTFF scheme against imported textile machinery eligible under the scheme. This finance is repayable in remaining 10 equal installments of principal amount. Last installment is falling due on July 04, 2014. This finance carries mark up at the rate of SBP rate + 2.50 % per annum. During the year mark up was charged at the rate of 9.00% per annum (2013: 9.00% per annum). It is secured against the security as stated in note 20.25(a).

20.26 (a) Allied Bank Limited - TL-2

This finance was obtained during the year 2012 and year 2010 for the purpose of retirement of letters of credit opened for import of textile machinery. It is repayable within a period of seven years including two years grace period in 10 half yearly equal installments of principal amount. Last installment is falling due on December 13, 2017. This finance carries markup at the rate of 6 months KIBOR + 2.15% per annum. During the year markup was charged at the rates ranging from 11.24% to 12.30% per annum (2013: 11.53% to 14.21% per annum). It is secured against the security as stated in note 20.25(a).

20.26 (b) Allied Bank Limited - TL-2 under LTFF scheme

During year 2012 an amount of Rs. 79.417 million and during 2010 an amount of Rs. 24.877 million out of Term Loan-2 of Allied Bank Limited were approved and refinanced by the State Bank of Pakistan (SBP) under LTFF scheme against imported textile machinery eligible under the scheme. This finance is repayable in 10 equal installments of principal amount. Last installment is falling due on December 13, 2017. This finance carries mark up at the rate of SBP rate + 3.00 % per annum. During the year mark up was charged at the rates ranging from 10.25% to 11.20% per annum (2013: 10.25% to 11.20% per annum). It is secured against the security as stated in note 20.25(a).

20.27 (a) Allied Bank Limited - TL-3

This finance amounting to Rs. 248.742 million has been obtained during the year 2011 for the purpose of retirement of letters of credit opened for import of textile machinery. It is repayable within a period of seven years inclusive of grace period of two years in 10 half yearly equal installments of principal amount. Last installment is falling due on November 23, 2017. This finance carries markup at the rate of 6 months KIBOR + 2.15% per annum. During the year markup was charged at the rates ranging from 11.24% to 12.30% per annum (2013: 11.53% to 14.21% per annum). It is secured against the security as stated in note 20.25(a).

20.27 (b) Allied Bank Limited - TL-3 under LTFF scheme

During the year 2011 an amount of Rs. 8.998 million out of Term Loan-3 of Allied Bank Limited was approved and refinanced by the State Bank of Pakistan (SBP) under LTFF scheme against imported textile machinery eligible under the scheme. This finance is repayable in 10 equal installments of principal amount after grace period of two years. Last installment is falling due on November 23, 2017. This finance carries mark up at the rate of SBP rate + 3.00% per annum. During the year mark up was charged at the rate of 11.20% per annum (2013: 11.20% per annum). It is secured against the security as stated in note 20.25(a).



20.28 (a) Allied Bank Limited - Term Loan 4

During the year 2012, a term finance amounting to Rs. 626 million has been obtained from Allied Bank Limited for retirement of letters of credits opened for imported plant and machinery. It is repayable within the period of seven years inclusive of two years grace period in 10 semi annual equal installments of principal amount. It carries mark up at the rate of 6 months KIBOR + 2.50% per annum. During the year mark up was charged at the rates ranging from 11.24% to 12.65% per annum (2013: 11.88% to 14.56% per annum). This finance is secured against the security as stated in note 20.25(a).

20.28 (b) Allied Bank Limited - Term Loan 4 under LTFF scheme

During the year 2012, an amount of Rs. 4.240 million out of Term Finance-4 of Allied Bank Limited was approved and refinanced by the State Bank of Pakistan (SBP) under LTFF scheme against imported textile machinery eligible under the scheme. This finance is repayable in 10 equal installments of principal amount. Last installment is falling due on November 4, 2018. This finance carries mark up at the rate of SBP rate + 3.00% per annum. During the year mark up was charged at the rate of 12.70% per annum (2013: 12.70 % per annum). It is secured against the security as stated in note 20.25(a).

20.29 Allied Bank Limited - Term Loan 5

During the year 2013, a term finance of Rs. 218.431 million was obtained from Allied Bank Limited to finance the retirement of letters of credit opened for import of textile machinery. It is repayable within the period of eight years, from the date of disbursement of 50% of this facility, inclusive of two years grace period in twelve half yearly equal installments of principal amount. Last installment is falling due on February 26, 2021. It carries mark up at the rate of 6 months KIBOR + 1.75% per annum. During the year mark up was charged at the rate of 10.84% to 11.90% per annum (2013: 11.10% per annum). It is secured against the security as stated in note 20.25(a).

20.30 Allied Bank Limited – Term Loan 6 under LTFF scheme

During the year a term finance amounting to Rs. 500 million has been obtained from Allied Bank Limited to finance the retirement of letters of credit opened for import of textile machinery for expansion in weaving unit of the Company. It is repayable within the period of eight years inclusive of two years grace period in 12 half yearly equal installments of principal amount. Last installment is falling due on August 6, 2021. It carried mark up at the rate of 6 months KIBOR + 1.05% per annum before disbursal of LTFF under SBP scheme. During the year entire amount of this finance was approved and refinanced by the State Bank of Pakistan (SBP) under LTFF scheme as entire imported machinery was qualified under LTFF scheme. Under LTFF scheme, mark up is chargeable at SBP rate + 2.25% per annum with effective rate of 10.65% per annum. During the year mark up was charged at the rates ranging from 10.14% to 11.20% per annum. It is secured against the security as stated in note 20.25(a).



20.31 Pak Kuwait Investment Company (Private) Limited - TF

This finance amounting to Rs. 300 million has been obtained during the year 2011 from Pak Kuwait Investment Company (Private) Limited to finance the capital expenditures of the Company's capacity expansion. It is repayable within a period of six years inclusive of grace period of one year in 10 half yearly equal installments of principal amount. Last installment is falling due on October 28, 2016. This finance carries markup at the rate of 6 months KIBOR + 2.45% per annum. During the year 2013 mark up was reduced to 6 months KIBOR + 2.25% per annum. During the year markup was charged at the rates ranging from 11.78% to 12.43% per annum (2013: 11.85% to 14.27% per annum). It is secured against the security of 1st joint pari passu charge/mortgage of Rs.667 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the Company.

20.32 Pak Kuwait Investment Company (Private) Limited - TF 2

During the current year, a term finance amounting to Rs. 260 million has been obtained from Pak Kuwait Investment Company (Private) Limited to finance the capex requirements of the Company for capacity expansion/BMR. It is repayable within the period of six years inclusive of two years grace period in 8 half yearly equal installments of principal amount. Last installment is falling due on March 30, 2020. It carries mark up at the rate of 6 months KIBOR + 1.50% per annum. During the year mark up was charged at the rate of 11.68% per annum. It is secured against the security as stated in note 20.31.

20.33 (a) Saudi Pak Industrial and Agricultural Investment Company Limited-TF

This finance has been obtained from Saudi Pak Industrial and Agricultural Investment Company Limited for the purpose of retirement of letters of credit opened for import of plant and machinery. It is repayable within a period of eight years inclusive of grace period of two years in 12 half yearly equal installments of principal amount. Last installment is falling due on November 03, 2018. This finance carries markup at the rate of 6 months KIBOR + 2.75% per annum which is reduced to 6 months KIBOR + 2.50% subsequent to balance sheet date. During the year markup was charged at the rates ranging from 12.32% to 12.93% per annum (2013: 11.20% to 14.76% per annum). It is secured against the security of 1st joint pari passu charge/mortgage of Rs. 575 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the Company.

20.33 (b) Saudi Pak Industrial and Agricultural Investment Company Limited-TF under LTFF scheme

During the year 2012, an amount of Rs. 133.133 million and year 2010 an amount of Rs.8 million out of Term Finance of Saudi Pak Industrial and Agricultural Investment Company Limited was approved and refinanced by the State Bank of Pakistan (SBP) under LTFF scheme against imported textile machinery eligible under the scheme. This finance is repayable in 12 equal installments of principal amount after grace period of two years. Last installment is falling due on November 03, 2018. This finance carries mark up at the rate of SBP rate + 3.00 % per annum. During the year mark up was charged at the rates ranging from 11.20% to 12.70% per annum (2013: 11.20% to 12.70% per annum). It is secured against the security as sated in note 20.33(a).



20.34 Pak Brunei Investment Company Limited - Term Finance under LTFF scheme

During the year 2012, a term finance / LTFF amounting to Rs. 199.995 million has been obtained from Pak Brunei Investment Company Limited for retirement of letters of credit opened for imported plant and machinery. It is repayable within the period of eight years inclusive of two years grace period in 12 semi annual equal installments of principal amount. Entire amount was refinanced by the State Bank of Pakistan (SBP) under LTFF scheme as entire imported machinery was qualified under LTFF scheme. Last installment is falling due on November 2, 2019. It carries mark up at the rate of SBP rate + 3% per annum. During the year mark was charged at the rate of 12.70% per annum (2013: 12.70% per annum). This finance is secured against 1st joint pari passu Charge/mortgage of Rs.534 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.

20.35 Pak Brunei Investment Company Limited - Term Finance

During the year 2013, a term finance amounting to Rs. 200 million has been obtained from Pak Brunei Investment Company Limited to enable the Company to re-profile its balance sheet. It is repayable within the period of five years inclusive of one year grace period in eight half yearly equal installments of principal amount. Last installment is falling due on September 18, 2017. It carried mark up at the rate of 6 months KIBOR + 2.00% per annum which was reduced during the current year to 6 months KIBOR + 1.30% per annum. During the year mark up was charged at the rates ranging from 10.75% to 11.55% per annum (2013: 11.55% to 12.43% per annum). It is secured against the security as stated in 20.34.

20.36 Pak Oman Investment Company Limited - Term Finance under LTFF scheme

During the year 2012, a term finance / LTFF amounting to Rs. 100 million has been obtained from Pak Oman Investment Company Limited for retirement of letters of credits opened for imported plant and machinery. It is repayable within the period of seven years inclusive of two years grace period in 20 quarterly equal installments of principal amount. Entire amount was refinanced by the State Bank of Pakistan (SBP) under LTFF scheme as entire imported machinery was qualified under LTFF scheme. It carries mark up at the rate of SBP rate + 3% per annum. During the year mark up was charged at the rate of 12.70% per annum (2013: 12.70% per annum). This finance is secured against 1st joint pari passu charge/mortgage of Rs.467 Million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.

20.37 Pak Oman Investment Company Limited - Term Finance

During the current year, a term finance amounting to Rs. 250 million has been obtained from Pak Oman Investment Company Limited to refinance the CAPEX incurred by the Company. It is repayable within the period of seven years inclusive of two years grace period in 20 quarterly equal installments of principal amount. Last installment is falling due on March 25, 2021. It carries mark up at the rate of 6 months KIBOR + 1.30% per annum. During the year mark up was charged at the rate of 11.41% per annum. It is secured against the security as stated in 20.36.



20.38 Bank Al Falah Limited - Term Finance

During the year 2013, a term finance amounting to Rs. 325 million was obtained from Bank Alfalah Limited to pay-off earlier obtained expensive debt/ current portion of long term debt and to even out cash flows during payment tenor of long term loans presently appearing. It is repayable within the period of seven years inclusive of two years grace period in 10 half yearly equal installments of principal amount. Last installment is falling due on December 3, 2019. It carried mark up at the rate of 6 months KIBOR + 1.75% per annum which was reduced during the current year to 6 Month KIBOR + 1.50% per annum. During the year mark up was charged at the rates ranging from 10.56% to 11.61% per annum (2013: 11.11% to 11.51% per annum). This finance is secured against 1st joint pari passu charge/mortgage of Rs. 434 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.

20.39 NIB Bank Limited - Term Finance

During the current year, a term finance amounting to Rs. 800 million has been obtained from NIB Bank Limited to finance CAPEX for expansion/BMR, repayment of existing long term debts and swap of expensive long term debts. It is repayable within the period of seven years inclusive of two years grace period in 10 half yearly equal installments of principal amount. Last installment is falling due on October 31, 2020. It carries mark up at the rate of 3 months KIBOR + 1.00% per annum. During the year mark up was charged at the rates ranging from 10.49% to 11.15% per annum. This finance is secured against 1st joint pari passu charge/mortgage of Rs. 1,067 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.

20.40 The Bank of Khyber - Term Finance

During the current year, a term finance of Rs. 335.744 million has been obtained from The Bank of Khyber to finance the retirement of Letters of Credit opened for import of textile machinery, power generators and miscellaneous equipments. Limit of this term finance is Rs. 350 million. It is repayable within the period of seven years inclusive of two years grace period in 10 half yearly equal installments of principal amount. Last installment is falling due on July 25, 2020. It carries mark up at the rate of 6 months KIBOR + 1.10% per annum. During the year mark up was charged at the rates ranging from 10.17% to 11.21% per annum. This finance is secured against 1st joint pari passu charge/mortgage of Rs.467 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.

20.41 The Bank of Punjab - Term Finance under LTFF scheme

During the current year, a term finance of Rs. 249.602 million has been obtained from The Bank of Punjab to finance the retirement of letters of credit opened for import of weaving and related machinery for expansion of weaving project of the Company. It is repayable within the period of eight years inclusive of two years grace period in 12 half yearly equal installments of principal amount starting from disbursal of 80% of the facility. It carried mark up at the rate of 6 months KIBOR + 1.00% per annum. During the year entire amount of term loans was refinanced by the State Bank of Pakistan (SBP) under LTFF scheme as entire imported machinery was qualified under LTFF scheme. Under LTFF scheme,



mark up is chargeable at SBP rate + 2.10% per annum with effective rate of 10.50% per annum. During the year mark up was charged at the rates ranging from 10.10% to 11.11% per annum. This finance is secured against 1st joint pari passu charge/mortgage of Rs. 334 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.

Long term musharika	Note	2014 Rupees	2013 Rupees
- Secured			
Meezan Bank Limited			
- Diminishing musharika -II	21.1	175,000,000	225,000,000
- Diminishing musharika -III	21.2	150,000,000	150,000,000
		325,000,000	375,000,000
Less: Current portion grouped under current liabilities		50,000,000	50,000,000
		275,000,000	325,000,000

21.1 Meezan Bank Limited-Diminishing Musharika- II

Diminishing Musharika-II finance amounting to Rs. 250 million has been obtained during the year 2011 from Meezan Bank Limited for repayment of cost of imported plant and machinery. It carries mark up at the rate of 6 months KIBOR + 2.00% per annum. During the year, bank has charged mark up at the rates ranging from 11.61% to 11.89% per annum (2013: 11.51% to 14.01% per annum). It is repayable within seven years inclusive of two years grace period in 10 equal half yearly installments of principal amount. Last installment is falling due on November 24, 2017. This finance is secured against exclusive charge of Rs. 334 million over machinery imported through Meezan Bank Limited and personal guarantees of the sponsoring directors of the Company.

21.2 Meezan Bank Limited-Diminishing Musharika- III

During the year 2013, a Diminishing Musharika finance of Rs. 150 million has been obtained from Meezan Bank Limited to finance the retirement of letter of credit opened for import of textile machinery. It is repayable within the period of seven years inclusive of two years grace period in 10 half yearly equal installments of principal amount. Last installment is falling due on January 20, 2020. It carries mark up at the rate of 6 months KIBOR + 1.75% per annum. During the year mark up was charged at the rates ranging from 10.83% to 11.90% per annum (2013: 11.08% per annum). This finance is secured against exclusive charge of Rs. 200 million over machinery imported through Meezan Bank Limited and personal guarantees of the sponsoring directors of the Company.





	Ser.	Note	2014 Rupees	2013 Rupees Restated
22	Deferred liabilities			Nestatea
	Staff gratuity	22.1	157,106,513	130,453,221
	Deferred taxation	22.2	1,375,175,353	1,680,479,014
			1,532,281,866	1,810,932,235
22	Staff gratuity		1,375,175,353	1,680,47

22.1 Staff gratuity

The latest actuarial valuation of the Company's defined benefit plan, was conducted at 30 June 2014 using projected unit credit method. Detail of obligation for defined benefit plan is as follows:

			2014	2013
		Note	Rupees	Rupees
				Restated
22.1.1	The amounts recognized in the balance sheet are as follows:			
	Present value of defined benefit obligation	22.1.5	157,106,513	130,453,221
	Liability at end of the year	22.1.5	157,106,513	130,453,221
	Liability at end of the year		137,100,313	130,433,221
22.1.2	The amounts recognized in the profit and loss account against defined benefit plan are as follows:			
	Current service cost		57,762,091	28,739,694
	Interest cost		11,389,250	11,001,195
	Charge to profit and loss		69,151,341	39,740,889
	onal 80 to prome and 1000			00,7 10,000
22.1.3	Included in other comprehensive income			
	Remeasurement of defined benefit obligation from:			
	Experience adjustment on obligation		1,470,301	31,517,909
	Charge to other comprehensive income		1,470,301	31,517,909
22.1.4	Movement in the liability recognized in the balance sheet is as follows:			
	Liability at beginning of the year		130,453,221	84,624,574
	Charge for the year	22.1.2	69,151,341	39,740,889
	Actuarial loss charged to OCI	22.1.3	1,470,301	31,517,909
	Benefits paid during the year		(43,968,350)	(25,430,151)
	Liability at end of the year		157,106,513	130,453,221
22.1.5	Movement in the present value of defined benefit obligation is as follows:			
	Present value of defined benefit obligation at beginning of the year	ar	130,453,221	84,624,574
	Current service cost		57,762,091	28,739,694
	Interest cost		11,389,250	11,001,195
	Benefits paid		(43,968,350)	(25,430,151)
	Actuarial loss		1,470,301	31,517,909
	Present value of defined benefit obligation at end of the year		157,106,513	130,453,221
22.1.6	Actuarial assumptions: The following are the principal actuarial assumptions at balance s	heet date:	2014	2013
			2014	2013
	Discount rate		13.25%	10.5%
	Expected rate of growth per annum in future salaries		12.25%	9.5%
	Expected mortality rate		SLIC (2001-05)	EFU (61-66)
	Retirement assumption		Age 60	Age 60
			-	J



22.1.7 Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Impact on defined benefit obligation		
Change in assumption	Increase in assumption	Decrease in assumption
Percentage	Rupee	S
1.0%	(144,172,291)	172,532,511
1.0%	172,974,789	(143,559,049)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Historical Information:

Comparison of present value of defined benefit obligation and experience adjustments for five years is as follows:

		2014	2013	2012	2011	2010
				Rupees		
	Present value of defined benefit					
	obligation	157,106,513	130,453,221	84,624,574	76,716,019	64,130,179
22.2	Deferred taxation				~	
				2	014	
			Opening balance	Charge to / (reversal from)	Closing balance
					Other	
				Profit or loss	comprehensive	
					income	
				Ru	pees	
	Taxable temporary difference					
	Surplus on revaluation of operating	g assets	646,689,872	(36,021,386)	-	610,668,486
	Tax on specie dividend		62,994,031	-	-	62,994,031
	Tax depreciation allowance		997,699,124	107,463,830	-	1,105,162,954
			1,707,383,027	71,442,444	-	1,778,825,471
	Deductible temporary difference					
	Provision for gratuity		(26,543,833)	(4,934,865)	(297,390)	(31,776,088)
	Minimum tax carried forward		-	(253,999,670)	-	(253,999,670)
	Tax credit on investments		-	(117,482,394)	-	(117,482,394)
	Provision for slow moving items		(360,180)	(31,786)	-	(391,966)
			(26,904,013)	(376,448,715)	(297,390)	(403,650,118)
	- 6 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1			(000,000,000)	1007.000	
	Deferred tax liability		1,680,479,014	(305,006,271)	(297,390)	1,375,175,353



	2013				
	Opening balance	Charge to / (reversal from)		Closing balance	
		Profit or loss	Other comprehensive income		
		Ru	pees		
Taxable temporary difference					
Surplus on revaluation of operating assets	675,967,707	(29,277,835)	-	646,689,872	
Tax on specie dividend	57,835,909	5,158,122	-	62,994,031	
Tax depreciation allowance	750,636,015	247,063,109	-	997,699,124	
	1,484,439,631	222,943,396		1,707,383,027	
<u>Deductible temporary difference</u>					
Provision for gratuity	(17,098,825)	(3,031,429)	(6,413,579)	(26,543,833)	
Provision for slow moving items	(357,701)	(2,479)	-	(360,180)	
	(17,456,526)	(3,033,908)	(6,413,579)	(26,904,013)	
Deferred tax liability	1,466,983,105	219,909,488	(6,413,579)	1,680,479,014	

The Company has opted for Group taxation from tax year 2014 and the management expects that future taxable profits will be available for set-off of minimum tax and unused tax credits.



ar.		2014	2013
Trade and other payables	Note	Rupees	Rupees
Trade creditors		128,029,810	142,920,617
Accrued liabilities		999,959,036	847,766,677
Advance from customers		173,145,683	48,723,124
Un-claimed dividend		1,493,057	19,050,466
Preference dividend payable		-	25,410,385
Payable against redemption of preference s	hares	-	175,000,000
Due to associated undertakings	23.1	100,229,263	59,630,329
Bills payable		-	838,319
Tax deducted at source		495,051	35,712
Infrastructure cess	23.2	141,216,628	114,899,587
Workers' profit participation fund	23.3	47,778,006	82,023,554
Workers' welfare fund		101,515,279	84,589,457
Due to employees		616,798	1,075,735
Others		-	175,000
		1,694,478,611	1,602,138,962
23.1 Due to associated undertaking			
Hussain Ginneries Limited		8,459,657	7,235,335
Reliance Weaving Mills Limited		-	525,903
Fatima Sugar Mills Limited		4,835	4,835
Ahmed Fine Textile Mills Limited		91,724,270	51,823,755
Pak Arab Fertilizer Limited		40,501	40,501
		100,229,263	59,630,329

23.2 This represents infrastructure cess levied by the Excise and Taxation Department of Sindh under section 9 of Sindh Finance Act 1994 on items imported by the Company. The Company has filed an appeal in the Sindh High Court at Karachi against the said levy. The appeal is pending for decision till the balance sheet date. However keeping in view any unfavorable outcome of the appeal, the Company has provided the balance payable amount in these financial statements.

		2014 Rupees	2013 Rupees
23.3	Workers' profit participation fund		
	Balance at the beginning of the year	82,023,554	68,811,735
	Interest on funds utilized by the Company	6,394,713	4,694,280
	Provision for the year	44,541,636	78,787,179
		132,959,903	152,293,194
	Payment made during the year	(85,152,307)	(70,269,637)
	Deposited in government treasury	(29,590)	(3)
		47,778,006	82,023,554



24 Accrued profit / interest / mark-up

Profit/interest/mark-up accrued on:

Long term financing	
Short term borrowings	

2014	2013
Rupees	Rupees
224,643,766	179,400,797
69,361,453	70,115,929
294,005,219	249,516,726

25 Short term borrowings

Banking Companies <u>Secured</u>	Nominal interest rate %		
Cash finance Running finance Finance against foreign bills / packing credit Foreign currency export finance Finance against imported merchandise Money market loan	9.87 - 11.74 9.87 - 12.21 0.8 - 2.85 0.8 - 2.85 9.33 - 11.19 9.29 - 10.77	687,655,908 523,528,737 628,720,703 2,311,977,444 641,253,096 843,000,000 5,636,135,888	1,630,804,137 229,905,957 84,116,787 609,085,065 897,368,687 885,900,000 4,337,180,633

25.1 The Company has short term borrowing facilities available from various commercial banks under mark-up arrangements having aggregate sanctioned limit of Rs. 16,130 million (2013: Rs. 17,430 million). The pledge based facilities are secured against pledge of stocks-in-trade amounting to Rs. 4,071 million, hypothecation charge on stocks, stores and spares, lien over import / export documents, charge on current assets and personal guarantees of the sponsoring directors except nominee director. Short term borrowing facilities which remained unutilized at year end were Rs. 10,494 million (2013: Rs.13,093 million).

These facilities are expiring on various dates latest by June 30, 2015.

ipees
37,688,363
50,000,000
37,688,363

27 Contingencies and commitments

27.1 The following proceedings have been initiated by the tax authorities:



- 27.1.1 The Additional Commissioner Inland Revenue amended income tax assessments under section 122(5A) of the Income Tax Ordinance, 2001 for the tax years 2009 & 2011 respectively raising demands of Rs 140.6 million & Rs 278 million. The Commissioner Inland Revenue (Appeals) 'Commissioner (Appeals)' has heard the Company's appeals and the decision are awaited.
- **27.1.2** Consequent to amendment of income tax assessments for tax years 2004, 2006 to 2008, the Company has been extended substantial relief by the Commissioner (Appeals). The issues in respect whereof Commissioner (Appeals) did not allow relief have been assailed in appeal before the Tribunal and such appeals are pending. The aggregate amount involved is Rs. 44 million (2013: Rs. 44 million) including minimum tax and certain disallowances of expenses.
- 27.1.3 Admissibility of 'payment to preference shareholders' has been disputed in income tax amendment orders for tax years 2007 to 2009 & 2011 by relevant officials. Departmental stance has been maintained by the Commissioner (Appeals) against Company's appeals in respect of tax years 2007 to 2009 and similar decision is expected for tax year 2011. Company has been exercising the right of appeal by way of contesting the matter in appeals before Tribunal inter-alia with other issues. Due to the nature of issue relief in second appeals is dependent on the view to be formed by the higher appellate authority. These appeals have not been fixed for hearing so-far. The aggregate amount involved is Rs. 143.7 million (2013: Rs 143.7 million)
- 27.1.4 The Deputy Commissioner Inland Revenue ('DCIR'), based on the discrepancies identified through computerized risk evaluation of sales tax, has adjudged a sales tax demand of Rs 59 million on alleged non-compliance with provisions of notification SRO's 283(I)/2011 & 1125(I)/2011 through an order under section 11 of the Sales Tax Act, 1990. The Company has agitated the DCIR's order in appeal before the Commissioner (Appeals) which is pending.

Based on the opinion of the Company's legal counsel the management is confident of favourable outcome in all aforesaid matters, hence no provision is being recognised in respect of these in the financial statements.

27.2 Com	nmitments		2014	2013
		Note	Rupees	Rupees
ban ope	rantees issued by various commercial ks, in respect of financial and rational obligations of the Company, various institutions and corporate			
bod	lies.	=	343,250,000	315,040,715
27.2.2 Com	nmitments against irrevocable			
let	tters of credit:			
- C	capital expenditure		-	743,750,937
- r	aw material and stores and spares		491,394,832	266,457,826
- C	others	27.2.3	2,030,563,000	-
		_	2,521,957,832	1,010,208,763



27.2.3 As at balance sheet date, Stand by Letters of Credit (SBLCs) amounting to Rs. 2,660 million are outstanding which were issued by the National Bank of Pakistan, United Bank Limited and Barclays Bank PLC, Pakistan on behalf of the Company favoring the lenders of Fatima Energy Limited (FEL), an associated company, confirming that in case of failure of the Company to provide the committed amount of equity during the period of two years, the lenders of FEL can draw on the SBLCs to cover the amount not provided by the Company. An amount of Rs. 629.437 million has been paid by the Company to FEL till June 30, 2014.

28	Sales - net	Note	2014 Rupees	2013 Rupees
	Local:			
	Yarn		11,748,543,199	10,055,464,974
	Comber noil		24,145,323	10,181,583
	Fabric		3,365,830,728	1,974,827,077
	Waste		115,097,206	98,465,429
			15,253,616,456	12,138,939,063
	Raw material		299,703,267	150,428,262
			15,553,319,723	12,289,367,325
	Less:			
	Sales return		41,229,983	86,047,449
	Sales tax		386,253,306	142,597,775
	Commission		84,066,465	45,031,840
			511,549,754	273,677,064
	Net local sales		15,041,769,969	12,015,690,261
	Export:			
	Yarn - Net		7,121,963,704	6,976,150,960
	Fabric		1,322,793,033	1,347,825,769
	Comber noil		367,518,181	336,303,086
	Waste		15,307,980	11,482,235
			8,827,582,898	8,671,762,050
	Raw material		-	-
			8,827,582,898	8,671,762,050
	Less:		.,,,	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
	Commission		89,134,374	118,815,503
	Sales return		· · ·	10,048,922
			89,134,374	128,864,425
	Net export sales		8,738,448,524	8,542,897,625
			23,780,218,493	20,558,587,886

Annual Report 2014



SIL.			2014	2013
		Note	Rupees	Rupees
Cost	of sales			
Raw n	naterial consumed	29.1	15,544,385,569	12,775,004,147
	ng material consumed		327,671,645	226,664,478
	es, wages and benefits	29.2	1,471,692,530	1,237,524,682
	ling and conveyance		5,805,661	5,706,777
Power	r and fuel		2,572,230,381	1,683,664,332
Stores	s and spares consumed		417,522,305	370,822,514
Repair	r and maintenance		22,297,280	30,454,607
Insura	ance		57,997,459	49,266,204
Depre	eciation	5.3	569,610,833	514,808,069
Rates	and taxes		18,285,984	11,186,041
Other	s		1,179,736	1,041,510
			21,008,679,383	16,906,143,361
Adjus	tment of work-in-process			
Openi	ing stock		205,937,615	172,590,755
-	ng stock		(276,188,806)	(205,937,615)
Closiii	ig stock		(70,251,191)	(33,346,860)
Cost	of goods manufactured		20,938,428,192	16,872,796,501
	3		.,,	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
-	tment of finished goods:			
•	ning stock		1,075,768,708	778,833,171
	shed goods purchased		1,343,826,942	961,507,523
Clos	ing stock		(2,261,691,402)	(1,075,768,708)
C+ -	of an ada and d		157,904,248	664,571,986
Cost o	of goods sold		21,096,332,440	17,537,368,487
Cost o	of raw material sold		263,877,385	130,982,654
			21,360,209,825	17,668,351,141
29.1	Raw material consumed			
	Opening stock		4,646,912,278	2,822,587,199
	Purchases and expenses		13,498,472,086	14,419,937,401
	Transfer from ginning unit	29.1.1	223,996,975	187,633,528
			13,722,469,061	14,607,570,929
			18,369,381,339	17,430,158,128
	Less:			
	Insurance claim		-	8,241,703
	Closing stock		2,542,163,873	4,308,953,542
	Stock in transit		282,831,897	337,958,736
			2,824,995,770	4,655,153,981
			15,544,385,569	12,775,004,147



		2014	2013
29.1.1 Production cost of ginning unit - net	Note	Rupees	Rupees
23.2.2 Froduction cost of gilling difference			
Raw material purchased and consumed		267,841,591	217,003,661
Lease charges		1,250,000	1,250,000
Salaries, wages and benefits		5,103,910	4,440,057
Traveling and conveyance		660,928	663,594
Repair and maintenance		378,308	943,029
Store consumption		244,463	379,439
Utilities		201,441	639,374
Entertainment		144,054	142,014
Legal and professional		71,011	40,750
Printing and stationery		29,365	22,565
Communication		50,550	37,225
Insurance		134,438	134,438
Others	_	156,233	691,953
		276,266,292	226,388,099
Less: Sale of cotton seed	_	(52,269,317)	(38,754,571)
Transferred to raw material consumed	_	223,996,975	187,633,528
	=		

The Company has acquired a cotton ginning factory (Hussain Ginneries Limited) on operating lease basis. Its total cost of production, after adjustment of sale of cotton seed to third parties, has been transferred to the company as raw material cost.

29.2 These include Rs. 59.8 million (2013: Rs. 33.6 million) in respect of staff retirement benefits.

			2014	2013
		Note	Rupees	Rupees
30	Distribution cost			
	Export sales:			
	Export development surcharge		18,105,111	20,102,810
	Freight, shipment and handling charges		210,293,180	210,722,370
	Insurance		3,675,998	2,600,867
	Local sales:			
	Freight, shipment, handling and other charges		22,346,189	19,643,795
	Insurance		2,103,032	639,093
	Salaries and benefits - marketing staff		3,818,621	3,060,845
			260,342,131	256,769,780



		2014	2013
	Note	Rupees	Rupees
Administrative expenses			
Salaries and benefits	31.1	139,688,026	121,539,263
Traveling and conveyance	31.2	7,306,398	7,008,376
Vehicle running and maintenance		17,790,521	18,951,203
Rent, rates, taxes and fees		8,953,837	7,356,033
Electricity, gas and water		3,323,589	1,788,829
Entertainment / guest house expenses		7,546,853	6,364,867
Communication		10,608,316	9,431,581
Printing and stationery		5,288,873	4,253,539
Insurance		3,233,442	3,435,444
Repair and maintenance		8,542,574	4,881,874
Subscription / advertisement		2,210,284	1,476,862
Auditors' remuneration	31.3	1,295,000	1,010,647
Legal and professional charges		5,022,923	4,308,821
Directors' meeting fee		120,000	105,000
Depreciation	5.3	22,740,265	19,744,895
Amortization	6	2,258,439	1,140,044
Others	_	1,505,409	1,042,342
	_	247,434,749	213,839,620

- **31.1** These include Rs. 9.34 million (2013: Rs. 6.13 million) in respect of staff retirement benefits.
- 31.2 These include directors' traveling expense of Rs. 2.9 million (2013: Rs. 3.2 million).

				2014	2013
			Note	Rupees	Rupees
	31.3	Auditors' remuneration			
		Fee for statutory audit		1,100,000	900,000
		Out of pocket expenses		100,000	75,647
				1,200,000	975,647
		Workers profit participation fund's audit fee		95,000	35,000
				1,295,000	1,010,647
32	Other	expenses			
	Worke	ers' profit participation fund	23.3	44,541,636	78,787,179
	Worke	ers' welfare fund		16,925,822	29,939,128
	Donat	ions	32.1	20,195,119	9,193,396
	Bad de	ebts written off		18,183	-
	Loss o	n disposal of property, plant and equipment		-	900,000
				81,680,760	118,819,703

32.1 Donations include Rs. 2.87 million (2013: Rs. 3.19 million) paid to Fazal-ur-Rehman Foundation, 487-A, Mumtazabad, Vehari Road, Multan. Sheikh Naseem Ahmad (Chairman / Chief Executive Officer) is amongst the trustees of the Foundation.



			2014	2013
		Note	Rupees	Rupees
33	Other income			
	From financial assets			
	Dividend income		174,365,398	147,201,720
	Unrealized gain on re-measurement of short term investments to fair value		36,773,055	6,351,797
	Specie dividend from Pak Arab Fertilizer Limited		-	61,794,302
			211,138,453	215,347,819
	From related party			
	Mark-up on advance to associated undertakings		61,267,370	-
	From non-financial assets			
	Gain on disposal of property, plant and equipment		437,938	4,016,994
	Scrap sales		1,331,808	1,271,600
			1,769,746	5,288,594
			274,175,569	220,636,413
34	Finance cost			
	Profit / interest / mark up on:			
	- Long term financing		735,353,282	603,773,860
	- Musharika		15,640,685	5,711,908
	- Short term borrowings		422,621,652	334,179,687
	Bank charges		94,929,462	85,350,938
	Dividend on redeemable preference shares		6,816,250	25,410,385
	Interest on workers' profit participation fund	23.3	6,394,713	4,694,280
			1,281,756,044	1,059,121,058
35	Taxation			
	Current		250,115,311	62,013,880
	Deferred		(305,006,271)	219,909,488
			(54,890,960)	281,923,368

The numerical reconciliation between the average tax rate and the applicable tax rate has not been 35.1 presented in the financial statements as the tax provision of the Company is determined under section 113 and 169 of the Income Tax Ordinance, 2001.



	2014	2013
	Rupees	Rupees
		Restated
Earnings per share - basic and diluted		
Profit after taxation	877,861,513	1,180,399,629
Profit attributable to ordinary shareholders	877,861,513	1,180,399,629
Weighted average number of ordinary shares	30,000,000	30,000,000
Earnings per share - basic and diluted	29.26	39.35

37 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

37.1 Risk management framework

The Board of Directors has overall responsibility for establishment and over-sight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.



37.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties failed completely to perform as contracted. The Company does not have significant exposure to any individual counterparty. To reduce exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. To mitigate the risk, the Company has a system of assigning credit limits to its customers based on an extensive evaluation based on customer profile and payment history. Outstanding customer receivables are regularly monitored. Most of the customers are also secured, where possible, by way of letters of credit.

Total financial assets of Rs. 7,547.3 million (2013: Rs. 4,571.2 million) are subject to credit risk.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date is:

	2014	2013
	Rupees	Rupees
Non current assets		
Deposits	22,807,493	20,228,306
Loans and advances	1,364,038,887	140,777,880
Investments	2,557,061,786	2,257,603,622
Trade debts	2,884,937,972	1,995,627,804
Mark-up accrued	49,029,704	-
Other receivables	329,094,883	4,778,084
Bank balances	340,338,831	152,256,921
	7,547,309,556	4,571,272,617

Credit quality of financial assets

(a) Trade debts

The trade debts as at the balance sheet date are classified in Pak Rupees. The aging of trade receivables at the balance sheet date is:

the balance sheet date is.	2014	2013
	Rupees	Rupees
Export - secured	1,076,104,732	608,024,072
Local - unsecured and considered good	1,808,833,240	1,387,603,732
	2,884,937,972	1,995,627,804

The aging of trade receivables at the reporting date is:

	Related party	Related party	Other	Other
	2014	2013	2014	2013
	Rupees	Rupees	Rupees	Rupees
The aging of trade receivables	at the reporting d	ate is:		
Not past due	448,351	913,665	417,822,397	725,529,494
Past due 1 to 30 days	104,936,179	79,698,206	766,473,728	1,330,946,589
Past due 30 to 150 days	24,205,549	58,183,713	1,563,168,146	71,229,081
Past due 150 days	8,400	8,400	7,875,222	2,445,020
	129,598,479	138,803,984	2,755,339,493	2,130,150,184



Out of total trade debts, 37% comprise of foreign debtors that are secured against letters of credit. Local trade debts include companies with very good credit history and are regular in their payments. The management continuously monitors the repayment capacity and intention of their debtors and extends the credit periods to their customers according to their credit history. Therefore, no impairment is necessary.

(b) Other financial assets

The credit quality of Company's investments can be assessed with reference to external credit rating agencies as follows:

		2014	2013
Name	Rating	Rupees	Rupees
Long term investment			
Fatima Fertilizers Company Limited	A+	1,826,826,899	1,564,141,790
Pak Arab Fertilizers Limted	AA-	252,966,706	252,966,706
Fazal Weaving Mills Limited	N/A	250,000,000	250,000,000
Short term investment			
Fatima Fertilizers Company Limited	A1	189,080,000	161,891,600
Pakistan State Oil Company Limited	A1+	38,188,181	28,603,526
		2,557,061,786	2,257,603,622

(c) Bank balances

The credit quality of Company's bank balances can be assessed with reference to external credit rating agencies as follows:

The Company is exposed to credit risk from its operating activities (primarily for trade debts and loans and advances) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.



The credit rating of the banks in which the company has maintained its deposits is as follows:

	Rat	ing	Rating	2014	2013
	Short term	Long term	agency	Rupees	Rupees
All: 18 11: : 1				400 040 046	40.000.400
Allied Bank Limited	A1+	AA+	PACRA	103,819,046	19,303,180
National Bank of Pakistan	A1+	AAA	JCR-VIS	42,020,476	2,816,727
MCB Bank Limited	A1+	AAA	PACRA	12,399,474	21,966,133
Meezan Bank Limited	A1+	AA	JCR-VIS	63,946,061	26,261,238
UBL Bank Limited	A1+	AA+	JCR-VIS	59,723,459	22,806,168
Standard Chartered Bank Limited	A1+	AAA	PACRA	8,850	8,850
Habib Bank Limited	A1+	AAA	JCR-VIS	879,780	7,386,144
Soneri Bank Limited	A1+	AA-	PACRA	923,403	107,891
NIB Bank Limited	A1+	AA-	PACRA	283,797	8,026
Bank Al Falah Limited	A1+	AA	PACRA	41,315,259	497,460
Askari Bank Limited	A1+	AA	JCR-VIS	8,224,749	9,119,120
The Bank of Punjab	A1+	AA-	PACRA	129,637	10,239,619
The Bank of Khyber	A1	Α	PACRA	227,596	167,613
Bank Al Habib Limited	A1+	AA+	PACRA	2,432,913	1,490,315
Bank Islamic Limited	A1	Α	PACRA	79,920	79,920
Dubai Islamic Bank Limited	A-1	A+	JCR-VIS	2,361,419	772,995
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	461,307	24,138,796
Faysal Bank Limited	A1+	AA	PACRA	6,357	258,102
Barclays Bank PLC, Limited	P1	A2	MOODY'S	-	2,829,536
KASB Bank Limited	А3	BBB	PACRA	224,918	-
Samba Bank Limited	A1	AA-	JCR-VIS	159,820	-
Silk Bank Limited	A-2	A-	JCR-VIS	81,295	81,295
Summit Bank Limited	A-3	A-	JCR-VIS	629,295	1,917,793
				340,338,831	152,256,921

(d) Based on past experience the management believes no impairment allowance is necessary in respect of loans, advances, deposits and other receivables past due as some receivables have been recovered subsequent to the year end and for other balances, there are reasonable grounds to believe that the amounts will be recovered in due course.

37.3 Concentration of credit risk

Concentration of credit risk exists when the changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial instruments is broadly diversified and all other transactions are entered into with credit-worthy counterparties there-by mitigating any significant concentrations of credit risk.

13,664,278,281

1,078,331,196

5,009,422,401

5,328,616,119

1,756,376,887

491,531,678

13,664,278,281

11,544,129,791



37.4 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is not materially exposed to liquidity risk as substantially all obligations / commitments of the Company are short term in nature and are restricted to the extent of available liquidity. In addition, the Company has obtained various short term facilities from various commercial banks to meet any deficit, if required to meet the short term liquidity commitments.

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

	Weighted average				20	2014			
	effective rate of interest	Carrying value	Contractual cash flows	Less than one month	One to three months	Three months to one year	One to five years	Above five years	Total
	•				Rup	Rupees			
Financial liabilities									
Long term financing	7.00% to 12.93%	7,317,585,608	8,271,426,775	224,643,766	148,847,374	1,035,375,189	5,707,600,270	1,154,960,177	8,271,426,775
Trade and other payables	0.90% 10 12:21%	1,694,478,611	1,694,478,611	302,287,342	1,100,188,299	292,002,970			1,694,478,611
	' ''	14,648,200,107	16,038,033,366	2,784,101,917	1,932,002,283	4,459,368,720	5,707,600,270	1,154,960,177	16,038,033,366
	Weighted Average				20	2013			
	effective rate of interest	Carrying value	Contractual cash flows	Less than one month	One to three months	Three months to one year	One to five years	Above five years	Total
	•				Rupees	səə			
Financial liabilities									
Long term financing	7.00% to 14.56%	5,604,810,196	7,654,842,757	179,400,797	131,785,559	1,255,902,804	5,009,422,401	1,078,331,196	7,654,842,757
Short term borrowings	0.90% to 13.51%	4,337,180,633	4,407,296,562	152,870,001	494,666,341	3,759,760,220			4,407,296,562
Trade and other payables	•	1,602,138,962	1,602,138,962	159,260,880	1,129,924,987	312,953,095	,		1,602,138,962

It is not expected that the cash flows on the maturity analysis could occur significantly earlier, or at significant different amount



37.5 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk, interest rate risk and other price risk.

37.5.1 Currency risk

Pakistani Rupee is the functional currency of the Company and exposure arises from transactions and balances in currencies other than Pakistani Rupee as foreign exchange rate fluctuations may create unwanted and unpredictable earnings and cash flow volatility. The Company's potential currency exposure comprises of:

- Transactional exposure in respect of non functional currency monetary items.
- Transactional exposure in respect of non functional currency expenditure and revenues.

The potential currency exposures are discussed below:

<u>Transactional exposure in respect of non functional currency monetary items</u>

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Company are periodically restated to rupee equivalent, and the associated gain or loss is taken to the profit and loss account. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

Transactional exposure in respect of non functional currency expenditure and revenues

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Company are periodically restated to rupee equivalent, and the associated gain or loss is taken to the profit and loss account. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

Exposure to currency risk

The Company's exposure to foreign currency risk at the reporting date is as follows:

	2014	2013
	Rupees	Rupees
Export finances	2,940,698,147	886,875,278
Foreign debtors	(1,076,104,732)	(742,546,452)
Gross balance sheet exposure	1,864,593,415	144,328,826
Outstanding letters of credit	491,394,832	1,010,208,763
Net exposure	2,355,988,247	1,154,537,589



The following significant exchange rate has been applied: Average rate Reporting date rate

Averag	e rate	Reporting date mi	d spot rate
2014	2013	2014	2013
Rupees		Rupees	
98.63	97.56	98.55	98.70

Sensitivity analysis:

USD to Rupee

At reporting date, if the PKR had strengthened by 10% against the foreign currencies with all other variables held constant, profit for the year would have been higher by the amount shown below, mainly as a result of net foreign exchange gain on translation of export finances and foreign debtors.

	2014	2013
Effect on profit and loss	Rupees	Rupees
USD to Rupee	235,598,825	115,453,759

The weakening of the PKR against foreign currencies would have had an equal but opposite impact on the post tax profit.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit / (loss) for the year and assets / liabilities of the Company.

37.5.2 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments is as follows:

•	2014	2013	2014	2013
	Effectiv	e rate	Carrying	amount
	(in Perce	entage)	(Rupe	ees)
Financial liabilities				
Fixed rate instruments:				
Long term loan	7.00 to 12.93	7.00 to 14.76	1,743,470,521	1,209,966,955
Variable rate instruments:				
Long term loan	10.06 to 12.93	10.61 to 14.76	5,574,115,087	4,394,843,241
Short term running finance	0.80 to 12.21	0.90 to 13.51	2,695,437,741	4,337,180,633
Export finances	0.80 to 12.21	0.90 to 13.51	2,940,698,147	886,875,278

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 rates at the reporting date would not affect profit or loss account.



Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit or (loss) for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2013.

	Profit or	loss
	100 bps Increase	100 bps Decrease
	Rupe	
t 30 June 2014	(417,182,523)	417,182,523
30 June 2013	(321,034,836)	321,034,836

The sensitivity analysis prepared is not necessarily indicative of the effects on profit/ (loss) for the year and assets / liabilities of the Company.

37.5.3 Fair value of financial instruments

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

a) Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet are as follows:

-	201	14	20	13
-	Carming amount	Fair	Carrying	Fair
_	Carrying amount	value	amount	value
Et a contat a conta		Rup	e es	
Financial assets				
Long term investments	2,329,793,605	2,329,793,605	2,067,108,496	2,067,108,496
Long term loan and advances	499,940,000	499,940,000	-	-
Long term deposits	22,807,493	22,807,493	20,228,306	20,228,306
Trade debts	2,884,937,972	2,884,937,972	1,995,627,804	1,995,627,804
Loans and advances	864,098,887	864,098,887	140,777,880	140,777,880
Trade deposits	-	-	4,587,000	4,587,000
Mark-up accrued	49,029,704	49,029,704	-	-
Other receivables	329,094,883	329,094,883	4,778,084	4,778,084
Short term investments	227,268,181	227,268,181	190,495,126	190,495,126
Tax refunds due from governmer	nt 491,701,927	491,701,927	313,235,074	313,235,074
Cash and bank balance	346,251,152	346,251,152	156,000,176	156,000,176
	8,044,923,804	8,044,923,804	4,892,837,946	4,892,837,946
Financial liabilities				
Long term finance	7,317,585,608	7,317,585,608	5,604,810,196	5,604,810,196
Short term borrowings	5,636,135,888	5,636,135,888	4,337,180,633	4,337,180,633
Trade and other payables	1,694,478,611	1,694,478,611	1,602,138,962	1,602,138,962
	14,648,200,107	14,648,200,107	11,544,129,791	11,544,129,791



b) Valuation of financial instruments

In case of equity instruments, the Company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market.
- Level 2: Valuation techniques based on observable inputs.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Company determines fair values using valuation techniques.

Valuation techniques used by the Company include discounted cash flow model. Assumptions and inputs used in valuation techniques include risk-free rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the balance sheet date that would have been determined by market participants acting at arm's length.

Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a higher degree of management judgment and estimation in the determination of fair value. Management judgment and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued and selection of appropriate discount rates, etc.

The table below analyses equity instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

0044

_		20	14	
	Level 1	Level 2	Level 3	Total
		Rup	e es	
Financial assets at fair value through profit or loss	227,268,181	-		227,268,181
Financial assets at fair value at				
available for sale	1,826,826,899			1,826,826,899
	2,054,095,080	-	-	2,054,095,080
		20	13	
	Level 1	Level 2	Level 3	Total
		Ru p	ees	
Financial assets at fair value through				
profit or loss	190,495,126	-	-	190,495,126
Financial assets at fair value at				
available for sale	1,564,141,790	-	-	1,564,141,790
	1,754,636,916	-	-	1,754,636,916

37.5.4 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Company is exposed to equity price risk because of investments held by the Company and classified on the Balance Sheet at fair value through profit or loss and available for sale. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio within the eligible stocks in accordance with the risk investment guidelines approved by the investment committee.



Sensitivity analysis

The table below summarizes the Company's equity price risk as of 30 June 2014 and 2013 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of equity markets and the aforementioned concentrations existing in the Company's equity investment portfolio.

	·	20	M 4	
	Fair value	"Hypothetical price change"	Estimated fair value after hypothetical change in prices"	"Hypothetical increase (decrease) in profit or (loss) / equity"
Short term investments		Rup	ees	
Financial assets at fair value through profit or loss	227,268,181	10% increase 10% decrease	249,994,999 204,541,363	22,726,818 (22,726,818)
Financial assets at fair value at available for sale	1,826,826,899	10% decrease 10% decrease	2,009,509,589 1,644,144,209	182,682,690 (182,682,690)
	2,054,095,080			
		20)13	
	Fair value	"Hypothetical price change"	Estimated fair value after hypothetical change in prices"	"Hypothetical increase (decrease) in profit or (loss)/ equity"
		Rup	ees	
Short term investments				
Financial assets at fair value through profit or loss	190,495,126	10% increase 10% decrease	209,544,639 171,445,613	19,049,513 (19,049,513)
Financial assets at fair value at	1,564,141,790	10% increase	1,720,555,969	156,414,179
available for sale	1,754,636,916	10% decrease	1,407,727,611	(156,414,179)

37.5.5 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within the Company. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements



- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective

38 Capital management

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

The Company's objectives when managing capital are:

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

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

The Company monitors capital on the basis of the debt-to-equity ratio - calculated as a ratio of total debt to equity.

The debt-to-equity ratios as at 30 June 2014 and as at 30 June 2013 were as follows:

	2014	2013
	Rupees	Rupees
Total long term debt	7,317,585,608	5,604,810,196
Total equity and debt	18,192,213,966	15,402,564,843
Debt-to-equity ratio	40.22%	36.39%

Neither there were any changes in the Company's approach to capital management during the year nor the Company is subject to externally imposed capital requirements.



		Financia	l assets
		2014	2013
38.1	Financial instruments by categories	Rupees	Rupees
	Loans and receivables		
	Long term deposits	22,807,493	20,228,306
	Trade debts	2,884,937,972	1,995,627,804
	Loans and advances	864,098,887	140,777,880
	Other receivables	378,124,587	4,778,084
	Cash and bank balances	346,251,152	156,000,176
		4,496,220,091	2,317,412,250
	Available for sale		
	Long term investments	2,079,793,605	1,817,108,496
		2,079,793,605	1,817,108,496
	Held to maturity		
	Short term investments	227,268,181	190,495,126
		227,268,181	190,495,126
		Financial	iabilities
		2014	2013
		Rupees	Rupees
	Long term finances	7,317,585,608	5,604,810,196
	Short term borrowings	5,636,135,888	4,337,180,633
	Trade and other payables	1,694,478,611	1,602,138,962
	Accrued markup	294,005,219	249,516,726
		14,942,205,326	11,793,646,517



39.2

Increase in unappropriated profit

During the year ended 30 June 2014, it was observed that surplus on revaluation of fixed assets included wrong effect of reversal of deferred tax liability. The management has decided to correct the surplus on revaluation of fixed assets.

The amount has been accounted for retrospectively as given below in accordance with the IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

39.1 The effect of retrospective restatement on profit and loss account is tabulated below:

		2013 Rupees
Decrease in income tax expense		(29,277,835)
Increase in profit after tax		29,277,835
Increase in basic earnings per share		0.98
The effect of retrospective restatement on Balance Sheet	for 2013 and 2012 is ta	bulated below:
	2013 Rupees	2012 Rupees
Decrease in deferred tax liability	691,796	21,945,996
Decrease in surplus on revaluation of fixed assets	132,375,845	88,615,336

110,561,332

133,067,641



40 Remuneration of Chairman, Chief Executive, Directors, Non-Executive Directors and Executives

The aggregate amounts charged in the accounts for the year for remuneration, including all benefits to the chairman and managing director, directors and executives of the Company are as follows:

			2014					2013		
	Chairman	Non-executive	Executive	Executives	Total	Chairman	Non-executive	Executive	Executives	Total
		Director	Director				Director	Director		
		Rupees	- Rupees			1 1 1 1 1 1 1 1 1		Rupees		
Managerial remuneration 4,329,980	4,329,980	8,659,960	4,329,980	23,690,860	41,010,780	4,080,634		12,436,971	14,804,997	31,322,602
House rent and utilities	1,824,393	871,209	1	6,473,841	9,169,443	130,594	•	1,292,743	3,131,127	4,554,464
Medical	•	106,518	•	2,684,110	2,790,628	1	1	152,311	2,716,092	2,868,403
Conveyance/petrol			•	130,200	130,200	1		,	163,200	163,200
Insurance						5,618			1	5,618
	6,154,373	9,637,687	4,329,980	32,979,011	53,101,051	4,216,846		13,882,025	20,815,416	38,914,287
Numbers	1	5	1	43	20	П	3	Э	28	35

40.1 In addition to above, non executive directors were only paid Rs. 120,000 (2013: 105,000) as meeting fee.

40.2 Chief executive officer, executive directors and some of the executives are also provided with free use of the Company maintained cars and telephones at their residences.

2014 2013	(Number)		5,396 4,861	
		Number of employees	Total number of employees as at 30 June	Average number of employees during the year
		41		



42 Segment reporting

42.1 Reportable segments

The management has determined the operating segments of the Company on the basis of products produced.

The Company's reportable segments are as follows:

- Spinning segment - production of different qualities of yarn using natural and artificial fibers

- Weaving segment - production of different qualities of Fabric using yarn

Information regarding the Company's reportable segments is presented below. Performance is measured based on segment profit before tax, as management believes that such information is the most relevant in evaluating the results of certain segments relative to other companies that operate within these industries.

42.2 Information about reportable segments

•	Spinning	ing	Weaving	ing	Total	
•	2014	2013	2014	2013	2014	2013
•			Rupees -	sa		
External revenues	19,183,050,582	17,224,643,597	4,597,167,911	3,333,944,289	23,780,218,493	20,558,587,886
Intersegment revenues	3,744,689,880	2,872,992,513	9,325,869	11,604,391	3,754,015,749	2,884,596,904
Cost of sales	(20,701,303,214)	(17,562,515,772)	(658,906,611)	(105,835,369)	(21,360,209,825)	(17,668,351,141)
Intersegment cost of sales	(9,325,869)	(11,604,391)	(3,744,689,880)	(2,872,992,513)	(3,754,015,749)	(2,884,596,904)
Distribution and marketing expense	(227,493,175)	(225,586,861)	(32,848,956)	(31,182,919)	(260,342,131)	(256,769,780)
Administrative expenses	(225,064,641)	(193,428,991)	(22,370,108)	(20,410,629)	(247,434,749)	(213,839,620)
Other operating expense	(91,871,051)	(109,821,822)	10,190,291	(8,997,881)	(81,680,760)	(118,819,703)
Finance cost	(986,392,476)	(874,397,888)	(295,363,568)	(184,723,170)	(1,281,756,044)	(1,059,121,058)
Other operating income	274,175,569	220,636,413	•	-	274,175,569	220,636,413
Profit before tax	960,465,605	1,340,916,798	(137,495,052)	121,406,199	822,970,553	1,462,322,997

Expenditures are allocated on the basis of actual amounts incurred for the segments. This is the measure reported to management for the purposes of resource allocation and The accounting policies for disclosure of the reportable segments are the same as the Company's accounting policies described in note 4.23 to the financial statements. assessment of segment performance. 42.2.1



6	Ira	2014	2013
42.3	Reconciliation of reportable segment revenues and profits	Rupees	Rupees
	Total revenue from reportable segments	27,534,234,242	23,443,184,790
	Elimination of inter segment revenue	(3,754,015,749)	(2,884,596,904)
		23,780,218,493	20,558,587,886
	Profit or loss		
	Total profit or loss of reportable segments	822,970,553	1,462,322,997
	Tax for the year	54,890,960	(281,923,368)
	Consolidated profits	877,861,513	1,180,399,629

42.4 Segment assets and liabilities

42.4.1 Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

_	Spinning	Weaving	Total
		Rupees	
For the year ended 30 June 2014:			Restated
Segment assets for reportable segment Unallocated corporate assets	22,596,826,602	4,254,077,158	26,857,413,623 491,701,927
Total assets as per balance sheet			27,349,115,550
Segment liabilities for reportable segment	10,759,033,993	4,112,375,519	14,942,205,326
Unallocated corporate liabilities			1,532,281,866
Total liabilities as per balance sheet			16,474,487,192
For the year ended 30 June 2013:			
Segment assets for reportable segment	18,343,652,858	2,457,705,972	20,801,358,830
Unallocated corporate assets			2,600,974,569
Total assets as per balance sheet			23,402,333,399
Segment liabilities for reportable segment	9,394,172,333	1,971,407,929	11,365,580,262
Unallocated corporate liabilities			2,245,907,325
Total liabilities as per balance sheet			13,611,487,587

42.4.2 For the purposes of monitoring segment performance and allocating resources between segments

- all assets are allocated to reportable segments except long term investment and tax refund due from government which are held under unallocated corporate assets; and
- all liabilities are allocated to reportable segments except deferred tax liability and provision of tax are held under unallocated corporate liabilities



42.5 Geographical information

42.5.1 The Company's gross revenue from external customers by geographical location is detailed below:

	2014	2013
	Rupees	Rupees
Pakistan	15 167 066 417	12 280 267 222
	15,167,066,417	12,289,367,323
Asia	5,591,633,341	6,449,472,942
Europe	1,725,042,468	750,214,588
America	1,466,637,197	1,434,188,684
Australia	3,394,784	5,202,326
Africa	40,875,108	32,683,512
	23,994,649,315	20,961,129,375

42.5.2 All non-current assets of the Company as at 30 June 2014 are located and operating in Pakistan.

42.6 Other segment information

	Total
Rupees	
1,290,916,432	1,847,664,505
35,228 106,575,605	569,610,833
22,446 3,176,258	24,998,704
57,674 109,751,863	594,609,537
63,655 137,331,264	1,570,394,919
91,050 83,417,019	514,808,069
54,985 3,529,954	20,884,939
46,035 86,946,973	535,693,008
	48,073 1,290,916,432 35,228 106,575,605 22,446 3,176,258 57,674 109,751,863 63,655 137,331,264 91,050 83,417,019 54,985 3,529,954



43 Transactions with related parties

The related parties comprise subsidiary, associated undertakings and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables and remuneration of the key management personnel is disclosed in note 40. Other significant transactions with related parties are as follows:

Description of transaction	Nature of relationship	2014	2013
	•	Rupees	Rupees
Fazal Rehman Fabrics Limited	Associate		
Sale of goods and services		1,398,412,972	938,028,005
Purchase of goods and services		24,415,003	47,428,400
Fatima Fertilizer Company Limited	Associate		
Dividend Income		177,653,670	139,028,062
Purchase of goods and services		10,180,872	26,867,646
Pak Arab Fertilizers Limited	Associate		
Specie Dividend		-	61,794,302
Fatima Energy Limited	Associate		
Advance for issue of shares	Associate	617,200,000	_
Mark-up accrued on issue of shares		27,251,710	_
46 400. 404 0			
Reliance Weaving Mills Limited	Associate		
Sale of goods and services		26,934,953	61,611,128
Purchase of goods and services		8,527,645	-
Sale of land		-	3,721,135
Ahmed Fine Textile Mills Limited	Associate		
Sale of goods and services		62,801,475	170,927,976
Purchase of goods and services		387,237,852	239,431,634
Fazal-ur-Rehman Foundation, Multan	Associate		
Donations		2,872,382	3,193,162
Fazal Weaving Mills Limited	Subsidiary		
- Sale of goods and services	,	35,688,410	-
- Purchase of goods and services		567,745,920	-
- Short term loan obtained		-	175,000,000
- Sale of land		-	13,500,000
- Investment in subsidiary		-	249,825,000
- Payment of short term loan		-	92,454,397
- Interest		-	5,864,572
Key Management Personnel			
Payable to key management personnel		-	175,000

All transactions with related parties have been carried out on commercial terms and conditions.



Capacity and production			
Spinning:		2014	2013
Number of spindles installed		190,392	190,392
Number of rotors installed		1,740	1,740
Number of shifts worked			
Unit I, II & IV		1,084	999
Unit III		1,040	998
Number of spindles - shifts worked		203,803,329	183,948,666
Capacity at 20's count	Kgs.	82,871,388	74,797,999
Actual production of all counts	Kgs.	61,179,752	53,013,774
Actual production converted into			
20's count	Kgs.	75,320,336	62,069,410
Weaving:			
Number of looms installed		224	117
Number of looms worked		117	117
Number of shifts worked		1,042	1,042
Standard cloth production	Sq. Mtr.	36,831,112	27,898,301
Actual cloth production	Sq. Mtr.	33,101,353	24,570,220

It is difficult to describe precisely the production capacity in spinning mills since it fluctuates widely depending on various factors such as count of yarn spun, spindles speed, twist and raw materials used, etc. It also varies according to the pattern of production adopted in a particular year.

45 Non adjusting event after balance sheet date

The Board of Directors of the Company in their meeting held on 09 October 2014 has proposed a final cash dividend of Rs. 2.5 per share (2013: Rs. 2.5 per share) and bound shares Nil (2013: 20 shares for every 100 shares), for the year ended 30 June 2014 held for approval of the members in the Annual General Meeting to be held on 31 October 2014. These financial statements do not include the effect of this proposed final cash dividend and will be accounted for subsequent to year end.

46 Corresponding figures

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, there were no material re-arrangements.

47 Date of authorization of financial statements

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

48 General

Figures in the financial statements have been rounded-off to the nearest rupee except stated otherwise.

Sd/- Sd/- Sd/-

(Rehman Naseem) (Faisal Ahmed) (Faizan ul Haq)
Director Director Chief Financial Officer







Fazal Cloth Mills Limited (The Company)

Consolidated Financial Statements

for the year ended 30 June 2014







Dated: October 09, 2014

Director's Report

The Directors are pleased to present their report together with the consolidated financial statements of Fazal Cloth Mills Limited and its Subsidiary Company for the year ended 30 June, 2014. The consolidated results comprise of financial statements of Fazal Cloth Mills Limited ("the Holding Company"), Fazal Weaving Mills Limited ("the Subsidiary Company). The Holding Company has annexed its consolidated financial statements along with its separate financial statements, in accordance with the requirements of International Accounting Standard 27 (Consolidated and Separate Financial Statements). The Directors' Report, giving a commentary on the performance of Fazal Cloth Mills Limited for the year ended 30 June, 2014 has been presented separately.

For and on behalf of the Board

Sd/-(Rehman Naseem) Director Sd/-(Faisal Ahmed) Director



Auditors' Report on Consolidated Financial Statements

We have audited the annexed consolidated financial statements comprising consolidated Balance Sheet of Fazal Cloth Mills Limited ("the Holding Company") and its subsidiary company as at 30 June 2014 and the related consolidated Profit and Loss Account, consolidated Cash Flow Statement and consolidated Statement of Changes in Equity together with the notes forming part thereof, for the year then ended. The financial statements of subsidiary company were audited by other firm of auditors whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for such company, is based solely on the report of such other auditors. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of Fazal Cloth Mills Limited and its subsidiary company as at 30 June 2014 and the results of their operations for the year then ended.

Sd/-

Date: October 09, 2014

Lahore

KPMG Taseer Hadi & Co. Chartered Accountants (Kamran Iqbal Yousafi)





Consolidated Balance Sheet

		2014	2013	2012
	Note		Rupees	
			Restated	Restated
ASSETS				
Non-current assets				
Property, plant and equipment	5	15,561,245,300	12,451,891,731	11,255,073,203
Intangibles	6	1,188,075	3,628,464	3,398,483
Long term investments	7	2,079,793,605	1,817,108,496	1,743,404,016
Long term loan		-	-	64,000
Long term deposits	_	34,091,810	28,149,696	25,710,156
	_	17,676,318,790	14,300,778,387	13,027,649,858

Current assets

	_			
Stores, spares and loose tools	8	416,959,231	305,172,591	330,910,264
Stock-in-trade	9	6,549,616,802	5,928,618,601	3,774,011,125
Trade debts	10	3,104,020,993	1,995,627,804	2,012,188,252
Loans and advances	11	754,925,954	140,777,880	136,506,798
Trade deposits and short term				
prepayments	12	3,431,538	6,655,581	6,754,211
Mark-up accrued		15,014,044	-	-
Other receivables	13	329,094,883	4,778,084	102,862,038
Short term investments	14	227,268,181	190,495,126	176,496,671
Tax refunds due from government		519,314,040	313,235,074	128,961,011
Cash and bank balances	15	360,063,071	217,397,994	71,988,355
		12,279,708,737	9,102,758,735	6,740,678,725

29,956,027,527	23,403,537,122	19,768,328,583

Sd/-

The annexed notes from 1 to 47 form an integral part of these consolidated financial statements.

As required under section 241(2) of the Companies Ordinance, 1984 these accounts have been signed by two directors in the absence of Chief Executive Officer who for the time being is not in the country.

Sd/-(Rehman Naseem) (Faisal Ahmed) Director Director



As at 30 June 2014

		2014	2013	2012
	Note -		Rupees	
			Restated	Restated
EQUITY AND LIABILITIES				
Share capital and reserves				
Authorized share capital		700,000,000	700,000,000	700,000,000
Issued, subscribed and paid-up capital				
- Ordinary shares	16	300,000,000	250,000,000	226,000,000
- Preference shares	10	300,000,000	230,000,000	175,000,000
- Treference shares		300,000,000	250,000,000	401,000,000
Capital reserves	17	1,311,261,242	1,048,576,133	1,036,665,931
Unappropriated profits	_,	5,878,347,896	4,940,312,178	3,711,376,413
Equity attributable to owners of the Company		7,489,609,138	6,238,888,311	5,149,042,344
Surplus on revaluation of fixed assets	18	3,440,823,294	3,563,514,117	3,701,706,802
Non-current liabilities				
Long term financing	19	7,215,675,977	4,392,121,833	3,641,788,504
Long term musharika	20	293,735,894	325,000,000	225,000,000
Deferred liabilities	21	1,417,147,921	1,810,932,235	1,551,607,685
		8,926,559,791	6,528,054,068	5,418,396,189
<u>Current liabilities</u>				
Trade and other payables	22	1,778,317,049	1,603,659,476	799,192,313
Accrued profit / interest / mark-up	23	348,593,336	243,652,154	252,971,251
Short term borrowings	24	6,895,216,288	4,337,180,633	3,798,190,475
Current portion of non-current liabilities	25	1,076,908,631	887,688,363	648,829,209
		10,099,035,304	7,072,180,626	5,499,183,248
Contingencies and commitments	26			
		29,956,027,527	23,402,637,122	19,768,328,583
			23,402,037,122	13,700,320,303

Sd/-(Faizan ul Haq) Chief Financial Officer



Consolidated Profit and Loss Account

For the year ended 30 June 2014

	Note	2014 Rupees	2013 Rupees Restated
Sales - net	27	23,950,708,931	20,558,587,886
Cost of sales	28	(21,496,409,432)	(17,668,351,141)
Gross profit		2,454,299,499	2,890,236,745
Distribution cost	29	(266,112,344)	(256,769,780)
Administrative expenses	30	(252,815,766)	(215,956,411)
Other expenses	31	(81,680,760)	(117,919,703)
		(600,608,870)	(590,645,894)
Other income	32	240,159,909	220,636,413
Profit from operations		2,093,850,538	2,520,227,264
Finance cost	33	(1,332,563,582)	(1,053,256,486)
Profit before taxation		761,286,957	1,466,970,778
Taxation	34	167,730,849	(281,923,368)
Profit after taxation		929,017,806	1,185,047,410
Attributable to:			
Owners of the Company		929,017,806	1,185,047,410
Profit for the year		929,017,806	1,185,047,410
Earnings per share - basic and diluted	35	30.97	39.50

The annexed notes from 1 to 47 form an integral part of these consolidated financial statements.

As required under section 241(2) of the Companies Ordinance, 1984 these accounts have been signed by two directors in the absence of Chief Executive Officer who for the time being is not in the country.

Sd/- Sd/- Sd/
(Rehman Naseem) (Faisal Ahmed) (Faizan ul Haq)

Director Chief Financial Officer



Consolidated Statement of Comprehensive Income

For the year ended 30 June 2014

	2014 Rupees	2013 Rupees Restated
Profit after taxation	929,017,806	1,185,047,410
Other comprehensive income - net of tax		
Items that will never be reclassified to profit or loss:		
Remeasurement of defined benefit liability Related tax impact	(1,470,301) 297,390	(31,517,909) 6,413,579
Items that are or may be reclassified subsequently to profit or loss:	(1,172,911)	(25,104,330)
Net change in fair value of available for sale financial assets	262,685,109	11,910,202
Total comprehensive income for the period	1,190,530,004	1,171,853,282
Attributable to: Owners of the Company	1,190,530,004 1,190,530,004	1,171,853,282 1,171,853,282

The annexed notes from 1 to 47 form an integral part of these consolidated financial statements.

As required under section 241(2) of the Companies Ordinance, 1984 these accounts have been signed by two directors in the absence of Chief Executive Officer who for the time being is not in the country.

Sd/(Rehman Naseem)
Director

Sd/-(Faisal Ahmed) Director Sd/-(Faizan ul Haq) Chief Financial Officer



Consolidated Cash Flow Statement

For the year ended 30 June 2014

	2014	2013
	Rupees	Rupees
		Restated
Cash flow from operating activities	761 306 057	1 400 070 770
Profit before taxation	761,286,957	1,466,970,778
Adjustments for:	616,412,206	534,556,044
Depreciation of property, plant and equipment	2,440,389	1,185,531
Amortization of intangible assets	(36,773,055)	(13,998,455)
Unrealized gain on re-measurement of investments Provision for gratuity	71,381,326	39,740,889
Provision for infrastructure cess	26,317,041	29,987,431
Gain on disposal of property, plant and equipment	(437,938)	(4,016,994)
Gain on disposal of other financial asset	(437,330)	(4,010,554)
Dividend income	(174,365,398)	(200,822,364)
Finance cost	1,332,563,582	1,053,256,486
	2,598,825,110	2,906,859,346
Cash generated from operations before working capital changes	2,596,625,110	2,900,639,340
Effect on cash flow due to working capital changes		
Increase in current assets:	(111 700 040)	25 727 672
Stores, spares and loose tools	(111,786,640)	25,737,673
Stock in trade Trade debts	(620,998,201)	(2,154,607,476)
Loans and advances	(1,108,393,189)	16,560,448
	(614,148,074) 3,224,043	(564,068) 98,630
Trade deposits and short term prepayments Other receivables	(165,545,765)	98,083,954
Other receivables	(2,617,647,826)	(2,054,601,814)
Increase in current liabilities	(2,017,047,820)	(2,034,001,814)
Trade and other payables	260,840,532	547,588,795
Cash generated from operations	242,017,815	1,399,846,327
cush generated non-operations	242,017,015	1,333,010,327
Gratuity paid to employees	(43,968,350)	(25,430,151)
Tax paid	(460,718,318)	(206,376,968)
Finance cost paid	(1,227,622,400)	(1,062,575,565)
	(1,732,309,068)	(1,294,382,684)
Net cash used in operating activities	(1,490,291,252)	105,463,643
<u>Cash flow from investing activities</u>		
Capital expenditure incurred	(3,729,941,844)	(1,544,690,977)
Proceeds from sale of property, plant and equipment	3,714,007	12,876,043
Long term loan	-	64,000
Long term deposits	(5,942,114)	(2,439,540)
Dividend received	580,320	139,028,062
Purchase of intangible assets	-	(909,751)
Purchase of subsidiary	-	(188,443,347)
Net cash used in investing activities	(3,731,589,631)	(1,584,515,510)
Cash flow from financing activities		
Long term financing obtained	3,853,716,304	1,587,692,633
Long term financing repaid	(840,941,893)	(599,744,699)
Long term musharika obtained	18,735,894	150,000,000
Director's loan repaid	-	(3,721,135)
Long term musharika repaid	(50,000,000)	(48,755,451)
Short term borrowings - net	2,558,035,655	538,990,158
Redemption of preference shares	(175,000,000)	-
Net cash generated from financing activities	5,364,545,960	1,624,461,506
Net increase in cash and cash equivalents	142,665,077	145,409,639
Cash and cash equivalents at the beginning of the period	217,397,994	71,988,355
Cash and cash equivalents at the end of the period	360,063,071	217,397,994
The annexed notes from 1 to 47 form an integral part of these consolidated financial statements.		

As required under section 241(2) of the Companies Ordinance, 1984 these accounts have been signed by two directors in the absence of Chief Executive Officer who for the time being is not in the country.

Sd/-

(Rehman Naseem) Director (Faisal Ahmed) (Faizan ul Haq) Director **Chief Financial Officer**



Consolidated Statement of Changes in Equity

For the year ended 30 June 2014

		Share Capital		Capital reserve	s	Revenue reserve	
	Ordinary shares	Preference shares	Share premium	Capital redemption reserve	Fair value reserve- available for sale financial assets	Un- appropriated profits	Total
Balance as at 01 July 2012- as reported Prior period adjustments Effect of change in accounting policy Balance as at 01 July 2012 - restated	226,000,000 - - 226,000,000	175,000,000 - - 175,000,000	77,616,000 - - - 77,616,000	175,000,000 - - 175,000,000	784,049,931 - - 784,049,931	3,600,039,246 110,561,332 775,835 3,711,376,413	5,037,705,177 110,561,332 775,835 5,149,042,344
<u>Total comprehensive income</u>							
Profit for the year - restated Other comprehensive income / (loss) - restated	- - -	- - -	- - -	- - -	- 11,910,202 11,910,202	1,185,047,410 (25,104,330) 1,159,943,080	1,185,047,410 (13,194,128) 1,171,853,282
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the year - net of tax	-	-	-	-	-	126,620,334	126,620,334
Preference shares transferred to current liability	-	(175,000,000)	-	-	-	-	(175,000,000)
Surplus transferred on disposal of a revalued asset	-	-	-	-	-	11,572,351	11,572,351
Transactions with the owners of the Company:							
Bonus shares issued Cash dividend @ Rs.2 per share	24,000,000	-	-		-	(24,000,000) (45,200,000)	- (45,200,000)
Balance as at 30 June 2013 - restated	250,000,000	-	77,616,000	175,000,000	795,960,133	4,940,312,178	6,238,888,311
<u>Total comprehensive income</u>							
Profit for the period Other comprehensive income / (loss)	-			-	262,685,109	929,017,806 (1,172,911)	929,017,806 261,512,198
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the year - net of tax	-	-	-	-	262,685,109	927,844,895	1,190,530,004
Transactions with the owners of the Company:	-	-	-	-	-	-	-
Bonus shares issued Cash dividend @ Rs.2.5 per share	50,000,000	-	-	-	-	(50,000,000) (62,500,000)	- (62,500,000)
Balance as at 30 June 2014	300,000,000	-	77,616,000	175,000,000	1,058,645,242	5,878,347,896	7,489,609,138

The annexed notes from 1 to 47 form an integral part of these consolidated financial statements.

As required under section 241(2) of the Companies Ordinance, 1984 these accounts have been signed by two directors in the absence of Chief Executive Officer who for the time being is not in the country.

Sd/(Rehman Naseem)
Director

Sd/-(Faisal Ahmed) Director Sd/-(Faizan ul Haq) Chief Financial Officer



Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

1 Reporting entity

Fazal Cloth Mills Limited ("the Holding Company") was incorporated in Pakistan in 1966 as a public limited company under the Companies Act, 1913 (now the Companies Ordinance, 1984) and its shares are quoted on Karachi and Lahore Stock Exchanges. The registered office of the Holding Company is situated at 69/7, Abid Majeed Road, Survey No. 248/7, Lahore Cantt, Lahore. The Holding Company is engaged in manufacture and sale of yarn and fabric. The manufacturing facilities are located at Fazal Nagar, Jhang Road, Muzaffargarh and Qadirpur Rawan Bypass, Khanewal Road, Multan in the province of Punjab.

"The Group" consists of the following subsidiary:

Compony	Country of	Nature of	Effecting ho	lding %
Company	incorporation	business	2014	2013
Fazal Weaving Mills Limited	Pakistan	Spinning and Weaving	100	100

The subsidiary company commenced its commercial production on 01 April 2014.

2 Basis of preparation

2.1 Consolidated financial statements

These consolidated financial statements have been prepared from the information available in the audited separate financial statements of the Holding Company for the year ended 30 June 2014 and the audited financial statements of the subsidiary companies for the year ended 30 June 2014.

2.2 Statement of compliance

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



2.3 Standards, interpretations and amendments to published approved accounting standards

2.3.1 New standards, amendments to approved accounting standards and interpretations which became effective during the year ended 30 June 2014

During the year certain amendments to standards or new interpretations became effective, however, the amendments or interpretation did not have any material effect on the consolidated financial statements of the Group.

2.3.2 The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2014:

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The interpretation is not likely to have an impact on Group's financial statements.
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement. The amendments are not likely to have an impact on Group's financial statements.
- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. These amendments are not likely to have a material impact on the financial statements of the Group.
- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" Continuing hedge accounting after derivative novation (effective for annual periods beginning on or after 1 January 2014). The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria. This amendment is not likely to have any impact on financial statements of the Group.



- Amendments to IAS 19 "Employee Benefits" Employee contributions a practical approach (effective for annual periods beginning on or after 1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria. This amendment is not likely to have any impact on the financial statements of the Group.
- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments have no impact on Group's financial statements.
- IFRS 10 'Consolidated Financial Statements' (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. The standard has no impact on financial statements of the Group.
- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016. The standard has no impact on financial statements of the Group.



- IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place. The standard has no impact on the financial statements of the Group.
- IFRS 13 'Fair Value Measurement' effective for annual periods beginning on or after 1 January 2015 defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The standard is not likely to have any impact on the financial statements of the Group.
- Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a Group can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. This amendment is not likely to have any impact on the financial statements of the Group.
- Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:
 - o IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.
 - o IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.



- o IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.
- o Amendments to IAS 16'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.
- o IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.
- o IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

2.4 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for:

- modification of foreign currency translation adjustments,
- recognition of employee retirement benefits at present value,
- long term investments classified as available for sale which are stated at fair value,
- revaluation of certain property, plant and equipment; and
- certain financial instruments at fair value

2.5 Functional and presentation currency

These consolidated financial statements are presented in Pak Rupees ("Rs."), which is also the Group's functional and presentation currency. All financial information has been rounded to the nearest rupee, except when otherwise indicated.

2.6 Use of estimates and judgments

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



The estimates and underlying assumptions are reviewed on a continuous basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods affected.

Judgments made by the management in the application of approved accounting standards that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

Property, plant and equipment

The Group reviews the useful lives of property, plant and equipment on regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

Revaluation of property, plant and equipment

Revaluation of property, plant and equipment is carried out by independent professional valuers. Revalued amounts of non-depreciable items are determined by reference to local market values and that of depreciable items are determined by reference to present depreciated replacement values.

The frequency of revaluations depends upon the changes in fair values of the items of property, plant and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required. Such frequent revaluations are unnecessary for items of property, plant and equipment with only insignificant changes in fair value. Instead, it may be necessary to revalue the item only every three to five years.

Intangible assets

The Group reviews the rate of amortization and value of intangible assets for possible impairment, on an annual basis. Any change in the estimates in future years might affect the carrying amounts of intangible assets with a corresponding effect on the amortization charge and impairment.

Stores, spares, loose tools and stock in trade

The Group reviews the stores, spares, loose tools and stock in trade for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of stores, spares and loose tools and stock in trade with a corresponding effect on the provision.



Provision for doubtful debts, advances and other receivables

The Group reviews the recoverability of its trade debts, advances and other receivables at each reporting date to assess whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimates of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on certain assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

Employee benefits

The Group operates an un-funded gratuity scheme covering all eligible employees completing the minimum qualifying period of service as specified by the scheme. Annual provision is made on the basis of actuarial valuation to cover obligations under the scheme for all employees eligible to gratuity benefits respective of the qualifying period. The projected unit credit method used for the valuation of the scheme is based on assumptions stated in note 21.

Taxation

In making the estimates for income taxes currently payable by the Group, the management looks at the current income tax laws and the decisions of appellate authorities on certain issues in the past. In making the provision for deferred taxes, estimates of the Group's future taxable profits are taken into account.

3 Change in accounting policies

Except for the changes below, the Group has consistently applied the accounting policies as set out in Note 4 to all the periods presented in these financial statements. During the year the Group has adopted IAS 19 "Employee Benefits" with the date of initial application of 01 January 2013.

The nature and the effect of the changes are further explained below:

<u>Defined benefit plan</u>

As a result of IAS 19 (2011), the Group has changed its accounting policy with respect to the basis for determining the income or expense related to post employment defined benefit plans.

Under IAS 19, the Group determines the interest expense for the year on the defined benefit liability by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the defined benefit liability at the beginning of the annual period, taking into account any changes in the defined benefit liability during the year as a result of contributions and benefit payments.

Consequently, the interest on the defined benefit liability now comprises of interest cost on the defined benefit obligation.

All the changes in present value of defined benefit obligation are now recognized in the statement of comprehensive income and the past service costs are recognized in profit and loss account, immediately in the period they occur.



The change in accounting policy has been applied retrospectively. The effect of the change is as follows:

	201	.3	201	2
	Previously reported	Restated	Previously reported	Restated
		Rup	ees	
Balance sheet				
Deferred tax liability - net	1,686,892,593	1,680,479,014	1,466,983,105	1,467,313,684
Reserves	5,875,501,468	5,984,240,530	4,636,705,177	4,748,042,344
Deferred liabilities	99,907,603	130,453,221	85,596,865	84,624,574
			2013	
		Previously	Defined benefit	Restated
		reported	plans	nestateu
	•		Rupees	
Statement of comprehensiv	<u>e income</u>			
Remeasurement of defined	benefit liability	-	(31,517,909)	(31,517,909)
Related tax impact	,	_	6,413,579	6,413,579
Statement of changes in eq	uity_		, ,	
as on 30 June 2012		2.600.020.246	775.005	2.600.045.004
Unappropriated profit		3,600,039,246	775,835	3,600,815,081

4 Significant accounting policies

4.1 Basis of consolidation

The consolidated financial statements include the financial statements of the Parent Company and its subsidiary companies. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities

Subsidiaries

Subsidiaries are those entities in which the Parent Company directly or indirectly controls, beneficially owns or holds more than 50 percent of its voting securities or otherwise has power to elect and appoint more than 50 percent of its directors. The financial statements of the subsidiary is included in the consolidated financial statements from the date control commences. The financial statements of the subsidiary is consolidated on a line-by-line basis and the carrying value of investment held by the Parent Company is eliminated against the Parent Company's share in paid up capital of the subsidiary. The Group applies uniform accounting policies for like transactions and events in similar circumstances except where specified otherwise.



4.2 Property, plant and equipment

Owned

Furniture and fixtures, office equipment and vehicles are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Operating assets except mentioned above are stated at revalued amount being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses while freehold land is stated at revalued amount being the fair value at the date of revaluation, less any subsequent impairment losses, if any. Any revaluation increase arising on the revaluation of such assets is credited in 'Surplus on Revaluation of fixed assets'. A decrease in the carrying amount arising on revaluation is charged to profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation account relating to a previous revaluation of that asset. Cost includes borrowing cost in respect of qualifying assets as stated in note 4.6.

Depreciation is charged on a systematic basis over the useful life of the assets, on reducing balance method, which reflects the patterns in which the economic benefits are consumed by the Group, at the rates specified in note 5.1. Depreciation on additions is charged on a pro-rata basis from the date the asset is available for use up to the date the asset is disposed of.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Major renewals and improvements to an item of property, plant and equipment are recognized in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the Group and the cost of renewal or improvement can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Surplus arising on revaluation of operating assets is credited to surplus on revaluation of property, plant and equipment account. The surplus on revaluation of operating assets to the extent of incremental depreciation charged on the related assets is transferred by the Group to its unappropriated profit.

The assets' residual values and useful lives are continually reviewed by the Group and adjusted if impact on depreciation is significant. The Group's estimate of residual values of property, plant and equipment as at 30 June 2014 has not required any adjustment as its impact is considered insignificant.

Capital work-in-progress

Capital work in progress is stated at cost less identified impairment loss, if any, and includes the expenditures on material, labour and appropriate directly attributable overheads. These costs are transferred to property, plant and equipment as and when assets are available for their intended use.



4.3 Lease

Operating lease

Financing where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit on a straight-line basis over the lease term unless another systematic basis is representative of the time pattern of the Group's benefit.

4.4 Intangible assets

Expenditure incurred on intangible asset is capitalized and stated at cost less accumulated amortization and any identified impairment loss. Intangible assets are amortized using the straight-line method over the estimated useful life of three years. Amortization of intangible assets is commenced from the date an asset is capitalized.

4.5 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss account. An impairment loss is reversed in the profit and loss account if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

Non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax asset, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").



The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit and loss account.

Impairment loss recognized in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.6 Borrowings and their cost

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of that asset.

4.7 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the profit and loss account, except to the extent that it relates to items recognized directly in other comprehensive income or below equity, in which case it is recognized in other comprehensive income or below equity respectively.

Current

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments to charge for prior years, if any.

Deferred

Deferred tax is recognized using balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation.

The Group recognizes a deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Further, the Group recognizes deferred tax asset / liability on deficit / surplus on revaluation of property, plant and equipment which is adjusted against the related deficit / surplus.



4.8 Foreign currency

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into rupees at exchange rates prevailing at the date when fair values are determined. Exchange gains and losses are included in the income currently.

4.9 Staff retirement benefits

The Group operates an un-funded gratuity scheme covering all eligible employees completing the minimum qualifying period of service as specified by the scheme. Annual provision is made on the basis of actuarial valuation to cover obligations under the scheme for all employees eligible to gratuity benefits respective of the qualifying period. The projected unit credit method used for the valuation of the scheme is based on assumptions stated in note 21.1

Past-service costs are recognized immediately in profit and loss account, unless the changes to the plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

The Group's obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount. The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the defined benefit liability, which comprise actuarial gains and losses, is recognised immediately in other comprehensive income. The Group determines the interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of benefit payments. Interest expense and other expenses related to defined benefit plan are recognized in profit and loss account.

4.10 Provisions

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

4.11 Contingent liabilities

A contingent liability is disclosed when:



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

4.12 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instruments. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item. The Group de-recognizes a financial asset or a portion of financial asset when, and only when, the enterprise loses control of the contractual rights that comprise the financial asset or portion of financial asset. A financial liability or part of financial liability is de-recognized from the balance sheet, when and only when, it is extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on the recognition or de-recognition of the financial assets and liabilities is included in the profit and loss account currently.

Significant financial assets include long term deposits, short term investments, trade debts, loans and advances, other receivables, mark-up accrued, short term investments, tax refunds due from Government and cash and bank balances.

Significant financial liabilities are classified according to the substance of the contractual agreements entered into. Significant financial liabilities include long and short term financing, trade and other payables and accrued markup.

4.13 Settlement date accounting

All "regular way" purchases and sales of financial assets are recognized on the settlement date, i.e. the date on which the asset is delivered to or by the Group. Regular way purchases or sales of financial assets are those contracts which requires delivery of assets within the time frame generally established by regulation or convention in the market.

4.14 Financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.



The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies financial liabilities recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Financial liabilities comprise long term finances and deposits, liabilities against assets subject to finance lease, trade and other payables, accrued mark-up, short term borrowings and provision for taxation.

4.15 Investments

4.15.1 Available-for-sale

Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity are classified as available-for-sale. After initial recognition, these are stated at fair values (except for unquoted investments where active market does not exist) with any resulting gains and losses which are charged to other comprehensive income, until the investment is disposed or impaired. At the time of disposal, the respective surplus or deficit is transferred to income. Fair value of quoted investments is their bid price at the balance sheet date.

Unquoted investments, where active market does not exist, are carried at cost and tested for impairment at each year end. Impairment loss, if any, is charged to income currently.

4.15.2 Investments in associates

Investment in associates where the Group has significant influence are classified as available-forsale, for the purpose of measurement in the Group's separate financial statements.

4.15.3 Investments at fair value through profit or loss

These include investments classified as held for trading or upon initial recognition are designated by the Group at fair value through profit or loss. Investments which are acquired principally for the purpose of generating a profit from short term fluctuations in price or dealer's margin are classified as held for trading. After initial recognition, these are stated at fair values with any resulting gains and losses recognized directly in income. Fair value of investments is their quoted bid price at the balance sheet date. Transaction costs are charged to income currently.

4.16 Stores, spares and loose tools

These are valued at moving average cost less allowance for obsolete and slow moving items. Items in transit are valued at invoice values plus other charges incurred thereon.



4.17 Stock-in-trade

These are stated at the lower of cost and net realizable value except for waste stock which is valued at net realizable value.

Cost has been determined as follows:

Raw materials Weighted average cost

Work in process and finished goods Cost of direct materials, labour and appropriate

manufacturing overheads.

Materials in transit comprises of invoice value plus other charges paid thereon.

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

4.18 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

- Sales are recorded when significant risks and rewards of ownership of the goods are transferred to the customers.
- Return on investments and deposits is accounted for on time proportionate basis.
- Dividend income is accounted for when the right to receive is established.
- Gain on sale and lease-back transactions is deferred and is credited to profit and loss account over the lease term.
- Interest/mark-up income is recognized as the interest / mark-up become due.

4.19 Loan and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Long term advances and deposits

At initial recognition these financial assets are measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. After initial recognition these are measured at amortized cost using the effective interest rate method less impairment loss, if any. A provision for impairment of long term loan is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of advance.

Trade debts

Trade debts are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.



4.20 Cash and cash equivalents

For the purpose of cash flow, cash and cash equivalents mainly comprise cash and bank balances which are stated in the balance sheet at cost.

4.21 Off setting of financial instruments

Financial assets and liabilities are off-set and the net amount reported in the balance sheet when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

4.22 Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses. All operating segments' operating results are regularly reviewed by the Group's Chief Executive to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4.23 Earnings per share

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

4.24 Dividend distribution

Dividend is recognized as a liability in the period in which it is declared and approved. Appropriations of profit are reflected in the statement of changes in equity in the period in which such appropriations are approved.



ιų	5.1 Operating assets												
						Owned assets							
		Freehold-Land	Freehold-Land Factory Building	Non-Factory Building	Plant & Machinery	Electric Fittings & Installations	Sui Gas Installation	Tools,Laboratory Equipments & Arms	Office Equipments	Fire Extinguishing Equipments & Weighing Scales	Furniture & Fittings	Vehicles	Total
	Cost						Ru	Rupees					
	Balance at 1 July 2012	1,117,443,005	2,088,000,387	744,637,260	10,102,727,331	408,551,188	14,620,961	57,088,673	28,301,915	27,753,389	12,601,636	103,656,599	14,705,382,344
	Additions Disposals	76,485,262 (3,721,135)	197,174,204	40,406,804	1,151,352,818 (20,480,251)	47,374,079	474,195	6,219,238	4,279,150 (640,238)	86,500	3,554,691	37,601,337 (5,048,172)	1,565,008,278
	Balance at 30 June 2013	1,190,207,132	2,285,174,591	785,044,064	11,233,599,898	455,925,267	15,095,156	63,307,911	31,940,827	27,839,889	16,156,327	136,209,764	16,240,500,826
	Balance at 1 July 2013	1 190 207 132	2 285 174 591	785 044 064	11 233 599 898	455 925 267	15 095 156	63 307 911	31 940 827	77 839 889	16 156 377	136 209 764	16 240 500 826
	Additions	199,311,071	465,413,282	125,033,721	2,697,381,643	202,852,611		3,019,705	6,347,321	1,420,558	4,205,862	56,640,716	3,761,626,490
	Disposals			.	(3,726,954)	(1,414,523)			(955,742)	. !		(1,939,566)	(8,036,785)
	Balance at 30 June 2014	1,389,518,203	2,750,587,873	910,077,785	13,927,254,587	657,363,355	15,095,156	66,327,616	37,332,406	29,260,447	20,362,189	190,910,914	19,994,090,531
	Rate of depreciation - %age		2%	%5%	2%	2%	%5	2%	10%	2%	10%	20%	
	Accumulated depreciation												
	Balance at 1 July 2012		532,691,715	168,301,810	2,734,070,129	79,329,938	5,272,165	24,269,761	10,766,311	8,706,523	5,008,206	41,091,008	3,609,507,566
	Depreciation Disposals		9/1//8/	29,119,969	386,454,799 (17,545,711)	17,111,681	4/9,531	1,/18,91/	1,905,371 (254,530)	953,123	/85,858	(3,230,506)	534,556,044 (21,030,747)
	Balance at 30 June 2013		611,669,221	197,421,779	3,102,979,217	96,441,619	5,751,696	25,988,678	12,417,152	9,659,646	5,866,793	54,837,062	4,123,032,863
	Balance at 1 July 2013		611,669,221	197,421,779	3,102,979,217	96,441,619	5,751,696	25,988,678	12,417,152	9,659,646	5,866,793	54,837,062	4,123,032,863
	Depreciation		90,014,902	30,747,617	448,265,553	20,958,144	466,948	1,904,439	2,290,160	929,881	1,181,664	19,652,898	616,412,206
	Balance at 30 June 2014		701,684,123	228,169,396	3,548,615,453	116,878,543	6,218,644	27,893,117	14,298,438	10,589,527	7,048,457	73,288,655	4,734,684,353
	Carrying amounts												
	At 30 June 2013	1,190,207,132	1,673,505,370	587,622,285	8,130,620,681	359,483,648	9,343,460	37,319,233	19,523,675	18,180,243	10,289,534	81,372,702	12,117,467,963
	At 30 June 2014	1,389,518,203	2,048,903,750	681,908,389	10,378,639,134	540,484,812	8,876,512	38,434,499	23,033,968	18,670,920	13,313,732	117,622,259	15,259,406,178

12,117,467,963 333,523,768 12,450,991,731

15,259,406,178 301,839,122 15,561,245,300

5.1

2013 Rupees

2014 Rupees

Note

5 Property, plant and equipment
Operating assets
Capital work-in-progress



			2014	2013
		Note	Rupees	Rupees
5.2	Capital work-in-progress			
	Opening balance		333,523,768	162,919,560
	Additions during the year		1,947,110,816	1,146,539,078
	Transfers during the year		(1,978,795,462)	(975,934,870)
	Closing balance		301,839,122	333,523,768
5.2.1	Breakup of closing balance of capital work- in-progress:			
	Land			
	Advance payments		563,000	
	Factory buildings			
	Material and expenses		78,803,906	159,817,243
	Advance payments		59,557,422	68,790,312
			138,361,328	228,607,555
	Non-factory buildings			
	Material and expenses		145,441,398	68,076,880
	Plant and machinery			
	Cost and expenses		2,170,405	1,907,064
	Advance payments		1,557,620	27,213,847
	Letters of credit		8,561,321	5,726,509
			12,289,346	34,847,420
	Furniture and fixtures			
	Advance payments		468, <u>1</u> 61	14,600
	Office equipment			
	Advance payments		=	147,298
	Electric fittings & Installations			
	Advance payments		4,715,889	1,830,015
			301,839,122	333,523,768
5.3	Depreciation is allocated as under:			
	Cost of sales	28	593,280,399	514,808,069
	Administrative expenses	30	23,131,807	19,747,975
			616,412,206	534,556,044
E 4	Droporty, plant and aguingment of the Committee of	inst moughted as 20		
5.4	Property, plant and equipment of the Group were fi	ist revalued on 30	o June 2007 which result	led in a surplus of

5.4 Property, plant and equipment of the Group were first revalued on 30 June 2007 which resulted in a surplus of Rs. 2,915 million. The next revaluation was carried out on 31 March 2012 by another independent valuer on the basis of depreciated replacement values which resulted in additional surplus of Rs.2,028 million. Freehold land and building revaluations were carried out under the market value basis whereas plant and machinery were revalued on net replacement cost basis. All the revaluations were carried out by independent valuers.

Had there been no revaluation, the net book value of operating fixed assets would have been as follows:

	Cost	Depreciation	Net book value
		Rupees	
Freehold land	357,307,592	-	357,307,592
Building	2,072,923,366	65,750,022	2,007,173,344
Plant & machinery and others	12,014,526,847	3,171,093,385	8,843,433,462
30 June 2014	14,444,757,805	3,236,843,407	11,207,914,398
30 June 2013	10,617,978,966	2,710,714,992	7,907,263,974
00 14110 2020	10,017,570,500	2,710,711,332	7,507,203,57 1



5.5 The following assets were disposed of during the year

	Reassessed value /	Accumulated	Net book value	Sale	Gain/(loss) on disposal	Mode of disposal	
	Oliginal COSt	depredation	- Rupees				
Cultus Vxr 993CC	913,000	396,520	516,480	900,000	383,520	Insurance Claim	Adamjee Insurance Limited
Toyota Corolla XLI 1299CC	965,566	745,654	219,912	400,000	180,088	As per negotiation	Mr. Iqbal Memon
Honda CD 70	61,000	59,131	1,869	15,000	13,131	As per negotiation	Mr. Muhammad Nawaz
Auto Bale Plucker FA002 Condensor	405,854	123,519	282,335	254,237	(28,098)	As per negotiation	Haji Shaukat
Automatic Bale Pluckers	960'989	458,444	177,652	49,576	(128,076)	As per negotiation	Muhammad Hafeez
Automatic Bale Pluckers	668,277	460,761	207,516	347,034	139,518	As per negotiation	Muhammad Hafeez
Roving Waste Opener	184,239	161,315	22,924	21,186	(1,738)	As per negotiation	Haji Shaukat
R.N. Beater	102,125	19,983	82,142	72,034	(10,108)	As per negotiation	Haji Shaukat
Reeling Machines Ring Frames	470,257	460,269	886'6	38,402	28,414	As per negotiation	Haji Shaukat
Reeling Machines Rowing Stipper Machine	110,669	108,197	2,472	9,037	6,565	As per negotiation	Haji Shaukat
Reeling Machines Panja Machine	197,402	156,284	41,118	16,120	(24,998)	As per negotiation	Haji Shaukat
Gbr Bale Breaker	398,225	203,296	194,929	169,492	(25,437)	As per negotiation	Haji Shaukat
Murata Cone Winder	553,810	477,248	76,562	170,940	94,378	As per negotiation	Fazal Rehman Fabrics Ltd
Caterpillar Generators	1,289,623	505,299	784,324	683,761	(100,563)	As per negotiation	Fazal Rehman Fabrics Ltd
Ricoh Aficie-2045 Digital Photocopier	68,000	25,225	42,775	38,500	(4,275)	Insurance Claim	Adamjee Insurance Limited
Xeon Quard Core 2 GHz	137,400	44,650	92,750	78,335	(14,415)	Insurance Claim	Adamjee Insurance Limited
Gestetner DSM618 Digital Photocopier	133,681	79,015	54,666	78,211	23,545	Insurance Claim	Adamjee Insurance Limited
Hp-4530 Core Laptop	61,800	11,607	50,193	40,171	(10,022)	Insurance Claim	Adamjee Insurance Limited
Hp Notebook Dv 6700	87,000	35,520	51,480	29,251	(22,229)	Insurance Claim	Adamjee Insurance Limited
Laser Printer Hp 1320N	39,500	25,214	14,286	13,000	(1,286)	Insurance Claim	Adamjee Insurance Limited
Printer Epson LQ 2180	39,800	25,405	14,395	13,000	(1,395)	Insurance Claim	Adamjee Insurance Limited
Air Condition 1.5 Ton	52,850	13,606	39,244	39,800	556	Insurance Claim	Adamjee Insurance Limited
Success Cabinet A/C 4 Ton	124,900	15,921	108,979	57,500	(51,479)	Insurance Claim	Adamjee Insurance Limited
P4 Pc With Monitor	54,940	35,136	19,804	13,000	(6,804)	Insurance Claim	Adamjee Insurance Limited
Printer Hp 2420, Panasonic 722	85,332	65,053	20,279	28,000	7,721	Insurance Claim	Adamjee Insurance Limited
Ups 2Kva	34,733	22,438	12,295	15,600	3,305	Insurance Claim	Adamjee Insurance Limited
Laptop Hp 6535S Core2	55,606	15,311	40,295	34,000	(6,295)	Insurance Claim	Adamjee Insurance Limited
Laptop Hp Core I5 Envy	85,900	9,735	76,165	66,720	(9,445)	Insurance Claim	Adamjee Insurance Limited
Black Berry Curve 9360	19,200	096	18,240	22,100	3,860	Insurance Claim	Adamjee Insurance Limited
2014	8,036,785	4,760,716	3,276,069	3,714,007	437,938		
2013	29,889,796	21,030,747	8,859,049	12,876,043	4,016,994		



6

			2014	2013
		Note	Rupees	Rupees
Intan	gibles	C 1		
ERP s	oftware and licence	6.1 6.2	682,314 505,761	3,122,703 505,761
Good	lwill		1,188,075	3,628,464
6.1	ERP software and licence			2014
	Cost			Rupees
	Balance as at 01 July 2012			10,514,570
	Additions			909,751
	Balance as at 30 June 2013		=	11,424,321
	Balance as at 01 July 2013		_	11,424,321
	Balance as at 30 June 2014		=	11,424,321
	<u>Amortization</u>			
	Balance as at 01 July 2012			7,116,087
	Amortization for the year		_	1,185,531
	Balance as at 30 June 2013		=	8,301,618
	Balance as at 01 July 2013			8,301,618
	Amortization for the year		_	2,440,389
	Balance as at 30 June 2014		=	10,742,007
	Amortization rate per annum (%)			20%
	Carrying amount			
	At 30 June 2013		=	3,122,703
	At 30 June 2014		=	682,314
6.2	<u>Goodwill</u>			
	Cost			
	Balance as at 01 July 2013			505,761
	Balance as at 30 June 2014		-	505,761
			=	

6.2.1 Annual test for impairment

During the year, the Group assessed the recoverable amount of goodwill associated with the acquisition of the Subsidiary Company, by determining the value in use in accordance with the provisions of International Financial Reporting Standards (IFRS). The recoverable amount exceeds the carrying value and hence no impairment is deemed to exist. The management believes that any reasonably possible change to the key assumptions on which the calculation of recoverable amount is based would not cause the carrying amount to exceed the recoverable amount.



Rupees 2013 Rupees 2014 Note

Long term investments (available for sale)

Investment in related parties

- at cost

1,817,108,496 1,564,141,790 252,966,706 1,826,826,899 252,966,706 2,079,793,605 7.1 7.2 Others - at fair value

	Sha	shares	Marke	t value	Market valu	e per share	Percentage	of holding
	2014	2013	2014	2013	2014	2013	2014	2013
Note	Nur		Ru	bees	Rup	ees		

Other - at fair value 7.1

2.88% 2.88% 25 29 1,564,141,790 1,564,141,790 1,826,826,899 1,826,826,899 62,994,031 62,994,031 Fatima Fertilizer Company Limited 7.1.1

7.1.1 It is an associated company due to common directorship, as defined in Companies Ordinance, 1984.

	Shares	Carryin	g value	Percentage	of holding
2014	t 2013	2014	2013	2014	2013
Note	Number	Rup	ees		

Other - at cost 7.2 5.73% 5.73% 252,966,706 252,966,706 252,966,706 252,966,706 25,790,610 25,790,610 7.2.1 Pak Arab Fertilizers Limited

7.2.1 The investment is valued at cost, owing to non-availability of market value of its shares as it is not listed on any of the stock exchanges in Pakistan. Pak Arab Fertilizers Limited is an associated company due to common directorship, as defined in Companies Ordinance, 1984.

Shares of all investee companies are ordinary fully paid-up shares, having a face value of Rs. 10 per share. 7.3



			2014	2013
		Note	Rupees	Rupees
8	Stores, spares and loose tools			
	Stores	8.1	177,984,404	146,582,114
	Spares		239,494,387	159,811,788
	Loose tools		1,250,756	549,005
			418,729,547	306,942,907
	Less: Provision for slow moving items		(1,770,316)	(1,770,316)
			416,959,231	305,172,591

8.1 This includes store in transit of Rs. 70.87 million (2013: Rs. 4.89 million).

		2014	2013
	Note	Rupees	Rupees
Stock-in-trade			
Raw material	9.1	3,911,781,544	4,646,912,278
Work-in-process		307,431,153	205,937,615
		4,219,212,697	4,852,849,893
Finished goods			
Yarn		1,879,605,251	831,554,614
Fabric		450,798,854	244,214,094
		2,330,404,105	1,075,768,708
		6,549,616,802	5,928,618,601
	Work-in-process Finished goods Yarn	Stock-in-trade Raw material 9.1 Work-in-process Finished goods Yarn	Note Rupees Stock-in-trade Rupees Raw material 9.1 3,911,781,544 Work-in-process 307,431,153 4,219,212,697 Finished goods 7arn Fabric 1,879,605,251 450,798,854 2,330,404,105

- 9.1 This includes raw material in transit of Rs. 282.83 million (2013: Rs. 337.96 million).
- **9.2** During the year, adjustments have been incorporated in the stock-in-trade in accordance with the policy mentioned in note 4.17.

		2014	2013
10 Trade debts	Note	Rupees	Rupees
Considered good			
Export - secured	10.1	1,213,351,315	608,024,072
Local - unsecured	10.2	1,890,669,678	1,387,603,732
		3,104,020,993	1,995,627,804

- **10.1** These are secured through banks by letters of credit.
- 10.2 These include due from following associated undertakings on account of trading activities.



		Note	2014 Rupees	2013 Rupees
	Fazal Rehman Fabrics Limited		155,381,219	138,795,584
	Amir Fine Exports (Private) Limited		8,400	8,400
	Reliance Weaving Mills Limited		1,836,415	
			157,226,034	138,803,984
11	Loans and advances			
	Considered good			
	Due from associated undertaking / related party		-	9,681,589
	Others			
	Advances to:			
	- Suppliers and contractors		87,099,970	117,989,180
	Advances for issue of shares - related party	11.1	651,081,694	-
	Loan to:			
	- Executives	11.2	844,583	450,000
	- Other employees		7,468,937	6,335,528
	Letters of credit		8,430,770	6,321,583
			754,925,954	140,777,880

- 11.1 It represents advance paid to Fatima Energy Limited, an associated company, and Multan Real Estate Company (Private) Limited for making investment in ordinary shares of these companies. Provisions of section 208 of the Companies Ordinance, 1984 have been fully complied with in this regard.
- **11.2** Maximum aggregate amount due from executives at any month end during the year was Rs. 1.1 million (2013: Rs. 0.45 million).

		2014	2013
	Note	Rupees	Rupees
12 Trade deposits and short term prepayments			
Deposits		-	4,587,000
Prepayments		3,431,538	2,068,581
		3,431,538	6,655,581
13 Other receivables			
Insurance claim receivable		1,441,213	909,492
Dividend receivables on investments		177,653,670	3,868,592
Cash margin		150,000,000	-
		329,094,883	4,778,084



		Percentage of holding 2013	0.43%	0.04%
		Percenta 2014	0.43%	0.04%
2013 Rupees 168,495,058 15,648,271 184,143,329	6,351,797 190,495,126 161,891,600 28,603,526 190,495,126	Fair value 2013	161,891,600	28,603,526
2014 Rupees 161,891,600 28,603,526		Fair 2014 Fair	00 189,080,000 189,080,000	38,188,181 38,188,181
Note	14.1	Shares 2013 -Number	6,520,000	89,280
or loss	0 June	2014 Nu	6,520,000	98,208
Short term investments Investments at fair value through profit or loss These investments are 'held for trading' Carrying value at 30 June: Related parties Others	Unrealized gain on re-measurement of investment - during the year Fair value of short term investments at 30 June comprises of: Related parties Others		Fatima Fertilizer Company Limited Held for trading - others	Pakistan State Oil Company Limited
41		14.1	14.2	

14.3 Shares of all investee companies are ordinary fully paid-up shares, having a face value of Rs. 10/- per share.



						2014	2013
15	Cash a	nd bank balance	s		Note	Rupees	Rupees
13	Cash ir		•			7,249,385	4,114,514
	- Curr	ent accounts ng accounts			15.1	352,405,848 407,838	211,585,644 1,697,836
	Javii	18 dood dillo			13.1	352,813,686	213,283,480
						360,063,071	217,397,994
	15.1	Rate of interest	and mark up o	on saving accounts ranges from 5	5.5% to 7	% (2013: 6% to 7%	6) per annum.
16	Issued	, subscribed and	paid-up capita	I			
		2014 (Number o	2013		Note	2014	2013
		(Number o	r snares)		note		
		1,000,000	1,000,000	Ordinary shares of Rs.10 each fully paid in cash		10,000,000	10,000,000
		9,187,200 19,812,800	9,187,200 14,812,800	Ordinary shares of Rs.10 each fully paid as right shares Ordinary shares of Rs.10 each		91,872,000	91,872,000
		19,812,800	14,012,000	issued as bonus shares	16.1	198,128,000	148,128,000
		30,000,000	25,000,000			300,000,000	250,000,000
	16.1	Movement of bo	2			148,128,000	124,128,000
		Add: Bonus sha		ing the year 000) ordinary shares of Rs. 10 ea	ach)	50,000,000	24,000,000
		(3,000,000	7 (2013. 2,400,	ood, ordinary shares of hs. 10 ea	aciij	198,128,000	148,128,000
	16.2	As at the balance	e sheet date, o	rdinary shares held by an associ	ated com		
						2014 (Percentage	2013 of holding)
		Amir Fine Expor	ts (Private) Lin	nited		24.49	24.48
						2014 (Number o	2013 of shares)
		Amir Fine Expor	rts (Private) Lin	nited		7,346,226	6,119,941



		2014	2013
	Note	Rupees	Rupees
17 Capital reserves			
Share premium			
Issue of 3,168,000 ordinary shares of Rs. 10 each			
@ Rs. 20 per share issued during 2001		63,360,000	63,360,000
Issue of 2,851,200 ordinary shares of Rs. 10 each			
@ Rs. 5 per share issued during 2002		14,256,000	14,256,000
	17.1	77,616,000	77,616,000
Capital redemption reserve	17.2	175,000,000	175,000,000
Fair value reserve		1,058,645,242	795,960,133
		1,311,261,242	1,048,576,133
		1 6 1	

- 17.1 The share premium reserve can be utilized by the Company only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.
- 17.2 This represents capital redemption reserve created for the purpose of redemption of preference shares.

18 Surplus on revaluation of fixed assets	2014 Rupees	2013 Rupees <i>Restated</i>
Surplus on revaluation of fixed assets as at 1 July	4,210,203,989	4,377,674,509
Surplus transferred to equity:		
 -on account of incremental depreciation charged during the year - net of tax -on account of disposal of assets during the year-net of tax -related deferred tax liability 	(122,690,823) - (36,021,386) (158,712,209) 4,051,491,780	(126,620,334) (11,572,351) (29,277,835) (167,470,520) 4,210,203,989
Less: Related deferred tax liability on		
Opening balance of revaluation Incremental depreciation charged on related assets	646,689,872 (36,021,386) 610,668,486	675,967,707 (29,277,835) 646,689,872
	3,440,823,294	3,563,514,117



		2014	2013
	Note	Rupees	Rupees
19 Long term financing - secured			
Banking Companies			
Askari Bank Limited			
- Term finance - VI under LTF-EOP scheme	19.1	3,366,000	6,732,000
 Term finance - under LTF-EOP scheme 	19.2	29,544,334	44,316,501
- Term finance - VII	<i>19.3</i> (a)	45,656,715	63,919,399
 Term finance - VII under LTFF scheme 	<i>19.3</i> (b)		8,997,029
- Term finance - VIII	<i>19.4</i> (a)		62,970,147
- Term finance - VIII under LTFF scheme	<i>19.4</i> (b)		38,608,496
		165,343,978	225,543,572
Soneri Bank Limited			
- Term finance	19.5	7,900,000	24,300,000
- Term finance	19.6	38,888,889	50,000,000
- Term finance	19.7	149,927,045	149,927,045
- Term finance	19.8	350,000,000	350,000,000
- 1- 1- 1- 1- 1- 1- 1- 1- 1- 1- 1- 1- 1-		546,715,934	574,227,045
Faysal Bank Limited	10.0	F0 000 000	100,000,000
- Term finance	19.9	50,000,000	100,000,000
- Term finance - Term finance	19.10	180,000,000	200,000,000
- Term finance - Term finance under LTFF scheme	19.11 (a) 19.11 (b)		237,586,502
- Term finance	19.11 (b) 19.12	104,733,582 200,000,000	112,413,498 200,000,000
- Term illiance	19.12	748,561,434	850,000,000
Habib Bank Limited		740,301,434	830,000,000
- Demand finance	19.13 (a)	17,949,091	53,847,275
- Demand finance under LTF-EOP scheme	19.13 (b)		14,421,115
- Term finance	19.14	8,371,650	-
		34,973,346	68,268,390
National Bank of Pakistan			
- Demand finance - IV	19.15	80,000,000	120,000,000
- Demand finance - III	<i>19.16</i> (a)	50,942,440	71,318,646
- Demand finance - III under LTFF scheme	<i>19.16</i> (b)	22,944,483	32,122,277
- Demand finance - VI	<i>19.17</i> (a)	165,733,760	207,167,200
- Demand finance - VI under LTFF scheme	<i>19.17</i> (b)	50,266,240	62,832,800
		369,886,923	493,440,923
United Bank Limited			
- Demand finance-I B	19.18	-	26,288,424
- Demand finance-I C	19.19	-	10,000,000
- Demand finance-II	19.20 (a)		17,130,000
- Demand finance- under LTF-EOP scheme	<i>19.20</i> (b)	2,517,000	7,551,000
- Demand finance-III under LTF-EOP scheme	19.21	-	2,311,576
- Demand finance-IV under LTF-EOP scheme	19.22	-	4,166,670
- Demand Finance	19.23	200,000,000	<u> </u>
		202,517,000	67,447,670
MCB Bank Limited	40.24	000 444 00-	220 751 515
- Demand finance under LTFF scheme	19.24	262,441,325	320,761,619



			2014	2012
	A/-4-		2014	2013
All's Library Library	Note		Rupees	Rupees
Allied Bank Limited	10.25 /	_\ Г	10 120 005	F4 414 24C
- Demand finance	•	a)	18,138,085	54,414,246
- Demand finance under LTF-EOP scheme		p)	9,709,397	14,617,984
- Demand finance under LTFF scheme	19.25 (·	226,694	680,074
- Term loan - 2	•	a)	99,178,217	129,319,516
- Term loan - 2 under LTFF scheme		b)	75,971,715	96,830,415
- Term loan - 3	19.27 (168,720,453	216,669,192
- Term loan - 3 under LTFF scheme	19.27 (· 1	7,198,915	8,998,645
- Term loan- 4	•	a)	559,583,815	621,759,795
- Term loan - 4 under LTFF scheme	19.28 (b)	3,816,184	4,240,205
- Term loan - 5	19.29		218,431,188	218,431,188
- Term loan - 6 under LTFF scheme	19.30		500,000,000	-
			1,660,974,663	1,365,961,260
Pak Kuwait Investment Company				
(Private) Limited				
- Term finance	19.31		150,000,000	210,000,000
- Term finance - 2	19.32	L	260,000,000	-
			410,000,000	210,000,000
Saudi Pak Industrial and Agricultural				
Investment Company Limited		. –		
- Term finance	•	a)	81,649,999	99,794,666
- Term finance under LTFF scheme	19.33 (b)	105,850,002	129,372,001
			187,500,001	229,166,667
Pak Brunei Investment Company Limited		_		
- Term finance under LTFF scheme	19.34		183,327,050	199,995,050
- Term finance	19.35		175,000,000	200,000,000
			358,327,050	399,995,050
Pak Oman Investment Company Limited				
- Term finance under LTFF scheme	19.36		84,998,300	99,998,000
- Term finance	19.37		250,000,000	-
			334,998,300	99,998,000
Bank Al Falah Limited				
- Term finance	19.38		325,000,000	325,000,000
NIB Bank Limited				
	10.20		900 000 000	
- Term finance	19.39		800,000,000	-
The Bank of Khyber				
- Term finance	19.40		335,743,526	-
The Bank of Punjab				
- Term finance under LTFF scheme	10 11		240 602 120	
	19.41		249,602,128	-
Allied Bank Limited				
- Term finance	19.42		700,000,000	-
MCB Bank Limited				
- Demand finance	19.43		549,999,000	_
		_	8,242,584,608	5,229,810,196
Less:			5,2 12,504,600	3,223,310,130
Current portion grouped under current liabilities			1,026,908,631	837,688,363
carrent portion grouped under current habilities		_	7,215,675,977	4,392,121,833
		_	.,==3,073,377	7,332,121,033



19.1 Askari Bank Limited - TF-VI under LTF-EOP scheme

This finance has been obtained for the purpose of disbursement and retirement of letters of credit of Meezan Bank Limited opened for import of Caterpillar Gas Generator Set. During the year 2008 this finance was approved and refinanced by the State Bank of Pakistan (SBP) under LTF-EOP scheme. This finance is repayable in 12 half yearly installments commencing from July 10, 2008 after a grace period of one year. However, during the year 2009, SBP has allowed grace period of one year starting from January 01, 2009 to December 31, 2009 and accordingly last installment is due on January 26, 2015. This finance carried mark up at the rate of 6 months KIBOR + 2.50% per annum before refinancing by SBP under LTF-EOP scheme, however, after approval and refinancing by SBP under LTF-EOP, it carries mark up at the rate of SBP rate + 2.00% per annum. During the year mark up was charged at the rate of 7.00% per annum (2013: 7.00% per annum). This finance was secured against 1st Joint pari passu charge/mortgage of Rs.723.500 million on all present and future fixed assets of the Group and personal guarantees of the sponsoring directors of the Group.

19.2 Askari Bank Limited - TF under LTF-EOP scheme

This finance has been disbursed during the year 2008 for the purpose of retirement of letters of credit opened for import of Caterpillar Gas Generator Sets. This finance was approved and refinanced by the State Bank of Pakistan (SBP) under LTF-EOP scheme. This finance is repayable in 12 half yearly equal installments of principal amount commencing after a grace period of one year. However, during the year 2009 SBP has allowed grace period of one year starting from January 01, 2009 to December 31, 2009 and accordingly last installment is due on June 08, 2016. It carries mark up at the rate of SBP rate + 2.00% per annum. During the year mark up was charged at the rate of 7.00% per annum (2013: 7.00% per annum.). It is secured against the security as stated in note 19.1.

19.3 (a) Askari Bank Limited - TF-VII

This finance has been obtained for the purpose of retirement of letters of credit opened for import of textile machinery. It is repayable within a period of eight years including two years grace period in 12 half yearly equal installments of principal amount and accordingly last installment is due on September 26, 2016. This finance carries markup at the rate of 6 months KIBOR + 1.25% per annum with floor of 4.25% per annum. During the year markup was charged at the rates ranging from 10.34% per annum to 11.40% per annum (2013: from 10.63% per annum to 13.31% per annum). It is secured against the security as stated in note 19.1.

19.3 (b) Askari Bank Limited - TF-VII under LTFF scheme

During the year 2010, an amount of Rs. 15.423 million out of Term Finance VII of Askari Bank Limited was approved and refinanced by the State Bank of Pakistan (SBP) under LTFF scheme against imported textile machinery eligible under the scheme. This finance is repayable in 12 equal installments of principal amount. Last installment is falling due on September 30, 2016. This finance carries mark up at the rate of SBP rate + 3.00 % per annum. During the year mark up was charged at the rate of 10.50% per annum (2013: 10.50% per annum) . It is secured against the security as stated in note 19.1.



19.4 (a) Askari Bank Limited - TF-VIII

This finance has been obtained during the year 2010 for the purpose of retirement of letters of credit opened for import of textile machinery. It is repayable within a period of eight years including two years grace period in 12 half yearly equal installments of principal amount. Last installment is falling due on December 23, 2017. This finance carries markup at the rate of 6 months KIBOR + 2.00% per annum. During the year markup was charged at the rates ranging from 11.09% per annum to 12.15% per annum (2013: 11.38% per annum to 14.06% per annum). It is secured against the security as stated in note 19.1.

19.4 (b) Askari Bank Limited - TF-VIII under LTFF scheme

During year 2011 an amount of Rs. 19.204 million and during the year 2010, an amount of Rs. 32.7 million, out of Term Finance VIII of Askari Bank Limited were approved and refinanced by the State Bank of Pakistan (SBP) under LTFF scheme against imported textile machinery eligible under the scheme. This finance is repayable in 12 equal installments of principal amount. Last installment is falling due on December 23, 2017. This finance carries mark up at the rate of SBP rate + 3.00% per annum. During the year mark up was charged at the rate of 10.50% per annum (2013: 10.50% per annum). It is secured against the security as stated in note 19.1.

19.5 Soneri Bank Limited - TF

During the year 2009, a term finance amounting to Rs. 82 million was obtained for BMR projects and retirement of letters of credit. It is repayable within a period of 6 years including one year grace period in 10 equal semi annual installments of principal amount. Last installment is falling due on July 24, 2014. It carried mark up at the rate of 6 months KIBOR + 1.25% per annum which was reduced during the current year to 3 months KIBOR + 1.25% per annum. During the year mark up was charged at the rates ranging from 10.31% to 11.31% per annum (2013: 10.61% to 13.25% per annum). It is secured against 1st joint pari passu charge/mortgage of Rs. 834 million over all present and future fixed assets of the Group and personal guarantees of the sponsoring directors of the Group.

19.6 Soneri Bank Limited - TF

During the year 2012, a term finance amounting to Rs. 50 million was obtained from Soneri Bank Limited for ongoing BMR projects. It is repayable within the period of six years inclusive of one & half year grace period in 9 semi annual equal installments of principal amount. Last installment is falling due on October 19, 2017. It carried mark up at the rate of 6 months KIBOR + 2.00% per annum which was reduced during the current year to 3 months KIBOR + 1.25% per annum. During the year mark up was charged at the rates ranging from 10.31% to 11.42% per annum (2013: 11.36% to 14.00% per annum). It is secured against the security as stated in note 19.5.

19.7 Soneri Bank Limited-TF

During the year 2013, a term finance of Rs. 149.927 million was obtained from Soneri Bank Limited to finance the retirement of letters of credit opened for import of textile machinery. It is repayable within the period of seven years inclusive of two years grace period in ten half yearly equal installments of principal amount. Last installment is falling due on December 11, 2019. It carried mark up at the rate of 6 months KIBOR + 1.75% per annum which was reduced during the current year to 3 months KIBOR + 1.25% per annum. During the year mark up was charged at the rates ranging from 10.81% to 11.31% per annum (2013: 11.10% to 11.24% per annum). It is secured against the security as stated in note 19.5.



19.8 Soneri Bank Limited- TF

During the year 2013, a term finance of Rs. 350 million was obtained from Soneri Bank Limited for BMR projects. It is repayable within the period of seven years inclusive of two years grace period in ten half yearly equal installments of principal amount. Last installment is falling due on August 27, 2019. It carried mark up at the rate of 6 months KIBOR + 1.75% per annum which was reduced during the current year to 3 months KIBOR + 1.25% per annum. During the year mark up was charged at the rates ranging from 10.31% to 11.42% per annum (2013: 11.11% to 12.28% per annum). It is secured against the security as stated in note 19.5.

19.9 Faysal Bank Limited - TF

This finance was obtained during the year 2009 to finance the import of textile machinery and existing fixed assets. It is repayable within a period of 6 years including two years grace period in 8 equal semi annual installments of principal amount. Last installment is falling due on June 18, 2015. It carried mark up at the rate of 6 months KIBOR + 2.50% per annum which was reduced during the current year to 6 months KIBOR + 2.25% per annum. During the year mark up was charged at the rates ranging from 11.94% to 12.64% per annum (2013: 11.90% to 14.53% per annum). It is secured against 1st joint pari passu charge/mortgage of Rs.1,269 million over all present and future fixed assets of the Group and personal guarantees of the sponsoring directors.

19.10 Faysal Bank Limited - TF

This finance was obtained during the year 2012 for the purpose of partially financing the additional cost of ongoing expansions and BMR projects. It is repayable within the period of seven years inclusive of two years grace period in 10 semi annual equal installments of principal amount. Last installment is falling due on July 20, 2018. It carried mark up at the rate of 6 months KIBOR + 2.25% per annum which was reduced during the current year to 6 months KIBOR + 1.75% per annum. During the year mark up was charged at the rates ranging from 11.35% to 12.39% per annum (2013: 11.60% to 14.24% per annum). This finance is secured against security as stated in note 19.9.

19.11 (a) Faysal Bank Limited - TF

During the year 2012, a term finance / LTFF amounting to Rs. 350 million was obtained from Faysal Bank Limited for retirement of letters of credits opened for imported plant and machinery. It is repayable within the period of seven years inclusive of two years grace period in 10 semi annual equal installments of principal amount. It carried mark up at the rate of 6 months KIBOR + 2.25% per annum which was reduced during the current year to 6 months KIBOR + 2.00% per annum. During the year mark up was charged at the rates ranging from 11.52% to 12.18% per annum (2013: 12.01% to 14.50% per annum). This finance is secured against the security as stated in note 19.9.

19.11 (b) Faysal Bank Limited - Term Finance under LTFF scheme

During the year 2012, an amount of Rs. 112.413 million out of Term Finance of Rs. 350 million of Faysal Bank Limited were approved and refinanced by the State Bank of Pakistan (SBP) under LTFF scheme against imported textile machinery eligible under the scheme. This finance is repayable in 10 equal installments of principal amount after grace period of two years. This finance carries mark up at the rate of SBP rate + 3.00% per annum. During the year mark up was charged at the rate of 12.70% per annum (2013: 12.70% per annum). It is secured against the security as stated in note 19.9.



19.12 Faysal Bank Limited - TF

During the year 2013, a term finance of Rs. 200 million was obtained from Faysal Bank Limited to finance the retirement of Letters of Credit opened for import of textile machinery. It is repayable within the period of seven years inclusive of two years grace period in 10 half yearly equal installments of principal amount. It carried mark up at the rate of 6 months KIBOR + 2.00% per annum which was reduced during the current year to 6 months KIBOR + 1.75% per annum. During the year mark up was charged at the rates ranging from 11.08% to 12.13% per annum (2013: 11.35% to 11.50% per annum). It is secured against the security as stated in note 19.9.

19.13 (a) Habib Bank Limited - DF

This finance was disbursed for the purpose of retirement of letters of credit and swap of other expensive term finances. This finance is repayable with in seven years inclusive of one year grace period in 12 half yearly equal installments of principal amount. Last installment is falling due on November 20, 2014. It carries mark up at the rate of 6 months KIBOR + spreads of 1.00% per annum for first year, 1.25% per annum for second year and 1.50% per annum from third year to onward. During the year mark up was charged at the rates ranging from 11.09% to 11.64% per annum (2013: 10.99% to 13.52% per annum). It is secured against 1st joint pari passu charge/mortgage of Rs. 694 million on all present and future fixed assets of the Group and personal guarantees of the sponsoring directors of the Group.

19.13 (b) Habib Bank Limited - DF under LTF- EOP scheme

During the year 2009 an amounts of Rs. 0.923 million and year 2008 an amount of Rs. 33.687 million out of Demand Finance of Habib Bank Limited were approved and refinanced by the State Bank of Pakistan (SBP) under LTF-EOP scheme against the imported textile machinery. This finance is repayable in 12 equal half yearly installments of principal amount. However, during the year 2009, SBP has allowed grace period of one year starting from January 01, 2009 to December 31, 2009 and accordingly last installment is due on November 19, 2015. Last installment is falling due on November 19, 2015. This finance carries mark up at the rate of SBP rate + 2.00% per annum. During the year mark up was charged at the rate of 7.00% per annum (2013: 7.00% per annum). This finance is secured against the security as stated in note 19.13(a).

19.14 Habib Bank Limited - TF

During the current year, a term finance of Rs. 8.372 million has been obtained from Habib Bank Limited to finance the retirements of letters of credit opened for import of textile machinery for expansion/BMR of existing weaving and spinning units of the Group. It is repayable within the period of seven years inclusive of one year grace period in twelve half yearly equal installments of principal amount. Last installment is falling due on June 22, 2021. It carries mark up at the rate of 6 months KIBOR + 1.25% per annum. During the year mark up was charged at the rate of 11.42% per annum. It is secured against the security as stated in note 19.13(a).



19.15 National Bank of Pakistan - DF- IV

This finance has been obtained during the year 2010 for the purpose of re-profiling of balance sheet to ease out cash flow burdens owing to repayments of long term loans. It is repayable within a period of six years including one year grace period in 10 half yearly equal installments of principal amount. Last installment is falling due on March 16, 2016. This finance carries markup at the rate of 6 months KIBOR + 2.00% per annum. During the year markup was charged at the rates ranging from 11.09% to 12.15% per annum (2013: 11.38% to 14.06% per annum). It is secured against 1st joint pari passu charge/mortgage of Rs. 3,300 million on all present and future fixed assets of the Group and personal guarantees of the sponsoring directors of the Group.

19.16 (a) National Bank of Pakistan - DF III

During the year 2012, a demand finance amounting to Rs. 147.772 million was obtained from National Bank of Pakistan for retirement of 720 days letters of credits opened for imported plant and machinery. It is repayable within the period of five years without grace in 10 semi annual equal installments of principal amount. Last installment is falling due on December 2, 2016. It carries mark up at the rate of 6 months KIBOR + 2.00% per annum. During the year mark up was charged at the rates ranging from 11.09% to 12.15% per annum (2013: 11.38% to 14.06% per annum). This finance is secured against the security as stated in note 19.15.

19.16 (b) National Bank of Pakistan - DF III under LTFF scheme

During the year 2012, an amount of Rs. 45.889 million out of Demand Finance III of National Bank of Pakistan were approved and refinanced by the State Bank of Pakistan (SBP) under LTFF scheme against imported textile machinery eligible under the scheme. This finance is repayable in 10 equal installments of principal amount. Last installment is falling due on December 2, 2016. This finance carries mark up at the rate of SBP rate + 3.00 % per annum. During the year mark up was charged at the rate of 12.60% per annum (2013: 12.60% per annum). It is secured against the security as stated in note 19.15.

19.17 (a) National Bank of Pakistan - DF VI

This finance amounting to Rs. 270 million has been obtained from National Bank of Pakistan for retirement of letters of credits opened for imported plant and machinery. It is repayable within the period of six years inclusive of one year grace period in 10 semi annual equal installments of principal amount. It carries mark up at the rate of 6 months KIBOR + 2.00% per annum. During the year mark up was charged at the rates ranging from 11.09% to 12.15% per annum (2013: 11.88% to 14.56% per annum). This finance is secured against the security as stated in note 19.15.

19.17 (b) National Bank of Pakistan - DF VI under LTFF scheme

During the year 2013, an amount of Rs. 62.833 million out of Demand Finance VI of National Bank of Pakistan were approved and refinanced by the State Bank of Pakistan (SBP) under LTFF scheme against imported textile machinery eligible under the scheme. This finance is repayable in 10 equal installments of principal amount. Last installment is falling due on May 22, 2018. This finance carries mark up at the rate of SBP rate + 3.00 % per annum. During the year mark up was charged at the rate of 11.20% per annum (2013: 11.20% per annum). It is secured against the security as stated in note 19.15.



19.18 United Bank Limited - DF-I B

This finance was obtained for retirement of import documents of plant and machinery. It was repayable in 10 bi-annual installments of principal amount commencing from March 31, 2009 after grace period of 2 years. This finance was fully repaid during the current year. Originally it carried markup at the rate of 6 months KIBOR + 2.00% per annum. During the year 2008, pricing was reduced to 3 months KIBOR + 1.00% per annum. However, during the year 2009, spread was revised to 1.50% per annum. During the year markup was charged at the rates ranging from 10.58% to 11.56% per annum (2013: 10.81% to 13.49% per annum). It is secured against 1st joint pari passu charge/mortgage of Rs. 1,100 million on all present and future fixed assets of the Group and personal guarantees of the sponsoring directors of the Group.

19.19 United Bank Limited- DF-I C

This finance was obtained for the purpose of incurring capital expenditures. It was repayable in 10 bi-annual installments of principal amount commencing from September 30, 2009 after grace period of 2 years. This finance was fully repaid during the current year. Originally it carried markup at the rate of 6 months KIBOR + 2.25% per annum. During the year 2008, pricing was reduced to 3 months KIBOR + 1.50% per annum. During the year markup was charged at the rates ranging from 10.58% to 11.67% per annum (2013: 10.81% to 13.49% per annum). It is secured against the security as stated in note 19.18.

19.20 (a) United Bank Limited - DF- II

This finance was obtained for retirement of import documents of plant and machinery. It was repayable in 12 equal semi-annual installments of principal amount with no grace period. Originally it carried markup at the rate of 6 months KIBOR + 2.00% per annum. This finance was fully repaid during the current year. During the year 2008, pricing was reduced to 3 months KIBOR + 1.00% per annum. However, during the year 2009, spread was revised to 1.50% per annum. During the year markup was charged at the rates ranging from 10.58% to 11.56% per annum (2013: 10.81% to 13.49% per annum). It is secured against the security as stated in note 19.18.

19.20 (b) United Bank Limited - DF under LTF-EOP scheme

During the year 2008, an amount of Rs. 30.204 million out of Demand Finance II of United Bank Limited was approved and refinanced by the State Bank of Pakistan (SBP) under LTF-EOP scheme against the imported textile machinery eligible under the scheme. It is repayable in 12 equal semi annual installments of principal amount. However, during the year 2009, SBP has allowed grace period of one year starting from January 01, 2009 to December 31, 2009 and accordingly last installment is due on July 31, 2014. This finance carries mark up at the rate of SBP rate + 2.00% per annum. During the year mark up was charged at the rate of 7.00% per annum (2013: 7.00% per annum). This finance is secured against the security as stated in note 19.18.



19.21 United Bank Limited - DF-III under LTF-EOP scheme

During the year 2007, an amount of Rs. 23.116 million out of Demand Finance I B of United Bank Limited was approved and refinanced by the State Bank of Pakistan (SBP) under LTF-EOP scheme against the imported textile machinery eligible under the scheme. This finance was fully repaid during the current year. It is repayable in 10 equal semi annual installments of principal amount. However, during the year 2009, SBP has allowed one year grace period starting from January 01, 2009 to December 31, 2009 and accordingly last installment is due on July 20, 2013. This finance carries mark up at the rate of SBP rate + 2.00% per annum. During the year mark up was charged at the rate of 7.00% per annum (2013: 7.00% per annum). This finance is secured against the security as stated in note 19.18.

19.22 United Bank Limited - DF-IV under LTF-EOP scheme

This finance was obtained under LTF-EOP scheme of State Bank of Pakistan (SBP) for swap of an amount of Rs. 50 million out of outstanding Diminishing Muskarika Finance of Meezan Bank Limited. This finance was approved and refinanced by the SBP under LTF-EOP scheme against the eligible textile machinery imported through Meezan Bank Limited. It was repayable in 24 equal quarterly installments of principal amount . However, during the year 2009, SBP has allowed grace period of one year starting from January 01, 2009 to December 31, 2009 and accordingly last installment is due on October 10, 2013. This finance was fully repaid during the current year. This finance carried mark up at the rate of SBP rate + 2.00% per annum. During the year mark up was charged at the rate of 7.00% per annum (2013: 7.00% per annum). It is secured against the security as stated in note 19.18.

19.23 United Bank Limited - Demand Finance

During the current year a demand finance of Rs. 200 million has been obtained from United Bank Limited to finance the Capex/ BMR in the mills/ for retirement of local letters of credit opened for the purchase of local plant, machinery, equipments,/expansion/BMR. It is repayable within the period of six years inclusive of one year grace period in ten half yearly equal installments of principal amount. Last installment is falling due on September 3, 2019. It carries mark up at the rate of 3 months KIBOR + 1.00% per annum. During the year mark up was charged at the rates ranging from 10.06% to 11.20 % per annum. It is secured against the security as stated in note 19.18.

19.24 MCB Bank Limited - Demand Finance under LTFF scheme

During the year 2012, a demand finance / LTFF amounting to Rs. 349.922 million has been obtained from MCB Bank Limited for retirement of letters of credits opened for imported plant and machinery. It is repayable within the period of seven years inclusive of one year grace period in 12 semi annual equal installments of principal amount. Entire amount was refinanced by the State Bank of Pakistan (SBP) under LTFF scheme as entire imported machinery was qualified under LTFF scheme. It carries mark up at the rate of SBP rate + 3% per annum. During the year mark up was charged at the rate of 12.70% per annum (2013: 12.70 per annum). This finance is secured against 1st joint pari passu charge/ mortgage of Rs. 949 million on all present and future fixed assets of the Group and personal guarantees of the sponsoring directors of the Group.



19.25 (a) Allied Bank Limited - DF

This finance has been obtained for retirement of letters of credit opened for import of plant and machinery. It is repayable with in a period of seven years including one year grace period in 12 equal bi-annual installments of principal amount. Last installment is falling due on July 04, 2014. Originally it carried markup at the rate of 6 months KIBOR + 2.50% per annum. During the year 2008, pricing was reduced to 6 months KIBOR + 1.50% per annum. During the year markup was charged at the rates ranging from 10.59% to 12.65% per annum (2013: 10.88% to 13.56% per annum). It is secured against 1st joint pari passu charge/mortgage of Rs. 2,640 million on all present and future fixed assets of the Group and personal guarantees of the sponsoring directors of the Group.

19.25 (b) Allied Bank Limited - DF under LTF-EOP scheme

During the year 2009 an amount of Rs. 1.293 million and year 2008 an amount of Rs. 28.158 million out of Demand Finance of Allied Bank Limited were approved and refinanced by the State Bank of Pakistan (SBP) under LTF-EOP scheme against the imported textile machinery eligible under the scheme. It is repayable in 12 equal semi annual installments of principal amount commencing from November 13, 2009 after a grace period of one year. However, during the year 2009, SBP has allowed one year grace period starting from January 01, 2009 to December 31, 2009 and accordingly last installment is due on May 16, 2016. This finance carries mark up at the rate of SBP rate + 2.00% per annum. During the year mark up was charged at the rate of 7.00% per annum (2013: 7.00% per annum). This finance is secured against the security as stated in note 19.25(a).

19.25 (c) Allied Bank Limited - DF under LTFF scheme

During the year 2010, an amount of Rs. 2.267 million out of Demand Finance of Allied Bank Limited was approved and refinanced by the State Bank of Pakistan (SBP) under LTFF scheme against imported textile machinery eligible under the scheme. This finance is repayable in remaining 10 equal installments of principal amount. Last installment is falling due on July 04, 2014. This finance carries mark up at the rate of SBP rate + 2.50 % per annum. During the year mark up was charged at the rate of 9.00% per annum (2013: 9.00% per annum). It is secured against the security as stated in note 19.25(a).

19.26 (a) Allied Bank Limited - TL-2

This finance was obtained during the year 2012 and year 2010 for the purpose of retirement of letters of credit opened for import of textile machinery. It is repayable within a period of seven years including two years grace period in 10 half yearly equal installments of principal amount. Last installment is falling due on December 13, 2017. This finance carries markup at the rate of 6 months KIBOR + 2.15% per annum. During the year markup was charged at the rates ranging from 11.24% to 12.30% per annum (2013: 11.53% to 14.21% per annum). It is secured against the security as stated in note 19.25(a).



19.26 (b) Allied Bank Limited - TL-2 under LTFF scheme

During year 2012 an amount of Rs. 79.417 million and during 2010 an amount of Rs. 24.877 million out of Term Loan-2 of Allied Bank Limited were approved and refinanced by the State Bank of Pakistan (SBP) under LTFF scheme against imported textile machinery eligible under the scheme. This finance is repayable in 10 equal installments of principal amount. Last installment is falling due on December 13, 2017. This finance carries mark up at the rate of SBP rate + 3.00 % per annum. During the year mark up was charged at the rates ranging from 10.25% to 11.20% per annum (2013: 10.25% to 11.20% per annum). It is secured against the security as stated in note 19.25(a).

19.27 (a) Allied Bank Limited - TL-3

This finance amounting to Rs. 248.742 million has been obtained during the year 2011 for the purpose of retirement of letters of credit opened for import of textile machinery. It is repayable within a period of seven years inclusive of grace period of two years in 10 half yearly equal installments of principal amount. Last installment is falling due on November 23, 2017. This finance carries markup at the rate of 6 months KIBOR + 2.15% per annum. During the year markup was charged at the rates ranging from 11.24% to 12.30% per annum (2013: 11.53% to 14.21% per annum). It is secured against the security as stated in note 19.25(a).

19.27 (b) Allied Bank Limited - TL-3 under LTFF scheme

During the year 2011 an amount of Rs. 8.998 million out of Term Loan-3 of Allied Bank Limited were approved and refinanced by the State Bank of Pakistan (SBP) under LTFF scheme against imported textile machinery eligible under the scheme. This finance is repayable in 10 equal installments of principal amount after grace period of two years. Last installment is falling due on November 23, 2017. This finance carries mark up at the rate of SBP rate + 3.00% per annum. During the year mark up was charged at the rate of 11.20% per annum (2013: 11.20% per annum). It is secured against the security as stated in note 19.25(a).

19.28 (a) Allied Bank Limited - Term Loan 4

During the year 2012, a term finance amounting to Rs. 626 million has been obtained from Allied Bank Limited for retirement of letters of credits opened for imported plant and machinery. It is repayable within the period of seven years inclusive of two years grace period in 10 semi annual equal installments of principal amount. It carries mark up at the rate of 6 months KIBOR + 2.50% per annum. During the year mark up was charged at the rates ranging from 11.24% to 12.65% per annum (2013: 11.88% to 14.56% per annum). This finance is secured against the security as stated in note 19.25(a).

19.28 (b) Allied Bank Limited - Term Loan 4 under LTFF scheme

During the year 2012, an amount of Rs. 4.240 million out of Term Finance-4 of Allied Bank Limited was approved and refinanced by the State Bank of Pakistan (SBP) under LTFF scheme against imported textile machinery eligible under the scheme. This finance is repayable in 10 equal installments of principal amount. Last installment is falling due on November 4, 2018. This finance carries mark up at the rate of SBP rate + 3.00% per annum. During the year mark up was charged at the rate of 12.70% per annum (2013: 12.70 % per annum). It is secured against the security as stated in note 19.25(a).



19.29 Allied Bank Limited - Term Loan 5

During the year 2013, a term finance of Rs. 218.431 million was obtained from Allied Bank Limited to finance the retirement of letters of credit opened for import of textile machinery. It is repayable within the period of eight years, from the date of disbursement of 50% of this facility, inclusive of two years grace period in twelve half yearly equal installments of principal amount. Last installment is falling due on February 26, 2021. It carries mark up at the rate of 6 months KIBOR + 1.75% per annum. During the year mark up was charged at the rate of 10.84% to 11.90% per annum (2013: 11.10% per annum). It is secured against the security as stated in note 19.25(a).

19.30 Allied Bank Limited - Term Loan 6 under LTFF scheme

During the year a term finance amounting to Rs. 500 million has been obtained from Allied Bank Limited to finance the retirement of letters of credit opened for import of textile machinery for expansion in weaving unit of the Group. It is repayable within the period of eight years inclusive of two years grace period in 12 half yearly equal installments of principal amount. Last installment is falling due on August 6, 2021. It carried mark up at the rate of 6 months KIBOR + 1.05% per annum before disbursal of LTFF under SBP scheme. During the year entire amount of this finance was approved and refinanced by the State Bank of Pakistan (SBP) under LTFF scheme as entire imported machinery was qualified under LTFF scheme. Under LTFF scheme, mark up is chargeable at SBP rate + 2.25% per annum with effective rate of 10.65% per annum. During the year mark up was charged at the rates ranging from 10.14% to 11.20% per annum. It is secured against the security as stated in note 19.25(a).

19.31 Pak Kuwait Investment Company (Private) Limited - TF

This finance amounting to Rs. 300 million has been obtained during the year 2011 from Pak Kuwait Investment Company (Private) Limited to finance the capital expenditures of the Group's capacity expansion. It is repayable within a period of six years inclusive of grace period of one year in 10 half yearly equal installments of principal amount. Last installment is falling due on October 28, 2016. This finance carries markup at the rate of 6 months KIBOR + 2.45% per annum. During the year 2013 mark up was reduced to 6 months KIBOR + 2.25% per annum. During the year markup was charged at the rates ranging from 11.78% to 12.43% per annum (2013: 11.85% to 14.27% per annum). It is secured against the security of 1st joint pari passu charge/mortgage of Rs.667 million on all present and future fixed assets of the Group and personal guarantees of the sponsoring directors of the Group.

19.32 Pak Kuwait Investment Company (Private) Limited - TF 2

During the current year, a term finance amounting to Rs. 260 million has been obtained from Pak Kuwait Investment Company (Private) Limited to finance the capex requirements of the Group for capacity expansion/BMR. It is repayable within the period of six years inclusive of two years grace period in 8 half yearly equal installments of principal amount. Last installment is falling due on March 30, 2020. It carries mark up at the rate of 6 months KIBOR + 1.50% per annum. During the year mark up was charged at the rate of 11.68% per annum. It is secured against the security as stated in note 19.31.



19.33 (a) Saudi Pak Industrial and Agricultural Investment Company Limited- TF

This finance has been obtained from Saudi Pak Industrial and Agricultural Investment Company Limited for the purpose of retirement of letters of credit opened for import of plant and machinery. It is repayable within a period of eight years inclusive of grace period of two years in 12 half yearly equal installments of principal amount. Last installment is falling due on November 03, 2018. This finance carries markup at the rate of 6 months KIBOR + 2.75% per annum which is reduced to 6 months KIBOR + 2.50% subsequent to balance sheet date. During the year markup was charged at the rates ranging from 12.32% to 12.93% per annum (2013: 11.20% to 14.76% per annum). It is secured against the security of 1st joint pari passu charge/mortgage of Rs. 575 million on all present and future fixed assets of the Group and personal guarantees of the sponsoring directors of the Group.

19.33 (b) Saudi Pak Industrial and Agricultural Investment Company Limited-TF under LTFF scheme

During the year 2012, an amount of Rs. 133.133 million and year 2010 an amount of Rs.8 million out of Term Finance of Saudi Pak Industrial and Agricultural Investment Company Limited was approved and refinanced by the State Bank of Pakistan (SBP) under LTFF scheme against imported textile machinery eligible under the scheme. This finance is repayable in 12 equal installments of principal amount after grace period of two years. Last installment is falling due on November 03, 2018. This finance carries mark up at the rate of SBP rate + 3.00 % per annum. During the year mark up was charged at the rates ranging from 11.20% to 12.70% per annum (2013: 11.20% to 12.70% per annum). It is secured against the security as sated in note 19.33(a).

19.34 Pak Brunei Investment Company Limited - Term Finance under LTFF scheme

During the year 2012, a term finance / LTFF amounting to Rs. 199.995 million has been obtained from Pak Brunei Investment Company Limited for retirement of letters of credits opened for imported plant and machinery. It is repayable within the period of eight years inclusive of two years grace period in 12 semi annual equal installments of principal amount. Entire amount was refinanced by the State Bank of Pakistan (SBP) under LTFF scheme as entire imported machinery was qualified under LTFF scheme. Last installment is falling due on November 2, 2019. It carries mark up at the rate of SBP rate + 3% per annum. During the year mark was charged at the rate of 12.70% per annum (2013: 12.70% per annum). This finance is secured against 1st joint pari passu Charge/mortgage of Rs.534 million on all present and future fixed assets of the Group and personal guarantees of the sponsoring directors.

19.35 Pak Brunei Investment Company Limited - Term Finance

During the year 2013, a term finance amounting to Rs. 200 million has been obtained from Pak Brunei Investment Company Limited to enable the Group to re-profile its balance sheet. It is repayable within the period of five years inclusive of one year grace period in eight half yearly equal installments of principal amount. Last installment is falling due on September 18, 2017. It carried mark up at the rate of 6 months KIBOR + 2.00% per annum which was reduced during the current year to 6 months KIBOR + 1.30% per annum. During the year mark up was charged at the rates ranging from 10.75% to 11.55% per annum (2013: 11.55% to 12.43% per annum). It is secured against the security as stated in 19.34.



19.36 Pak Oman Investment Company Limited - Term Finance under LTFF scheme

During the year 2012, a term finance / LTFF amounting to Rs. 100 million has been obtained from Pak Oman Investment Company Limited for retirement of letters of credits opened for imported plant and machinery. It is repayable within the period of seven years inclusive of two years grace period in 20 quarterly equal installments of principal amount. Entire amount was refinanced by the State Bank of Pakistan (SBP) under LTFF scheme as entire imported machinery was qualified under LTFF scheme. It carries mark up at the rate of SBP rate + 3% per annum. During the year mark up was charged at the rate of 12.70% per annum (2013: 12.70% per annum). This finance is secured against 1st joint pari passu charge/mortgage of Rs.467 Million on all present and future fixed assets of the Group and personal guarantees of the sponsoring directors.

19.37 Pak Oman Investment Company Limited - Term Finance

During the current year, a term finance amounting to Rs. 250 million has been obtained from Pak Oman Investment Company Limited to refinance the CAPEX incurred by the Group. It is repayable within the period of seven years inclusive of two years grace period in 20 quarterly equal installments of principal amount. Last installment is falling due on March 25, 2021. It carries mark up at the rate of 6 months KIBOR + 1.30% per annum. During the year mark up was charged at the rate of 11.41% per annum. It is secured against the security as stated in 19.36.

19.38 Bank Al Falah Limited - Term Finance

During the year 2013, a term finance amounting to Rs. 325 million was obtained from Bank Alfalah Limited to pay-off earlier obtained expensive debt/ current portion of long term debt and to even out cash flows during payment tenor of long term loans presently appearing. It is repayable within the period of seven years inclusive of two years grace period in 10 half yearly equal installments of principal amount. Last installment is falling due on December 3, 2019. It carried mark up at the rate of 6 months KIBOR + 1.75% per annum which was reduced during the current year to 6 Month KIBOR + 1.50% per annum. During the year mark up was charged at the rates ranging from 10.56% to 11.61% per annum (2013: 11.11% to 11.51% per annum). This finance is secured against 1st joint pari passu charge/mortgage of Rs. 434 million on all present and future fixed assets of the Group and personal guarantees of the sponsoring directors.

19.39 NIB Bank Limited - Term Finance

During the current year, a term finance amounting to Rs. 800 million has been obtained from NIB Bank Limited to finance CAPEX for expansion/BMR, repayment of existing long term debts and swap of expensive long term debts. It is repayable within the period of seven years inclusive of two years grace period in 10 half yearly equal installments of principal amount. Last installment is falling due on October 31, 2020. It carries mark up at the rate of 3 months KIBOR + 1.00% per annum. During the year mark up was charged at the rates ranging from 10.49% to 11.15% per annum. This finance is secured against 1st joint pari passu charge/mortgage of Rs. 1,067 million on all present and future fixed assets of the Group and personal guarantees of the sponsoring directors.



19.40 The Bank of Khyber - Term Finance

During the current year, a term finance of Rs. 335.744 million has been obtained from The Bank of Khyber to finance the retirement of Letters of Credit opened for import of textile machinery, power generators and miscellaneous equipments. Limit of this term finance is Rs. 350 million. It is repayable within the period of seven years inclusive of two years grace period in 10 half yearly equal installments of principal amount. Last installment is falling due on July 25, 2020. It carries mark up at the rate of 6 months KIBOR + 1.10% per annum. During the year mark up was charged at the rates ranging from 10.17% to 11.21% per annum. This finance is secured against 1st joint pari passu charge/mortgage of Rs.467 million on all present and future fixed assets of the Group and personal guarantees of the sponsoring directors.

19.41 The Bank of Punjab - Term Finance under LTFF scheme

During the current year, a term finance of Rs. 249.602 million has been obtained from The Bank of Punjab to finance the retirement of letters of credit opened for import of weaving and related machinery for expansion of weaving project of the Group. It is repayable within the period of eight years inclusive of two years grace period in 12 half yearly equal installments of principal amount starting from disbursal of 80% of the facility. It carried mark up at the rate of 6 months KIBOR + 1.00% per annum. During the year entire amount of term loans was refinanced by the State Bank of Pakistan (SBP) under LTFF scheme as entire imported machinery was qualified under LTFF scheme. Under LTFF scheme, mark up is chargeable at SBP rate + 2.10% per annum with effective rate of 10.50% per annum. During the year mark up was charged at the rates ranging from 10.10% to 11.11% per annum. This finance is secured against 1st joint pari passu charge/mortgage of Rs. 334 million on all present and future fixed assets of the Group and personal guarantees of the sponsoring directors.

19.42 Allied Bank Limited - Term Finance

During the current year, a term finance amounting to Rs. 700 million has been obtained from Allied Bank Limited to finance the retirement of letters of credit opened through Allied Bank Limited for import of textile plant and machinery. This is repayable within the period of eight years inclusive of two years grace period in 12 equal half yearly installments of principal amount. It carries mark up at the rate of 6 months KIBOR + 1.05% per annum. During the year mark up was charged at the rates ranging from 10.57% to 11.20% per annum. This finance is secured against 1st Joint Parri Passu charge / mortgage of Rs. 933.33 million over all present and future fixed assets of the Group, personal guarantees of sponsoring directors and corporate guarantee of the holding Group.

19.43 MCB Bank Limited - Demand Finance

During the current year, a demand finance amounting to Rs. 550 million has been obtained from MCB Bank Limited to finance the retirement of letters of credit opened through MCB Bank Limited for import of textile machinery. This is repayable within the period of eight years inclusive of two years grace period in 12 half yearly equal installments of principal amount. It carries mark up at the rate of 6 months KIBOR+1.25% per annum. During the year mark up was charged at the rates ranging from 10.73% to 11.36% per annum. This finance is secured against 1st Joint Pari Passu Charge/mortgage of Rs. 733.33 million over all present and future fixed assets of the Group, personal guarantees of sponsoring directors and corporate guarantee of the holding Group.



20

Long term musharika	Note	2014 Rupees	2013 Rupees
- Secured Meezan Bank Limited			
- Diminishing musharika -II	20.1	175,000,000	225,000,000
- Diminishing musharika -III	20.2	150,000,000	150,000,000
- Diminishing musharika	20.3	18,735,894	-
		343,735,894	375,000,000
Less: Current portion grouped under cu	rrent liabilities	50,000,000	50,000,000
		293,735,894	325,000,000

20.1 Meezan Bank Limited-Diminishing Musharika- II

Diminishing Musharika-II finance amounting to Rs. 250 million has been obtained during the year 2011 from Meezan Bank Limited for repayment of cost of imported plant and machinery. It carries mark up at the rate of 6 months KIBOR + 2.00% per annum. During the year, bank has charged mark up at the rates ranging from 11.61% to 11.89% per annum (2013: 11.51% to 14.01% per annum). It is repayable within seven years inclusive of two years grace period in 10 equal half yearly installments of principal amount. Last installment is falling due on November 24, 2017. This finance is secured against exclusive charge of Rs. 334 million over machinery imported through Meezan Bank Limited and personal guarantees of the sponsoring directors of the Group.

20.2 Meezan Bank Limited-Diminishing Musharika- III

During the year 2013, a Diminishing Musharika finance of Rs. 150 million has been obtained from Meezan Bank Limited to finance the retirement of letter of credit opened for import of textile machinery. It is repayable within the period of seven years inclusive of two years grace period in 10 half yearly equal installments of principal amount. Last installment is falling due on January 20, 2020. It carries mark up at the rate of 6 months KIBOR + 1.75% per annum. During the year mark up was charged at the rates ranging from 10.83% to 11.90% per annum (2013: 11.08% per annum). This finance is secured against exclusive charge of Rs. 200 million over machinery imported through Meezan Bank Limited and personal guarantees of the sponsoring directors of the Group.

20.3 Meezan Bank Limited-Diminishing Musharika

During the current year, a Diminishing Musharika facility of Rs. 18.736 million has been obtained from Meezan Bank Limited to finance the retirement of letters of credit opened for import of textile spinning machinery. This finance is repayable within the period of 8 years inclusive of two year grace period in 12 half yearly equal installments of principal amount. It carries markup at the rate of 6 months KIBOR+ 1.25% per annum. During the year markup was charged at the rates ranging from 10.82% per annum to 11.44% per annum. This finance is secured against 1st Joint Parri Passu charge / mortgage of Rs. 400 million on all present and future fixed assets of the Group, personal guarantees of sponsoring directors and corporate guarantee of the holding Group.



		2014	2013
		Rupees	Rupees
	Note		Restated
21 Deferred liabilities			
Staff gratuity	21.1	159,336,498	130,453,221
Deferred taxation	21.2	1,257,811,423	1,680,479,014
		1,417,147,921	1,810,932,235

21.1 Staff gratuity

The latest actuarial valuation of the Group's defined benefit plan, was conducted at 30 June 2014 using projected unit credit method. Detail of obligation for defined benefit plan is as follows:

21.1.1	The amounts recognized in the balance sheet Present value of defined benefit obligation Liability at end of the year	are as follow 21.1.5	2014 Rupees /s: 	2013 Rupees <i>Restated</i> 130,453,221 130,453,221
21.1.2	The amounts recognized in the profit and loss against defined benefit plan are as follows:			
	Current service cost Interest cost Charge to profit and loss		59,992,076 11,389,250 71,381,326	- - -
21.1.3	Included in other comprehensive income			
	Remeasurement of defined benefit obligation	from:	1,470,301	31,517,909
	Experience adjustment on obligation		1,470,301	31,517,909
	Charge to other comprehensive income			
21.1.4	Movement in the liability recognized in the			
	balance sheet is as follows: Liability at beginning of the year		130,453,221	84,624,574
	Charge for the year	21.1.2	71,381,326	39,740,889
	Actuarial loss charged to OCI	21.1.3	1,470,301	31,517,909
	Benefits paid during the year		(43,968,350)	(25,430,151)
	Liability at end of the year		159,336,498	130,453,221
21.1.5	Movement in the present value of defined be	nefit obligati	on is as follows:	
	Present value of defined benefit obligation at	beginning	130,453,221	84,624,574
	Current service cost		59,992,076	28,739,694
	Interest cost		11,389,250	11,001,195
	Benefits paid		(43,968,350)	(25,430,151)
	Actuarial loss		1,470,301	31,517,909
	Present value of defined benefit obligation at	end	159,336,498	130,453,221



21.1.6 Actuarial assumptions:

The following are the principal actuarial assumptions at balance sheet date:	2014	2013
Discount rate	13.3%	10.5%
Expected rate of growth per annum in future salaries	12.3%	9.5%
Expected mortality rate	SLIC (2001-05)	EFU (61-66)
Retirement assumption	Age 60	Age 60

21.1.7 Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Impact	Impact on defined benefit obligation		
	Change in	Increase in	Decrease in	
	assumption	assumption	assumption	
	Percentage	Rupees		
Discount rate	1.0%	(144,172,291)	172,532,511	
Salary growth rate	1.0%	172,974,789	(143,559,049)	

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Historical Information:

Provision for slow moving items

Precommencement expenditure

Unused tax losses

Deferred tax liability

2014

Comparison of present value of defined benefit obligation and unrecognized actuarial gain/(loss) for five years is as follows:

2012

----- Rupees ----- -

(31,785)

(105,337,691)

(635,216,118)

(422,370,201)

(1,095,217)

2011

(297,390)

(297,390)

2013

				Mapees		
	Present value of defined					
	benefit obligation	159,336,498	130,453,221	84,624,574	76,716,019	64,130,179
24.2	B. C. and Lander	_		20	014	
21.2	Deferred taxation	_			014	
			Opening	Chargo to //	reversal from)	Closing
			balance	Charge to / (reversar from j	balance
					Other	
				Profit or loss	comprehensive	
					income	
		_		Ru	pees	
	Taxable temporary diffe	erence erence				
	Surplus on revaluation o	f operating assets	646,689,872	(36,021,386)	-	610,668,486
	Tax on specie dividend		62,994,031	-	-	62,994,031
	Tax depreciation allowar	nce	997,699,124	248,867,303		1,246,566,427
		_	1,707,383,027	212,845,917		1,920,228,944
	Deductible temporary d	ifference				
	Provision for gratuity		(26,543,833)	(5,414,651)	(297,390)	(32,255,874)
	Minimum tax carried for	ward	-	(257,151,245)	-	(257,151,245)
	Tax credit on investment	is	-	(266,185,529)	-	(266,185,529)

(360,180)

(26,904,013)

1,680,479,014

(391,965)

(105,337,691)

(662,417,521)

1,257,811,423

(1,095,217)

2010



	2013				
	Opening balance	Charge to / (reversal from)		Closing balance	
		Profit or loss	Other comprehensive income		
Rupees					
Taxable temporary difference					
Surplus on revaluation of operating as	sets 675,967,707	(29,277,835)	-	646,689,872	
Tax on specie dividend	57,835,909	5,158,122	-	62,994,031	
Tax depreciation allowance	750,636,015	247,063,109		997,699,124	
	1,484,439,631	222,943,396		1,707,383,027	
Deductible temporary difference					
Provision for gratuity	(17,098,825)	(3,031,429)	(6,413,579)	(26,543,833)	
Provision for slow moving items	(357,701)	(2,479)		(360,180)	
	(17,456,526)	(3,033,908)	(6,413,579)	(26,904,013)	
Deferred tax liability	1,466,983,105	219,909,488	(6,413,579)	1,680,479,014	

The holding company and the subsidiary company have opted for Group taxation from tax year 2014 and the management expects that future taxable profits will be available for set-off of minimum tax, unused tax credits, unused tax losses and pre-commencement expenditure.



22

	2014	2013
Note	Rupees	Rupees
Trade and other payables		
Trade creditors	178,886,529	143,724,946
Accrued liabilities	1,038,626,699	848,149,154
Advance from customers	175,319,895	48,723,124
Un-claimed dividend	1,493,057	19,050,466
Preference dividend payable	-	25,410,385
Payable against redemption of preference s	nares -	175,000,000
Due to associated undertakings 22.	92,366,325	59,630,329
Bills payable	-	838,319
Tax deducted at source	497,833	69,727
Infrastructure cess 22.	2 141,216,628	114,899,587
Workers' profit participation fund 22.	47,778,006	82,023,554
Workers' welfare fund	101,515,279	84,589,457
Due to employees	616,798	1,075,735
Others		175,000
	1,778,317,049	1,603,359,783
22.1 Due to associated undertaking		
Hussain Ginneries Limited	8,459,657	7,235,335
Reliance Weaving Mills Limited	-	525,903
Fatima Sugar Mills Limited	4,835	4,835
Ahmed Fine Textile Mills Limited	91,724,270	51,823,755
Pak Arab Fertilizer Limited	40,501	40,501
	100,229,263	59,630,329

This represents infrastructure cess levied by the Excise and Taxation Department of Sindh under section 9 of Sindh Finance Act 1994 on items imported by the Group. The Group has filed an appeal in the Sindh High Court at Karachi against the said levy. The appeal is pending for decision till the balance sheet date. However keeping in view any unfavorable outcome of the appeal, the Group has provided the balance payable amount in these financial statements.

			2014	2013
			Rupees	Rupees
	22.3 Workers' profit part	icipation fund		
	Balance at the begi	nning of the year	82,023,554	68,811,735
	Interest on funds ut	ilized by the Group	6,394,713	4,694,280
	Provision for the ye	ar	44,541,636	78,787,179
		_	132,959,903	152,293,194
	Payment made duri	ng the year	(85,152,307)	(70,269,637)
	Deposited in goverr	nment treasury	(29,590)	(3)
		_	47,778,006	82,023,554
23	Accrued profit / interest / r	nark-up		
	Profit/interest/mark-up acci	rued on:		
	Long term financing		260,162,629	179,400,797
	Short term borrowings	_	88,430,707	64,251,357
			348,593,336	243,652,154



24

	2014	2013
	Rupees	Rupees
Short term borrowings		
Banking Companies		
<u>Secured</u>		
Cash finance	881,776,443	1,630,804,137
Running finance	812,238,602	229,905,957
Finance against foreign bills / packing credit	628,720,703	84,116,787
Foreign currency export finance	2,608,227,444	609,085,065
Finance against imported merchandise	641,253,096	897,368,687
Money market loan	1,143,000,000	885,900,000
Short term murabaha	180,000,000	-
	6.895.216.288	4.337.180.633

24.1 The Group has short term borrowing facilities available from various commercial banks under mark-up arrangements having aggregate sanctioned limit of Rs. 18,980 million (2013: Rs. 17,430 million). The pledge based facilities are secured against pledge of stocks-in-trade amounting to Rs. 4,071 million, hypothecation charge on stocks, stores and spares, lien over import / export documents, charge on current assets and personal guarantees of the sponsoring directors except nominee director. Short term borrowing facilities which remained unutilized at year end were Rs. 12,065 million (2013: Rs.13,093 million).

These facilities are expiring on various dates latest by June 30, 2015.

			2014	2013
		Note	Rupees	Rupees
25	Current portion of non-current	t liabilities		
	Long term financing	19	1,026,908,631	837,688,363
	Long term musharika	20	50,000,000	50,000,000
			1,076,908,631	887,688,363

26 Contingencies and commitments

- **26.1** The following proceedings have been initiated by the tax authorities:
- 26.1.1 The Additional Commissioner Inland Revenue amended income tax assessments under section 122(5A) of the Income Tax Ordinance, 2001 for the tax years 2009 & 2011 respectively raising demands of Rs 140.6 million & Rs 278 million. The Commissioner Inland Revenue (Appeals) 'Commissioner (Appeals)' has heard the Group's appeals and the decision are awaited.
- 26.1.2 Consequent to amendment of income tax assessments for tax years 2004, 2006 to 2008, the Group has been extended substantial relief by the Commissioner (Appeals). The issues in respect whereof Commissioner (Appeals) did not allow relief have been assailed in appeal before the Tribunal and such appeals are pending. The aggregate amount involved is Rs. 44 million (2013: Rs. 44 million) including minimum tax and certain disallowances of expenses.



- 26.1.3 Admissibility of 'payment to preference shareholders' has been disputed in income tax amendment orders for tax years 2007 to 2009 & 2011 by relevant officials. Departmental stance has been maintained by the Commissioner (Appeals) against Group's appeals in respect of tax years 2007 to 2009 and similar decision is expected for tax year 2011. Group has been exercising the right of appeal by way of contesting the matter in appeals before Tribunal inter-alia with other issues. Due to the nature of issue relief in second appeals is dependent on the view to be formed by the higher appellate authority. These appeals have not been fixed for hearing sofar. The aggregate amount involved is Rs. 143.7 million (2013: Rs 143.7 million)
- **26.1.4** The Deputy Commissioner Inland Revenue ('DCIR'), based on the discrepancies identified through computerized risk evaluation of sales tax, has adjudged a sales tax demand of Rs 59 million on alleged non-compliance with provisions of notification SRO's 283(I)/2011 & 1125(I)/2011 through an order under section 11 of the Sales Tax Act, 1990. The Group has agitated the DCIR's order in appeal before the Commissioner (Appeals) which is pending.

Based on the opinion of the Group's legal counsel the management is confident of favourable outcome in all aforesaid matters, hence no provision is being recognised in respect of these in the financial statements.

			2014	2013
	٨	lote	Rupees	Rupees
26.3	Commitments Guarantees issued by various com	mercial		
20.3.1	banks, in respect of financial and operational obligations of the Grovarious institutions and corporate	up, to		
			363,256,000	329,040,715
26.3.2	Commitments against irrevocable letters of credit:	2		
	- capital expenditure		-	2,033,152,850
	- raw material and stores and spa	ares	491,394,832	266,457,826
	- others 26	5.3.3	2,030,563,000	
		_	2,521,957,832	2,299,610,676

26.3.3 As at balance sheet date, Stand by Letters of Credit (SBLCs) amounting to Rs. 2,660 million are outstanding which were issued by the National Bank of Pakistan, United Bank Limited and Barclays Bank PLC, Pakistan on behalf of the Group favoring the lenders of Fatima Energy Limited (FEL), an associated company, confirming that in case of failure of the Group to provide the committed amount of equity during the period of two years, the lenders of FEL can draw on the SBLCs to cover the amount not provided by the Group. An amount of Rs. 629.437 million has been paid by the Group to FEL till June 30, 2014.



			2014	2013
		Note	Rupees	Rupees
27	Sales - net		·	·
	Local:			
	Yarn		11,783,535,160	10,055,464,974
	Comber noil		24,145,323	10,181,583
	Fabric		3,365,830,728	1,974,827,077
	Waste		125,275,093	98,465,429
			15,298,786,304	12,138,939,063
	Raw material		299,703,267	150,428,262
			15,598,489,571	12,289,367,325
	Less:			
	Sales return		41,229,983	86,047,449
	Sales tax		386,253,306	142,597,775
	Commission		84,428,020	45,031,840
			511,911,309	273,677,064
	Net local sales		15,086,578,262	12,015,690,261
	Export:			
	Yarn - Net		7,247,645,849	6,976,150,960
	Fabric		1,322,793,033	1,347,825,769
	Comber noil		367,518,181	336,303,086
	Waste		15,307,980	11,482,235
			8,953,265,043	8,671,762,050
	Raw material			-
			8,953,265,043	8,671,762,050
	Less:		00.404.074	440.045.500
	Commission		89,134,374	118,815,503
	Sales return		- 00 124 274	10,048,922
	Not expert sales		89,134,374	128,864,425
	Net export sales		8,864,130,669	8,542,897,625
			23,950,708,931	20,558,587,886
28	Cost of sales			
	Raw material consumed	28.1	16,167,689,470	12,775,004,147
	Packing material consumed	20.1	333,184,451	226,664,478
	Salaries, wages and benefits	28.2	1,501,552,056	1,237,524,682
	Traveling and conveyance	20.2	5,845,772	5,706,777
	Power and fuel		2,606,568,473	1,683,664,332
	Stores and spares consumed		423,701,052	370,822,514
	Repair and maintenance		22,354,855	30,454,607
	Insurance		60,725,890	49,266,204
	Depreciation	5.3	593,280,399	514,808,069
	Rates and taxes		18,285,984	11,186,041
	Others		1,179,736	1,041,510
			21,734,368,138	16,906,143,361
	Adjustment of work-in-process	<u> </u>		
	Opening stock		226,595,505	172,590,755
	Closing stock		(307,431,153)	(205,937,615)
			(80,835,648)	(33,346,860)
	Cost of goods manufactured	C/F	21,653,532,490	16,872,796,501



	2014	2013
Note	Rupees	Rupees
B/F	21,653,532,490	16,872,796,501
Adjustment of finished goods: Opening stock Finished goods purchased Closing stock Cost of goods sold	1,122,302,108 787,101,554 (2,330,404,105) (421,000,443) 21,232,532,047	778,833,171 961,507,523 (1,075,768,708) 664,571,986 17,537,368,487
Cost of raw material sold	263,877,385 21,496,409,432	130,982,654 17,668,351,141
28.1 Raw material consumed		, , , ,
Opening stock	6,102,824,837	2,822,587,199
Purchases and expenses	13,752,649,202	14,419,937,401
Transfer from ginning unit 28.1.1	223,996,975	187,633,528
	13,976,646,177	14,607,570,929
Less:	20,079,471,014	17,430,158,128
Insurance claim	-	8,241,703
Closing stock	3,628,949,647	4,308,953,542
Stock in transit	282,831,897	337,958,736
	3,911,781,544	4,655,153,981
	16,167,689,470	12,775,004,147
28.1.1 Production cost of ginning unit - net		
Raw material purchased and consume	d 267,841,591	217,003,661
Lease charges	1,250,000	1,250,000
Salaries, wages and benefits	5,103,910	4,440,057
Traveling and conveyance	660,928	663,594
Repair and maintenance	378,308	943,029
Store consumption	244,463	379,439
Utilities	201,441	639,374
Entertainment	144,054	142,014
Legal and professional	71,011	40,750
Printing and stationery	29,365	22,565
Communication	50,550	37,225
Insurance Others	134,438	134,438
Others	<u>156,233</u> 276,266,292	691,953 226,388,099
Less: Sale of cotton seed	(52,269,317)	(38,754,571)
Transferred to raw material consumed		187,633,528
Transferred to raw material consumed		107,000,020

The Group has acquired a cotton ginning factory (Hussain Ginneries Limited) on operating lease basis. Its total cost of production, after adjustment of sale of cotton seed to third parties, has been transferred to the Group as raw material cost.



28.2 These include Rs. 61.9 million (2013: Rs. 33.6 million) in respect of staff retirement benefits.

			2014	2013	
		Note	Rupees	Rupees	
29	Distribution cost				
	Export sales:				
	Export development surcharge		23,069,724	20,102,810	
	Freight, shipment and handling ch	arges	210,293,180	210,722,370	
	Insurance		3,675,998	2,600,867	
	Local sales:				
	Freight, shipment, handling and o	ther charges	23,151,789	22,704,640	
	Insurance		2,103,032	639,093	
	Salaries and benefits - marketing s	staff	3,818,621	256 762 702	
		:	266,112,344	256,769,780	
30	Administrative expenses				
	Salaries and benefits	30.1	142,258,508	122,506,015	
	Traveling and conveyance	30.2	7,507,291	7,097,468	
	Vehicle running and maintenance		18,436,874	19,114,439	
	Rent, rates, taxes and fees		8,953,837	7,356,033	
	Electricity, gas and water		3,323,589	1,792,235	
	Entertainment / guest house expens	ses	7,955,554	6,369,392	
	Communication		10,616,216	9,432,121	
	Printing and stationery		5,404,124	4,266,937	
	Insurance		3,267,036	3,435,444	
	Repair and maintenance		8,542,574	4,881,874	
	Subscription / advertisement		2,210,284	1,476,862	
	Auditors' remuneration	30.3	1,595,000	1,160,647	
	Legal and professional charges		5,265,083	4,398,431	
	Directors' meeting fee		120,000	105,000	
	Depreciation	5.3	23,131,807	19,747,975	
	Amortization	6	2,440,389	1,185,531	
	Others		1,787,600	1,630,007	
			252,815,766	215,956,411	

^{30.1} These include Rs. 9.57 million (2013: Rs. 6.13 million) in respect of staff retirement benefits.

^{30.2} These include directors' traveling expense amounting to Rs. 2.9 million (2013: Rs. 3.2 million).



			2014	2013
		Note	Rupees	Rupees
	30.3	Auditors' remuneration		
		Fee for statutory audit	1,350,000	1,050,000
		Out of pocket expenses	150,000	75,000
			1,500,000	1,125,000
		Workers Profit Participation Fund's audit fe	e 95,000	35,000
			1,595,000	1,160,000
31	Other	expenses		
	\A/o.wl.co	and mustic mountainenties found 22.2	44 541 626	70 707 170
		ers' profit participation fund 22.3 ers' welfare fund	44,541,636 16,925,822	78,787,179 29,939,128
	Donat		20,195,119	9,193,396
		ebts written off	18,183	-
		n disposal of property, plant and equipment	-	-
			81,680,760	117,919,703
32	Other	Foundation, 487-A, Mumtazabad, Vehari (Chairman / Chief Executive Officer) is amo income		
	From j	financial assets		
		nd income lized gain on re-measurement of short term	174,365,398	147,201,720
		stments to fair value	36,773,055	6,351,797
		dividend from Pak Arab Fertilizer Limited	-	61,794,302
		related party	211,138,453	215,347,819
	1101111	Clatca party		
	Mark-	up on advance to associated undertakings	27,251,710	-
	<u>From I</u>	non-financial assets		
	Gain o	on disposal of property, plant and equipment	437,938	4,016,994
	Scrap		1,331,808	1,271,600
	, -, P		1,769,746	5,288,594

240,159,909

220,636,413



	Note	2014 Rupees	2013 Rupees
33	Finance cost		
	Profit / interest / mark up on:		
	- Long term financing	750,509,266	603,773,860
	- Musharika	16,171,723	5,711,908
	- Short term borrowings	456,572,732	328,315,115
	Bank charges	96,098,898	85,350,938
	Dividend on redeemable preference shares	6,816,250	25,410,385
	Interest on workers' profit participation fund 22	6,394,713	4,694,280
		1,332,563,582	1,053,256,486
34	Taxation		
	Current	254,639,352	62,013,880
	Deferred	(422,370,201)	219,909,488
		(167,730,849)	281,923,368

34.1 The numerical reconciliation between the average tax rate and the applicable tax rate has not been presented in the financial statements as the tax provision of the Group is determined under section 113 and 169 of the Income Tax Ordinance, 2001.

		2014	2013
		Rupees	Rupees
			Restated
35	Earnings per share - basic and diluted		
	Profit after taxation	929,017,806	1,185,047,410
	Profit attributable to ordinary shareholders	929,017,806	1,185,047,410
	Weighted average number of ordinary shares	30,000,000	30,000,000
	Formings now shows thesis and diluted	20.07	20.50
	Earnings per share - basic and diluted	30.97	39.50



36 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

36.1 Risk management framework

The Board of Directors has overall responsibility for establishment and over-sight of the Group's risk management framework. The executive management team is responsible for developing and monitoring the Group's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

36.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter-parties failed completely to perform as contracted. The Group does not have significant exposure to any individual counterparty. To reduce exposure to credit risk the Group has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. To mitigate the risk, the Group has a system of assigning credit limits to its customers based on an extensive evaluation based on customer profile and payment history. Outstanding customer receivables are regularly monitored. Most of the customers are also secured, where possible, by way of letters of credit.

Total financial assets of Rs. 6,897 million (2013: Rs. 4,390 million) are subject to credit risk.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date is:

2013



	2014	2013
	Rupees	Rupees
Non current assets		
Deposits	34,091,810	28,149,696
Loans and advances	754,925,954	140,777,880
Investments	2,307,061,786	2,007,603,622
Trade debts	3,104,020,993	1,995,627,804
Mark-up accrued	15,014,044	-
Other receivables	329,094,883	4,778,084
Bank balances	352,813,686	213,283,480
	6,897,023,156	4,390,220,566

Credit quality of financial assets

(a) Trade debts

The trade debts as at the balance sheet date are classified in Pak Rupees. The aging of trade receivables at the balance sheet date is:

	2014	2013
	Rupees	Rupees
Export - secured	1,213,351,315	608,024,072
Local - unsecured and considered good	1,890,669,678	1,387,603,732
	3,104,020,993	1,995,627,804
The aging of trade receivables at the reporting date is:		

Related party Related party Other Other 2014 2013 2014 Rupees Rupees Rupees Rupees

The aging of trade receivables at the reporting date is:

Not past due	448,351	913,665	417,822,397	725,529,494
Past due 1 to 30 days	130,727,319	79,698,206	959,765,609	1,057,620,225
Past due 30 to 150 days	24,205,549	58,183,713	1,563,168,146	71,229,081
Past due 150 days	8,400	8,400	7,875,222	2,445,020
·	155,389,619	138,803,984	2,948,631,374	1,856,823,820

Out of total trade debts, 39% comprise of foreign debtors that are secured against letters of credit. Local trade debts include companies with very good credit history and are regular in their payments. The management continuously monitors the repayment capacity and intention of their debtors and extends the credit periods to their customers according to their credit history. Therefore, no impairment is necessary.

(b) Other financial assets

The credit quality of Group's investments can be assessed with reference to external credit rating agencies as follows:



Name Long term investment	Rating	2014 Rupees	2013 Rupees
Fatima Fertilizers Company Limited Pak Arab Fertilizers Limted	A+ AA-	1,826,826,899 252,966,706	1,564,141,790 252,966,706
Short term investment			
Fatima Fertilizers Company Limited	A1	189,080,000	161,891,600
Pakistan State Oil Company Limited	A1+	38,188,181	28,603,526
		2,307,061,786	2,007,603,622

(c) Bank balances

The credit quality of Group's bank balances can be assessed with reference to external credit rating agencies as follows:

The Group is exposed to credit risk from its operating activities (primarily for trade debts and loans and advances) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The credit rating of the banks in which the Group has maintained its deposits is as follows:

	Rat	ing	Rating	2014	2013
	Short term	Long term	agency	Rupees	Rupees
Allied Bank Limited	A1+	AA+	PACRA	104,094,111	19,334,248
National Bank of Pakistan	A1+	AAA	JCR-VIS	41,759,865	2,821,727
MCB Bank Limited	A1+	AAA	PACRA	12,848,904	14,857,090
Meezan Bank Limited	A1+	AA	JCR-VIS	66,016,924	26,293,788
UBL Bank Limited	A1+	AA+	JCR-VIS	59,795,571	22,810,094
Standard Chartered Bank Limited	A1+	AAA	PACRA	8,850	13,250
Habib Bank Limited	A1+	AAA	JCR-VIS	1,480,223	7,390,394
Soneri Bank Limited	A1+	AA-	PACRA	923,403	107,891
NIB Bank Limited	A1+	AA-	PACRA	283,797	8,026
Bank Al Falah Limited	A1+	AA	PACRA	50,169,245	502,460
Askari Bank Limited	A1+	AA	JCR-VIS	8,427,788	9,121,520
The Bank of Punjab	A1+	AA-	PACRA	238,673	10,249,119
The Bank of Khyber	A1	Α	PACRA	232,121	172,613
Bank Al Habib Limited	A1+	AA+	PACRA	2,432,913	1,490,315
Bank Islamic Limited	A1	Α	PACRA	79,920	79,920
Dubai Islamic Bank Pakistan Limited	A-1	A+	JCR-VIS	2,361,419	772,995
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	555,644	24,143,796
Faysal Bank Limited	A1+	AA	PACRA	6,357	68,285,610
Barclays Bank PLC, Limited	P1	A2	MOODY'S	-	2,829,536
KASB Bank Limited	A3	BBB	PACRA	224,918	-
Samba Bank Limited	A1	AA-	JCR-VIS	159,820	-
Silk Bank Limited	A-2	A-	JCR-VIS	83,925	81,295
Summit Bank Limited	A-3	A-	JCR-VIS	629,295	1,917,793
				352,813,686	213,283,480



(d) Based on past experience the management believes no impairment allowance is necessary in respect of loans, advances, deposits and other receivables past due as some receivables have been recovered subsequent to the year end and for other balances, there are reasonable grounds to believe that the amounts will be recovered in due course.

36.3 Concentration of credit risk

Group's total credit exposure. The Group's portfolio of financial instruments is broadly diversified and all other transactions are entered into with credit-worthy counterparties there-by mitigating Concentration of credit risk exists when the changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the any significant concentrations of credit risk.

36.4 Liquidity risk

liquidity to meet its liabilities when due. The Group is not materially exposed to liquidity risk as substantially all obligations / commitments of the Group are short term in nature and are restricted to the Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure as far as possible to always have sufficient extent of available liquidity. In addition, the Group has obtained various short term facilities from various commercial banks to meet any deficit, if required to meet the short term liquidity commitments.

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

	Weighted				2014	14			
	average	Carrying value	Contractual cash	Less than one	One to three	Three months to	One to	Above	Total
	effective rate of	8	flows	month	months	one year	five years	five years	
					Rup	Rupees			
Financial liabilities									
Long term financing	7.00% to 12.93%	8,586,320,502	10,208,273,011	224,643,766	185,069,755	1,144,042,333	6,897,218,126	1,757,299,032	10,208,273,011
Short term borrowings	0.80% to 12.21%	6,895,216,288	7,428,606,510	2,761,409,809	835,537,430	3,831,659,271		•	7,428,606,510
Trade and other payables	sə	1,778,317,049	1,778,317,049	447,687,380	1,038,626,699	292,002,970			1,778,317,049
	•	17,259,853,839	19,415,196,570	3,433,740,955	2,059,233,884	5,267,704,574	6,897,218,126	1,757,299,032	19,415,196,570
	•								
	Weighted				2013	13			
	Average	Caraving value	Contractual cash	Less than one	One to three	Three months to	One to	Above	Total
	effective rate of	Call yillg value	flows	month	months	one year	five years	five years	lotai
					Rupees	ees			
Financial liabilities									
Long term financing	7.00% to 14.56%	5,604,810,196	7,654,842,757	179,400,797	131,785,559	1,255,902,804	5,009,422,401	1,078,331,196	7,654,842,757
Short term borrowings	0.90% to 13.51%	4,337,180,633	4,407,296,562	152,870,001	494,666,341	3,759,760,220	•		4,407,296,562
Trade and other payables	es	1,603,359,783	1,603,359,783	254,237,180	848,149,154	500,973,449	,		1,603,359,783
		11,545,350,612	13,665,499,102	586,507,978	1,474,601,054	5,516,636,473	5,009,422,401	1,078,331,196	13,665,499,102

It is not expected that the cash flows on the maturity analysis could occur significantly earlier, or at significant different amount



36.5 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk, interest rate risk and other price risk.

36.5.1 Currency risk

Pakistani Rupee is the functional currency of the Group and exposure arises from transactions and balances in currencies other than Pakistani Rupee as foreign exchange rate fluctuations may create unwanted and unpredictable earnings and cash flow volatility. The Group's

- Transactional exposure in respect of non functional currency monetary items.
- Transactional exposure in respect of non functional currency expenditure and revenues. The potential currency exposures are discussed below:

<u>Transactional exposure in respect of non functional currency monetary items</u>

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Group are periodically restated to rupee equivalent, and the associated gain or loss is taken to the profit and loss account. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

<u>Transactional exposure in respect of non functional currency expenditure and revenues</u>

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Group are periodically restated to rupee equivalent, and the associated gain or loss is taken to the profit and loss account. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

Exposure to currency risk

The Group's exposure to foreign currency risk at the reporting date is as follows:

	2014	2013
	Rupees	Rupees
Export finances	3,236,948,147	886,875,278
Foreign debtors	(1,213,351,315)	(742,546,452)
Gross balance sheet exposure	2,023,596,832	144,328,826
Outstanding letters of credit	491,394,832	1,010,208,763
Net exposure	2,514,991,664	1,154,537,589

The following significant exchange rate has been applied:

Average rate Reporting date rate

	Averag	ge rate	Reporting date i	mid spot rate
	2014	2013	2014	2013
	Rupe	ees	Rupe	es
USD to Rupee	98.63	97.56	98.55	98.70



Sensitivity analysis:

At reporting date, if the PKR had strengthened by 10% against the foreign currencies with all other variables held constant, profit for the year would have been higher by the amount shown below, mainly as a result of net foreign exchange gain on translation of export finances and foreign debtors.

	2014	2013
	Rupees	Rupees
Effect on profit and loss		
USD to Rupee	(251,499,166)	(115,453,759)

The weakening of the PKR against foreign currencies would have had an equal but opposite impact on the post tax profit.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit / (loss) for the year and assets / liabilities of the Group.

36.5.2 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. At the reporting date the interest rate profile of the Group's significant interest bearing financial instruments is as follows:

	2014	2013	2014	2013
		ve rate entage)	Carrying (Rup	
<u>Financial liabilities</u>				
Fixed rate instruments:				
Long term loan	7.00 to 12.93	7.00 to 14.76	1,743,470,521	1,209,966,955
Variable rate instruments:				
Long term loan	10.06 to 12.93	10.61 to 14.76	6,842,849,981	4,394,843,241
Short term running finance	0.80 to 12.21	0.90 to 13.51	3,658,268,141	4,337,180,633
Export finances	0.80 to 12.21	0.90 to 13.51	3,236,948,147	886,875,278

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss account.

<u>Cash flow sensitivity analysis for variable rate instruments</u>

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit or (loss) for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2013.



	Profit	Profit or loss	
	100 bps	100 bps	
	Increase	Decrease	
	Rup	ees	
As at 30 June 2014	(1,016,881,293)	1,016,881,293	
As at 30 June 2013	(321,034,836)	321,034,836	

The sensitivity analysis prepared is not necessarily indicative of the effects on profit/ (loss) for the year and assets / liabilities of the Group.

36.5.3 Fair value of financial instruments

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

a) Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet are as follows:

-	2014		2013		
-		Fair	Carrying	Fair	
	Carrying amount	value	amount	value	
		Ru p	ees		
Financial assets					
Long term investments	2,079,793,605	2,079,793,605	2,067,108,496	2,067,108,496	
Long term deposits	34,091,810	34,091,810	20,228,306	20,228,306	
Trade debts	3,104,020,993	3,104,020,993	1,995,627,804	1,995,627,804	
Loans and advances	754,925,954	754,925,954	140,777,880	140,777,880	
Trade deposits	3,431,538	3,431,538	4,587,000	4,587,000	
Mark-up accrued	15,014,044	15,014,044	-	-	
Other receivables	329,094,883	329,094,883	4,778,084	4,778,084	
Short term investments	227,268,181	227,268,181	190,495,126	190,495,126	
Tax refunds due from governme	ent 519,314,040	519,314,040	313,235,074	313,235,074	
Cash and bank balance	360,063,071	360,063,071	156,000,176	156,000,176	
=	7,427,018,119	7,427,018,119	4,892,837,946	4,892,837,946	
<u>Financial liabilities</u>					
Long term finance	8,586,320,502	8,586,320,502	5,604,810,196	5,604,810,196	
Short term borrowings	6,895,216,288	6,895,216,288	4,337,180,633	4,337,180,633	
Trade and other payables	1,778,317,049	1,778,317,049	1,603,659,476	1,603,659,476	
	17,259,853,839	17,259,853,839	11,545,650,305	11,545,650,305	



b) Valuation of financial instruments

In case of equity instruments, the Group measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market.
- Level 2: Valuation techniques based on observable inputs.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Group determines fair values using valuation techniques.

Valuation techniques used by the Group include discounted cash flow model. Assumptions and inputs used in valuation techniques include risk-free rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the balance sheet date that would have been determined by market participants acting at arm's length.

Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a higher degree of management judgment and estimation in the determination of fair value. Management judgment and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued and selection of appropriate discount rates, etc.

The table below analyses equity instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

190,495,126

Financial assets at fair value through
profit or loss
Financial assets at fair value at
available for sale

Level 1	Level 2	Level 3	Total
	R upee	S	
227,268,181	_	_	227,268,181
1,826,826,899	-	-	1,826,826,899
2,054,095,080	-		2,054,095,080
	2013		-
Level 1	Level 2	Level 3	Total
	R upee	S	
	•		

2014

Financial assets at fair value through profit or loss
Financial assets at fair value at available for sale

1,564,141,790			1,564,141,790
1,754,636,916	-	-	1,754,636,916

190,495,126



36.5.4 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Group is exposed to equity price risk because of investments held by the Group and classified on the Balance Sheet at fair value through profit or loss and available for sale. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio within the eligible stocks in accordance with the risk investment guidelines approved by the investment committee.

Sensitivity analysis

The table below summarizes the Group's equity price risk as of 30 June 2014 and 2013 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of equity markets and the aforementioned concentrations existing in the Group's equity investment portfolio.

_			2014	
_	Fair value	"Hypothetical price change"	Estimated fair value after hypothetical change in prices"	"Hypothetical increase (decrease) in profit or (loss) / equity"
			Rupees	
Short term investments				
Financial assets at fair value through profit or loss	227,268,181	10% increase 10% decrease	249,994,999 204,541,363	22,726,818 (22,726,818)
Financial assets at fair value at available for sale	1,826,826,899	10% increase 10% decrease	2,009,509,589 1,644,144,209	182,682,690 (182,682,690)
=	2,054,095,080			
_			2013	
	Fair value	"Hypothetical price change"	Estimated fair value after hypothetical change in prices"	"Hypothetical increase (decrease) in profit or (loss)/ equity"
_			Rupees	
Short term investments				
Financial assets at fair value through profit or loss	190,495,126	10% increase	209,544,639 171,445,613	19,049,513 (19,049,513)
Financial assets at fair value at available for sale	1,564,141,790	10% increase	1,720,555,969	156,414,179
= available for Sale	1,754,636,916	10% decrease	1,407,727,611	(156,414,179)



36.5.5 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within the Group. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective



37 Capital management

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

The Group's objectives when managing capital are:

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

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

The Group monitors capital on the basis of the debt-to-equity ratio - calculated as a ratio of total debt to equity.

The debt-to-equity ratios as at 30 June 2014 and as at 30 June 2013 were as follows:

	2014	2013
	Rupees	Rupees
Total long term debt	8,586,320,502	5,604,810,196
Total equity and debt	19,516,752,933	15,402,564,843
Debt-to-equity ratio	43.99%	36.39%

Neither there were any changes in the Group's approach to capital management during the year nor the Group is subject to externally imposed capital requirements.

37.1 Financial instruments by categories

Timanetal instruments by categories	Financial assets	
	2014	2013
	Rupees	Rupees
Loans and receivables		
Long term deposits	34,091,810	28,149,696
Trade debts	3,104,020,993	1,995,627,804
Loans and advances	754,925,954	140,777,880
Other receivables	3,431,538	6,655,581
Cash and bank balances	360,063,071	217,397,994
	4,256,533,366	2,388,608,955



	2014	2013
Available for sale	Rupees	Rupees
Available for sale		
Long term investments	2,079,793,605	1,817,108,496
	2,079,793,605	1,817,108,496
	Financia	l accets
	Fillaticia	ii assets
	2014	2013
Hold for tradica	Rupees	Rupees
<u>Held for trading</u>		
Short term investments	227,268,181	190,495,126
	227,268,181	190,495,126
	Financial	liabilities
	2014	2013
	Rupees	Rupees
Long term finances	8,586,320,502	5,604,810,196
Short term borrowings	1,778,317,049	1,603,659,476
Trade and other payables	6,895,216,288	4,337,180,633
Accrued markup	348,593,336	243,652,154
	17,608,447,175	11,789,302,459

During the year ended 30 June 2014, it was observed that surplus on revaluation of fixed assets included wrong effect of reversal of deferred tax liability. The management has decided to correct the surplus on revaluation of fixed assets.

The amount has been accounted for retrospectively as given below in accordance with the IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

38.1 The effect of retrospective restatement on profit and loss account is tabulated below:

			2013 Rupees
	Decrease in income tax expense		(29,277,835)
	Increase in profit after tax		29,277,835
	Increase in basic earnings per share		0.98
38.2	The effect of retrospective restatement on Balanc	e Sheet for 2013 and	2012 is tabulated
		2013 Rupees	2012 Rupees
	Decrease in deferred tax liability	691,796	21,945,996
	Decrease in surplus on revaluation of fixed assets	132,375,845	88,615,336
	Increase in unappropriated profit	133,067,641	110,561,332



39 Remuneration of Chairman, Chief Executive, Directors, Non-Executive Directors and Executives

The aggregate amounts charged in the accounts for the year for remuneration, including all benefits to the chairman and managing director, directors and executives of the

•			2014					2013		
	Chairman	Chairman Non-executive	Executive	Executives	Total	Chairman	Chairman Non-executive	Executive	Executives	Total
		Director	Director				Director	Director		
			Rupees					Rupees		
Managerial remuneration 4,329,980	4,329,980	8,659,960	4,329,980	23,690,860	41,010,780	4,080,634	•	12,436,971	14,804,997	31,322,602
House rent and utilities 1,824,393	1,824,393	871,209		6,473,841	9,169,443	130,594		1,292,743	3,131,127	4,554,464
Medical		106,518	•	2,684,110	2,790,628		1	152,311	2,716,092	2,868,403
Conveyance/petrol			•	130,200	130,200			ı	163,200	163,200
Insurance						5,618	1	1	1	5,618
. 11	6,154,373	6,154,373 9,637,687	4,329,980	32,979,011	53,101,051	4,216,846		13,882,025	20,815,416	38,914,287
Numbers =	1	ις	1	43	20	1	т	m	28	35

39.1 In addition to above, non executive directors were only paid Rs. 120,000 (2013: 105,000) as meeting fee.

39.2 Chief executive officer, executive directors and some of the executives are also provided with free use of the Group maintained cars and telephones at their residences. 2013

Total number of employees as at 30 June Average number of employees during the year

Number of employees



1 Segment reporting

41.1 Reportable segments

The management has determined the operating segments of the Group on the basis of products produced.

The Group's reportable segments are as follows:

- Spinning segment - production of different qualities of yarn using natural and artificial fibers

- Weaving segment - production of different qualities of Fabric using yarn

information regarding the Group's reportable segments is presented below. Performance is measured based on segment profit before tax, as management believes that such information is the most relevant in evaluating the results of certain segments relative to other companies that operate within these industries.

41.2 Information about reportable segments

	Spinning	ing	Weaving	ing	Total	le
	2014	2013	2014	2013	2014	2013
•			Rupees -			
External revenues	19,353,541,020	17,224,643,597	4,597,167,911	3,333,944,289	23,950,708,931	20,558,587,886
Intersegment revenues	4,060,895,600	2,872,992,513	9,325,869	11,604,391	4,070,221,469	2,884,596,904
Cost of sales	(20,837,502,821)	(17,562,515,772)	(658,906,611)	(105,835,369)	(21,496,409,432)	(17,668,351,141)
Intersegment cost of sales	(9,325,869)	(11,604,391)	(4,060,895,600)	(2,872,992,513)	(4,070,221,469)	(2,884,596,904)
Distribution cost	(233,263,388)	(225,586,861)	(32,848,956)	(31,182,919)	(266,112,344)	(256,769,780)
Administrative expenses	(230,445,658)	(193,428,991)	(22,370,108)	(22,527,420)	(252,815,766)	(215,956,411)
Other expense	(91,871,051)	(108,921,822)	10,190,291	(8,997,881)	(81,680,760)	(117,919,703)
Finance cost	(1,037,200,014)	(868,533,316)	(295,363,568)	(184,723,170)	(1,332,563,582)	(1,053,256,486)
Other income	240,159,909	220,636,413		•	240,159,909	220,636,413
Profit before tax	1,214,987,728	1,347,681,370	(453,700,772)	119,289,408	761,286,957	1,466,970,778

41.2.1 The accounting policies for disclosure of the reportable segments are the same as the Group's accounting policies described in note 4.22 to the financial statements. Expenditures are allocated on the basis of actual amounts incurred for the segments. This is the measure reported to management for the purposes of resource allocation and assessment of segment performance.



41.3 Reconciliation of reportable segment revenues and profits

	2014	2013
	Rupees	Rupees
Total revenue from reportable segments	28,020,930,400	23,443,184,790
Elimination of inter segment revenue	(4,070,221,469)	(2,884,596,904)
	23,950,708,931	20,558,587,886
Profit or loss		
Total profit or loss of reportable segments	761,286,957	1,466,970,778
Elimination of intersegment profits	-	-
Tax for the year	167,730,849	(281,923,368)
Consolidated profits	929,017,806	1,185,047,410

41.4 Segment assets and liabilities

41.4.1 Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

	Spinning	Weaving	Total
For the year ended 30 June 2014:		(Rupees)	
Segment assets for reportable segment Unallocated corporate assets	25,182,636,329	4,254,077,158	29,436,713,487 519,314,040
Total assets as per balance sheet			29,956,027,527
Segment liabilities for reportable segment Unallocated corporate liabilities	13,496,071,656	4,112,375,519	17,608,447,175 1,417,147,921
Total liabilities as per balance sheet			19,025,595,096
For the year ended 30 June 2013:			
Segment assets for reportable segment Unallocated corporate assets	18,345,031,227	2,457,705,972	20,802,737,199 2,600,799,923
Total assets as per balance sheet			23,403,537,122
Segment liabilities for reportable segment Unallocated corporate liabilities	9,389,828,275	1,971,407,929	11,361,236,204 2,215,361,707
Total liabilities as per balance sheet			13,576,597,911



- **41.4.2** For the purposes of monitoring segment performance and allocating resources between segments
 - all assets are allocated to reportable segments except long term investment and tax refund due from government which are held under unallocated corporate assets; and
 - all liabilities are allocated to reportable segments except deferred tax liability and provision of tax are held under unallocated corporate liabilities

41.5 Geographical information

41.5.1 The Group's gross revenue from external customers by geographical location is detailed below:

rodución lo detanea perovi	2014	2013
	(Rupe	ees)
Pakistan	15,929,835,233	12,289,367,323
Asia	5,646,966,458	6,449,472,942
Europe	1,725,042,468	750,214,588
America	1,531,038,568	1,434,188,684
Australia	3,394,784	5,202,326
Africa	46,823,267	32,683,512
	24,883,100,778	20,961,129,375

41.5.2 All non-current assets of the Group as at 30 June 2014 are located and operating in Pakistan.

41.6 Other segment information

Spinning	Weaving	Total
	(Rupees)	
2,470,710,058	1,290,916,432	3,761,626,490
486,704,794	106,575,605	593,280,399
22,395,938	3,176,258	25,572,196
509,100,732	109,751,863	618,852,595
1,433,063,655	131,944,623	1,565,008,278
431,391,050	83,417,019	514,808,069
17,354,985	3,578,521	20,933,506
448,746,035	86,995,540	535,741,575
	2,470,710,058 486,704,794 22,395,938 509,100,732 1,433,063,655 431,391,050 17,354,985	2,470,710,058 1,290,916,432 486,704,794 106,575,605 22,395,938 3,176,258 509,100,732 109,751,863 1,433,063,655 131,944,623 431,391,050 83,417,019 17,354,985 3,578,521



42 Transactions with related parties

The related parties comprise associated undertakings and key management personnel. The Group in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables and remuneration of the key management personnel is disclosed in note 39. Other significant transactions with related parties are as follows:

relationship Rupees	Rupees
. c.stronomp	Rupees
rics Limited Associate	
services 1,569,685,12	938,028,005
and services 24,415,00	47 ,428,400
ompany Limited Associate	
177,653,67	'0 139,028,062
and services 10,180,87	26 ,867,646
s Limited Associate	
-	61,794,302
Mills Limited Associate	
services 26,934,9 5	61,611,128
and services 8,527,64	-
-	3,721,135
ited Associate	
of shares 617,200,0 0	00
n issue of shares 27,251,71	.0
e Mills Limited Associate	
services 62,801,47	'5 170,927,976
and services 387,237,85	239,431,634
oundation, Multan Associate	
2,872,38	3 ,193,162
Personnel	
ctor's Loan -	3,721,135
nagement personnel -	175,000
and services company Limited Associate 177,653,67 and services s Limited Associate Mills Limited Services and services are services	47,428,40 139,028,06 26,867,64 61,794,30 63 61,611,12 3,721,13 60 60 170,927,97 239,431,63 3,193,16 3,721,13

All transactions with related parties have been carried out on commercial terms and conditions.

43 Capacity and production

Spinning: Number of spindles installed Number of rotors installed		2014 216,792 1,740	2013 176,472 780
Number of shifts worked Unit I, II & IV Unit III Fazal Weaving Mills Limited		999 998 420	1,097 1,097 -
Number of spindles - shifts worked Capacity at 20's count Actual production of all counts Actual production converted into 20's count	Kgs. Kgs. Kgs.	193,820,735 77,682,092 56,890,583 64,857,367	184,046,100 69,321,593 53,251,977 62,389,434



Weaving:		2014	2013
Number of looms installed		117	117
Number of looms worked		117	117
Number of shifts worked		1,042	1,042
Standard cloth production	Sg. Mtr.	36,831,112	27,898,301
•	·		, ,
Actual cloth production	Sq. Mtr.	33,101,353	24,570,220

It is difficult to describe precisely the production capacity in spinning mills since it fluctuates widely depending on various factors such as count of yarn spun, spindles speed, twist and raw materials used, etc. It also varies according to the pattern of production adopted in a particular year.

44 Non adjusting event after balance sheet date

The Board of Directors of the Holding Company in their meeting held on 09 October 2014 has proposed a final cash dividend of Rs. 2.5 per share and bonus share Nil (2013: Rs. 2.5 per share and bonus shares in the proportion of 20 shares for every 100 shares) for the year ended 30 June 2014 held for approval of the members in the Annual General Meeting to be held on 31 October 2014. These consolidated financial statements do not include the effect of this proposed final cash dividend and will be accounted for subsequent to year end.

45 Corresponding figures

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, there were no material re-arrangements.

46 Date of authorization of financial statements

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

47 General

Figures in the consolidated financial statements have been rounded-off to the nearest rupee except stated otherwise.

Sd/(Rehman Naseem)
Director

Sd/(Faisal Ahmed)
Director

Sd/-(Faizan ul Haq) Chief Financial Officer



FORM 34

Pattern Of Shareholding Of Shareholders As on:- 30-Jun-2014

Number of ShareHolders	CATEGORIES OF SH	ARE HOLDING	Total Number of	Percentage (%)
Number of Shareholders	FROM	TO	Share Held	Percentage (70)
757	1	100	16,013	0.05
352	101	500	94,017	0.31
122	501	1000	91,717	0.31
110	1001	5000	233,949	0.78
21	5001	10000	136,758	0.46
9	10001	15000	100,640	0.34
3	15001	20000	51,235	0.17
1	25001	30000	25,236	0.08
2	35001	40000	75,661	0.25
3	40001	45000	131,173	0.44
1	45001	50000	45,341	0.15
1	50001	55000	53,708	0.18
1	55001	60000	59,804	0.20
1	65001	70000	69,834	0.23
1	130001	135000	131,191	0.44
1	160001	165000	161,680	0.54
1	265001	270000	270,000	0.90
1	1045001	1050000	1,046,342	3.49
1	1305001	1310000	1,306,661	4.36
2	1420001	1425000	2,843,277	9.48
1	1765001	1770000	1,768,488	5.89
2	1995001	2000000	3,993,810	13.31
1	2415001	2420000	2,415,422	8.05
1	3185001	3190000	3,186,984	10.62
1	5650001	5655000	5,651,494	18.84
1	6035001	6040000	6,039,565	20.13
1,398			30,000,000	100.00

SR#	Category	No Of Share Holders	Shares Held	PERCENTAGE (%)
1	DirectorS, Spouses & Minor Children	13	18,313,808	61.046
2	Investment Banks/Co., NIT & ICP, Financial Institutions	5	4,004	0.013
3	Joint Stock Company	15	8,454,906	28.183
4	Mudarba & Funds	4	1,787,167	5.957
5	Trust	1	379	0.001
6	Pension Fund	1	161,680	0.539
7	Others (Holding of Ex-East Pakistanies)	1	53,708	0.179
8	Individual	1,358	1,224,348	4.081
Grand Total:		1,398	30,000,000	100.000



PATTERN OF SHARE HOLDING AS PER REQUIREMENTS OF CODE OF CORPORATE GOVERNANCE

CATEGORIES OF SHAREHOLDERS	Shares Held	PERCENTAGE (9
Directors, Spouses & Minor Children		
SHEIKH NASEEM AHMAD (CEO / DIRECTOR)	8,820	0.02
REHMAN NASEEM (CHAIRMAN / DIRECTOR)	3,186,984	10.62
MR. FAZAL AHMED SHEIKH (DIRECTOR)	2,041,611	6.80
MR. FAISAL AHMED (DIRECTOR)	2,039,865	6.80
MR. FAHAD MUKHTAR (DIRECTOR)	43,507	0.14
,		
MRS. MAHNAZ AMIR SHEIKH (DIRECTOR)	3,000	0.01 4.73
ABDULLAH AMIR FAZAL	1,421,639	
MUHAMMAD YOUSAF AMIR	1,421,638	4.73
AYESHA AMIR FAZAL	-	-
AMIN REHMAN FAZAL	-	-
SADEK REHMAN FAZAL	-	-
MAHA REHMAN FAZAL	-	-
SSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES		
AMIR FINE EXPORTS (PVT) LTD.	7,346,226	24.48
RELIANCE COMMODITIES (PVT) LTD	1,091,683	3.63
AMIR NASEEM SHEIKH	12,994	0.04
MST. FARRUKH MUKHTAR	5,651,494	18.83
FAWAD AHMED MUKHTAR	2,415,422	8.0
AMBREEN FAWAD	69,834	0.2
	, , , , , , , , , , , , , , , , , , , ,	
HARE HOLDERS FIVE PERCENT (5% OR ABOVE)		
AMIR FINE EXPORTS (PVT) LTD.	-	-
TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	-	-
REHMAN NASEEM	-	-
MR. FAZAL AHMED SHEIKH	-	-
MR.FAISAL AHMED MUKHTAR	-	-
MST. FARRUKH MUKHTAR	-	-
FAWAD AHMED MUKHTAR	-	-
IVESTMENT BANKS/CO., NIT & ICP,		
INDUSTRIAL DEVELOPMENT BANK OF PAIKSTAN(IDBP)	613	0.0
M/S. UNITED BANK LIMITED	788	0.0
IDBL (ICP UNIT)	1,414	0.00
NATIONAL BANK OF PAKISTAN	993	0.0
ESCORTS INVESTMENT BANK LIMITED	196	0.0
	150	0.0
OINT STOCK COMPANIES		
M/S. FREEDOM ENTERPRISES (PVT) LTD	6,309	0.0
FAZAL VEGETABLE GHEE MILLS LTD	7,689	0.0
M/S. FATEH TEXTILE MILLS LIMITED	258	0.0
MOLASSES TRADING & EXPORT CO. LTD.	135	0.0
M/S. NAEEMS SECURITIES LIMITED	763	0.0
FIRST CAPITAL EQUITIES LIMITED	19	0.0
SARFRAZ MAHMOOD (PRIVATE) LTD	72	0.0
H M INVESTMENTS (PVT) LIMITED	45	0.0
AKRAM COTTON MILLS LIMITED	6	0.0
FAIRTRADE CAPITAL SECURITIES (PVT.) LIMITED	33	0.0
FIKREES (SMC-PVT) LTD.	1,668	0.0
UDARABA & FUNDS TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	E 672	0.0
	5,673	
GOLDEN ARROW SELECTED STOCKS FUND LIMITED	12,406	0.0
TRUSTEE AKD OPPORTUNITY FUND	600	0.0
TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1,768,488	5.8
<u>RUSTS</u>		
THE TRUSTEE, GHULAMAN-E-ABBAS EDUCATIONAL & MEDICAL TRUST	379	0.0
INSION FUNDS		
TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	161,680	0.5
	•	
THERS (HOLDING OF EX-EAST PAKISTANIES) THE DEDITY ADMINISTRATOR (ADO)	E2 700	0.1
THE DEPUTY ADMINISTRATOR (APO)	53,708	0.1
DIVIDUALS (Other than above)	1,221,348	4.08



FORM OF PROXY

I/WE		
Of		
Being a member of FAZAL CLOTH	H MILLS LIMITED, hereby appoint	
	(NAME)	
Ofanother m	nember of the Company or failing	
Him		
	(NAME)	
Of		
	ral Meeting of the Company to be held on Friday, t at 11:00 am or at any adjournment thereof. day of October, 2014.	:he 31 St October, 2014
		Affix Revenue Stamp Rs. 5.00
(Witness Signature)	(Witness Signature)	
Name:	Folio #	
Address:	CDC A/C #	
CNIC No.	CNIC #	

NOTES:

- 1. This form of proxy duly completed must be deposited at the Company's Shares Department at 129/1 Old Bahawalpur Road, Multan or Company's Shares Registrar VISION CONSULTING LIMITED, 3-C, LDA Flats, Lawrence Road, LAHORE not later than 48 hours before the time of meeting.
- 2. Any individual beneficial owner of CDC, entitled to attend and vote at this meeting, must bring his/her CNIC or Passport, to prove his/her identity, and in case of Proxy must enclose an attested copy of his/her CNIC or Passport, Representatives of corporate members should bring the usual documents required for such purpose.



Fazal Cloth Mills Limited

129/1 Old Bahawaipur Road, Mullan. Tel. +92(61) 4579001-7 Fax +92(61) 4583425 www.fazaicloth.com