Saritow Spinning Mills Limited

Annual Report

2013 - 2014

CONTENTS

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. M. Naseem Saigol	Chief Executive
Mr. M. Azam Saigol	
Mr. M. Zeid Yousuf Saigol	
Mr. Muhammad Athar Rafiq	
Mr. Muhammad Omer Farooq	
Mr. Samir Iqbal Saigol	
Mr. Syed Haroon Rashid	NIT Nominee

AUDIT COMMITTEE

Mr. M. Naseem Saigol	Chairman/Member
Mr. Muhammad Omer Farooq	Member
Mr. Muhammad Athar Rafiq	Member

HR & REMUNERATION COMMITTEE

Mr. M. Zeid Yousuf Saigol	Chairman/Member
Mr. Samir Iqbal Saigol	Member
Mr. Muhammad Omer Farooq	Member

COMPANY SECRETARY
Mr. Anees-ur-Rehman

CHIEF FINANCIAL OFFICER
Mr. Muhammad Shamil, FCA

AUDITORS
Rahman Sarfraz Rahim Iqbal Rafiq
Chartered Accountants

BANKERS
Bank Alfalah Limited
Faysal Bank Limited
MCB Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Limited
NIB Bank LImited
The Bank of Punjab
Summit Bank Limited
Meezan Bank Limited
Habib Metropolitan Bank Limited

SHARES REGISTRAR
M/s. CORPLINK (PVT) LTD.
Wings Arcade, 1-K Commercial, Model Town, Lahore.
Tel: 042-35839182, 35887262, 35916719
Fax: 042-35869037

REGISTERED OFFICE
17-Aziz Avenue, Canal Bank,
Gulberg-V, Lahore.
Tel: 042-35717364-65, 35718274-75
Fax: 042-35715105
E-mail: shares@saigols.com

MILLS
51-KM, Multan Road,
Phool Nagar, District Kasur.

VISION

To accomplish, build up and sustain a good reputation of the project in textile sector locally and globally by marketing high quality of yarn through team work by means of honesty, integrity and commitment.

MISSION

To transform the Company into a modern and dynamic Yarn manufacturing Company and to provide quality products to customers and explore new markets to promote / expand sales of the Company through Good Governance and foster a sound and dynamic team, so as to achieve optimum profitability for the Company for sustainable and equitable growth and prosperity of the Company.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 28th Annual General Meeting of Shareholders of **Saritow Spinning Mills Limited** will be held on Friday, October 31, 2014 at 10:00 A.M. at 17-Aziz Avenue, Canal Bank, Gulberg-V, Lahore the Registered Office of the Company to transact the following business:-

1. To confirm the minutes of the last Annual General Meeting held on October 31, 2013.
2. To receive and adopt the Annual Audited Accounts for the year ended June 30, 2014 alongwith Directors' and Auditors' Reports thereon.
3. To appoint Auditors of the Company to hold office till the conclusion of next Annual General Meeting and to fix their remuneration.
4. Any other business with the permission of the Chair.

By Order of the Board

Company Secretary

Lahore : October 10, 2014

Notes:

1. Share Transfer Books of the Company will remain closed from October 25, 2014 to October 31, 2014 (both days inclusive). Physical transfers/CDS transactions ID's received in order at "Company Registrar office M/s Corplink (Pvt.) Limited", wings arcade, 1-K, Commercial Model Town, Lahore on October 24, 2014 will be treated in time.
2. A member entitled to attend and vote at this Meeting may appoint another Member as his/her proxy. Proxies in order to be effective, must be received at 17-Aziz Avenue, Canal Bank, Gulberg-V, Lahore the Registered Office of the Company not later than forty-eight hours before the time for holding the meeting and must be duly stamped, signed and witnessed.
3. Members whose shares are deposited with Central Depository System are requested to bring their original National Identity Cards or original Passports along with their Account Numbers in Central Depository System for attending the meeting.
4. Members are requested to notify the Company change in their addresses, if any.

FINANCIAL HIGHLIGHTS - *Six Years at a Glance*

Particulars	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
Operating Performance *(Rupees in Thousands)*						
Turnover - *Net*	2,523,328	2,188,429	2,010,918	2,038,317	716,581	472,088
Gross Profit	231,337	303,956	215,146	236,774	129,329	40,553
Profit/(Loss) before Tax	53,274	157,973	199,804	127,997	64,349	(26,966)
Profit/(Loss) after Tax	42,075	120,511	168,855	87,350	48,147	(26,000)
Financial Position *(Rupees in Thousands)*						
Share Capital	298,406	298,406	298,406	298,406	132,750	132,750
Shareholders' Equity	631,070	598,772	476,858	305,836	50,756	1,454
Operating Fixed Assets	1,446,553	1,074,622	1,006,093	1,033,163	356,894	338,680
Total Assets	2,084,799	1,597,520	1,419,166	1,705,884	726,086	690,405
Bank Borrowings	700,960	278,122	305,983	452,666	154,075	224,258
Ratio Analysis						
Profitability						
Gross Profit Margin - *% age*	9.17	13.89	10.71	11.62	18.05	8.59
Profit/(Loss) after Tax - *% age*	1.67	5.51	8.40	4.29	6.72	(5.51)
Earning/(Loss) Per Share - *Rupees*	1.41	4.04	5.66	2.93	3.63	(1.96)
Activity						
Sales to Operating Fixed Assets - *Times*	1.74	2.04	2.00	1.97	2.01	1.39
Liquidity						
Current Ratio - *Times*	1.19	1.37	1.07	0.96	0.79	0.69
Break up Value Per Share - *Rupees*	21.15	20.07	15.98	10.25	3.82	0.11

DIRECTORS' REPORT

The Directors of M/s **Saritow Spinning Mills Limited** are pleased to present Financial Results for the year ended June 30, 2014 along with director report thereon.

Financial High Lights	2014 ('000)	2013 ('000)
Net Sales	2,523.328	2,188.429
Gross Profit	2,312.337	309.745
Pre Tax Profit without Notional Income	85.054	180.456
Pre Tax Profit with Notional Income	53.274	157.973
After Tax Profit without Notional Income/(Expense)	67.912	143.083
After Tax Profit with Notional Income/(Expense)	42.075	120.600
Gross Profit Ratio to Sales	9.17%	14.15%
After Tax Profit Ratio to Sales without Notional Income/(Expense)	2.69%	6.53%
After Tax Profit Ratio to Sales with Notional Income/(Expense)	1.67%	5.51%

Operating Financial Results

During the year under review our Company was able to achieve turnover of Rs 2,523.328 million as compared to Rs 2,188.429 million during last year and was able to earn Gross Profit of 9.17% as compared to 14.15% during the same period last year.

Start of the year under review was good. Whole of textile Industry made good profits and we were no exception. From the month of January 2014 onward Industry started facing problems and from the start of March onward things got worst. In anticipation of Bumper Raw Cotton crop not only in Pakistan but all over the globe prices of yarn started declining. The year under review was also hit by energy crisis. Power supply from LESCO and Natural Gas supply from SNGPL remain low due to which we were forced to operate our unit on Furnace Oil which is very costly as compared to other available sources. The year under review started on positive note, Raw Cotton was available at good competitive prices and on the other hand yarn prices were also stable except for the later half when prices of yarn started falling, resulted in reason able profits for the year. If the power supply would have remained stable during the period under review, your company may have earned much better profits.

Future Outlook

Power supply will remain the top issue for the Textile industry. In spite of this we hope that the Raw Cotton prices will remain stable throughout the year due to abundant availability of raw cotton.

During last so many years our Company was unable to carried out major BMR to replace and upgrade the aging Plant and Machinery of our project and at the moment our company is primarily producing low yielding fine count yarn. In order to enter the high yielding course count market your company has revamped whole back process along with winding section of Unit No.2 of the project. This BMR costs approximately Rs. 502.00 Million. In order to finance this whole BMR the NIB Bank Limited have provided term finance facility of Rs. 350.000 Million and balance Rs. 152.000 Million have been financed by the company from own cash flow.

We are proud to announce that above mentioned BMR will start giving commercial production from the month of October, 2014 which will definitely have positive impact on the future profitability of the company.

Cash Flow Management

Board of directors places great importance for an effective cash flow management so as to ensure smooth running of the business. For this purpose cash inflows and outflows are projected on regular basis and verified periodically. Working capital requirements have been planned to be finance through internal cash generation and short term financing from external sources.

Corporate Social Responsibility (CSR)

Your company gives high priority to its social responsibilities and is committed to the highest standards of corporate behavior. The company's CSR responsibilities are fulfilled through monetary contributions in the areas of healthcare, education, environment protection, water and sanitation, child welfare, infrastructure development and other social welfare activities. Our CSR includes contributions to hospitals and education programs engaged in assisting the under privileged patients students and children's of various walks of life.

Health Safety and Environment

Your company is well aware of the importance of skilled workers and staff therefore the company is strongly committed towards all aspects of safety, health and environment connected with our business.

Statement in Compliance of the Code of Corporate Governance

- The Financial Statements, prepared by the management, present a true and fair state of affairs of the company, the results of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, 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 are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- There are no outstanding statutory payments on account of duties, levies and charges.
- Significant deviation from last year in operating results of the Company and reasons thereof have been explained.
- The Key Operating and Financial Data of last six years is attached to the Report.
- There are no significant plans for corporate restructuring and discontinuation of operations except for improvement in the normal business activities to increase the business.
- Four Meetings of the Board of Directors of the Company were held during the year under review. Following was the attendance of the Directors: -

Name of Directors	No. of Meetings Attended
Mr. M. Naseem Saigol	1
Mr. M. Azam Saigol	2
Mr. Samir Iqbal Saigol	4
Mr. M. Zeid Yousuf Saigol	1
Syed Haroon Rashid	4
Mr. M. Omer Farooq	3
Mr. M. Athar Rafiq	4

- Four Meetings of the Audit Committee were held during the year under review. Following was the attendance of the Members: -

Name of Members	No. of Meetings Attended
Mr. M. Naseem Saigol	4
Mr. M. Omer Farooq	3
Mr. M. Athar Rafiq	4

- One Meeting of HR & Remuneration Committee was held during the year under review. Following was the attendance of the Members: -

Name of Members	No. of Meetings Attended
Mr. M. Zeid Yousuf Saigol	1
Mr. Samir Iqbal Saigol	1
Mr. M. Omer Farooq	1

During the period under review no Director, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children sell, buy or take any position in the shares of the Company except as mentioned in Categories of Shareholding required under Code of Corporate Governance (CCG).

Pattern of Shareholding

A statement showing pattern of shareholding as on June 30, 2014 is annexed.

Acknowledgment

The Directors of your company take this opportunity to thank the entire stakeholders for their continued support. Your directors also placed on record their appreciation for the contribution made by the employees at all levels.

For and on behalf of the Board

Lahore : October 10, 2014

CHIEF EXECUTIVE

STATEMENT WITH COMPLIANCE OF CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the code of Corporate Governance contained in regulation No. 37, 43 & 36 of listing regulations of Karachi, Lahore & Islamabad Stock Exchanges respectively for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best of 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**
Independent Directors	N/A
Executive Directors	Mr. Samir Iqbal Saigol
	Mr. M. Azam Saigol
Non-Executive Directors	Mr. M. Naseem Saigol
	Mr. M. Zeid Saigol
	Mr. Muhammad Athar Rafiq
	Mr. Muhammad Omer Farooq
	Mr. Syed Haroon Rashid

   The independent directors meeting the criteria of independence under clause I (b) of the CCG will be appointed in the election of directors due on March 24, 2015.

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 the 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 of Directors during the period.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board/shareholders.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. One training program for its directors by the board arranged during the year.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The Director's 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. 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 an audit committee. It comprises of 3 members, of whom majority are non executive directors including the chairman of the committee.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed an HR and remuneration committee. It comprises 3 members, of whom 2 are none executive directors including the chairman of the committee.
18. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
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 partner 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 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 regards.
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.

For and on behalf of the Board

Lahore : October 10, 2014

CHIEF EXECUTIVE

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

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

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with best practices contained in the Code as applicable to the Company for the year ended June 30, 2014.

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Engagement Partner: ***ZUBAIR IRFAN MALIK***

Date: ***OCTOBER 10, 2014***
Place: ***LAHORE***

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of SARITOW SPINNING MILLS LIMITED ("the Company") as at June 30, 2014 and the related profit and loss account, statement of profit or loss and other 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 purpose of our audit.

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

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

a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion-

   i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied, except for the change referred to in note 5 to the financial statements, with which, we concur;

   ii. the expenditure incurred during the year was for the purpose of the Company's business; and

   iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of profit or loss and other comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2014 and of the profit, other 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.

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Engagement Partner: ***ZUBAIR IRFAN MALIK***

Date: ***OCTOBER 10, 2014***
Place: ***LAHORE***

BALANCE SHEET
as at June 30, 2014

	Note	2014	2013	2012
		Rupees	*Rupees*	*Rupees*
			(restated)	*(restated)*
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized share capital				
35,000,000 (2013: 35,000,000) ordinary shares of Rs. 10 each		**350,000,000**	350,000,000	350,000,000
Issued, subscribed and paid-up capital	*7*	**298,406,070**	298,406,070	298,406,070
Accumulated profit		**332,663,678**	300,365,776	178,451,690
TOTAL EQUITY		**631,069,748**	598,771,846	476,857,760
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	*8*	**74,437,334**	76,515,348	78,429,877
LOAN FROM DIRECTORS AND FAMILY MEMBERS - UNSECURED, SUBORDINATE	*9*	**199,007,562**	173,170,520	150,687,887
NON-CURRENT LIABILITIES				
Long term finances - *Secured*	*10*	**341,609,645**	57,091,395	85,506,419
Liabilities against assets subject to finance lease - *Secured*	*11*	**45,294,118**	61,764,706	-
Long term deposits - *Unsecured*	*12*	**8,000,000**	8,000,000	8,000,000
Employees retirement benefits	*13*	**35,282,172**	30,000,125	29,439,575
Deferred taxation	*14*	**230,277,783**	223,050,095	216,826,262
		660,463,718	379,906,321	339,772,256
CURRENT LIABILITIES				
Trade and other payables	*15*	**186,951,817**	174,702,605	134,524,355
Short term borrowings - *Secured*	*16*	**247,611,611**	110,722,646	154,742,636
Accrued interest/mark-up		**18,813,326**	16,353,300	15,625,522
Current portion of non-current liabilities	*17*	**66,443,983**	48,543,523	65,734,556
Current tax liability	*18*	**-**	18,833,829	2,791,355
		519,820,737	369,155,903	373,418,424
TOTAL LIABILITIES		**1,180,284,455**	749,062,224	713,190,680
CONTINGENCIES AND COMMITMENTS	*19*	**-**	-	-
		2,084,799,099	1,597,519,938	1,419,166,204

The annexed notes 1 to 51 form an integral part of these financial statements.

Lahore
Date: October 10, 2014

CHIEF EXECUTIVE

	Note	2014	2013	2012
		Rupees	*Rupees*	*Rupees*
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	*20*	**1,446,553,003**	1,074,622,209	1,006,093,165
Long term deposits - *Unsecured, considered good*	*21*	**20,913,886**	15,989,766	14,373,910
		1,467,466,889	1,090,611,975	1,020,467,075
CURRENT ASSETS				
Stores, spares and loose tools	*22*	**20,205,226**	19,459,940	13,330,454
Stock in trade	*23*	**452,773,282**	369,678,225	280,650,629
Trade receivables - *Unsecured, considered good*		**26,968,457**	22,256,811	33,750,748
Advances, prepayments and other receivables	*24*	**56,523,416**	74,869,488	54,711,630
Current tax asset	*25*	**27,865,352**	-	-
Cash and bank balances	*26*	**32,996,477**	20,643,499	16,255,668
		617,332,210	506,907,963	398,699,129
TOTAL ASSETS		**2,084,799,099**	1,597,519,938	1,419,166,204

DIRECTOR

PROFIT AND LOSS ACCOUNT
for the year ended June 30, 2014

	Note	2014	2013
		Rupees	*Rupees*
			(restated)
Turnover - ***net***	*27*	**2,523,328,289**	2,188,428,877
Cost of sales	*28*	**2,291,990,863**	1,884,472,517
Gross profit		**231,337,426**	303,956,360
Selling and distribution expenses	*29*	**5,907,838**	4,058,959
Administrative and general expenses	*30*	**51,874,428**	49,144,687
		57,782,266	53,203,646
Other income	*31*	**(9,389,545)**	950,707
Operating profit		**164,165,615**	251,703,421
Finance cost	*32*	**80,416,242**	58,211,209
Other charges	*33*	**4,637,874**	13,036,661
		85,054,116	71,247,870
Notional interest expense	*9.2*	**(25,837,042)**	(22,482,633)
Profit before taxation		**53,274,457**	157,972,918
Taxation	*34*	**11,199,374**	37,461,656
Profit after taxation		**42,075,083**	120,511,262
Earnings per share - ***basic and diluted***			
before notional interest	*35*	**2.28**	4.79
after notional interest	*35*	**1.41**	4.04

The annexed notes 1 to 51 form an integral part of these financial statements.

Lahore
Date: October 10, 2014

CHIEF EXECUTIVE **DIRECTOR**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended June 30, 2014

	Note	2014	2013
		Rupees	*Rupees*
			(restated)
Items that may be reclassified subsequently to profit or loss		**-**	-
Items that will not be reclassified to profit or loss			
Incremental depreciation	*8*	**2,078,014**	1,914,529
Remeasurements of defined benefit obligation	*13.4*	**(3,571,058)**	(254,611)
Taxation relating to remeasurements of defined benefit obligation	*14*	**1,178,449**	89,114
		(314,595)	1,749,032
Other comprehensive (loss)/income		**(314,595)**	1,749,032
Profit for the year		**42,075,083**	120,511,262
Total comprehensive income		**41,760,488**	122,260,294

The annexed notes 1 to 51 form an integral part of these financial statements.

Lahore
Date: October 10, 2014

CHIEF EXECUTIVE **DIRECTOR**

CASH FLOW STATEMENT
for the year ended June 30, 2014

	Note	**2014** *Rupees*	2013 *Rupees*
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	*36*	**168,117,253**	227,489,635
Payments for:			
Employees retirement benefits		**(11,395,743)**	(7,773,753)
Interest/markup		**(68,303,516)**	(53,914,608)
Income tax		**(49,492,418)**	(15,106,235)
Net cash generated from operating activities		**38,925,576**	150,695,039
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		**(441,042,780)**	(54,985,113)
Proceeds from disposal of property, plant and equipment		**6,670,939**	7,705,131
Long term deposits		**(4,924,120)**	(1,615,856)
Net cash used in investing activities		**(439,295,961)**	(48,895,838)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term finances		**(33,434,834)**	(53,841,351)
Long term finances obtained		**327,618,250**	-
Repayment of liabilities against assets subject to finance lease		**(8,235,294)**	-
Net increase/(decrease) in short term borrowings		**136,888,965**	(44,019,990)
Dividend paid		**(9,971,314)**	-
Net cash used in financing activities		**412,865,773**	(97,861,341)
Net increase/(decrease) in cash and cash equivalents		**12,495,388**	3,937,860
Cash and cash equivalents at the beginning of the year		**20,643,499**	16,255,668
Exchange gain on cash and cash equivalents		**(142,410)**	449,971
Cash and cash equivalents at the end of the year	*37*	**32,996,477**	20,643,499

The annexed notes 1 to 51 form an integral part of these financial statements.

Lahore
Date: October 10, 2014

CHIEF EXECUTIVE **DIRECTOR**

STATEMENT OF CHANGES IN EQUITY
for the year ended June 30, 2014

	Note	**Issued subscribed and paid-up capital** *Rupees*	**Accumulated profit** *Rupees* *(restated)*	**Total equity** *Rupees*
Balance as at July 01, 2012 - *(as originally reported)*		298,406,070	178,451,690	476,857,760
Impact of change in accounting policy	*5*	-	(346,208)	(346,208)
Balance as at July 01, 2012 - *(restated)*		298,406,070	178,105,482	476,511,552
Comprehensive income - (*restated)*				
Profit after taxation - *(restated)*		-	120,511,262	120,511,262
Other comprehensive income - *(restated)*		-	1,749,032	1,749,032
Total comprehensive income - *(restated)*		-	122,260,294	122,260,294
Transaction with owners		-	-	-
Balance as at June 30, 2013 - *(restated)*		298,406,070	300,365,776	598,771,846
Comprehensive income				
Profit after taxation		**-**	**42,075,083**	**42,075,083**
Other comprehensive income		**-**	**(314,595)**	**(314,595)**
Total comprehensive income		**-**	**41,760,488**	**41,760,488**
Transaction with owners				
Final dividend @ 10% i.e. Rs. 1.0 per ordinary share	*47*	**-**	**(9,462,586)**	**(9,462,586)**
Balance as at June 30, 2014		**298,406,070**	**332,663,678**	**631,069,748**

The annexed notes 1 to 51 form an integral part of these financial statements.

Lahore
Date: October 10, 2014

CHIEF EXECUTIVE **DIRECTOR**

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS
for the year ended June 30, 2013

1 REPORTING ENTITY

Saritow Spinning Mills Limited ('the Company') is incorporated in Pakistan as a Public Limited Company under the Companies Ordinance, 1984 and is listed on Karachi Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited. The Company is a spinning unit engaged in the manufacture and sale of yarn. The registered office of the Company is situated at 17-Aziz Avenue, Canal Bank Gulberg-V, Lahore. The manufacturing facility is located at Bhai Pheru, District Kasur in the Province of Punjab.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Subsequently, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

2.3.1 ***Depreciation method, rates and useful lives of property, plant and equipment***

The Company reassesses useful lives, depreciation method and rates for each item of property, plant and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from that item.

2.3.2 ***Recoverable amount and impairment***

The management of the Company reviews carrying amounts of its assets for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

2.3.3 ***Obligation under defined benefit plan***

The Company's obligation under the defined benefit plan is based on assumptions of future outcomes, the principal ones being in respect of increases in remuneration, remaining working lives of employees and discount rates to be used to determine present value of defined benefit obligation. These assumptions are determined periodically by independent actuaries.

2.3.4 ***Taxation***

The Company takes into account the current income tax law and decisions taken by appellate and other relevant legal forums while estimating its provision for current tax. Provision for deferred tax is estimated after taking into account historical and expected future turnover and profit trends and their taxability under the current tax law.

2.3.5 ***Provisions***

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

2.3.5 ***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.

2.4 Functional currency

These financial statements have been prepared in Pak Rupees which is the Company's functional currency.

3 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE DURING THE YEAR.

3.1 The following new and revised standards, interpretations and amendments are effective during the year and are relevant to the Company.

Amendments to IAS 1 - Presentation of Financial Statements (as part of the Annual Improvements 2009-2011 Cycle)

The annual improvements to IFRS 2009-2011 have made a number of amendments to IFRSs. The amendments that are relevant to the Company are the amenments to IAS 1 - Presentation of Financial Statements regarding when a balance sheet as at the beginning of the preceding period (third balance sheet) is required to be presented. The amendments specify that a third balance sheet is required when an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements and that retrospective application, restatement or reclssification has a material effect on the information in the third balance sheet. The amendments specify that the related notes are not required to accompany the third balance sheet.

During the year, the Company has applied IAS 19 – Employee Benefits (Revised 2011) which has resulted in material effect on the information in the balance sheet as at June 30, 2012. In accordance with the amendments to IAS 1 - Presentation of Financial Statements, the Company has presented a third balance sheet as at June 30, 2012 without the related notes.

IAS 19 – Employee Benefits (Revised 2011)

The revised standard:

- Requires the recognition of changes in the net defined benefit liability/asset including immediate recognition of defined benefit cost, disaggregation of defined benefit cost into components, recognition of re-measurements in other comprehensive income, plan amendments, curtailments and settlements, and eliminates the option that allowed entities to defer the recognition of changes in net defined benefit liability under the '10% Corridor Approach'.

- Introduces enhanced disclosures about defined benefit plans.

- Modifies accounting for termination benefits, including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination.

- Clarifies various miscellaneous issues, including the classification of employee benefits, current estimates of mortality rates, tax and administration costs and risk-sharing and conditional indexation features.

The Company has adopted and applied the revised standard which has resulted in change in accounting policy as referred to in note 5.

3.2 The following new and revised standards, interpretations and amendments are effective during the year and are either not relevant to the Company or do not have any material impact on these financial statements.

IAS 27 - Separate Financial Statements (Revised 2011)

The revised standard supersedes IAS 27 - Consolidated and Separate Financial Statements (Revised 2008). The revised standard carries forward existing accounting and disclosure requirements for separate financial statements with some minor clarifications. The revised standard is not relevant to the Company.

IAS 28 - Investments in Associates and Joint Ventures (Revised 2011)

The revised standard supersedes IAS 28 - Investments in Associates (Revised 2008) and makes amendments to apply IFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations to investment, or a portion thereof, in an associate or joint venture, that meets the criteria to be classified as held for sale. The revised standard is not relevant to the Company.

Annual Improvements 2009-2011

The 2009-2011 cycle of improvements contains amendments to the following standards, with consequential amendments to other standards and interpretations.

- ***IFRS 1 – First-time Adoption of International Financial Reporting Standards***

  The amendments clarify that an entity may apply IFRS 1 if its most recent previous annual financial statements did not contain an explicit and unreserved statement of compliance with International Financial Reporting Standards even if the entity applied IFRS 1 in the past. The amendments are not relevant to the Company.

- ***IAS 16 - Property, Plant and Equipment***

  The amendments clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories. The amendments do not have any material impact on the Company's financial statements.

- ***IAS 32 - Financial Instruments: Presentation***

  The amendments clarify that IAS 12 - Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendments remove a perceived inconsistency between IAS 32 and IAS 12. The amendments do not have any material impact on the Company's financial statements.

- ***IAS 34 - Interim Financial Reporting***

  The amendments align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 - Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment. The amendments do not have any material impact on the Company's financial statements.

Government Loans (Amendments to IFRS 1 – First-time Adoption of International Financial Reporting Standards)

The amendments address how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to International Financial Reporting Standards. The amendments are not relevant to the Company.

Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7 - Financial Instruments: Disclosures)

The amendments contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement. The amendments do not have any material impact on the Company's financial statements.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32 - Financial Instruments: Presentation)

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 do not have any material impact on the Company's financial statements.

Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10 – Consolidated Financial Statements, IFRS 11 – Joint Arrangements and IFRS 12 – Disclosure of Interests in Other Entities)

The amendments provide transitional relief by limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Also, amendments to IFRS 11 and IFRS 12 eliminate the requirement to provide comparative information for periods prior to the immediately preceding period. The amendments are not relevant to the Company.

IFRIC 20 - Stripping Cost in the Production Phase of a Surface Mining (2011)

The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The interpretation is not relevant to the Company.

3.3 The following new standards are effective during the year but have been notified for adoption by the Securities and Exchange Commission of Pakistan under section 234 of the Companies Ordinance, 1984 for annual periods beginning on or after January 01, 2015.

IFRS 10 – Consolidated Financial Statements (2011)

The standard replaces those parts of IAS 27 - Consolidated and Separate Financial Statements, that address when and how an investor should prepare consolidated financial statements and supersedes SIC 12 - Consolidation: Special Purpose Entities.

IFRS 11 - Joint Arrangements (2011)

The standard supersedes IAS 31 - Interest in Joint Ventures and SIC 13 - Jointly Controlled Entities: Non-monetary Contributions by Venturers.

IFRS 12 - Disclosure of Interests in Other Entities (2011)

The standard introduces disclosure requirements relating to interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities.

IFRS 13 - Fair Value Measurement (2011)

The standard replaces the guidance on fair value measurement in various existing standards with a single standard.

4 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS ISSUED BUT NOT EFFECTIVE.

The following new and revised standards, interpretations and amendments are in issue, which are not effective as at the reporting date. These are not expected to have any significant impact on the financial statements of the Company, except for enhanced disclosures in certain cases.

IFRS 9 – Financial Instruments: Classification and Measurement (2014)

The revised standard incorporates new requirements for the classification and measurement of financial instruments and carries over existing derecognition requirements from IAS 39 - Financial Instruments: Recognition and Measurement. The standard is effective for annual periods beginning on or after January 01, 2018.

IFRS 14 – Regulatory Deferral Accounts (2014)

The standard allows first-time adoptors of IFRS to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. The standard is effective for annual periods beginning on or after January 01, 2017.

IFRS 15 – Revenue from Contracts with Customers (2014)

The standard provides a single, principles based five-step model to all contracts with customers. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The standard is effective for annual periods beginning on or after January 01, 2017.

Investment Entities (Amendments to IFRS 10 – Consolidated Financial Statements, IFRS 12 – Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements

The amendments provide exemption from consolidation of particular subsidiaries by certain entities defined as "Investment Entities" and require additional disclosures where such subsidiaries are excluded from consolidation pursuant to exemption. The amendments are effective for annual periods beginning on or after January 01, 2014.

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

The amendments reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required and introduce an explicit requirement to disclose the discount rate used in determining impairment or reversals where recoverable amount is determined using a present value technique. The amendments are effective for annual periods beginning on or after January 01, 2014.

Novation of Derivative and Continuation of Hedge Accounting (Amendments to IAS 39 – Financial Instruments: Recognition and Measurement)

The amendments clarify that there is no need to discontinue hedge accounting if a hedge derivative is novated provided certain criteria are met. The amendments are effective for annual periods beginning on or after January 01, 2014.

Contributions from employees or third parties (Amendments to IAS 19 – Employee Benefits)

The amendments narrow scope amendments applicable to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The amendments are effective for annual periods beginning on or after July 01, 2014.

Offsetting financial assets and financial liabilities (Amendments to IAS 32 – Financial Instruments: Presentation)

The amendments update the application guidance in IAS 32 to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The amendments are effective for annual periods beginning on or after January 01, 2014.

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11 – Joint Arrangements)

The amendments update the application guidance in IAS 32 to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The amendments are effective for annual periods beginning on or after January 01, 2016.

Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets)

The amendments clarify the use of certain acceptable methods of depreciation and amortization. The amendments are effective for annual periods beginning on or after January 01, 2016.

Bearer Plants (Amendments to IAS 16 – Property, Plant and Equipment and IAS 41 – Agriculture)

The amendments allows bearer plants; living plants that are used in the production or supply of agricultural produce, which are expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, to be accounted for under IAS 16 – Property, Plant and Equipment, and clarify that the produce growing on bearer plants remains within the scope of IAS 41 - Agriculture. The amendments are effective for annual periods beginning on or after January 01, 2016.

Annual Improvements 2010-2012 (applicable to annual periods beginning on or after July 01, 2014)

The 2010-2012 cycle of improvements contains amendments to the following standards, with consequential amendments to other standards and interpretations.

- ***IFRS 2 – Share-based Payment***

  The amendments amend the definition of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'.

- ***IFRS 3 – Business Combinations***

  The amendments require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date.

- ***IFRS 8 –Operating Segments***

  The amendments require disclosure of the judgements made by the management in applying the aggregation criteria to operating segments and clarify that reconciliations of segment assets are required only if segment assets are reported regularly.

- ***IFRS 13 – Fair Value Measurement***

  The amendments clarify that issuing IFRS 13 – Fair Value Measurement and amending IFRS 9 – Financial Instruments: Disclosures and IAS 39 – Financial Instruments: Recognition and Measurement did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis.

- ***IAS 16 – Property, Plant and Equipment***

  The amendments clarify that the amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount.

- ***IAS 24 – Related Parties***

  The amendments clarify how payments to entities providing management services are to be disclosed.

Annual Improvements 2011-2013 (applicable to annual periods beginning on or after July 01, 2014)

The 2011-2013 cycle of improvements contains amendments to the following standards, with consequential amendments to other standards and interpretations.

- ***IFRS 1 – First-time Adoption of International Financial Reporting Standards***

  The amendments clarify which versions of IFRSs can be used on initial adoption.

- ***IFRS 3 – Business Combinations***

  The amendments clarify that the standard exludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

- ***IFRS 13 – Fair Value Measurement***

  The amendments clarify the scope of portfolio exception.

- ***IAS 40 – Investment Property***

  The amendments clarifying the interrelationship of IFRS 13 – Fair Value Measurement and IAS 40 – Investment Property when classifying property as investment property or owner-occupied property.

5 CHANGE IN ACCOUNTING POLICY

During the year, the Company has adopted and applied IAS 19 – Employee Benefits (Revised 2011) which has resulted in change accounting policy of the Company for Defined Benefit Plans. Earlier actuarial gains/losses were recognized using the 10% corridor approach. Following the application of the revised standard all remeasurements of defined benefit obligation are recognized in other comprehensive income in the period in which they occur. The change has been applied retrospectively. The impact of retrospective application is as follows:

	2014	2013
	Rupees	*Rupees*
Impact on profit or loss		
Increase in deferred tax expense	**1,178,449**	89,114
Decrease in profit after taxation	**1,178,449**	89,114
Impact on other comprehensive income		
Decrease in remeasurement of defined benefit obligation	**3,571,058**	254,611
Increase in deferred tax income on remeasurement of defined benefit obligation	**(1,178,449)**	(89,114)
Decrease in other comprehensive income	**2,392,609**	165,497
Impact on earnings per share		
Increase in earnings per share	**0.039**	0.003
Impact on liabilities		
Increase in employees retirement benefits	**4,171,877**	600,819
Increase in liabilities	**4,171,877**	600,819
Impact on equity		
Decrease in accumulated profits	**3,571,058**	254,611
Decrease in equity	**3,571,058**	254,611
Impact on assets	**-**	-

6 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, with the exception of change referred to in note 5.

6.1 Property, plant and equipment

6.1.1 Operating fixed assets

Operating fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses with the exception of freehold land, which is stated at revalued amount, and buildings on freehold land and plant and machinery which are carried at revalued amounts less accumulated depreciation. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation.

Major renewals and improvements to operating fixed assets 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 operating fixed assets are recognized in profit or loss as incurred.

The Company recognizes depreciation in profit or loss by applying reducing balance method over the useful life of each operating fixed asset using rates specified in note 20.1 to the financial statements. Depreciation on additions to operating fixed assets is charged from the month in which the item becomes available for use. Depreciation is discontinued from the month in which it is disposed or classified as held for disposal.

An operating fixed asset is de-recognized when permanently retired from use. Any gain or loss on disposal of operating fixed assets is recognized in profit or loss.

6.1.2 Capital work in progress

Capital work in progress is stated at cost less identified impairment loss, if any, and includes the cost of material, labour and appropriate overheads directly relating to the construction, erection or installation of an item of operating fixed assets. These costs are transferred to operating fixed assets as and when related items become available for intended use.

6.2 Surplus / deficit arising on revaluation of property, plant and equipment

Surplus arising on revaluation of items of property, plant and equipment is carried on balance sheet after reversing deficit relating to the same item previously recognized in profit or loss, if any. Deficit arising on revaluation is recognized in profit or loss after reversing the surplus relating to the same item previously carried on balance sheet, if any. An amount equal to incremental depreciation, being the difference between the depreciation based on revalued amounts and that based on the original cost, net of deferred tax, if any, is transferred from surplus on revaluation of property, plant and equipment to accumulated profit every year, through statement of other comprehensive income.

6.3 Stores, spares and loose tools

These are generally held for internal use and are valued at cost. Cost is determined on the basis of weighted average except for items in transit, which are valued at invoice price plus related cost incurred up to the reporting date. For items which are considered obsolete, the carrying amount is written down to nil. Spare parts held exclusively for capitalization are classified as property, plant and equipment.

6.4 Stock in trade

These are valued at lower of cost and net realizable value, with the exception of stock of waste which is valued at net realizable value. Cost is determined using the following basis:

Raw materials	Average cost
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Stock in transit	Invoice price plus related cost incurred up to the reporting date

Average manufacturing cost in relation to work in process and finished goods consists of direct material, labour and an appropriate proportion of manufacturing overheads.

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

6.5 Employee benefits

6.5.1 Short-term employee benefits

The Company recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit or loss unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the approved accounting standards. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

6.5.2 Post-employment benefits

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its employees who have completed the minimum qualifying service period. Liability is adjusted on each reporting date to cover the obligation and the adjustment is charged to profit or loss with the exception of remeasurements which are recognized in other comprehensive income. The amount recognized on balance sheet represents the present value of defined benefit obligation. The details of the scheme are referred to in note 11 to the financial statements.

6.6 Financial instruments

6.6.1 Recognition

A financial instrument is recognized when the Company becomes a party to the contractual provisions of the instrument.

6.6.2 Classification

The Company classifies its financial instruments into following classes depending on the purpose for which the financial assets and liabilities are acquired or incurred. The Company determines the classification of its financial assets and liabilities at initial recognition.

6.6.2(a) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Assets in this category are presented as current assets except for maturities greater than twelve months from the reporting date, where these are presented as non-current assets.

6.6.2(b) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets that are either designated as such on initial recognition or are classified as held for trading. Financial assets are designated as financial assets at fair value through profit or loss if the Company manages such assets and evaluates their performance based on their fair value in accordance with the Company's risk management and investment strategy. Financial assets are classified as held for trading when these are acquired principally for the purpose of selling and repurchasing in the near term, or when these are part of a portfolio of identified financial instruments that are managed together and for which there is a recent actual pattern of profit taking, or where these are derivatives, excluding derivatives that are financial guarantee contracts or that are designated and effective hedging instruments. Financial assets in this category are presented as current assets.

6.6.2(c) Financial liabilities at amortized cost

Non-derivative financial liabilities that are not financial liabilities at fair value through profit or loss are classified as financial liabilities at amortized cost. Financial liabilities in this category are presented as current liabilities except for maturities greater than twelve months from the reporting date where these are presented as non-current liabilities.

6.6.3 Measurement

The particular measurement methods adopted are disclosed in the individual policy statements associated with each instrument.

6.6.4 De-recognition

Financial assets are de-recognized if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are de-recognized if the Company's obligations specified in the contract expire or are discharged or cancelled. Any gain or loss on de-recognition of financial assets and financial liabilities is recognized in profit or loss.

6.6.5 Off-setting

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

6.7 Ordinary share capital

Ordinary share capital is recognized as equity. Transaction costs directly attributable to the issue of ordinary shares are recognized as deduction from equity.

6.8 Loans and borrowings

Loans and borrowings are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the profit or loss over the period of the borrowings on an effective interest basis.

6.9 Finance leases

Leases in terms of which the Company assumes substantially all risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are classified as 'operating fixed assets'. On initial recognition, these are measured at cost, being an amount equal to the lower of its fair value and the present value of minimum lease payments. Subsequent to initial recognition, these are measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation, subsequent expenditure, de-recognition, and gains and losses on de-recognition are accounted for in accordance with the respective policies for operating fixed assets. Liabilities against assets subject to finance lease and deposits against finance lease are classified as 'financial liabilities at amortized cost' and 'loans and receivables' respectively, however, since they fall outside the scope of measurement requirements of IAS 39 'Financial Instruments - Recognition and Measurement', these are measured in accordance with the requirements of IAS 17 'Leases'. On initial recognition, these are measured at cost, being their fair value at the date of commencement of lease, less attributable transaction costs. Subsequent to initial recognition, minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Deposits against finance leases, subsequent to initial recognition are carried at cost.

6.10 Operating leases

Leases that do not transfer substantially all risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognized in profit or loss on a straight line basis over the lease term.

6.11 Ijarah transactions

Ujrah payments under an ijarah are recognized as an expense in profit or loss on straight line basis unless another systematic basis are representative of the time pattern of user's benefit.

6.12 Trade and other payables

6.12.1 Financial liabilities

These are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being their fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

6.12.2 Non-financial liabilities

These, both on initial recognition and subsequently, are measured at cost.

6.13 Provisions and contingencies

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provision is recognized at an amount that is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where outflow of resources embodying economic benefits is not probable, or where a reliable estimate of the amount of obligation cannot be made, a contingent liability is disclosed, unless the possibility of outflow is remote.

6.14 Trade and other receivables

6.14.1 Financial assets

These are classified as 'loans and receivables'. On initial recognition, these are measured at cost, being their fair value at the date of transaction, plus attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

6.14.2 Non-financial assets

These, both on initial recognition and subsequently, are measured at cost.

6.15 Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of returns allowances, trade discounts and rebates, and represents amounts received or receivable for goods and services provided and other income earned in the normal course of business. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company, and the amount of revenue and the associated costs incurred or to be incurred can be measured reliably.

Revenue from sale of goods is recognized when risks and rewards incidental to the ownership of goods are transferred to the buyer. Transfer of risks and rewards vary depending on the individual terms of the contract of sale. Transfer usually occurs on dispatch of goods to customers.

6.16 Comprehensive income

Comprehensive income is the change in equity resulting from transactions and other events, other than changes resulting from transactions with shareholders in their capacity as shareholders. Total comprehensive income comprises all components of profit or loss and other comprehensive income. Other comprehensive income comprises items of income and expense, including reclassification adjustments, that are not recognized in profit or loss as required or permitted by approved accounting standards, and is presented in 'statement of profit or loss and other comprehensive income'.

6.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss as incurred.

6.18 Income tax

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

6.18.1 Current taxation

Current tax is the amount of tax payable on taxable income for the year and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

6.18.2 Deferred taxation

Deferred tax is accounted for using the' balance sheet approach' providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the treatment prescribed by The Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

6.19 Earnings per share ('EPS')

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

6.20 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at banks. These are classified as 'loans and receivables' and are carried at cost.

6.21 Foreign currency transactions and balances

Transactions in foreign currency are translated to the functional currency of the Company using exchange rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at exchange rate prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated to the functional currency at exchange rate prevailing at the date the fair value is determined. Non-monetary assets and liabilities denominated in foreign currency that are measured at historical cost are translated to functional currency at exchange rate prevailing at the date of initial recognition. Any gain or loss arising on translation of foreign currency transactions and balances is recognized in profit or loss.

6.22 Impairment

6.24.1 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. 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. 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 the asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset’s carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

6.24.2 Non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets 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 values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are 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 in determining the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

6.23 Dividend distribution to ordinary shareholders

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability, to the extent it is unclaimed/unpaid, in the Company's financial statements in the year in which the dividends are approved by the Company's shareholders.

		Note	**2014**	2013
			Rupees	*Rupees*
7	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**			
	Ordinary shares of Rs. 10 each			
	13,275,000 (2013: 13,275,000) ordinary shares issued for cash		**132,750,000**	132,750,000
	16,565,607 (2013: 16,565,607) ordinary shares issued as consideration of merger		**165,656,070**	165,656,070
			298,406,070	298,406,070
8	**SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT**			
	As at beginning of the year		**76,515,348**	78,429,877
	Surplus recognized during the year		**-**	-
	Incremental depreciation recognized in other comprehensive income			
	Incremental depreciation for the year		**(3,196,944)**	(2,945,430)
	Deferred taxation		**1,118,930**	1,030,901
			(2,078,014)	(1,914,529)
	As at end of the year		**74,437,334**	76,515,348
9	**LOAN FROM DIRECTORS AND FAMILY MEMBERS - UNSECURED, SUBORDINATE**			
	Face value of loan	*9.1*	**265,884,966**	265,884,966
	Unamortized notional interest	*9.2*	**(66,877,404)**	(92,714,446)
			199,007,562	173,170,520

9.1 This loan has been obtained from directors and their family members of the Company and is interest free. The loan is subordinate to all term finances (see note 10) and short term borrowings of the Company (see note 16).

As per terms of agreement between the lenders and the Company, no repayment shall be demanded and no repayments shall be made by the Company to the lenders before July 31, 2016, being the earliest date on which the underlying borrowings, to which this loan is subordinated, are expected to be completely repaid. Accordingly, this loan has been carried at amortized cost which has been determined using a discount rate of 14.92% per annum, being the average effective borrowing rate of the Company on the date of initial measurement at amortized cost.

	Note	2014	2013
		Rupees	*Rupees*
9.2 Unamortized notional interest			
As at beginning of the year		**92,714,446**	115,197,079
Arising during the year		**-**	-
Amortized during the year		**(25,837,042)**	(22,482,633)
As at end of the year		**66,877,404**	92,714,446

10 LONG TERM FINANCES - SECURED

	Note	2014	2013
These represent long term finances utilized under interest/markup arrangements from banking companies			
Term Finance - I	*10.1*	**-**	7,834,834
Term Finance - II	*10.2*	**63,964,790**	89,564,790
Term Finance - III	*10.3*	**327,618,250**	-
		391,583,040	97,399,624
Current maturity presented under current liabilities	*17*	**(49,973,395)**	(40,308,229)
		341,609,645	57,091,395

10.1 The finance was obtained from Summit Bank Limited to finance capital expenditure and was secured by charge over operating fixed assets of the Company, subordination of loan from directors and their family members and personal guarantees of the Company's Directors. The finance carried mark-up at six months KIBOR plus 4% per annum subject to floor of 17% per annum (2013: six months KIBOR plus 4% per annum subject to floor of 17%) payable quarterly. The finance has been fully repaid during the year.

10.2 The finance has been obtained from National Bank of Pakistan to finance capital expenditure and is secured by charge over operating fixed assets of the Company, subordination of loan from directors and their family members and personal guarantees of the Company's Directors. The finance carries mark-up at six months KIBOR plus 2.5% per annum (2013: six months KIBOR plus 2.5% per annum) payable quarterly. The finance is repayable in twenty equal quarterly installments with the first installment due in October 2010.

10.3 The finance has been obtained from NIB Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company, subordination of loan from directors and their family members and personal guarantees of the Company's Directors. The finance carries mark-up at three months KIBOR plus 2.5% per annum, payable quarterly. The finance is repayable in twenty equal quarterly installments with first installment due in April 2015.

10.4 For restrictions on title, and assets pledged as security, refer to note 42 to the financial statements.

	Note	2014	2013
		Rupees	*Rupees*
11 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Present value of minimum lease payments	*11.1 & 11.2*	**61,764,706**	70,000,000
Current portion presented under current liabilities	*11.1 & 11.2*	**(16,470,588)**	(8,235,294)
		45,294,118	61,764,706

11.1 These represent machinery acquired under finance lease arrangements. The leases are priced at rate three months KIBOR plus 2.25% per annum (2013: three months KIBOR plus 2.25% per annum). Lease rentals are payable quarterly over a tenor of 5 years. Under the terms of agreement, taxes, repairs, replacements and insurance costs in respect of assets subject to finance lease are borne by the Company. The Company also has the option to acquire these assets at the end of lease terms and intends to exercise the option.

11.2 The amount of future payments under the finance lease arrangements and the period in which these payments will become due are as follows:

	2014	2013
	Rupees	*Rupees*
Not later than one year	**22,098,920**	14,915,832
Later than one year but not later than five years	**53,767,908**	76,223,425
Total future minimum lease payments	**75,866,828**	91,139,257
Finance charge allocated to future periods	**(14,102,122)**	(21,139,257)
Present value of future minimum lease payments	**61,764,706**	70,000,000
Not later than one year	**(16,470,588)**	(8,235,294)
Later than one year but not later than five years	**45,294,118**	61,764,706

12 LONG TERM DEPOSITS - UNSECURED

These represent interest free security deposits from yarn dealers and are repayable on cancellation or withdrawal of dealership. These are being utilized by the Company in accordance with the terms of dealership agreements. These are classified as 'financial liabilities at amortized cost' under IAS 39 'Financial Instruments - Recognition and Measurement' which are required to be carried at amortized cost. However, since the date of repayment cannot be reasonably ascertained, these deposits have been are carried at cost as their amortized cost is impracticable to determine.

13 EMPLOYEES RETIREMENT BENEFITS

The amount recognized on balance sheet represents present value of defined benefit obligation.

	Note	2014	2013
		Rupees	*Rupees*
			(restated)
13.1 Movement in present value of defined benefit obligation			
As at beginning of the year		**30,000,125**	29,785,783
Charged to profit or loss for the year	*13.2*	**13,106,732**	7,733,484
Benefits paid during the year		**(11,395,743)**	(7,773,753)
Remeasurements recognized in other comprehensive income	*13.4*	**3,571,058**	254,611
As at end of the year		**35,282,172**	30,000,125
13.2 Charge to profit or loss			
Current service cost		**9,506,717**	4,159,190
Interest cost		**3,600,015**	3,574,294
	13.1	**13,106,732**	7,733,484
13.3 The charge to profit or loss has been allocated as follows			
Cost of sales	*28.2*	**10,280,403**	5,637,746
Selling and distribution expenses	*29.1*	**112,960**	53,802
Administrative and general expenses	*30.1*	**2,713,369**	2,041,936
		13,106,732	7,733,484
13.4 Remeasurements recognized in other comprehensive income			
Actuarial (gain)/loss arising from changes in:			
Demographic assumptions		**(51,933)**	-
Financial assumptions		**-**	-
Experience adjustments		**3,622,991**	254,611
		3,571,058	254,611

13.5 **Principal actuarial assumptions**

Present value of defined benefit obligation has been determined using projected unit credit method. The liability as at the reporting date is based on actuarial valuation carried out by independent actuaries. The principal assumptions used in determining present value of defined benefit obligation are:

	2014	2013
Discount rate	**12%**	12%
Expected rates of increase in salary	**11%**	11%
Expected average remaining working lives	**12 years**	11 years

13.6 Sensitivity analysis

An analysis of sensitivity for discount rate and expected rate of increase in salary used to determine the present value of defined benefit obligation as at the reporting date showing how the defined benefit obligation would have been affected by changes in relevant actuarial assumption that were reasonably possible at that date is as follows:

	Change in actuarial assumption	**Defined benefit obligation**
		Rupees
Discount rate	+ 1%	31,789,213
	- 1%	39,406,807
Expected rate of increase in salary	+ 1%	39,406,807
	- 1%	31,730,789

A change in expected remaining working lives of employees is not expected to have a material impact on the present value of defined benefit obligation. Accordingly, the sensitivity analysis for the same has not been carried out.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of defined benefit obligation as at the reporting date has been calculated using projected unit credit method, which is the same as that applied in calculating the defined benefit obligation to be recognized in these financial statements.

13.7 Risk factors

The defined benefit plan exposes the Company to the following actuarial risks:

Interest risk: The discount rate used in determination of present value of defined benefit obligation has been determined by reference to market yield at the reporting date on Pakistan Investment Bonds since there is no deep market in long term corporate bonds in Pakistan. An increase in market yield resulting in a higher discount rate will decrease in the defined benefit liability.

Longevity risk: The present value of defined benefit obligation is calculation by reference to the best estimate of the expected remaining working lives of the employees. An increase in the expected remaining working lives will increase the defined benefit obligation. However, the increase is not expected to be material.

Salary risk: The present value of defined benefit obligation is calculation by reference to fututre salaries of employees. An increase in salary of employees will increase the defined benefit obligation.

	Note	**2014**	2013
		Rupees	*Rupees*
14 DEFERRED TAXATION			
Deferred tax liability on taxable temporary differences	*14.1*	**249,694,941**	240,955,956
Deferred tax asset on deductible temporary differences	*14.1*	**(19,417,158)**	(17,905,861)
		230,277,783	223,050,095

14.1 Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2014			
	As at July 01, 2013 *Rupees*	**Recognized in profit or loss** *Rupees* *(Restated)*	**Recognized in equity** *Rupees* *(Restated)*	**As at June 30, 2014** *Rupees*
Deferred tax liabilities				
Operating fixed assets - owned	**240,955,956**	**8,738,985**	**-**	**249,694,941**
Deferred tax assets				
Employees retirement benefits	**(10,289,757)**	**(174,911)**	**(1,178,449)**	**(11,643,117)**
Assets subject to finance lease	**(7,616,104)**	**4,330,354**	**-**	**(3,285,750)**
Unused tax losses and credits	**-**	**(4,488,291)**	**-**	**(4,488,291)**
	(17,905,861)	**(332,848)**	**(1,178,449)**	**(19,417,158)**
	223,050,095	**8,406,137**	**(1,178,449)**	**230,277,783**

	2013			
	As at July 01, 2012 *Rupees*	Recognized in profit or loss *Rupees* *(Restated)*	Recognized in equity *Rupees* *(Restated)*	As at June 30, 2013 *Rupees*
Deferred tax liabilities				
Operating fixed assets - owned	237,933,187	3,022,769	-	240,955,956
Deferred tax assets				
Employees retirement benefits	(10,303,851)	103,208	(89,114)	(10,289,757)
Assets subject to finance lease	-	(7,616,104)	-	(7,616,104)
Unused tax losses and credits	(10,803,074)	10,803,074	-	-
	(21,106,925)	3,290,178	(89,114)	(17,905,861)
	216,826,262	6,312,947	(89,114)	223,050,095

14.2 Deferred tax has been calculated at 33% (2013: 35%) of the timing differences as at the reporting date. Deferred tax has been calculated at 33% (2013: 35%) of the timing differences so determined based on tax rates notified by the Government of Pakistan for future tax years.

	Note	**2014** *Rupees*	2013 *Rupees*
15 TRADE AND OTHER PAYABLES			
Trade creditors - *Unsecured*		**67,978,116**	69,963,499
Accrued liabilities		**64,195,933**	56,842,237
Advances from customers - *Unsecured*		**38,383,130**	24,934,727
Workers' Profit Participation Fund	*15.1*	**4,182,958**	9,213,915
Workers' Welfare Fund	*15.2*	**454,916**	5,546,736
Unclaimed dividend		**568,305**	1,077,033
Deductions against vehicle scheme	*15.3*	**3,273,420**	2,873,501
Other payables - *Unsecured*	*15.4*	**7,915,039**	4,250,957
		186,951,817	174,702,605

15.1 Workers' Profit Participation Fund

As at beginning of the year		**9,213,915**	4,547,491
Interest on funds utilized by the Company	*15.1.1*	**821,979**	417,655
Charged to profit or loss for the year	*33*	**4,182,958**	9,213,915
Paid during the year		**(10,035,894)**	(4,965,146)
As at end of the year		**4,182,958**	9,213,915

15.1.1 Interest is charged at 12.67% (2013: 11.75%) per annum.

	Note	2014	2013
		Rupees	*Rupees*
15.2 Workers' Welfare Fund			
As at beginning of the year		**5,546,736**	3,814,460
Charged to profit or loss for the year	*33*	**454,916**	3,514,746
Paid/adjusted during the year		**(5,546,736)**	(1,782,470)
As at end of the year		**454,916**	5,546,736

15.3 These represent deductions from employees' salaries on account of vehicle scheme whereby the Company and employees share a portion of the cost of vehicle. The vehicles are registered in the name of employee or leasing company in case of leased vehicles. The cost of vehicles is borne by the Company initially and is recovered from employees on monthly basis.

15.4 These include witholding tax payable amounting to Rs. 7.9 million (2013: Rs. 4,25 million).

	Note	2014	2013
		Rupees	*Rupees*
16 SHORT TERM BORROWINGS - SECURED			
These represent short term finances utilized under interest/mark-up arrangements from banking companies			
Running finances	*16.1*	**185,231,685**	54,302,694
Term loans	*16.1*	**62,379,926**	56,419,952
		247,611,611	110,722,646

16.1 These facilities have been obtained from various banking companies for working capital requirements and are secured by charge over current assets and operating fixed assets of the Company, pledge of stock, subordination of loan from directors and their family members and personal guarantees of the Company's Directors.

These finances carry markup at rates three months KIBOR plus 2% per annum (2013: one to six months KIBOR plus 2.5% to 5% per annum), payable quarterly, except for term loans for which interest/markup is payable with principal on maturity.

The aggregate available short term funded facilities amounts to Rs. 695 million (2013: Rs. 570 million) out of which Rs. 447 million (2013: Rs. 459 million) remained unavailed as at the reporting date.

16.2 For restrictions on title, and assets pledged as security, refer to note 42 to the financial statements.

	Note	2014	2013
		Rupees	*Rupees*
17 CURRENT MATURITY OF NON-CURRENT LIABILITIES			
Long term finances	*10*	**49,973,395**	40,308,229
Liabilities against assets subject to finance lease	*11*	**16,470,588**	8,235,294
		66,443,983	48,543,523
18 CURRENT TAX LIABILITY			
Provision for taxation		**-**	47,481,150
Advance income tax		**-**	(28,647,321)
		-	18,833,829

19 CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

		2014	2013
19.1.1	Guarantees issued by banks on behalf of the Company	**80,980,000**	85,769,942

19.1.2 Contingencies related to tax matters are referred to note 34 to the financial statements.

	2014	2013
	Rupees	*Rupees*

19.2 Commitments

19.2.1 Commitments under irrevocable letters of credit for:

	2014 Rupees	2013 Rupees
- purchase of raw material	**65,491,817**	60,145,164
- purchase of stores, spare and loose tools	**19,269,982**	-
	84,761,799	60,145,164

19.2.2 Commitments under operating leases

The Company has rented office premises under operating lease arrangements. Lease agreement covers a period of three years and is renewable/extendable on mutual consent. Commitments for payments in future periods under the lease agreement are as follows:

	2014	2013
	Rupees	*Rupees*
- payments not later than one year	**3,149,280**	2,916,000
- payments later than one year	**-**	3,149,280
	3,149,280	6,065,280

19.2.3 The Company was entered into an arrangement with several employees, whereby, a portion of lease rental, in respect of vehicles acquired by employees subject to finance lease arrangements was borne by the Company. As at the reporting date, the Company is committed to an amount of Rs. nil (2013: 0.733 million).

19.2.4 Commitments under ijarah financing

The aggregate amount of ujrah payments for ijarah financing and the period in which these payments will become due are as follows:

	Note	2014	2013
		Rupees	*Rupees*
- payments not later than one year		**6,310,600**	5,152,190
- payments later than one year but not later than five years		**7,272,378**	13,395,694
		13,582,978	18,547,884

20 PROPERTY, PLANT AND EQUIPMENT

	Note	2014	2013
Operating fixed assets	*20.1*	**1,182,067,729**	1,074,622,209
Capital work in progress	*20.2*	**264,485,274**	-
		1,446,553,003	1,074,622,209

20.1 PROPERTY, PLANT AND EQUIPMENT

2014

	COST / REVALUED AMOUNTS						DEPRECIATION				Net book
	As at July 01, 2013 *Rupees*	Additions *Rupees*	Disposals *Rupees*	Transfer *Rupees*	As at June 30, 2014 *Rupees*	Rate %	As at July 01, 2013 *Rupees*	For the year *Rupees*	Adjustment *Rupees*	As at June 30, 2014 *Rupees*	value as at June 30, 2014 *Rupees*
Assets owned by the Company											
Freehold land	98,650,000	-	-	-	98,650,000	-	-	-	-	-	98,650,000
Buildings on freehold land	270,547,810	-	-	-	270,547,810	5	130,999,065	6,977,437	-	137,976,502	132,571,308
Plant and machinery	1,348,761,240	-	(35,893,129)	164,708,581	1,477,576,692	5	602,522,544	38,481,476	(24,201,096)	616,802,924	860,773,768
Services and other equipment	2,976,737	-	-	-	2,976,737	10	1,845,581	113,116	-	1,958,697	1,018,040
Office equipment	8,666,607	-	-	-	8,666,607	10	6,378,286	228,832	-	6,607,118	2,059,489
Furniture and fixtures	7,603,523	24,000	-	-	7,627,523	10	6,002,611	160,891	-	6,163,502	1,464,021
Scooters and cycles	49,355	-	-	-	49,355	20	47,988	273	-	48,261	1,094
Arms and ammunitions	102,920	-	-	-	102,920	10	60,449	4,247	-	64,696	38,224
Vehicles	30,910,558	11,824,925	(9,400,702)	-	33,334,781	20	15,168,976	3,758,692	(5,174,661)	13,753,007	19,581,774
	1,768,268,750	11,848,925	(45,293,831)	164,708,581	1,899,532,425		763,025,500	49,724,964	(29,375,757)	783,374,707	1,116,157,718
Assets subject to finance lease											
Plant and machinery	70,000,000	-	-	-	70,000,000	5	621,041	3,468,948	-	4,089,989	65,910,011
	1,838,268,750	11,848,925	(45,293,831)	164,708,581	1,969,532,425		763,646,541	53,193,912	(29,375,757)	787,464,696	1,182,067,729

2013

	COST / REVALUED AMOUNTS						DEPRECIATION				Net book
	As at July 01, 2012 *Rupees*	Additions *Rupees*	Disposals *Rupees*		As at June 30, 2013 *Rupees*	Rate %	As at July 01, 2012 *Rupees*	For the year *Rupees*	Adjustment *Rupees*	As at June 30, 2013 *Rupees*	value as at June 30, 2013 *Rupees*
Assets owned by the Company											
Freehold land	98,650,000	-	-	-	98,650,000	-	-	-	-	-	98,650,000
Buildings on freehold land	267,123,944	-	-	3,423,866	270,547,810	5	123,795,474	7,203,591	-	130,999,065	139,548,745
Plant and machinery	1,317,191,913	-	(11,650,924)	43,220,251	1,348,761,240	5	569,249,408	37,529,948	(4,256,812)	602,522,544	746,238,696
Services and other equipment	2,450,982	525,755	-	-	2,976,737	10	1,729,633	115,948	-	1,845,581	1,131,156
Office equipment	8,666,607	-	-	-	8,666,607	10	6,124,028	254,258	-	6,378,286	2,288,321
Furniture and fixtures	7,603,523	-	-	-	7,603,523	10	5,824,732	177,879	-	6,002,611	1,600,912
Scooters and cycles	49,355	-	-	-	49,355	20	47,646	342	-	47,988	1,367
Arms and ammunitions	102,920	-	-	-	102,920	10	55,730	4,719	-	60,449	42,471
Vehicles	24,965,180	7,815,241	(1,869,863)	-	30,910,558	20	13,884,608	2,743,948	(1,459,580)	15,168,976	15,741,582
	1,726,804,424	8,340,996	(13,520,787)	46,644,117	1,768,268,750		720,711,259	48,030,633	(5,716,392)	763,025,500	1,005,243,250
Assets subject to finance lease											
Plant and machinery	-	70,000,000	-	-	70,000,000	5	-	621,041	-	621,041	69,378,959
	1,726,804,424	78,340,996	(13,520,787)	46,644,117	1,838,268,750		720,711,259	48,651,674	(5,716,392)	763,646,541	1,074,622,209

20.1.1 Disposal of property, plant and equipment

	2014						
	Cost/revalued amount *Rupees*	**Accumulated depreciation** *Rupees*	**Net book value** *Rupees*	**Disposal proceeds** *Rupees*	**Gain/(loss) on disposal** *Rupees*	**Mode of disposal**	**Particulars of buyer**
Plant and Machinery							
Murata Auto Coner	**11,964,376**	**8,061,400**	**3,902,976**	**700,000**	**(3,202,976)**	**Negotiation**	**D.S. Textiles Limited**
Murata Auto Coner	**11,964,376**	**8,061,400**	**3,902,976**	**700,000**	**(3,202,976)**	**Negotiation**	**Samira Fabrics (Private) Limited**
Murata Auto Coner	**11,964,377**	**8,078,296**	**3,886,081**	**700,000**	**(3,186,081)**	**Negotiation**	**Samira Fabrics (Private) Limited**
	35,893,129	**24,201,096**	**11,692,033**	**2,100,000**	**(9,592,033)**		
Vehicles - owned							
Toyota Hilux	**4,475,000**	**1,432,000**	**3,043,000**	**3,136,000**	**93,000**	**Negotiation**	**Rao Inam ur Rehman, Lahore**
Honda Accord	**2,621,279**	**2,163,177**	**458,102**	**710,000**	**251,898**	**Negotiation**	**Maqsood Ahmed, Lahore**
Suzuki Cultus	**829,420**	**569,903**	**259,517**	**259,517**	**-**	**Book value**	**Company employee**
Suzuki Cultus	**850,240**	**584,209**	**266,031**	**266,031**	**-**	**Book value**	**Company employee**
Suzuki Alto	**624,763**	**425,372**	**199,391**	**199,391**	**-**	**Book value**	**Company employee**
	9,400,702	**5,174,661**	**4,226,041**	**4,570,939**	**344,898**		
	45,293,831	**29,375,757**	**15,918,074**	**6,670,939**	**(9,247,135)**		

	2013						
	Cost/revalued amount *Rupees*	Accumulated depreciation *Rupees*	Net book value *Rupees*	Disposal proceeds *Rupees*	Gain/(loss) on disposal *Rupees*	Mode of disposal	Particulars of buyer
Plant and Machinery							
Ring Frames	11,650,924	4,256,812	7,394,112	7,425,000	30,888	Negotiation	H.A. Haq Spinning Mills Limited
Vehicles - owned							
Toyota Corolla	734,000	723,697	10,303	10,303	-	Book value	Company employee
Suzuki Cultus	355,515	179,559	175,956	175,956	-	Book value	Company employee
Suzuki Van	219,822	216,737	3,085	3,085	-	Book value	Company employee
Honda CG	99,150	9,915	89,235	89,235	-	Book value	Company employee
Honda CD 70	31,896	31,538	358	358	-	Book value	Company employee
Yamaha 10	43,545	42,351	1,194	1,194	-	Book value	Company employee
Suzuki Pick up	385,935	255,783	130,152	-	(130,152)	Stolen	Written off
	13,520,787	5,716,392	7,804,395	7,705,131	(99,264)		

	Note	2014	2013
		Rupees	*Rupees*

20.1.2 The depreciation charge for the year has been allocated as follows:

	Note	2014	2013
Cost of sales	*28*	**49,040,977**	45,470,526
Administrative and selling expenses	*30*	**4,152,935**	3,181,147
		53,193,912	48,651,673

20.1.3 Most recent valuation of freehold land was carried out by an independent valuer, Star Tech Consultants Lahore, on April 07, 2010 and was incorporated in the financial statements for the year ended June 30, 2010. Last valuation of buildings on freehold land and plant and machinery was carried out by an independent valuer, Star Tech Consultants Lahore, on July 01, 2010 and was incorporated in the financial statements for the year ended June 30, 2011. Had there been no revaluation, the cost, accumulated depreciation and net book value of revalued items would have been as follows:

	2014		
	Cost *Rupees*	**Accumulated depreciation** *Rupees*	**Net book value** *Rupees*
Freehold land	**59,445,942**	**-**	**59,445,942**
Buildings on freehold land	**187,376,969**	**98,719,868**	**88,657,101**
Plant and machinery	**1,446,061,650**	**903,050,425**	**543,011,225**

	2013		
	Cost *Rupees*	Accumulated depreciation *Rupees*	Net book value *Rupees*
Freehold land	59,445,942	-	59,445,942
Buildings on freehold land	187,376,969	83,461,318	103,915,651
Plant and machinery	1,317,246,198	526,363,476	790,882,722

The basis of revaluation used by the valuer are as follows:

Land

Revalued amount of land has been determined by reference to local market values of land taking into account prevailing fair market prices under the position and circumstances present on the date of revaluation and current market scenario for properties of similar nature in the immediate neighbourhood and adjoining areas.

Building

Revalued amount of building has been determined by reference to present depreciated replacement values after taking into consideration covered area and type of construction, age of civil and ancillary structures, physical condition and level of preventive maintenance carried out by the Company.

Plant and machinery

Revalued amount of plant and machinery has been determined by reference to present depreciated replacement values after taking in to consideration present physical condition, remaining useful economic lives, technological obsolescence and level of preventive maintenance carried out by the Company.

20.2 Capital work in progress

	2014			
	As at July 01, 2013 *Rupees*	**Additions** *Rupees*	**Transfers** *Rupees*	**As at June 30, 2014** *Rupees*
Building	**-**	**31,601,048**	**-**	**31,601,048**
Plant and machinery	**-**	**397,592,807**	**(164,708,581)**	**232,884,226**
	-	**429,193,855**	**(164,708,581)**	**264,485,274**

	2013			
	As at July 01, 2012	Additions	Transfers	As at June 30, 2013
	Rupees	*Rupees*	*Rupees*	*Rupees*
Building	-	3,423,866	(3,423,866)	-
Plant and machinery	-	43,220,251	(43,220,251)	-
	-	46,644,117	(46,644,117)	-

	Note	2014	2013
		Rupees	*Rupees*
21 LONG TERM DEPOSITS			
Financial institutions		**10,339,976**	5,415,856
Others	*21.1*	**10,573,910**	10,573,910
		20,913,886	15,989,766

21.1 These have been deposited with various utility companies and regulatory authorities. These are classified as 'loans and receivables' under IAS 39 'Financial Instruments - Recognition and Measurement' which are required to be carried at amortized cost. However, these, being held for an indefinite period with no fixed maturity date, are carried at cost as their amortized cost is impracticable to determine.

	Note	2014	2013
		Rupees	*Rupees*
22 STORES, SPARES AND LOOSE TOOLS			
Stores		**11,133,072**	12,817,915
Spares		**9,062,544**	6,632,415
Loose tools		**9,610**	9,610
		20,205,226	19,459,940

22.1 There are no spare parts exclusively held for capitalization as at the reporting date.

	Note	2014	2013
23 STOCK IN TRADE			
Raw material	*23.1*	**313,792,526**	274,129,938
Work in process		**36,739,040**	27,865,678
Finished goods	*23.2*	**102,241,716**	67,682,609
		452,773,282	369,678,225

23.1 These include stock in transit valued at Rs. 10,035,643 (2013: Rs.nil).

23.2 Stock of finished goods include stock of waste valued at net realizable value of Rs. 1,336,281 (2013: Rs. 3,684,374).

23.3 Details of stock pledged as security are referred to in note 42 to the financial statements.

	Note	2014	2013
		Rupees	*Rupees*
24 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances to suppliers - *unsecured, considered good*		**3,049,357**	2,650,059
Advances to employees - *secured*	*24.1*	**7,520,799**	9,923,067
Prepayments		**1,836,998**	1,869,169
Letters of credit		**4,202,284**	368,668
Security deposits		**40,670**	40,670
Sales tax refundable		**39,873,308**	60,017,855
		56,523,416	74,869,488

24.1 These represent advances to employees against post employment benefits in accordance with the Company policy. No advances have been given to any of the directors or executives of the Company.

	Note	2014	2013
		Rupees	*Rupees*
25 CURRENT TAX ASSET			
Advance income tax		**27,865,352**	-
Provision for taxation		**-**	-
		27,865,352	-
26 CASH AND BANK BALANCES			
Cash in hand		**516,451**	545,372
Cash at banks			
current accounts in local currency		**20,943,962**	12,060,125
current accounts in foreign currency		**11,536,064**	8,038,002
		32,480,026	20,098,127
		32,996,477	20,643,499
27 TURNOVER - NET			
Yarn		**2,538,014,688**	2,173,473,185
Waste		**48,856,348**	29,684,471
		2,586,871,036	2,203,157,656
Sales tax		**(63,542,747)**	(14,728,779)
		2,523,328,289	2,188,428,877
28 COST OF SALES			
Raw material consumed	*28.1*	**1,573,896,554**	1,267,873,179
Power and fuel		**416,030,690**	342,284,074
Stores, spares and loose tools consumed		**59,703,858**	62,066,517
Salaries, wages and benefits	*28.2*	**216,647,755**	170,873,108
Entertainment		**668,853**	1,236,431
Insurance		**3,237,412**	2,338,497
Repair and maintenance		**13,594,533**	13,898,300
Traveling and conveyance		**134,891**	152,489
Vehicle running and maintenance		**2,077,048**	3,082,460
Depreciation	*20.1.2*	**49,040,977**	45,470,526
Others		**390,761**	755,642
Manufacturing cost		**2,335,423,332**	1,910,031,223
Work in process			
As at beginning of the year		**27,865,678**	29,803,133
As at end of the year		**(36,739,040)**	(27,865,678)
		(8,873,362)	1,937,455
Cost of goods manufactured		**2,326,549,970**	1,911,968,678
Finished goods			
As at beginning of the year		**67,682,609**	40,186,448
As at end of the year		**(102,241,716)**	(67,682,609)
		(34,559,107)	(27,496,161)
		2,291,990,863	1,884,472,517

		2014	2013
		Rupees	*Rupees*
28.1	**Raw material consumed**		
	As at beginning of the year	**274,129,938**	210,661,048
	Purchased during the year	**1,613,559,142**	1,331,342,069
	As at end of the year	**(313,792,526)**	(274,129,938)
		1,573,896,554	1,267,873,179

28.2 These include charge in respect of employees retirement benefits amounting to Rs. 10,280,403 (2013: Rs. 5,637,746).

	Note	2014	2013
		Rupees	*Rupees*
29 SELLING AND DISTRIBUTION EXPENSES			
Salaries and benefits	*29.1*	**1,837,260**	1,539,752
Commission		**3,863,742**	2,367,164
Vehicle running and maintenance		**123,668**	85,072
Others		**83,168**	66,971
		5,907,838	4,058,959

29.1 These include charge in respect of employees retirement benefits amounting to Rs. 112,960 (2013: Rs. 53,802).

	Note	2014	2013
		Rupees	*Rupees*
30 ADMINISTRATIVE AND GENERAL EXPENSES			
Directors' meeting fee		**20,000**	15,000
Salaries and benefits	*30.1*	**29,815,840**	29,230,083
Rent, rates and utilities		**2,908,545**	3,299,651
Printing and stationery		**575,157**	578,000
Communication		**1,650,851**	1,504,005
Repair and maintenance		**869,136**	700,015
Vehicles running and maintenance		**1,548,552**	2,514,161
Fee and subscription		**859,659**	641,398
Traveling and conveyance		**4,762,956**	3,485,179
Legal and professional charges		**962,265**	681,000
Auditors' remuneration	*30.2*	**675,000**	675,000
Entertainment		**410,421**	897,718
Insurance		**1,070,308**	569,159
Depreciation	*20.1.2*	**4,152,935**	3,181,147
Others		**1,592,803**	1,173,171
		51,874,428	49,144,687

30.1 These include charge in respect of employees retirement benefits amounting to Rs. 2,713,369 (2012: Rs. 2,041,936).

		2014	2013
		Rupees	*Rupees*
30.2	**Auditor's remuneration**		
	Annual statutory audit	**500,000**	500,000
	Half yearly review	**100,000**	100,000
	Review report under Code of Corporate Governance	**50,000**	50,000
	Out of pocket expenses	**25,000**	25,000
		675,000	675,000

	Note	2014	2013
		Rupees	*Rupees*
31 OTHER (EXPENSES)/INCOME			
Gain on financial instruments			
Foreign exchange (loss)/gain		**(142,410)**	449,971
Other income			
Rental income	*31.1*	**-**	600,000
Loss on sale of property, plant and equipment		**(9,247,135)**	(99,264)
		(9,247,135)	500,736
		(9,389,545)	950,707

31.1 This represents rent received from Kohinoor Power Company Limited, a related party against use of Company's office space.

	Note	2014	2013
		Rupees	*Rupees*
32 FINANCE COST			
Interest / mark-up on:			
long term finances		**8,494,978**	17,116,884
liabilities against assets subject to finance lease		**8,111,332**	3,360,230
short term borrowings		**54,157,232**	34,165,272
		70,763,542	54,642,386
Ijara rentals paid		**5,426,271**	394,753
Interest on workers' profit participation fund		**821,979**	417,655
Bank charges and commission		**3,404,450**	2,756,415
		80,416,242	58,211,209
33 OTHER CHARGES			
Workers' Profit Participation Fund	*15.1*	**4,182,958**	9,213,915
Workers' Welfare Fund	*15.2*	**454,916**	3,514,746
Donations	*33.1*	**-**	308,000
		4,637,874	13,036,661

33.1 None of the directors or their spouses had any interest in donations made by the Company.

	Note	2014	2013
		Rupees	*Rupees*
			(restated)
34 TAXATION			
Current taxation			
for current year	*34.1*	**-**	47,481,150
for prior year		**2,793,237**	(16,332,441)
		2,793,237	31,148,709
Deferred taxation	*12.1*	**8,406,137**	6,312,947
		11,199,374	37,461,656

34.1 Provision for taxation has been made under section 113 (2013: section 18) of the Income Tax Ordinance, 2001 ("the Ordinance"). Due to availability of tax credits in excess of provision, the provision for current tax for the year ended June 30, 2014 amounting to Rs. 25.233 million has been reduced to nil.

34.2 Reconciliation between average effective tax rate and applicable tax rate

	Unit	2013
Profit before taxation	***Rupees***	157,972,918
Provision for taxation	***Rupees***	37,461,656
Average effective tax rate	***%***	23.71
Tax effects of:		
Items not included in determination of taxable income	***%***	(18.85)
Admissible deductions, losses and tax credits	***%***	23.82
Income taxable under final tax regime	***%***	(0.02)
Provision for deferred taxation	***%***	(4.00)
Others	***%***	10.34
Applicable tax rate	***%***	35.00

As the provision for current tax for the year ended June 30, 2014 has been made under section 113 of the Ordinance, there was no relationship between aggregate tax expense and accounting profit. Accordingly no numerical reconciliation has been presented for the year ended June 30, 2014.

34.3 Assessments for the tax years up to 2013 have either been finalized or are deemed assessments in terms of Section 120 (1) of the Ordinance, as per returns filed by the Company.

	Unit	2014	2013 *(restated)*
35 EARNINGS PER SHARE - BASIC AND DILUTED			
Profit attributable to ordinary shareholders	*Rupees*	**42,075,083**	120,511,262
Notional interest expense	*Rupees*	**25,837,042**	22,482,633
Weighted average number of ordinary shares outstanding during the year	*No. of shares*	**29,840,607**	29,840,607
Earnings per share - *Basic*			
before notional interest	*Rupees*	**2.28**	4.79
after notional interest	*Rupees*	**1.41**	4.04

	2014 *Rupees*	2013 *Rupees*
36 CASH GENERATED FROM OPERATIONS		
Profit before taxation	**53,274,457**	157,972,918
Adjustments for non-cash and other items		
Interest / markup on borrowings	**70,763,542**	54,642,386
Notional interest expense/(income)	**25,837,042**	22,482,633
Loss/(gain) on disposal of operating fixed assets	**9,247,135**	99,264
Unrealized foreign exchange gain	**142,410**	(449,971)
Provision for employees retirement benefits	**13,106,732**	7,733,484
Depreciation	**53,193,912**	48,651,674
	172,290,773	133,159,470
Operating profit before changes in working capital	**225,565,230**	291,132,388
Changes in working capital		
Stores, spares and loose tools	**(745,286)**	(6,129,486)
Stock in trade	**(83,095,057)**	(89,027,596)
Trade receivables	**(4,711,646)**	11,493,937
Advances, prepayments and other receivables	**18,346,072**	(20,157,858)
Trade and other payables	**12,757,940**	40,178,250
	(57,447,977)	(63,642,753)
Cash generated from operations	**168,117,253**	227,489,635

	Note	2014	2013
		Rupees	*Rupees*

37 CASH AND CASH EQUIVALENTS

	Note	2014 Rupees	2013 Rupees
Cash and bank balances	*26*	**32,996,477**	20,643,499
		32,996,477	20,643,499

38 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise directors and their family members, associated companies and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company. Transactions with directors and their family members are limited provision of interest free loans to the Company. Transactions with associated companies are limited to rental income only.

Details of transactions and balances with related parties is as follows:

		2014 Rupees	2013 Rupees
38.1 Transactions with related parties			
Nature of relationship	**Nature of transactions**		
Associated companies	Rental income	**-**	600,000
Key management personnel	Short-term employee benefits	**6,615,024**	5,835,000
	Post employment benefits	**550,000**	548,082
38.2 Balances with related parties			
Nature of relationship	**Nature of balance**		
Directors and their family members	Interest free loan	**265,884,966**	265,884,966
Key management personnel	Short-term employee benefits payable	**551,252**	500,000
	Post employment benefits payable	**1,583,923**	1,033,923

39 FINANCIAL INSTRUMENTS

39.1 Financial instruments by class and category

39.1.1 Financial assets

Loans and receivables	Note	2014 Rupees	2013 Rupees
Long term deposits	*21*	**20,913,886**	15,989,766
Trade receivables		**26,968,457**	22,256,811
Security deposits	*24*	**40,670**	40,670
Cash and bank balances	*26*	**32,996,477**	20,643,499
		80,919,490	58,930,746

39.1.2 Financial liabilities

Financial liabilities at amortized cost	Note	2014 Rupees	2013 Rupees
Loan from directors and family members	*9*	**199,007,562**	173,170,520
Long term finances	*9*	**391,583,040**	97,399,624
Long term deposits	*10*	**8,000,000**	8,000,000
Short term borrowings	*14*	**247,611,611**	110,722,646
Accrued interest/mark-up		**18,813,326**	16,353,300
Trade creditors	*16*	**67,978,116**	69,963,499
Accrued liabilities	*16*	**64,195,933**	56,842,237
		997,189,588	532,451,826

39.2 Fair values of financial instruments

Fair value is the amount for which an asset could be exchanged or liability be settled between knowledgeable willing parties in an arm's length transaction. As at the reporting date, fair values of all financial instruments are considered to approximate their carrying amounts.

39.2.1 Methods of determining fair values

Fair values of financial instruments for which prices are available from the active market are measured by reference to those market prices. Fair values of financial assets and liabilities with no active market are determined in accordance with generally accepted pricing models based on discounted cash flow analysis based on inputs from other than observable market.

39.2.2 Discount/interest rates used for determining fair values

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve as at the reporting date plus an adequate credit spread.

40 FINANCIAL RISK EXPOSURE AND MANAGEMENT

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). These risks affect revenues, expenses and assets and liabilities of the Company.

The Board of Directors has the overall responsibility for establishment and oversight of risk management framework. The Board of Directors has developed a risk policy that sets out fundamentals of risk management framework. The risk policy focuses on unpredictability of financial markets, the Company's exposure to risk of adverse effects thereof and objectives, policies and processes for measuring and managing such risks. The management team of the Company is responsible for administering and monitoring the financial and operational financial risk management throughout the Company in accordance with the risk management framework.

The Company's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Company and the manner in which such risks are managed is as follows:

40.1 Credit risk

Credit risk is the risk of financial loss to the Company, if the counterparty to a financial instrument fails to meet its obligations.

	Note	**2014** ***Rupees***	2013 *Rupees*
40.1.1 Maximum exposure to credit risk			
The maximum exposure to credit risk as at the reporting date is as follows:			
Loans and receivables			
Long term deposits with financial institutions	*21*	**10,339,976**	5,415,856
Trade debts		**26,968,457**	22,256,811
Security deposits	*24*	**40,670**	40,670
Cash at banks	*26*	**32,480,026**	20,098,127
		69,829,129	47,811,464

40.1.2 Concentration of credit risk

The Company identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

	2014 ***Rupees***	2013 *Rupees*
Customers	**26,968,457**	22,256,811
Banking companies and financial institutions	**42,860,672**	25,554,653
	69,829,129	47,811,464

40.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical defaults rates and present ages.

40.1.3(a) Counterparties with external credit ratings

These include banking companies and financial institutions, which are counterparties to cash deposits and security deposits. These counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company.

40.1.3(b) Counterparties without external credit ratings

These include customers which are counter parties to trade debts. The analysis of ages of trade debts as at the reporting date is as follows:

	2014		2013	
	Gross carrying amount	**Accumulated Impairment**	Gross carrying amount	Accumulated Impairment
	Rupees	***Rupees***	*Rupees*	*Rupees*
Neither past due nor impaired	**26,968,457**	**-**	22,256,811	-
Past due	**-**	**-**	-	-
	26,968,457	**-**	22,256,811	-

There is no significant concentration of credit risk. The Company's customers have long standing business relationships with the Company and have a good payment record and accordingly non-performance by these customers is not expected.

40.1.4 Collateral held

The Company does not hold any collateral to secure its financial assets.

40.1.5 Credit risk management

The Company manages credit risk by limiting significant exposure to any single customer. Formal policies and procedures of credit management and administration of receivables are established and executed. In monitoring customer credit risk, the ageing profile of total receivables and individually significant balances, along with collection activities are reviewed on a regular basis. High risk customers are identified and restrictions are placed on future trading, including suspending future shipments and administering dispatches on a prepayment basis or confirmed letters of credit.

40.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

40.2.1 Exposure to liquidity risk

The followings is the analysis of contractual maturities of financial liabilities, including estimated interest payments.

	2014				
	Carrying amount	**Contractual cash flows**	**One year or less**	**One to five years**	**More than five years**
	Rupees	***Rupees***	***Rupees***	***Rupees***	***Rupees***
Long term finances	**391,583,040**	**523,491,919**	**114,062,374**	**409,429,545**	**-**
Liabilities against assets subject to finance lease	**61,764,706**	**75,866,828**	**22,098,920**	**53,767,908**	**-**
Long term deposits	**8,000,000**	**8,000,000**	**-**	**8,000,000**	**-**
Short term borrowings	**247,611,611**	**248,600,763**	**248,600,763**	**-**	**-**
Accrued interest/mark-up	**18,813,326**	**18,813,326**	**18,813,326**	**-**	**-**
Trade creditors	**67,978,116**	**67,978,116**	**67,978,116**	**-**	**-**
Accrued liabilities	**64,195,933**	**64,195,933**	**64,195,933**	**-**	**-**
	859,946,732	**1,006,946,885**	**535,749,432**	**471,197,453**	**-**

	2013				
	Carrying amount	Contractual cash flows	One year or less	One to five years	More than five years
	Rupees	*Rupees*	*Rupees*	*Rupees*	*Rupees*
Long term finances	97,399,624	115,528,274	42,550,448	72,977,826	-
Liabilities against assets subject to finance lease	70,000,000	91,139,257	14,915,832	76,223,425	
Long term deposits	8,000,000	8,000,000	-	8,000,000	-
Short term borrowings	110,722,646	113,545,190	113,545,190	-	-
Accrued interest/mark-up	16,353,300	16,353,300	16,353,300	-	-
Trade creditors	69,963,499	69,963,499	69,963,499	-	-
Accrued liabilities	56,842,237	56,842,237	56,842,237	-	-
	429,281,306	471,371,757	314,170,506	157,201,251	-

40.2.2 Liquidity risk management

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company monitors cash flow requirements and produces cash flow projections for the short and long term. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational cash flows, including servicing of financial obligations. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customer. The Company also maintains various lines of credit with banking companies. Further, the Company has continued support of its sponsors and in respect of any temporary liquidity shortfalls.

40.3 Market risk

40.3.1 Currency risk

Currency risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises from sales, purchases and resulting balances that are denominated in a currency other than functional currency.

40.3.1(a) Exposure to currency risk

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

	2014	2013
	Rupees	*Rupees*
Financial assets		
Cash and bank balances	**11,536,064**	8,038,002
Financial liabilities	**-**	-
Net exposure	**11,536,064**	8,038,002

40.3.1(b) Exchange rates applied during the year

All foreign currency balances are denominated in United States Dollars (US $). Exchange rates applied during the year are as follows:

	2014	2013
	Rupees	*Rupees*
Financial assets	**98.55**	98.75
Financial liabilities	**98.75**	98.95

40.3.1(c) Sensitivity analysis

A ten percent appreciation in Pak Rupee against the US $ would have decreased profit for the year by Rs. 1.15 million (2013: Rs. 0.8 million) . A ten percent depreciation in Pak Rupee would have had an equal but opposite effect on profit for the year. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

40.3.1(d) Currency risk management

The Company manages its exposure to currency risk through continuous monitoring of expected/forecast committed and non-committed foreign currency payments and receipts. Reports on forecast foreign currency transactions, receipts and payments are prepared on monthly basis, exposure to currency risk is measured and appropriate steps are taken to ensure that such exposure is minimized while optimizing return. This includes matching of foreign currency liabilities/payments to assets/receipts and using source inputs in foreign currency.

40.3.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

40.3.2(a) Interest/mark-up bearing financial instruments

The effective interest/mark-up rates for interest/mark-up bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest/mark-up bearing financial instruments as at the reporting date are as follows:

	2014	2013
	Rupees	*Rupees*
Fixed rate instruments	**-**	-
Variable rate instruments		
Financial assets	**-**	-
Financial liabilities	**700,959,357**	278,122,270

40.3.2(b) **Cash flow sensitivity analysis for variable rate instruments**

An increase of 100 basis points in interest rates as at the reporting date would have decreased profit for the year by Rs. 7.01 million (2013: Rs. 2.78 million). A decrease of 100 basis points would have had an equal but opposite effect on profit for the year. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

40.3.2(c) **Interest rate risk management**

The Company manages interest rate risk by analyzing its interest rate exposure on a dynamic basis. Cash flow interest rate risk is managed by simulating various scenarios taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Company calculates impact on profit after taxation and equity of defined interest rate shift, mostly 100 basis points.

40.3.3 Price risk

Price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments. The Company is not exposed to price risk since the fair values of the Company's financial instruments are not based on market prices.

41 CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Any temporary shortfall is met through interest free loans from sponsors. The Board of Directors monitors the return on capital and seeks to keep a balance between the higher return that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position. The Company monitors capital using the gearing ratio which is debt divided by total capital employed. Debt comprises long term finances including current maturity. Total capital employed includes total equity (as shown in the balance sheet plus surplus on revaluation of property, plant and equipment and loan from sponsors) plus debt. The Company's strategy is to maintain an optimal capital structure in order to minimize cost of capital. Gearing ratio of the Company as at the reporting date is as follows:

	Unit	2014	2013
Total debt	*Rupees*	**453,347,746**	167,399,624
Total equity	*Rupees*	**703,429,068**	673,372,665
		1,156,776,814	840,772,289
Gearing	*% age*	**39.19%**	19.91%

There were no changes in the Company's approach to capital management during the year. The Company is not subject to any other externally imposed capital requirements, except those, related to maintenance of debt covenants, commonly imposed by the providers of debt finance and subordination of loan from sponsors (See note 9).

	2014	2013
	Rupees	*Rupees*

42 RESTRICTION ON TITLE, AND ASSETS PLEDGED AS SECURITY

Mortgages and charges

	2014 Rupees	2013 Rupees
Charge over current assets	**593,160,000**	800,828,000
Charge over operating fixed assets	**1,300,173,000**	1,108,173,000
Pledge		
Raw material	**231,357,930**	313,792,526
Finished goods	**45,354,533**	99,880,745

In addition to the above, Saritow Spinning Mills Limited ("SSML") has given undertaking to various banking companies to effect that the Company, pursuant to the merger of Azam Textile Mills Limited ("ATML") into SSML will be liable in respect of all finance facilities availed by ATML in the same manner as ATML was originally liable to the extent of Rs. 720 million.

43 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged to profit or loss in respect of chief executive, directors and executives of the Company on account of managerial remuneration, allowances and perquisites, post employment benefits and the number of such directors and executives is as follows:

	2014		
	Chief Executive	**Directors**	**Executives**
	Rupees	***Rupees***	***Rupees***
Managerial remuneration	**-**	**4,340,004**	**8,271,396**
Allowances and perquisites	**-**	**2,260,020**	**4,135,680**
Meeting fee	**-**	**15,000**	**-**
Post employment benefits	**-**	**550,000**	**1,033,923**
	-	**7,165,024**	**13,440,999**
Number of persons	**-**	**2**	**10**

	2013		
	Chief Executive	Directors	Executives
	Rupees	*Rupees*	*Rupees*
Managerial remuneration	-	3,820,000	7,092,216
Allowances and perquisites	-	2,000,000	3,546,060
Meeting fee	-	15,000	-
Post employment benefits	-	548,082	803,239
	-	6,383,082	11,441,515
Number of persons	-	2	8

44 SEGMENT INFORMATION

44.1 The Company is a single reportable segment.

44.2 All non-current assets of the Company are situated in Pakistan.

44.3 All sales of the Company have originated from Pakistan.

44.4 There are three (2013: one) significant external customers to whom sales in excess of 10% of the Company's total sales amounting to Rs. 1,041,115,359 (2013: 460,818,785) were made during the year.

45 PLANT CAPACITY AND ACTUAL PRODUCTION

	Unit	**2014**	2013
Number of spindles installed	*No.*	**51,840**	51,840
Plant capacity on the basis of utilization converted into 80s count	*Kgs*	**3,054,796**	3,054,796
Actual production converted into 80s count	*Kgs*	**2,362,211**	2,396,784

It is difficult to precisely compare production capacity and the resultant production converted into base count in the textile industry since it fluctuates widely depending on various factors such as count of yarn spun, raw materials used, spindle speed and twist etc. It would also vary according to the pattern of production adopted in a particular year. Further, power shortage in the country has also resulted in lower capacity utilization.

46 NUMBER OF EMPLOYEES

Total number of employees of the Company as at the reporting date are 1,114 (2013: 1,167). Average number of persons employed by the Company during the year are 1,112 (2013: 1,162).

47 DIVIDEND PAID DURING THE YEAR

During the year, the Company paid dividend at Rs. 1 per ordinary share to shareholders other than directors and sponsors of the Company.

48 RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these financial statements.

49 RECLASSIFICATIONS

Salaries, wages and benfits amounting to Rs. 5.79 million have been reclassified from 'administrative and general expenses' to 'cost of sales' for appropriate classification.

50 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 10, 2014 by the Board of Directors of the Company.

51 GENERAL

Figures have been rounded off to the nearest rupee.

Comparative figures have been rearranged and reclassified, where necessary, for the purpose of comparison. However, there were no significant reclassifications during the year, with the exception of those referred to in note 49.

Lahore
Date: October 10, 2014

CHIEF EXECUTIVE **DIRECTOR**

FORM 34

THE COMPANIES ORDINANCE 1984
(Section 236(1) and 464)
PATTERN OF SHAREHOLDING

1. Incorporation Number **15779**

2. Name of the Company **SARITOW SPINNING MILLS LIMITED**

3. Pattern of holding of the shares held by the shareholders as at **June 30, 2014**

	------Shareholding------		
4. No. of Shareholders	**From**	**To**	**Total Shares Held**
161	1	100	4,649
308	101	500	101,707
305	501	1,000	260,286
519	1,001	5,000	1,454,511
161	5,001	10,000	1,318,882
45	10,001	15,000	577,970
41	15,001	20,000	775,161
27	20,001	25,000	636,434
13	25,001	30,000	361,831
10	30,001	35,000	323,779
8	35,001	40,000	308,500
5	40,001	45,000	214,000
16	45,001	50,000	793,500
5	50,001	55,000	265,500
6	55,001	60,000	354,500
7	60,001	65,000	442,093
5	65,001	70,000	346,000
3	70,001	75,000	218,000
1	75,001	80,000	80,000
1	90,001	95,000	92,000
5	95,001	100,000	500,000
2	100,001	105,000	204,670
1	115,001	120,000	120,000
1	120,001	125,000	125,000
1	130,001	135,000	130,136
1	140,001	145,000	143,500
2	145,001	150,000	299,745
1	165,001	170,000	170,000
1	170,001	175,000	175,000
1	185,001	190,000	187,000
1	220,001	225,000	221,500
1	230,001	235,000	232,000
1	295,001	300,000	300,000
2	330,001	335,000	668,000
1	640,001	645,000	640,500
1	930,001	935,000	931,549
1	1,420,001	1,425,000	1,423,435
1	2,175,001	2,180,000	2,179,462
1	4,120,001	4,125,000	4,121,657
1	8,135,001	8,140,000	8,138,150
1674			**29,840,607**

SARITOW SPINNING MILLS LIMITED
Catagories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2014

Sr.No.	Name	No. of Shares Held	Percentage
	Associated Companies, Undertakings and Related Parties:	-	-
	Mutual Funds:		
1	PRUDENTIAL STOCK FUND LTD (CDC)	5,000	0.0168
2	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	1,423,435	4.7701
	Directors and their Spouse and Minor Chidren:		
1	MR. M. NASEEM SAIGOL (CDC)	8,138,150	27.2721
2	MR. M. AZAM SAIGOL (CDC)	931,549	3.1217
3	MR. MUHAMMAD ATHAR RAFIQ	1,123	0.0038
4	MR. MUHAMMAD OMER FAROOQ	2,881	0.0097
5	MR. SAMIR IQBAL SAIGOL	1,123	0.0038
6	MR. MUHAMMAD ZEID SAIGOL	65,123	0.2182
7	MRS. AMBER HAROON SAIGOL W/O M. AZAM SAIGOL (CDC)	4,121,657	13.8122
8	MRS. SEHYR SAIGOL W/O M. NASEEM SAIGOL (CDC)	2,179,462	7.3037
	Executives:	-	-
	Public Sector Companies & Corporations:	-	-
	Banks, Development Finance Institutions, Non Banking Finance Institution, Insurance Companies, Modarabas and Pension Funds:	283,351	0.9495
	Shareholders holding five percent or more voting intrest in the listed company		
1	MR. M. NASEEM SAIGOL. (CDC)	8,138,150	27.2721
2	MRS. AMBER HAROON SAIGOL (CDC)	4,121,657	13.8122
3	MRS. SEHYR SAIGOL (CDC)	2,179,462	7.3037

All trades in the shares of the listed company, carried out by its Directors, CEO, CFO, Company Secretary, Their spouses and minor children:

S. No.	NAME	SALE	PURCHASE
1	MR. M. NASEEM SAIGOL. (CDC)	1,500,000	-
2	MR. M. AZAM SAIGOL (CDC)	1,000,000	-
3	MRS. AMBER HAROON SAIGOL W/O M. AZAM SAIGOL (CDC)	1,500,000	-
4	MRS. SEHYR SAIGOL W/O M. NASEEM SAIGOL (CDC)	1,000,000	-
5	MR. MUHAMMAD ZEID SAIGOL (CDC)	-	64,500

Categories of Shareholders	No. of Shareholders	Share held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	8	15,441,068	51.7452
Associated Companies, undertakings and related party	-	-	-
Investment Corporation of Pakistan (ICP)	1	31,321	0.1050
Banks Development Financial Institutions Non Banking Financial Institution	10	51,317	0.1720
Insurance Companies	2	108,784	0.3646
Modarabas and Mutual Funds	5	1,431,532	4.7973
General Public	1618	12,471,938	41.7952
Others (to be specified)			
Pension Funds	1	130,136	0.4361
Other Companies	2	54,566	0.1829
Joint Stock Companies	21	100,027	0.3352
Foreign Companies	6	19,918	0.0667
	1674	29,840,607	100.0000

Notes

FORM OF PROXY

Shares Held | Ledger Folio/CDC Ac No.

I/We ....

Of ....

Appoint ....

Of ....

(or failing him ....

Of ....

Being another member of the Company as my / our proxy to attend and vote for me / us on my / our behalf, at the 28th Annual General Meeting of the Company to be held on Friday, October 31, 2014 at 10.00 A.M. and at every adjournment thereof.

As witness my / our hand (s) this .... Day of October, 2014

Signed by the said

Witnesses:

REVENUE
STAMP

(1) Name ....
N.I.C. No. ....
Address ....

(2) Name ....
N.I.C. No. ....
Address ....

Notes:

1. A member entitled to attend and vote at this meeting may appoint another member as Proxy, Proxies in order to be effective, must be received at 17-Aziz Avenue, Canal Bank, Gulberg V, Lahore. the Registered Office of the Company not later than forty-eight hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

SARITOW SPINNING MILLS LIMITED

17-Aziz Avenue, Canal Bank,
Gulberg-V, Lahore.
Tel : 042 - 35717364-65, 35718274-75
Fax: 042 - 35715105