

# Annual Report 2013



**ALI ASGHAR TEXTILE MILLS LTD.**









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**COMPANY INFORMATION**

**Board of Directors**

Mr. Nadeem Ellahi Sheikh (Chief Executive)  
Mr. Abdullah Moosa  
Mst. Marium Humayun  
Mr. Muhammad Suleman  
Mr. Raja Ghanzafar Ali  
Mr. Sultan Mehmood  
Mr. Muhammad Azad Khan

**Audit Committee** Mr. Abdullah Moosa Chairman  
Mr. Sultan Mehmood Member

**Chief Financial Office** Mr. Muhammad Suleman

**Chief Internal Auditor** Mr. Muhammad Suleman

**Company Secretary** Mr. Abdullah Moosa

**Auditor** M/s. Mushtaq & Co. Chartered Accountant

**Banker** Habib Bank Limited  
Habib Metropolitan Bank Limited  
Bank Al-Habib Ltd  
National Bank Of Pakistan

**Shares Registrar** C.& K. Management Associates (Pvt) Ltd 404-  
Trade Tower, Abdullah Haroon Road Near  
Metropole Hotel, Karachi-75530 Phone:  
35687839, 3568593

**Registered Office** Plot No. 6, Sector No. 25, Korangi Industrial Area,  
Karachi.-74900

**Website** www.aatml.com.pk  
**Mills** Plot 6, Sector No. 25 Korangi Industrial Area  
Karachi-74900





**VISION STATEMENT**

*To strive for excellence through  
Commitment, Integrity,  
Honesty and Team work*

**MISSION STATEMENT**

*Operate state of the art spinning  
machinery capable of producing high  
quality cotton and blended yarn for  
knitting and weaving*





## DIRECTOR'S REPORT

The Directors have the honor to present 47<sup>th</sup> Annual Report along with the audited financial statements for the year ended June 30, 2013.

### OPERATING RESULT

A comparative summary of financial results is as follows.

	Rupees in Million	
	2013	2012
Sales	4.47	44.11
Gross Profit / (Loss)	(20.91)	-94.77
Operating Profit / Loss	(14.99)	102.80
Profit / (Loss) before taxation	(15.02)	102.81
Profit / (Loss) after taxation	(15.02)	102.37
Earning / (Loss) per share	(0.34)	2.30

The directors are pleased to present the 47<sup>th</sup> report. during the year the company operations remained suspended. as per EOGM dated May 2012 wherein the company management was authorized to dispose off certain plant and machinery, I am pleased to report that the management has shown considerable progress on that.

In order to raise additional revenue till a final business plan is formulated, the management has sought approval from shareholders in the AGM on 30 November 2013 for renting out certain godowns and building area not in current use. this will generate revenue to meet company expenses. the management is very confident that these measures and proceeds from plant and machinery sale will give it enough revenue to present a comprehensive business plan. the auditor note about the inappropriateness of going concern assumption by the management is without merit.

The company has almost zero liability and has continuous support of the directors for meeting its financial obligations. it has repaid 95% of all its creditor and is in negotiation with remaining two for settlement of liabilities.

auditor point no b about not receiving reply of balance confirmation from banks in respect of long term financing for Rs 75.6million is because of not following up with banks for the statements.

Auditor point about not carrying out revaluation of property plant and equipment as on June 2013 is due to a disposal process of machinery and equipment under process. hence a revaluation of assets during this process will not have any meaning full reflection of company assets.

Auditor point d about quality claim not been verified is again without merit as company has fully documented claim proceeding under international cotton contract rules and proceedings pending in uk cotton exchange.

Auditor point for not accounting for finance cost amounting to 2.365 million is due to the amount been related to liabilities been contested by the company in banking court.

I would like to thanks the employees for all their hardwork and effort that they have put in the last year that has gone by.





**FUTURE OUTLOOK:**

In view of unprecedented increase in global cotton prices and increasing prices of yarn and finished products, It is encouraging to note that margin are improving and price increases have been passed along the chain. Your management team is trying to make sure that the company is able to meet it's financial obligations. In view of these factors there is no doubt of the ability of the company to operate as a going concern.

The directors are pleased to report that your company has taken necessary steps to comply with the provisions of the code of Corporate Governance as incorporated in the listing regulations of stock exchange

In light of the company's overall objective, the Board of Directors regularly reviews the company's strategic direction. Annual plans and performance targets set for the business the Board is committed to maintain the high standards, of good corporate governance. Given below is the statement of Corporate and financial Report Framework.

These financial statements present fairly the state of affairs of the company, the results of its operations, cash flows and changes in equity.

The Company has maintained proper books of accounts.

Appropriate accounting policies have been consistently applied in preparation of these 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 and any departure there form has been adequately disclosed.

The system of internal control, which was in place, is being continuously reviewed by the management. The process of review and monitoring will continue with the object to improve it further. Hiring of appropriate staff to strengthen the internal audit function is under consideration.

The management of your company is leaving no stone unturned to improve the financial and operational performance.

All liabilities in regard to the payment on account of taxes, duties, levies, and charges have been fully provided and will be paid in due course or where claim was not acknowledged as debt the same is disclosed as contingent liabilities in the notes to the accounts.

There is no doubt about the company's ability to continue as going concern.

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





Key operating and financial data of last six years is annexed to the financial statements.

The company operates un-funded gratuity scheme for its employees and provision has been made in the account accordingly.

No trades in the shares of the company were carried out by the directors, CEO, CFO, Company Secretary and their spouses and minor children.

During the year four Board Meeting were held, the attendance by each Directors given below:-

S. No.	Name of Director	Number of meetings attended
1.	Mr. Nadeem Ellahi Shaikh	4
2.	Mr. Abdullah Moosa	2
3.	Mst. Marium Humayun	2
4.	Mr. Muhammad Suleman	2
5.	Mr. Raja Ghazanfar Ali	4
6.	Mr. Sultan Mehmood	4
7.	Mr. Muhammad Azad Khan	4

Leave of absence was granted to the directors who could not attend some of the Board meetings.

Code of Ethics and Business practice has been developed and are now being communicated and acknowledged by each director and employee of the company.

The pattern of holding of the shares as on June 30, 2013 is annexed.

Retiring Auditors M/s. Mushtaq & Co. Chartered Accountants retire and being eligible offers themselves for re-appointment for the financial year ending June 30, 2014.

The Directors wish to place on record the highly dedicated services rendered by the employees and convey thanks to bankers, and leasing companies for their valuable services.

**By Order of the Board**

**NADEEM ELLAHI SHAIKH**  
Chief Executive

Karachi:

Dated: 8th November 2013





**PATTERN OF HOLDING OF SHARES**  
HELD BY THE SHARE HOLDERS  
AS AT JUNE 30, 2013

SHARES		SHARES HOLDERS	TOTAL SHARES
FROM	TO		
1	100	477	43,774
101	500	304	96,283
501	1000	109	92,400
1001	5000	138	338,091
5001	10000	16	122,774
10001	15000	9	112,099
15001	20000	9	164,696
20001	25000	2	48,000
25001	30000	1	28,000
30001	35000	1	31,796
40001	45000	4	165,440
60001	65000	1	63,000
70001	75000	1	71,200
95001	100000	1	99,770
37000001	3705000	1	3,701,464
10245001	10250000	1	10,247,903
11920001	11925000	1	11,923,331
<b>TOTAL</b>		<b>1076</b>	<b>27,350,021</b>

S.NO.	CATEGORY OF SHARE HOLDERS	NO.	SHARES HELD	%
1	INDIVIDUALS	1057	27,159,726	99.30
2	INVESTMENT COMPANIES	4	4,800	0.02
3	JOINT STOC COMPANIES	11	77,496	0.28
4	FINANCIAL INSTITUTIONS	3	83,999	0.31
5	DISTRIBUTORS	1	24,000	0.09
		<b>1076</b>	<b>27,350,021</b>	<b>100.00</b>





## STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in the Listing Regulations of the Stock Exchanges of Pakistan for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principal contained in the Code in the following manner.

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

Category	Names
Independent Director	Abdullah Mosa, Muhammad Suleman, Raja Ghazanfar Ali, Sultan Mehmood, Azad Khan
Executive Directors	Nadeem Ellahi Sheikh
Non-Executive Directors	Mst. Marium Humayun

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. During the year CFO resign and vacancy is properly filled.
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. In accordance with the criteria Specific clause (XI) of CCG of Directors of the company are exempted from the requirement of directors, training programme and rest of the directors to be trained within specified period
10. Directors have attended orientation courses to apprise them of their duties and responsibilities.
11. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment. During the year appointment of Internal Auditor duly approved by the Board of Directors.
12. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
13. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
14. The directors, CEC and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
15. The company has complied with all the corporate and financial reporting requirements of the CCG.
16. The board has formed an Audit Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is an independent director.
17. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
18. The board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is a non-executive director.
19. The board has set up an effective internal audit function that is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.
20. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with international Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
22. 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).
23. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
24. We confirm that all other material principles enshrined in the CCG have been complied

NADEEM ELLAHI SHEIKH  
CHIEF EXECUTIVE OFFICER

Karachi:  
Dated: 8th November 2013





# MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 32638521-4 Fax: 32639843

Branch Office: 20-B, Block-G, Gulberg-III, Lahore. Tel: 35884926 Fax: 35843360

Email Address: mushtaq\_vohra@hotmail.com

Member of



Illinois, USA

## REVIEW REPORT TO THE MEMBERS

*On the Statement of Compliance with Best Practices of the Code of Corporate Governance*

We have reviewed the statement of compliance with the best practices contained in the Code of Corporate Governance for the year ended June 30, 2013 prepared by the Board of Directors of **Ali Asghar Textile Mills Limited** to comply with the Listing Regulations No. 35 of the Karachi Stock Exchange Limited, where the company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of compliance reflects the status of the company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the company's personnel and review of various documents prepared by the company to comply with the Code.

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

Further, Sub-Regulation (x) of Listing Regulation No. 35 of Karachi Stock Exchange Limited require the Company to place before the Board of Directors for their consideration and approval, related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were 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 respect, with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended June 30, 2013.

Karachi:

Dated: 8th November 2013



*Mushtaq & Co.*  
**MUSHTAQ & COMPANY**  
Chartered Accountants  
Engagement Partner:  
Shahabuddin A Siddiqui, FCA





**ALI ASGHAR TEXTILE MILLS LIMITED**

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that 47<sup>th</sup> Annual General Meeting of shareholders of Ali Asghar Textile Mills Limited will be held on Saturday November 30, 2013 at 2 P.M at Plot No, 6, Sector No 25. Korangi, Karachi to transact the following business:

1. To confirm the minutes of 46<sup>TH</sup> AGM held on November 1<sup>st</sup> 2012.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2013 together with the Directors' and Auditors' Reports thereon.
3. To appoint Auditors and fix their remuneration.
4. To transact any other ordinary business with permission of the chair.
5. Statement under section 160 of companies ordinance 1984 is annexed.

**SPECIAL BUSINESS RESOLUTION**

(A) To consider the following resolution and if deemed fit pass following special resolution with or without modification.

“In order to raise revenue to meet company related expenses the CEO be authorized to negotiate/rent out/sign long and shorts term rental agreements with prospective parties interested in renting out existing premises/building and godowns located at company sites at plot 6, sector 25, korangi industrial area.

Revenue raised will be used for payment of monthly expenses of Ali Asghar Textile Mills Limited”

By Order of the Board

Karachi:  
Dated: 8th November 2013

Abdullah Moosa  
(Company Secretary)





## Notes:

- I. The Shares Transfer Books of the Company will remain closed from November 24, 2013 to November 29,, 2013 (Both days inclusive). Shares may be lodged for transfer with our Registrar, C & K Management Associates (Pvt.) Limited, Suite No 404 Trade Tower, Abdullah Haroon Road, Near Metropole Hotel, Karachi. Ph No. 35687839. The shareholders are advised to notify the Registrar of any change in their addresses.
- II. A member entitled to attend and vote at this meeting may appoint another member as his / her proxy to attend and vote instead of him / her. Proxies, in order to be effective. must be received at the Registered Office of the Company not less than 48 hours before the time of meeting.
- III. C.D.C Shareholders who wish to attend the Annual General Meeting are required to bring Original I.D card with copy thereof along- with the Participant ID Number, their account number at the time of meeting in order to authenticate their identity.
- IV. Shareholders are requested to promptly notify the Company of any changes in their address.

The Statement of material facts under section 160(1)(b) of the Companies Ordinance 1984 pertaining to the Special business, given in agenda item, to be held on 30<sup>th</sup> November 2013

A	Area of Land Owned by company	30,105 yards approximately
B	Constructed Area on Land owned by AATML	70,000sq.ft (approximately)
C	Rental rates in Korangi industrial Area	Rs.5-15sq.ft (approximately)
D	Use of funds generated	For meeting various company expenses
E	Benefit to the company	Revenue from Rental will enhance company income.





Member of

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Email Address: mushtaq\_vohra@hotmail.com



### AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **All Asghar Textile Mills Limited** as at June 30, 2013 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the 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 the 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 verifications, we report that:

- a) The company has ceased the production since September 2011 and incurred a loss for the year ended June 30, 2013 of Rupees 15.022 million (June 30, 2012: Profit Rupees 102.370 million) and as of that date, reported accumulated losses of Rupees 159.511 million (June 30, 2012: Rupees 145.726 million). The company's current liabilities exceeded its current assets by Rupees 13.4 million (June 30, 2012: Rupees 26.514 million) as of that date. These conditions along with adverse key financial ratios, company's inability to comply with loan agreements and pay debts on due dates, discontinuance of operation and retirement of key employees indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. Further the company has not been able to obtain enough finance to revive production. These circumstances give rise to significant uncertainty as to the ability of the company to continue operations as going concern in the foreseeable future and therefore, the company may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial statements have been prepared on going concern basis, but in our judgment, management's use of going concern assumption in these financial statements is inappropriate.
- b) As stated in note 20.9, we have not received reply of balance confirmation requests from banks in respect of long term financing amounted to Rupees. 75.746 million. We were also unable to satisfy ourselves as to the correctness of the reported balances by performing other alternate auditing procedures.
- c) The company has not carried out a revaluation of property, plant and equipment on June 30, 2013 under International Accounting Standard (IAS) 16 "Property, Plant and Equipment". In the absence of revaluation figures, it is not possible to perform impairment test as suggested in the International Accounting Standards (IAS) 36 "Impairment of assets". Hence impact of the same on assets, revaluation surplus and on profit and loss account of the company cannot presently be determined.
- d) We are unable to verify the quality claim booked by the company against raw cotton purchase (note 14.1) amounting to Rs. 7,362,358. Further, the company has filed a claim against the supplier of raw cotton for the price difference of Rs. 14,000,000 for non-supply of raw cotton and has gone to arbitration as supplier denied admitting the claim.





	Note	2013 Rupees	2012 Rupees
<b>7 LONG TERM INVESTMENTS</b>			
Orix Leasing - Held to Maturity	7.1	<u>3,750,000</u>	<u>5,000,000</u>
7.1 This represents a Certificate of Deposits (CODs) of Rs. 1,250,000/- each for the terms of 4yrs, 3yrs, 2yrs and 1yr, respectively with ORIX Leasing Pakistan Limited having semiannually profit on completion of each six months with expected rate of 12.5% - 13.52%. These CODs shall be encashed by ORIX on respective maturity dates and to be adjusted against the long term loan liability (Note 20.2) amounting of Rs. 5.0 million long term loan as per settlement agreement dated 27th December, 2011.			
<b>8 Long term Deposits</b>			
Deposits for Utilities		897,169	897,169
Deposits for Leasing Companies		1,699,600	1,699,600
Other Deposits		85,000	104,500
		<u>2,681,769</u>	<u>2,701,269</u>
<b>9 Deferred Taxation</b>			
Due to the losses, deferred taxation works out to be deferred tax asset amounting to Rs. 50.371 million. The company has not recognised Deferred tax asset as it is not probable that in future taxable profit will be available against which unused tax losses and unused tax credits can be utilized.			
<b>10 Inventories</b>			
Stores, spares and loose tools	10.1	1,622,118	1,622,123
Stock - in - trade	10.2	-	8,350,107
		<u>1,622,118</u>	<u>9,972,230</u>
	Note	2013 Rupees	2012 Rupees
<b>10.1 Stores, spares and loose tools</b>			
Stores		1,602,816	1,602,816
Spares and Loose Tools		19,302	19,307
		<u>1,622,118</u>	<u>1,622,123</u>
<b>10.2 Stock-in-trade</b>			
Raw material		-	8,350,107
Work in process		-	-
Finished goods		-	-
Waste		-	-
		<u>-</u>	<u>8,350,107</u>
<b>11 Trade debts</b>			
<b>UnSecured - considered good</b>			
Domestic Debts		911,932	1,215,801
Provision for doubtful debts	11.1	-	(1,071,004)
		<u>911,932</u>	<u>144,797</u>
<b>11.1 Provision for doubtful debts</b>			
Balance at the beginning of the year		1,071,004	1,071,004
Reversed during the year	31	(1,071,004)	-
		<u>-</u>	<u>1,071,004</u>





	Note	2013 Rupees	2012 Rupees
<b>12 Loans and advances</b>			
Considered good			
Advances - unsecured			
- to suppliers		9,558,016	7,163,872
- to staff		1,498,494	1,455,300
Loan to Employees Written off		11,056,510	8,619,172
Provision for doubtful advance	30	(298,160)	-
	12.1	-	(2,239,065)
		<u>10,758,350</u>	<u>6,380,107</u>
<b>12.1 Provision for doubtful advance</b>			
Balance at the beginning of the year		2,239,065	2,239,065
Reversed during the year	31	(2,239,065)	-
		<u>-</u>	<u>2,239,065</u>
<b>13 Trade deposits and short term prepayments</b>			
Security deposits		58,598	58,598
Excise and taxation	13.1	1,611,230	1,618,488
Prepayments		-	1,192,884
		<u>1,669,828</u>	<u>2,869,970</u>
<b>13.1</b> This represent 50% payment made to Excise and Taxation Department of Government of Sindh against levy of Infrastructure Fee. (refer note 22.4)			
<b>14 Other receivables</b>			
Quality claim receivable	14.1	7,362,358	7,362,358
Price difference claim	14.2	14,000,000	-
Profit receivable		503,881	324,483
Provision for doubtful receivables	14.3	-	(500,000)
		<u>21,866,240</u>	<u>7,186,841</u>
<b>14.1</b> The company has recorded quality claim against raw cotton purchase			
<b>14.2</b> The company filed a claim against the supplier of raw cotton for the price difference of Rs. 14 million for non-supply of raw cotton and has gone to arbitrat on as supplier denied to admit claim.			
<b>14.3</b> Provision for doubtful receivables			
Balance at the beginning of the year		500,000	500,000
Reversed during the year	31	(500,000)	-
		<u>-</u>	<u>500,000</u>
<b>15 Other financial assets - Fair Value through Profit and Loss</b>			
		2013	2012
		Number of shares/units	Fair value
		195,538	BMA CASH FUND
		2,000,000	2,000,000
		<u>2,000,000</u>	<u>2,000,000</u>
<b>16 Tax refunds due from Government</b>		2013	2012
Income Tax Refundable		15,037,163	14,967,733
Sales tax receivable		426,529	369,348
FED receivable		5,050	2,060
		<u>15,468,742</u>	<u>15,339,141</u>





Note 2013 Rupees 2012 Rupees

17 Cash and bank balances

Cash in Hand				
-at Mill			26,858	2,589
-at Head office			523,515	454,817
			550,373	457,406
Cash at Banks - Current Accounts			6,635,629	3,750,798
			<u>7,186,002</u>	<u>4,208,204</u>

18 Issued, subscribed and paid-up capital

2013		2012		2013	2012
Number of shares				Rupees	Rupees
38,298,874	38,298,874	Ordinary shares of Rs. 5 each allotted for consideration paid in cash		191,494,370	191,494,370
6,127,820	6,127,820	Ordinary shares of Rs. 5 each issued as right shares		30,639,100	30,639,100
<u>44,426,694</u>	<u>44,426,694</u>			<u>222,133,470</u>	<u>222,133,470</u>

18.1 The right shares were issued in June 30, 2008 against the conversion of director's loan.

19 Surplus on Revaluation of Fixed Assets

Balance as at July 01,

Land		242,442,989	484,885,978
Building - Mill		8,024,891	57,969,119
Building - Other		14,316,555	15,219,556
Add: Surplus on revaluation of land and building		-	-
		<u>264,784,445</u>	<u>558,074,653</u>

Less: Incremental depreciation

Building - Mill		(503,526)	(291,058)
Building - Others		(734,183)	(367,091)
Realisation of asset disposed off during the year			
Land		-	(242,442,989)
Building - Mill		-	(49,653,170)
Building - Other		-	(535,900)
		<u>263,546,736</u>	<u>264,784,445</u>

Less: Related to deferred tax effect:

Surplus on revaluation recognized during the year

Reversal of deferred tax liability due to the transfer of incremental depreciation to equity from surplus on revaluation

-	-
-	-
<u>-</u>	<u>-</u>

Balance as at June 30,

<u>263,546,736</u>	<u>264,784,445</u>
--------------------	--------------------

19.1 The valuation has been performed on the basis of current market value. Previous revaluation was carried out on June 30, 2006 by M/s Consultancy Support and Services. Revaluation of Land was carried out on March 14, 2005 by Consultancy Support and Services, and revaluation was carried out on April 1, 1994 on the basis of market value determined by Eastern Surveyors.





20	Long term financing	Note	2013 Rupees	2012 Rupees
	Loan from Directors	20.1	2,000	830,000
	Loan from others	20.1	892,301	1,417,301
	Loans form banking companies and other financial institutions	20.2	65,089,935	68,551,473
			<u>65,984,236</u>	<u>70,798,774</u>

20.1 These loans are secured, interest free and not repayable within the period of next twelve months.

20.2	Loans form banking companies and other financial institutions - secured	Note	2013 Rupees	2012 Rupees
	First Dawood Investment Bank	20.3	47,636,398	49,187,700
	Orix Leasing Pakistan Limited	20.4	3,750,000	5,000,000
	Bank Alfalah Limited	20.5	4,522,500	-
	KASB Bank Limited	20.6	-	1,864,800
	Bank of Punjab	20.7	18,770,615	18,770,615
	SaudiPak Leasing	20.8	1,066,620	1,066,620
		20.9	<u>75,746,133</u>	<u>75,889,735</u>
	Less: Current portion shown under current liabilities		<u>(10,656,198)</u>	<u>(7,338,262)</u>
			<u>65,089,935</u>	<u>68,551,473</u>

	Lenders	Particulars	Mark-up rate p.a (%)	No. of Instalments outstanding	Date of final repayment
20.3	First Dawood Investment Bank	The Loan is secured by charge over leased assets, personal guarantee of directors and post dated cheques. The Installments of this loan started from December 01, 2011.	-	Monthly installments for 10 Years	2021
20.4	Orix Leasing Pakistan Limited	The company invested Rs. 5 million with Orix Leasing Pakistan Ltd (note 7.1) against the outstanding Liability of the same amount. Simultaneously amount of Investment shall be adjusted on maturity dates against outstanding balance of settlement amount. All securities & charges have been released & vacated.	-	4 annual installments	2016
20.5	Bank Alfalah Limited	As per order of Honorable Court, The company has to pay Rs. 4,522,500 in six bi-annual equal installments of Rs. 753,750 each.	-	6 semi annual installments	2015
20.6	KASB Bank Limited	The Company entered into rescheduling agreement with KASB Bank Limited (Formerly Network Leasing Corp Limited) through compromise decree against Case No. 167/08 Banking Court II, whereby net outstanding liabilities of Rs. 8.215 million (Lease rentals Rs. 5.277 million & markup Rs. 2.94 million) were settled for Rs. 5.93 million including security deposit 0.65 million. Due to settlement amount of Rs. 5.277 & 2.94 million were transferred from current lease liability & markup payable to long term loan respectively. The remaining outstanding amount of Rs. 1,864,800 has been completely paid.	-	-	2012
20.7	Bank of Punjab	This liability is against leasing facility. Case filed by the bank of punjab, See Note 25.1	-	-	-
20.8	SaudiPak Leasing	This liability is against leasing facility of machinery. Case filed by the SaudiPak Leasing, See Note 25.2	-	-	-
20.9	Confirmation was not received from all banks and financial institutions of long term loan. Confirmation was sent.				





	Note	2013 Rupees	2012 Rupees			
<b>21 Deferred liabilities</b>						
Staff retirement benefits - gratuity	21.1	2,131,011	1,184,967			
<b>21.1 Staff retirement benefits</b>						
<b>Movement in the net liability recognized in the Balance sheet</b>						
Opening net liability		1,184,967	8,916,042			
Expense for the year		1,354,844	732,746			
		<u>2,539,811</u>	<u>9,648,788</u>			
Benefits paid during the year		(408,800)	(8,463,821)			
Closing net liability		<u>2,131,011</u>	<u>1,184,967</u>			
<b>Expense recognized in the profit and loss account</b>						
Current service cost		426,202	179,375			
Interest cost		161,995	143,731			
Actuarial Loss Recognised		766,647	409,640			
		<u>1,354,844</u>	<u>732,746</u>			
<b>Historical information</b>						
		2013	2012	2011	2010	2009
		-----RUPEES-----				
Present value of defined benefit obligation		<u>2,131,011</u>	<u>1,184,967</u>	<u>10,733,598</u>	<u>9,938,241</u>	<u>11,869,981</u>
<b>Reconciliation</b>						
				2013	2012	
Present value of defined benefit obligation				Rupees	Rupees	
Unrecognized actuarial loss				2,131,011	1,184,967	
				<u>2,131,011</u>	<u>1,184,967</u>	
<b>General description</b>						
The scheme provides for terminal benefits for all of its permanent employees who attain the minimum qualifying period. Annual charges is made using the actuarial technique of Projected Unit Credit Method.						
<b>Principal actuarial assumption</b>						
Following are a few important actuarial assumption used in the valuation.						
Discount rate				%	%	
Expected rate of increase in salary				10.5	13	
Expected gratuity expense for the year ending June 30, 2014 works out to Rs. 1,537,748.				10.5	10	
<b>22 Trade and other payables</b>	Note	2013 Rupees	2012 Rupees			
Trade creditors		16,439,923	10,739,179			
Accrued liabilities	22.1	8,592,339	7,223,070			
Advance from customers		9,150,892	11,225,379			
Sindh development and maintenance infrastructure fee	13.1	1,611,230	1,611,230			
Withholding taxes		190,981	171,445			
Sales tax payable		427,529	-			
Unclaimed dividend		239,589	239,589			
		<u>36,652,483</u>	<u>31,209,892</u>			
<b>22.1 These balances include the following amounts due to related parties:</b>						
Gulnar Humayun (Rent Payable)		542,100	516,000			





**23 Accrued interest / mark-up**

Accrued interest / mark-up on secured:

- long term financing
- short term borrowings

5,063,387      5,063,387

5,063,387      5,063,387

23.1 This balance includes markup payable to Bank of Punjab amounting to Rs. 4,851,403 And SaudiPak Leasing amounting to Rs. 211,984. Due to litigation with the banks, this amount has not been paid.

**24 Short term borrowings**

- Bank Alfalah - Letter of Guarantee
- Book overdraft

24.1      -      5,030,000

24.2      11,028,323      15,108,840

11,028,323      21,138,840

24.1 This Balance has been transferred to Long Term Loan as per the settlement agreement.

24.2 This represents cheques issued by the Company in excess of balance at banks which remained unrepresented till June 30, 2013.

**25 Contingencies and commitments**

**Contingencies**

25.1 The Bank of Punjab has filed suit 62 of 2012 before Honorable Banking Court NO. V, Karachi against the company for recovery of Rs. 42.35 million (Principal Rs. 17.1 million alongwith Markup Rs. 25.241 million) as outstanding dues against the leasing facilities provided by the bank. The company has filed an application for leave to defend the case before Honorable Banking Court NO. V, Karachi. The company has also provided liabilities amounting to Rs. 18.77 million along with markup Rs. 4.85 million. The outcome of the case is not ascertainable as at June 30, 2013.

25.2 The Saudi Pak Leasing Co Limited has filed suit 310 of 2011 before Honorable Banking Court NO. III, Karachi against the company for recovery of Rs. 2.06 million (Principal Rs. 0.945 million alongwith Markup Rs. 1.12 million) as outstanding dues against the leasing facilities provided by the Company. The company has filed an application for leave to defend the case before Honorable Banking Court NO. III, Karachi. The company has also provided liabilities amounting to Rs. 1.06 million along with markup Rs. 0.133 million. The outcome of the case is not ascertainable as at June 30, 2013.

25.3 An Appeal (Appeal No. K469/2009) was filed under section 194A of Customs Act, 1969 before the Honorable Custom Appellate Tribunal Karachi Bench, Karachi against the recovery of Rs. 29,112,294 in respect of non-achievement of export targets in terms of concessionary SRO 554(1)/98 dated 12.06.1998 by Model Customs Collectorate of Exports Customs House, Karachi and was vehemently contested on the behalf of the Mills. Hearing has been concluded and judgement reserved by the Honorable Customs Appellate Tribunal Karachi Bench, Karachi and the decision awaited. In the opinion of Legal advisor, the merits of the case are in the favour of the company and there is no likelihood that the company will incur any financial loss.

**Note**      **2013**      **2012**  
Rupees      Rupees      Rupees

25.3 Guarantees issued by banks on behalf of the Company

1,611,230      1,611,230

**Commitments**

There are no commitments of the company as at June 30, 2013.



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	Note	2013 Rupees	2012 Rupees
<b>26 Sales</b>			
Local Yarn Sale		-	24,147,500
Waste - local / Polyester / Viscose		3,588,325	1,319,222
Raw Cotton sale		890,064	18,653,348
		<b>4,478,389</b>	44,120,070
Brokerage and commission		-	(10,400)
		<b>4,478,389</b>	<b>44,109,670</b>

	Note	2013 Rupees	2012 Rupees
<b>27 Cost of sales</b>			
Finished stock - opening		-	12,112,193
Purchase of finished goods		-	-
Cost of raw cotton sold		-	19,105,291
Cost of goods manufactured	27.1	25,398,040	107,658,295
		<b>25,398,040</b>	138,875,779
Finished stock - closing		-	-
		<b>25,398,040</b>	<b>138,875,779</b>

**27.1 Cost of goods manufactured**

Raw material consumed	27.2	8,555,822	53,005,639
Salaries, wages and benefits	27.3	2,391,397	12,182,731
Stores and spares		-	4,610,533
Packing material		-	507,526
Doubling		-	0
Power		554,931	11,889,188
Rent, rates and taxes		13,000	1,564,652
Insurance		784,075	1,044,573
Repairs and maintenance		477,071	2,078,671
Depreciation	6.2	12,332,857	7,301,661
Utilities		288,887	590,941
		<b>25,398,040</b>	94,776,115

Work in process		-	12,882,180
Opening stock		-	-
Closing stock		-	12,882,180
		<b>25,398,040</b>	<b>107,658,295</b>

**27.2 Raw material consumed**

Opening stock	8,350,107	52,066,266
Raw Material Sold	-	(19,105,291)
Purchases and related expenses	205,715	28,394,771
	8,555,822	61,355,746
Closing stock	-	(8,350,107)
	<b>8,555,822</b>	<b>53,005,639</b>

27.3 Salaries, Wages and Benefits include Nil (2012: Rs. 244,248 ) in respect of staff retirement benefits.



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	Note	2013 Rupees	2012 Rupees
<b>28 Distribution cost</b>			
Freight		-	140,105
Clearing and forwarding		-	-
Others		2,300	118,345
		<u>2,300</u>	<u>258,450</u>
<b>29 Administrative expenses</b>			
Directors' remuneration		2,523,917	2,919,000
Staff salaries and benefits	29.1	2,917,967	3,685,936
Travelling and conveyance		522,584	2,081,311
Rent, rates and taxes		480,258	516,000
Utilities		2,014,614	1,376,894
Postage and telephone		357,134	653,832
Printing and stationery		324,955	431,425
Vehicles running and maintenance		1,093,700	808,617
Fees and subscription		175,578	2,358,137
Entertainment		313,049	437,830
Legal and professional		139,360	2,309,920
Auditors' remuneration	29.2	153,240	153,240
Repairs and maintenance		484,912	648,766
Insurance		259,435	352,162
Depreciation	6.2	665,675	631,454
Donation		10,000	40,000
Advertisement		46,637	15,525
Miscellaneous Expenses		824,970	771,009
		<u>13,207,985</u>	<u>20,191,058</u>
<b>29.1</b>	Salaries, Wages and Benefits include Rs. 588,197 (2012: Rs. 488,497) in respect of staff retirement benefits.		
<b>29.2</b>	<b>Auditors' remuneration</b>		
Annual audit		100,000	100,000
Half yearly review		53,240	53,240
		<u>153,240</u>	<u>153,240</u>
<b>30 Other expenses</b>			
Loss on Actuarial valuation		766,647	-
Loan to Employees Written off	12	298,160	-
Law Suit Settlement	30.1	-	14,216,235
		<u>1,064,807</u>	<u>14,216,235</u>
<b>30.1</b>	This represents payment on settlement of High Court Case in respect of portion of Factory together with Land Sale.		
<b>31 Other income</b>			
Rental Income		144,000	-
Gain on sale of fixed assets (Land & Building)		-	103,660,479
Gain/(Loss) on sale of fixed assets (Plant & Machinery)		1,330,643	(18,370,071)
Relief from Bank on Settlement		-	128,559,327
Reversal of markup on Lease		-	14,288,860
Profit on BMA Cash Fund		13,962	91,732
Profit on Orix Investment		496,611	324,483
Insurance claim		5,400	-
Scrap sales		-	38,055
Reveral of Provision for doubtful Debts (Note 11.1, 12.1, 14.1)		3,810,069	-
Quality claim income and others		14,000,000	-
Other income		401,868	-
Insurance premium not payable written back		-	3,656,621
		<u>20,202,553</u>	<u>232,249,486</u>





	Note	2013 Rupees	2012 Rupees
<b>32 Finance cost</b>			
Interest / mark-up on :			
- short term finances		-	-
- long term loans		-	-
Bank charges, commission and others charges		30,331	6,464
		<u>30,331</u>	<u>6,464</u>
<b>33 (Loss)/Earning Per Share</b>			
<b>Basic (Loss)/Earning Per Share</b>			
Profit after taxation		(15,022,521)	102,369,969
Weighted average number of ordinary shares		44,426,694	44,426,694
(Loss)/Earnings per share - basic and diluted		<u>(0.34)</u>	<u>2.30</u>
<b>Dilutive (Loss)/Earning Per Share</b>			
33.1 There is no dilutive effect on basic earnings per share.			
<b>34 Related party disclosures</b>			

The related parties comprise associated companies (due to common directorship), wholly owned subsidiary, directors and key management personnel. Amounts due to/from related parties are shown in the relevant notes to the financial statements. The Company in the normal course of business carries out transactions with various related parties. Significant balances and transactions with related parties are as follows.

Nature of transaction	Nature of Relationship	2013 Rupees	2012 Rupees
<b>Rent and other expenses</b>			
Gulnar Humayun	Significant Influence over the company	<u>542,100</u>	<u>516,000</u>
<b>35 Plant capacity and actual production</b>		2013	2012
<b>Spinning units</b>			
Total number of spindles installed		14,400	32,684
Average number of spindles worked		-	32,684
Number of shifts worked per day		-	3
Installed capacity after conversion into 20/s lbs		3,576,183	8,116,941
Actual production after conversion into 20/s lbs		-	422,776
<b>36 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES</b>		2013 Rupees	2012 Rupees
<b>Chief Executive</b>			
Remuneration		1,440,000	1,440,000
Rent and utilities		480,000	480,000
		<u>1,920,000</u>	<u>1,920,000</u>
Number of person		<u>1</u>	<u>1</u>
<b>Directors</b>			
Remuneration		1,083,917	1,083,917
Rent and utilities		480,000	480,000
		<u>1,563,917</u>	<u>1,563,917</u>
Number of persons		<u>1</u>	<u>1</u>

The remaining Directors have waived their remuneration. The chief executive of the company is also provided with the car maintained by the Company and telephones at residence.





### 37 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURE

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

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk

The board of directors has overall responsibility for the establishment and oversight of company's risk management framework. The board is also responsible for developing and monitoring the company's risk management policies.

#### 37.1 Credit risk

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

#### 37.2 Exposure to credit risk

The maximum exposure to credit risk at the reporting date was as follows:

	30th June 2013	30th June 2012
	PKR	
Long term Investment	3,750,000	5,000,000
Long term deposits	2,681,769	2,701,269
Trade debts	911,932	144,797
Loans and advances	10,758,350	6,380,107
Other financial assets	-	2,000,000
Trade deposits and short term prepayments	1,669,828	2,869,970
Other receivables	21,866,240	7,186,841
Cash and bank balances	7,186,002	4,208,204
	<b>48,824,121</b>	<b>30,491,188</b>

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit rating (if available) or to historical information about counterparty default

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

#### 37.3 The maximum exposure to credit risk for trade debts at the balance sheet date by geographical region is as follows:-

Domestic	911,932	1,215,801
Export	-	-
	<b>911,932</b>	<b>1,215,801</b>





37.4 The maximum exposure to credit risk for trade debts at the balance sheet date by type of the customers is as follows:

Yarn	213,848	892,398
Waste	94,735	-
Others	603,349	323,403
	<u>911,932</u>	<u>1,215,801</u>

37.5 The aging of trade debtors at the close of the balance sheet date is as follows:-

Not past due	-	-
0 - 30 days past due	296,378	516,715
31 - 90 days past due	387,571	395,135
90 - 1 year past due	227,983	303,950
Over one year	-	-
	<u>911,932</u>	<u>1,215,801</u>
Impairment	-	(1,071,004)
	<u>911,932</u>	<u>144,797</u>

37.6 Based on the past experience, sales volume, consideration of financial position, past track records and recoveries, economic conditions of particularly the textile sectors and generally the industry, the company believes that it is prudent to provide trade.

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### 37.7 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities.

The Company manages liquidity risk by maintaining sufficient cash and availability of funding through an adequate amount of committed credit facilities. Management believes the liquidity risk to be low.

Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the table are undiscounted cash flows.

#### Contractual maturities of financial liabilities as at June 30, 2013:

	June 30, 2013					More than five years
	Carrying amount	Contractual cash flow	Six months or less	Six to twelve months	Two to five years	
	PKR					
<b>Non derivative financial liabilities:-</b>						
Long term financing	65,089,935	65,089,935	4,867,538	5,788,660	54,433,737	-
Long term loans from directors	894,301	894,301	-	219,104	675,197	-
Long Term Deposits	432,000	432,000	-	432,000	-	-
Trade and other payables	46,135,072	46,135,072	8,742,596	27,995,415	9,397,061	-
Accrued mark up & interest	5,063,387	5,063,387	-	990,398	4,072,989	-
Short term borrowings	11,028,323	11,028,323	8,196,249	2,832,073	-	-
	<b>128,643,018</b>	<b>128,643,018</b>	<b>21,806,384</b>	<b>38,257,650</b>	<b>68,578,984</b>	-

#### Contractual maturities of financial liabilities as at June 30, 2012:

	June 30, 2012					More than five years
	Carrying amount	Contractual cash flow	Six months or less	Six to twelve months	Two to five years	
	PKR					
<b>Non derivative financial liabilities:-</b>						
Long term financing	68,551,473	68,551,473	3,145,913	4,192,349	61,213,211	-
Long term loans from directors	2,247,301	2,247,301	826,557	1,420,744	-	-
Long Term Deposits	-	-	-	-	-	-
Trade and other payables	31,209,892	31,209,892	4,959,252	5,898,670	20,351,971	-
Accrued mark up & interest	5,063,387	5,063,387	-	720,520	4,342,867	-
Short term borrowings	21,138,840	21,138,840	14,532,953	6,605,888	-	-
	<b>128,210,893</b>	<b>128,210,893</b>	<b>23,464,675</b>	<b>18,838,170</b>	<b>85,908,049</b>	-

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

### 37.9 Market Risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instruments, changes in market

### #### Currency risk

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

The Company is not exposed to any currency risk arising from various currency exposures





**37.11 Other Price Risk**

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate of changes in market price (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 traded in the market. The Company is not exposed to

**37.12 Interest Rate Risk**

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

Interest rate risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market interest rates. Majority of the interest rate arises from short and long term borrowings from bank.

**Fixed rate instruments**

Financial assets	3,750,000.00	5,000,000.00
Financial liabilities	11,028,323	21,138,840

**Variable rate instruments**

Financial assets	-	2,000,000
Financial liabilities	65,089,935	68,551,473

**Fair value sensitivity analysis for fixed rate instruments**

The company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss

**Cash flow sensitivity analysis for variable rate instruments**

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

	Profit and loss		Equity	
	100 bp Increase	100 bp Decrease	100 bp Increase	100 bp Decrease
Cash sensitivity analysis				
Variable rate instruments 2013	650,899	(650,899)	-	-
Cash sensitivity analysis				
Variable rate instruments 2012	685,515	(685,515)	-	-

-----PKR-----

**37.13 Fair value of financial assets and liabilities**

The carrying value of all financial instruments reflected in the financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.



**37.14 Fair value of financial assets and liabilities**

The carrying value of all financial instruments reflected in the financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

**37.15 Fair Value Hierarchy**

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into level 1 to 3 based on the degree to which the fair value is observed.

Level 1 fair value measurement are those derived from quoted prices (unadjusted) in active markets for identical assets or li

Level 2 fair value measurement are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurement are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2013 other financial assets was categorized in level 1.

There were no transfers between Level 1 and 2 in the year.

**37.16 Capital risk management**

The company's prime object when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. The ratio is calculated as total borrowings divided by total capital employed. Borrowings represent long term financing, long term financing from directors and others and short term borrowings. Total capital employed includes total equity as shown in the

38	Number of Employees	2013	2012
	Total number of employees as at June 30	23	28
	Average number of employees during the year	21	27

**39 Corresponding Figures**

Corresponding figures have been rearranged and reclassified to reflect more appropriate presentation of events and transactions of the purposes of comparison. Significant reclassification made is as follow:

Particular	From	To	Note	Amount In Rs.
Bank Alfalah Limited	Short Term Borrowing	Long Term Loan	20.5	3,015,000

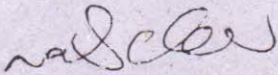
**40 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on 8th November 2013 by the Board of Directors of the

**41 GENERAL**

The figure have been rounded off to the nearest Rupee.

Karachi:  
Dated: 8th November 2013

  
NADEEM E. SHAIKH  
CHIEF EXECUTIVE

  
MOHAMMAD SULEMAN  
DIRECTOR





Folio/C.D.C A/c No.....

## PROXY FORM

I/We .....  
of ..... being a member of  
ALI ASGHAR TEXTILE MILLS LIMITED and a holder of ..... ordinary shares  
as per Share Register Folio No. ....  
(in case of Central Depository System Account Holder A/c No. ....  
Participant I.D.NO. ....) hereby appoint .....  
of ..... another member of the Company as per  
Register Folio No. .... or (failing him / her) .....  
of ..... another member of the Company) as my / our Proxy  
to attend and vote for me/us and on my/our behalf at 46th Annual General Meeting of the Company  
to be held on Thursday, November 01, 2012 at 2:00 p.m. at Plot 6 Sector No.25 Korangi Industrial  
Area Karachi and at any adjournment thereof.

(Member's Signature)

Witness(1): \_\_\_\_\_

NIC #. \_\_\_\_\_

Address \_\_\_\_\_

Witness(2): \_\_\_\_\_

NIC #. \_\_\_\_\_

Address \_\_\_\_\_

Place \_\_\_\_\_ Date \_\_\_\_\_

Affix Rs. 5/-  
Revenue Stamp

(Signature should agree with the  
specimen signature registered in  
the Company)

### NOTE:

1. The Proxy should be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the meeting.
2. A member entitled to attend and vote at a General Meeting is entitled to appoint a proxy to attend and instead of him/her.
3. In case of Central Depository System Account Holder, an attested copy of identity card should be attached to this Proxy Form.
4. Proxies, in order to be effective, must be duly stamped, signed and witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned.