



# ARUJ INDUSTRIES LTD.

23<sup>rd</sup> Annual Report 2015

Interlining

Dyeing & Processing

Apparel

w w w . a r u j . c o m

## CONTENTS

VISION STATEMENT, MISSION STATEMENT	2
COMPANY PROFILE	3
NOTICE OF ANNUAL GENERAL MEETING	4
DIRECTOR'S REPORT	6
KEY OPERATING AND FINANCIAL DATA	9
STATEMENT OF COMPLIANCE	10
REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE	12
AUDITOR'S REPORT TO THE MEMBERS	13
BALANCE SHEET	14
PROFIT AND LOSS ACCOUNT	15
STATEMENT OF COMPREHENSIVE INCOME	16
STATEMENT OF CASH FLOWS	17
STATEMENT OF CHANGES IN EQUITY	18
NOTES TO THE ACCOUNTS	19
PATTERN OF SHAREHOLDER	38
FORM OF PROXY	42



## VISION AND MISSION STATEMENT

### THE VISION

To be the leader in interlining industry by building companies image through Quality improvement, Customer satisfaction and by maintaining a high level of ethical and professional standards through Optimum use of resources.

### MISSION STATEMENT

1. Endeavoring to be the Market leader and international player by enhancing market share and to conduct business in the best possible manner by using high level of ethical professionalism.
2. Seeking long term and good trading relation with customers and suppliers with fair, honest and mutually profitable dealings.
3. Building an excellent repute of our organization and to maintain high professional and ethical standards with eyes on the future.
4. Offering high quality products according to the highest international standards.
5. Continuous enhancement in shareholders' value through team work and constant improvement in performance in all operating areas in competitive business
6. Providing congenial work environment, where employees are treated with respect and dignity and work as a team of common goals.
7. Contributing to the national economy by uplifting and skills diversification of the people through fulfillment of our social responsibility



## COMPANY PROFILE

### BOARD OF DIRECTORS

1. Mr. Maqsood Ahmed Butt	:	Chief Executive / Director
2. Mrs. Naseem Maqsood	:	Director
3. Mr. Ali Maqsood Butt	:	Director
4. Mr. Faisal Khan	:	Director
5. Mrs. Durray Zara Butt	:	Director
6. Mrs. Naheed Muneer	:	Director
7. Dr. Aruj Butt	:	Director

### CHIEF FINANCIAL OFFICER

Mrs. Durray Zara Butt

### COMPANY SECRETARY

Mr. Muhammad Sajjad Hussain

### SHARE REGISTRARS

M/s. Corplink (Pvt.) Ltd.  
Wings Arcade, 1-K, Commercial  
Model Town Lahore.  
Tel: 35839182, 35869037

### LEGAL ADVISOR

Mr. Mian Waheed Akhtar,  
Advocate High Court,  
Lahore.

### AUDITORS

M/s. Qadeer & Co.  
Chartered Accountants,  
89-F, Jail Road  
Lahore.

### REGISTERED OFFICE

2-KM Off Raiwind-Manga Road,  
Raiwind, Lahore.  
Tel: (92 - 42) 35393125-6  
Fax: (92 - 42) 35393127  
E-mail: [info@aruj.com](mailto:info@aruj.com)  
Website: [www.aruj.com](http://www.aruj.com)

### AUDIT COMMITTEE

Mrs. Naseem Maqsood Butt	Chairman
Mrs. Naheed Muneer	Member
Dr. Aruj Butt	Member

### REGISTERED OFFICE

2-KM Off Raiwind-Manga Road,  
Raiwind, Lahore.  
Tel: (92 - 42) 35393125-6  
Fax: (92 - 42) 35393127  
E-mail: [info@aruj.com](mailto:info@aruj.com)  
Website: [www.aruj.com](http://www.aruj.com)

### HUMAN RESOURCE COMMITTEE

Mrs. Naseem Maqsood Butt	Chairman
Mr. Ali Maqsood Butt	Member
Mrs. Naheed Muneer	Member

### BANKERS

Standard Chartered Bank (Pakistan) Ltd.  
Habib Bank Limited.  
Bank Alfalah Limited.  
Faysal Bank Limited.  
Bank Al- Habib Limited.

2-KM Off Raiwind -  
Manga Road, Raiwind, Lahore.



## NOTICE OF 23<sup>rd</sup> ANNUAL GENERAL MEETING.

Notice is hereby given that 23rd Annual General Meeting of Aruj Industries Limited will be held on Saturday, October 31, 2015 at 9:00 am at the Registered Office of the Company at 2-KM, Off Raiwind Manga Road, Raiwind, Lahore to transact the following business:-

### ORDINARY BUSINESS:

1. To confirm the minutes of the last Annual General Meeting of the Company.
2. To consider, approve and adopt Annual Audited Accounts of the Company for the year ended June 30, 2015 as recommended by auditors.
3. To appoint Auditors of the company for the year ended June 30, 2016 and to fix their remuneration. The present auditors M/S QADEER AND COMPANY, Chartered Accountants, being eligible have offered themselves for re-appointment.

### OTHER BUSINESS:

4. To transact any other business with the permission of the Chair.

Lahore  
October 06, 2015

By order of the Board

Muhammad Sajjad Hussain  
Company Secretary

### NOTES:

- 1). A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received at the Company's Registered Office of the Company at 2-KM, Off: Raiwind Manga Road, Raiwind, Lahore not later than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.
- 2) 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 number in Central Depository System for attending the meeting.



- 3) The form of proxy must be submitted with the company with in the stipulated time, duly witnessed by two persons whose names, addresses and CNIC numbers must be mentioned on the form, along with attested copies of CNIC or the Passport of the beneficial owners and the proxy; in case of corporate entity, the Board of Directors Resolution/ power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with the proxy form of the company.
- 4). The share transfer books of the company will remain closed from 25th October to 31 October 2015 ( both days inclusive ).
- 5). Member are requested to notify about the change in their addresses (if any) to M/s Corplink (Pvt.) Limited Wings Arcade, 1-K, Commercial, Model Town, Lahore Tel: 042-35916714-35916719-35839182, Fax: 042-35869037 if any.



## DIRECTORS' REPORT

The Directors of your Company would like to present to you the 23<sup>rd</sup> Annual General Meeting of **Aruj Industries Ltd.** And would like to present their report along with the audited accounts for the year ended 30<sup>th</sup> June, 2015.

### OPERATING RESULTS:

	For the year ended June 30, 2015	For the year ended June 30, 2014
	Rupees	Rupees
Sales	905,884,377	545,923,658
Gross Profit	117,909,188	76,725,514
Profit/(Loss) Before Taxation	42,956,399	30,588,746
Taxation	11,124,410	298,741
Profit/(Loss) After Taxation	31,831,989	30,290,005
Earnings per Share	3.63	4.16

### SALIENT FEATURES:

Last year, your Company tried its hands on the garment manufacturing business. As is plainly clear from the 65.94% increase in the sales of your Company, this proved a move in the right direction. Your Company was able to carve a name for itself in the ever-competitive garment export sector by keeping a stringent check on quality of the stitched garments as well as controlling the cost of production. Keeping in view this overwhelming response, your Company will need to increase its production to keep pace with the volume of orders being placed with it.

The Dyeing and Processing Division has been stable over the last year. An unstable Euro over the last year did put pressure on exporters who were processing their fabric from your Company. But even this has evened out now, and we are looking forward to growing its sales as well.

The ever persistent energy crisis is still looming large over the Punjab region, with gas shortages now a norm for the entire industry. We have tried to combat that by turning towards coal as an alternative source of energy. Also, the decrease in the cost of diesel has reduced the cost of energy production, which has eased the pressure from previous years regarding electricity. We are hoping this situation will prevail for the coming year as well.

### STATEMENT OF COMPLIANCE ON CORPORATE AND FINANCIAL FRAME WORK:

The management is fully aware of the compliance with code of corporate governance as incorporated in the additional listings regulations of the stock exchanges and necessary steps Have been taken for their effective implementations which are as follows:

### PRESENTATION OF FINANCIAL STATEMENTS:

The financial statements prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.



**BOOKS OF ACCOUNTS:**

Proper books of account of the Company have been maintained.

**ACCOUNTING POLICIES:**

Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimate are based on reasonable and prudent judgement.

**COMPLIANCE WITH INTERNATIONAL ACCOUNTING STANDARDS:**

International Accounting Standards as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.

**INTERNAL CONTROL SYSTEM:**

The system of internal control of the Company is sound and has been effectively implemented and is being monitored by the qualified internal auditors.

**GOING CONCERN:**

There are no significant doubts upon the Company's ability to continue as a going concern.

**BEST PRACTICES OF CORPORATE GOVERNANCE:**

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

**FINANCIAL DATA OF LAST SIX YEARS:**

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

**OUTSTANDING STATUTORY DUES:**

The Company is regular payer of all Government dues and previous record is quite evident and clear in this regard.

**SIGNIFICANT PLANS AND DECISIONS:**

As part of its balancing modernization and replacement plan, the Company has added certain machinery to increase the quality of its products.

**MEETINGS OF BOARD OF DIRECTORS:**

During the year six meetings of the board of Directors of the Company were held. Attendance by each Director in the meeting is as follows:

Name of Directors	Meeting Attended
1. Mr. Maqsood Ahmad Butt	6
2. Dr. Mrs. Naseem Maqsood	6
3. Mr. Ali Maqsood Butt	6
4. Mr. Faisal Khan	6
5. Mr. Durray Zara Butt	6
6. Mrs. Naheed Muneer	5
7. Dr. Aruj Butt	6



Leave of absence was granted to the directors who could not attend the meeting of the board.

**AUDIT COMMITTEE:**

The Board of Directors in compliance to the code of corporate governance has established an audit committee and the following directors are its members.

- |    |                         |             |
|----|-------------------------|-------------|
| 1. | Dr. Mrs. Naseem Maqsood | Chairperson |
| 2. | Mrs. Naheed Muneer      | Member      |
| 3. | Dr. Aruj Butt           | Member      |

**EARNING PER SHARES:**

Earning per share for the period ended 30th June 2015 works out to Rs. 3.63 as compared to Rs. 4.16 per share of the last year.

**AUDITORS:**

The auditors, M/s Qadeer & Company, Chartered Accountants have retired and being eligible, have offered themselves for re-appointment.

The audit committee of the board has recommended to the board their appointment as auditors of the Company for the year 2015-16.

**PATTERN OF SHAREHOLDING:**

Statements showing the Pattern of Shareholding as at 30 June, 2015 required under the Company ordinance, 1984 and the code of corporate governance are annexed.

**TRADING IN COMPANY'S SHARES:**

The Directors, CEO, Company Secretary have not traded in the shares of the Company during the year under review.

**ACKNOWLEDGEMENT:**

We would like to take this opportunity to express our appreciation to the management and employees of the Company for their hard work and dedication. We would also like to express our gratitude to our valued shareholders, customers, suppliers and financial institutions for their cooperation, constant support and trust reposed in your Company.

FOR AND ON BEHALF OF THE BOARD

**MAQSOOD AHMAD BUTT**  
Chief Executive

Lahore  
Dated: October 06, 2015



## KEY OPERATING &amp; FINANCIAL DATA FROM 2010 TO 2015

	2010	2011	2012	2013	2014	2015
Net Sales Revenue	345,439,418	396,387,622	415,365,806	478,459,896	545,923,658	905,884,377
Cost of Goods Sold	314,182,885	356,438,791	368,899,831	417,303,509	469,198,144	787,975,189
Gross Profit	31,256,533	39,948,831	46,465,975	61,156,387	76,725,514	117,909,188
Operating Profit/ (Loss)	17,767,320	23,399,733	28,205,546	43,417,412	47,686,824	66,897,424
Profit (Loss) before Tax	6,834,116	13,760,877	19,523,588	29,298,698	29,187,091	42,956,399
Profit (Loss) after Tax	3,489,188	9,079,088	12,819,522	21,452,806	30,290,005	31,831,989
Paid up Capital	61,517,000	61,517,000	61,517,000	61,517,000	61,517,000	104,578,900
Current Assets	128,616,417	91,128,804	169,246,647	210,979,860	311,992,951	472,181,494
Current Liabilities	101,123,513	104,332,214	167,499,448	193,386,001	244,981,131	371,623,045



**STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE  
FOR THE YEAR ENDED AT JUNE 30, 2015**

This statement is being presented to comply with the Code of Corporate Governance as contained in the listing regulations of 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 good Corporate Governance.

The Company has applied the principle contained in the Code of Corporate Governance in the following manner

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

Category	Names
Executive Directors	i) Mr. Maqsood Ahmed But ii). Mr. Ali Maqsood Butt iii). Mr.Faisal Khan iv). Mrs. Durray Zara Butt v). Dr. Aruj But
Non-Executive Directors	vi). Dr. Mrs. Naseem Maqsood Butt vii). Mrs. Naheed Munir

The company is in the process of appointing an independent director in compliance of clause (i) (b) of the code of corporate governance.

1. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
2. All the resident directors of the Company are registered taxpayers and none of them has defaulted in payment of any loan to a banking company, a development financial institution or non-banking financial institution or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
3. There has been no casual vacancy in the Board of directors during the year 2015.
4. 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.
5. The board has developed a vision/mission and value 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.
6. 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 the employment of Chief executive officer, other Executive and Non- Executive Directors, have been taken by the board/shareholders.
7. 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 to approve the financial statement of the company. A separate meeting of the board was held to approve the appointment of new directors. Written notice of the board meetings, along with agenda were circulated at least seven days before the meeting. The minutes of the meeting were appropriately recorded and circulated in time.
8. The Directors are aware of their duties and responsibilities under the relevant laws and regulations and they are regularly appraised with amendments in corporate and other laws, if any. One of our directors Mr. Ali Maqsood Butt has attended training session under board development series last year. Some of the directors are exempted under exemption criteria of 14 years of education and 15 years of experience on the board of listed company while others will complete their training in the coming year.



9. There was no change in the position of Chief Financial Officer (CFO) and Company Secretary. Board has approved the appointment, remuneration and terms and conditions of employment of the CFO, Company Secretary and Head of Internal Audit.
10. The Directors' report for the year ended June 30, 2015 has been prepared in compliance with the requirement of Code of Corporate Governance and it fully describes the salient matters required to be disclosed.
11. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
12. The directors, Chief Executive Officers and other executives do not have any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
13. The Company has complied with all the corporate and financial reporting requirements of the CCG.
14. The Board formed an audit committee comprising of three members, of whom two are non-executive directors, including the chairman of the committee.
15. The meetings of the audit committee were held at least once every quarter prior to the approval of interim and final results of the Company and as required by the Code of Corporate Governance. The terms of reference of the committee have been formed and advised to the committee for compliance.
16. The Board formed a Human Resource & Remuneration Committee. It comprises of three members, of whom two are non-executive directors and one is an executive director.
17. The Board has setup an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.
18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
19. 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.
20. The 'closed period', prior to the announcement of interim/final results, and business decisions, that may materially affect the market price of company's shares, was determined and intimated to directors, employees and stock exchange(s)
21. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
22. We confirm that all other material principles enshrined in the Code of Corporate Governance have been complied with.

For and on behalf of the Board

Lahore  
October 06, 2015

(Maqsood Ahmed Butt)  
(Chief Executive)



**REVIEW REPORT TO THE MEMBERS**  
**ON THE STATEMENT OF COMPLIANCE WITH THE 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 **ARUJ INDUSTRIES LIMITED** (the Company) for the year ended June 30, 2015 to comply with the requirements of Listing Regulations No. 35 of the Karachi Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) 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 financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

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

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

Further, we would like to highlight below instances of non-compliance with the requirements of the Code as reflected in point reference where these are stated in the Statement of Compliance:

**Paragraph reference Description**

- |    |   |
|----|---|
| 1  | There is no independent director on the Board of Directors of the Company.                    |
| 1  | Executive directors are more than one third of elected directors.                             |
| 9  | Directors' training program was not attended and completed during the year.                   |
| 15 | Audit Committee comprises of one executive director and chairman is not independent director. |

Lahore  
Dated: October 06, 2015

**QADEER AND COMPANY**  
**CHARTERED ACCOUNTANTS**  
**NAWAZ KHAN, FCA**



**AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed Balance Sheet of **ARUJ INDUSTRIES LIMITED** ('the Company') as at June 30, 2015 and the related Profit and Loss Account, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) In our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- (b) In our opinion:
  - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity together with the notes forming part thereof, conform with the 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, 2015 and of the Profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) In our opinion, no Zakat was deducted at source under the Zakat & Ushr Ordinance, 1980 (XVIII of 1980).

Lahore  
Dated: October 06, 2015

QADEER AND COMPANY  
CHARTERED ACCOUNTANTS  
NAWAZ KHAN, FCA



**BALANCE SHEET**

AS AT JUNE 30, 2015

	NOTE	2015	2014
Rupees			
<b>CAPITAL AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital: 12,500,000 (2014: 8,000,000)		<u>125,000,000</u>	<u>80,000,000</u>
Ordinary shares of Rs. 10/- each			
Issued, subscribed and paid up capital	5	<b>104,578,900</b>	61,517,000
Retained earning		<b>107,931,356</b>	91,804,266
		<b>212,510,256</b>	153,321,266
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	6	<b>50,918,418</b>	57,068,418
Liabilities against assets subject to finance lease	7	<b>14,753,718</b>	3,744,426
Deferred liabilities	8	<b>22,979,841</b>	18,346,742
		<b>88,651,977</b>	79,159,586
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	<b>206,040,040</b>	129,917,771
Markup accrued on loans and other payables	10	<b>1,830,751</b>	4,006,454
Short term borrowings	11	<b>155,162,833</b>	106,483,162
Current portion of long term borrowings	12	<b>15,372,445</b>	34,007,385
Provision for taxation	13	<b>8,589,421</b>	4,573,744
		<b>386,995,490</b>	278,988,516
<b>CONTINGENCIES AND COMMITMENTS</b>			
	14	-	-
		<b>688,157,723</b>	511,469,368
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	15	<b>214,353,308</b>	197,433,496
Long term deposits	16	<b>1,622,921</b>	2,042,921
		<b>215,976,229</b>	199,476,417
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	17	<b>3,144,411</b>	4,633,501
Stock in trade	18	<b>185,737,794</b>	148,237,461
Trade debts	19	<b>110,370,075</b>	54,327,146
Loans and advances	20	<b>75,211,060</b>	47,603,437
Trade deposits and short term prepayments	21	<b>1,063,774</b>	664,455
Tax refunds due from the Government	22	<b>68,186,023</b>	40,088,142
Cash and bank balances	23	<b>28,468,357</b>	16,438,809
		<b>472,181,494</b>	311,992,951
		<b>688,157,723</b>	511,469,368

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

**CHIEF EXECUTIVE****DIRECTOR**



**PROFIT AND LOSS ACCOUNT**

FOR THE YEAR ENDED JUNE 30, 2015

	NOTE	2015	2014
		Rupees	
Sales-net	24	905,884,377	545,923,658
Less: Cost of sales	25	787,975,189	469,198,144
<b>GROSS PROFIT</b>		<b>117,909,188</b>	<b>76,725,514</b>
Less: Distribution cost	26	21,968,951	6,190,371
Less: Administrative expenses	27	29,042,813	22,848,319
		<b>66,897,424</b>	<b>47,686,824</b>
Less: Finance cost	28	20,730,983	16,889,799
Less: Other expenses	29	3,566,055	1,609,934
		<b>42,600,386</b>	<b>29,187,091</b>
Add: Other income	30	356,013	1,401,655
<b>Profit before taxation</b>		<b>42,956,399</b>	<b>30,588,746</b>
Taxation	31	11,124,410	298,741
<b>Profit after taxation</b>		<b>31,831,989</b>	<b>30,290,005</b>
			Restated
<b>Earnings per share - basic and diluted</b>	32	<b>3.63</b>	<b>4.16</b>

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

CHIEF EXECUTIVE

DIRECTOR



# STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2015

	NOTE	2015	2014
Rupees			
Profit for the year		31,831,989	30,290,005
<b>Other comprehensive loss</b>			
Items that will not be subsequently reclassified to profit and loss:			
Premeasurement of staff retirement benefit - net of tax		325,648	123,017
<b>Total comprehensive income for the year</b>		<u><u>31,506,340</u></u>	<u><u>30,166,988</u></u>

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

**CHIEF EXECUTIVE**

**DIRECTOR**



## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2015

	2015	2014
	Rupees	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	42,956,399	30,588,746
Adjustment for:		
Depreciation	23,021,867	17,917,705
Financial Charges	20,730,983	16,889,799
Gain on disposal	(356,013)	(1,401,655)
Provision for gratuity	1,837,070	1,239,586
Worker's welfare fund	876,661	-
Worker's profit participation fund	3,035,684	1,609,934
	<u>49,146,253</u>	<u>36,255,369</u>
<b>Profit before working capital changes</b>	<b>92,102,652</b>	<b>66,844,115</b>
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	1,489,090	(1,147,634)
Stock in trade	(37,500,333)	(79,051,719)
Trade debts	(56,042,929)	(6,206,769)
Loans and advances	(23,413,953)	(16,257,645)
Trade deposits and short term prepayments	(399,319)	208,500
Tax refunds due from the Government	(28,097,881)	(5,516,110)
Increase/(decrease) in current liabilities:		
Trade and other payables	73,810,543	37,044,027
	<u>(70,154,782)</u>	<u>(70,927,350)</u>
<b>Cash generated from operations</b>	<b>21,947,870</b>	<b>(4,083,235)</b>
Financial charges paid	(22,906,686)	(14,303,166)
Staff retirement benefits paid	-	-
Workers' profit participation fund paid	(1,600,619)	(1,194,395)
Taxes paid	(8,832,023)	(2,357,457)
<b>Net cash inflow from operating activities</b>	<b>(11,391,459)</b>	<b>(21,938,253)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Long-term security deposits	420,000	(687,200)
Fixed capital expenditure - net of disposal	(40,135,667)	(23,081,822)
Capital work in progress	-	-
Disposal proceeds	550,000	2,000,000
<b>Net cash used in investing activities</b>	<b>(39,165,667)</b>	<b>(21,769,022)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds / (Repayment) from long term loans - Net	(24,150,000)	21,137,188
Proceeds / (Repayment) from Lease Finance - Net	10,374,352	4,718,746
Proceeds / (Repayment) from short term borrowings - Net	48,679,671	10,578,520
Dividend paid	(15,379,250)	-
Proceeds from issue of share capital	43,061,900	-
<b>Net cash used in financing activities</b>	<b>62,586,673</b>	<b>36,434,454</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>12,029,548</b>	<b>(7,272,822)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>16,438,809</b>	<b>23,711,631</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>28,468,357</b>	<b>16,438,809</b>

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

CHIEF EXECUTIVE

DIRECTOR



## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2015

	SHARE CAPITAL	UNAPPROPRIATED PROFIT	TOTAL
	(RUPEES)		
<b>BALANCE AS AT JULY 01, 2013</b>	<b>61,517,000</b>	<b>61,637,278</b>	<b>123,154,279</b>
<b>Total comprehensive income for the year:</b>			
Profit for the year	-	30,290,005	30,290,005
Other comprehensive income / (loss)	-	(123,017)	(123,017)
	-	<b>30,166,988</b>	<b>30,166,988</b>
<b>BALANCE AS AT JUNE 30, 2014</b>	<b>61,517,000</b>	<b>91,804,266</b>	<b>153,321,267</b>
<b>Total comprehensive income for the year:</b>			
Profit for the year	-	31,831,989	31,831,989
Other comprehensive income / (loss)	-	(325,648)	(325,648)
	-	<b>31,506,340</b>	<b>31,506,340</b>
<b>Transactions with owners:</b>			
Final cash dividend @ 25% relating to year ended June 30, 2014	-	(15,379,250)	(15,379,250)
Issue of right shares	43,061,900	-	43,061,900
	<b>43,061,900</b>	<b>(15,379,250)</b>	<b>27,682,650</b>
<b>BALANCE AS AT JUNE 30, 2015</b>	<b>104,578,900</b>	<b>107,931,356</b>	<b>212,510,257</b>

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

CHIEF EXECUTIVE

DIRECTOR



## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2015

**1 LEGAL STATUS AND OPERATIONS**

The Company was incorporated in Pakistan on December 31, 1992 under the Companies Ordinance, 1984, as a Public Company, limited by shares which are quoted on all Stock Exchanges in Pakistan. It is principally engaged in manufacturing of Fusible Interlining and Dying / Bleaching of Fabric. The Company commenced its commercial operations on May 15, 1995. The registered office of the Company is situated at 2-KM, Off Raiwind Road, Raiwind, Lahore.

**2 STATEMENT OF COMPLIANCE**

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

**2.01 Initial application of standards, amendments or an interpretation to existing standards.****2.02** New Accounting Standards, IFRIC interpretations and amendments to the published approved accounting standards that are effective in current year but not relevant:

The new standards, amendments and interpretations to approved accounting standards that are effective for accounting periods beginning on or after July 01, 2014 but are considered not to be relevant or to have any significant effect on company's financial statements and are, therefore, not detailed in these financial statements.

**2.03** New accounting standards, IFRIC interpretations and amendments to the published approved accounting standards that are not effective in current year and have not been early adopted by the Company.

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

	<b>Effective Date</b>
IFRS 10 Consolidated Financial Statements	January 01 ,2015
IFRS 10, Investment Entities (Amendment) 12 & IAS 27	January 01 ,2015
IFRS 10, Investment Entities: Applying the Consolidation Exception (Amendment) 12 & IAS 27	January 01 ,2016
IFRS 10 Sale or Contribution of Assets between an investor and & IAS 28 its associates or joint venture (Amendment)	January 01 ,2016
IFRS 11 Joint Arrangements	January 01 ,2015
IFRS 11 Accounting for Acquisition of interest in joint operation (Amendment)	January 01 ,2016
IFRS 12 Disclosure of interests in other entities	January 01 ,2015
IFRS 13 Fair value measurement	January 01 ,2015
IAS-1 Disclosure initiative (Amendment)	January 01 ,2016
IAS-16 & Clarification of acceptable method of depreciation and amortization 38 (Amendment)	January 01 ,2016
IAS-16 & Agriculture bearer plants (Amendment) 41	January 01 ,2016
IAS-27 Equity method in separate financial statements (Amendment)	January 01 ,2016



### 3 BASIS OF PREPARATION

#### 3.01 Basis of Measurement

These financial statements have been prepared under the "historical cost" convention. In these financial statements, except for certain staff retirement benefits at present value and the cash flow statement, all transactions have been accounted for on accrual basis.

#### 3.02 Functional and presentation currency

These financial statements are presented in Pak Rupees which is Company's functional currency.

### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 4.01 Foreign currency translation

Transaction in foreign currency are recorded at the exchange rate prevailing on the date of transaction. Assets and liabilities in foreign currencies are translated into Pak Rupees at the exchange rate prevailing at the balance sheet date. Gains and loss arising on the translation are included in the net profit or loss for the period.

#### 4.02 Staff retirement benefits

The company operates an unfunded gratuity scheme for all permanent employees who have completed minimum qualifying period of service. The contributions to the scheme are made in accordance with the independent actuarial valuation using Projected Unit Credit (PUC). The most recent actuarial valuation of the scheme was carried out as at June 30, 2014. The principal actuarial assumptions used for the purpose of the valuation were as follows:

	2015	2014
Discount rate	9.50%	13.25%
Expected rate of salary increase	8.50%	12.25%
Average remaining working life time of employee	8 Years	10 Years

#### 4.03 Trade debts

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

#### 4.04 Trade and other payables

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

#### 4.05 Long Term Deposits

These are stated at cost which represents the fair value of consideration given.

#### 4.06 Provisions

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

#### 4.07 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents consists of cash in hand, cash at banks in current account and deposits accounts.

#### 4.08 Capital work-in-progress

Capital work-in-progress represents expenditure on property, plant and equipment which are in the course of construction and installation. Transfers are made to relevant property, plant and equipment category as and when assets are available for use. Capital work-in-progress is stated at cost less any identified impairment loss.



#### 4.09 Taxation

##### a) Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing laws for taxation on income earned from local as well as foreign operations, as applicable to the respective jurisdictions. The charge for current tax is calculated using prevailing tax rates applicable to taxable income after taking into account tax credits and tax rebates, if any under the provision of Income Tax Ordinance, 2001.

##### b) Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax assets and liabilities are calculated at the rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the income statement.

#### 4.10 Property, plant and equipment

Property, plant and equipment except freehold land are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Freehold land is stated at cost less any identified impairment loss. Cost in relation to certain property, plant and equipment signifies historical cost, applicable exchange differences on foreign currency loans and directly attributable cost of bringing the asset to working condition. Borrowing cost pertaining to the construction/ erection period is also capitalized as part of historical cost.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit and loss account during the year in which they are incurred.

Depreciation on property, plant and equipment is charged to profit and loss account applying the reducing balance method so as to write off the depreciable amount of the assets over their estimated useful lives at the rates specified in Note 15. The company charges the depreciation on additions from the date when the asset is available for use and to the preceding day when the asset is de-recognized.

The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each statement of financial position date.

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the profit and loss account in the year the asset is de-recognized.



**4.11 Accounting for finance lease**

Leases where the company has substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are initially recognized at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. Subsequently these assets are stated at cost less accumulated depreciation and any impairment loss.

The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term depending upon the timing of the payment.

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

Depreciation on assets acquired under a finance lease is charged to the profit and loss account applying reducing balance method over their estimated useful lives at the rates specified in Note 15.

**4.12 Stores, spares and loose tools**

These are valued at moving average cost, while items considered obsolete are carried at nil values. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

**4.13 Stock-in-trade**

These are valued at lower of cost and net realizable value applying the following basis:

Raw material	Weighted average
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Waste	Net realizable value

Raw material is stated at weighted average except items in transit which are valued at cost accumulated up to the balance sheet date.

Cost of work in process and finished goods comprises of cost of direct materials, labour and appropriate manufacturing overheads.

Net realizable value of finished goods and waste represents estimated selling prices in the ordinary course of business less incidental selling expenses.

**4.14 Revenue recognition**

Revenue represents the fair value of consideration received or receivable for goods sold, net of discounts and sales tax. 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 cost incurred, or to be incurred, can be measured reliably.

- Export sales are accounted for on shipment basis and exchange difference, if any, on account of export proceeds are adjusted in the period of realization.
- Local sales / processing income is recognized on dispatch of goods to customers.
- Rebate income is recognized on accrual basis.



#### 4.15 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the balance sheet include deposits, trade debts, loans and advances, other receivables, cash and bank balances, long-term financing, liabilities against assets subject to finance lease, loan from directors, short term borrowings, accrued mark-up and trade and other payables etc. All financial assets and financial liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

#### 4.16 Offsetting of financial assets and liabilities

A financial asset and a financial liability is offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognized amount and the Company intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

#### 4.17 Loans and receivables

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

#### 4.18 Impairment

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income currently. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

#### 4.19 Related party transactions

Transactions and contracts with related parties are carried out at an arm's length price determined in accordance with comparable uncontrolled price method.

#### 4.20 Borrowing cost

Borrowing costs are charged to income in the period in which these are incurred.

#### 4.21 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies, reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follow:

- Property, plant and equipment - useful lives and residual value (Note 4.10)
- Taxation (Note 4.09)

#### 4.22 Dividend and other appropriations

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



NOTE 2015 2014

Rupees

**5 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**

7,058,190 (2014: 2,752,000) ordinary shares of Rs. 10/- each fully paid in cash	5.1	<b>70,581,900</b>	27,520,000
3,399,700 (2014: 3,399,700) ordinary shares of Rs. 10/- each issued for consideration other than cash		<b>33,997,000</b>	33,997,000
		<b>104,578,900</b>	61,517,000

5.1	2015	2014			
	<b>No. of Shares</b>				
	<b>2,752,000</b>	2,752,000	Opening balance	<b>27,520,000</b>	27,520,000
	<b>4,306,190</b>	-	Add: Right issue of ordinary shares of Rs 10/- each	<b>43,061,900</b>	-
	<b>7,058,190</b>	2,752,000		<b>70,581,900</b>	27,520,000

**6 LONG TERM FINANCING**Limit  
Rupees in Million**Loan from banking companies - secured**

Standard Chartered Bank (Pakistan) Limited	30.00	6.1	-	6,000,000
--	-------	-----	---	-----------

**Loan from directors - unsecured**

6.3

**50,918,418**

51,068,418

**50,918,418****57,068,418****6.1 Standard Chartered Bank (Pakistan) Limited**

Opening balance		<b>30,000,000</b>	-
Add: Loan obtained during the year		-	30,000,000
Less: Finance paid during the year		<b>(24,000,000)</b>	-
		<b>6,000,000</b>	30,000,000
Less: Current portion	12	<b>(6,000,000)</b>	(24,000,000)
		-	6,000,000

**6.2 All the finances obtained form Standard Chartered Bank (Pakistan) Limited are collaterally secured against:**

First charge on all present and future assets (land, building, plant and machinery) of the company located at 2 km off Raiwind Manga Road Lahore to the extent of Rs.359 Million.

Exclusive charge on current assets of the company to the extent of Rs. 300 Million duly registered with SECP.

Personal guarantees of all the Directors of the Company for Rs. 258 M.

**6.3 LOAN FROM DIRECTORS - UNSECURED****50,918,418****51,068,418**

This loan has been obtained from Directors of the Company, and is interest free. There is no fixed tenor or schedule for repayment of this loan. According to the loan agreement, the lenders shall not demand repayment and the same is entirely at the Company's option. The Company may repay the loan in cash or may issue shares in lieu of the outstanding amount in form of right shares or otherwise subject to approval as required under the Companies Ordinance, 1984.



**7 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**

NOTE

2015

2014

Rupees

The amount of lease rentals payable during:

2014-2015

-

11,213,943

2015-2016

11,868,557

2,967,023

2016-2017

10,739,612

1,140,056

2017-2018

5,516,600

-

28,124,769

15,321,022

Less : Future finance charge

3,998,606

1,569,211

**Present value of minimum lease payments**

24,126,163

13,751,811

Less: Current portion shown under current liabilities

12

9,372,445

10,007,385

**Liabilities against assets subject to finance lease**

14,753,718

3,744,426

**Reconciliation between gross minimum lease payments and their present value :****Gross minimum lease payments**

Due not later than one year

11,868,557

11,213,943

Due later than one year but not later than five years

16,256,212

4,107,079

28,124,769

15,321,022

**Present value of minimum lease payments**

Due not later than one year

9,372,445

10,007,385

Due later than one year but not later than five years

14,753,718

3,744,426

24,126,163

13,751,811

**Add: Future finance charge**

Due not later than one year

2,514,124

1,206,558

Due later than one year but not later than five years

1,484,482

362,653

28,124,769

15,321,022

The minimum lease payments under the lease agreements are payable in 36-60 equal monthly installments. The minimum lease payments have been discounted at an implicit rate ranging from 8% to 16% per annum to arrive at their present value.

In the above leases, purchase option is available to the company.

Taxes, repairs, replacements and insurance costs are to be borne by the company.

**8 DEFERRED LIABILITIES**

Deferred tax liability

8.01

16,011,320

13,611,987

Employees retirement benefits

8.02

6,968,521

4,734,755

22,979,841

18,346,742

**8.01 DEFERRED TAX LIABILITY**

Deferred tax has been created due to temporary differences as under:

Accelerated depreciation

14,937,857

17,464,130

Employees retirement benefits

(1,248,050)

(986,606)

Others

2,321,513

(2,865,537)

16,011,320

13,611,987







**10 MARKUP ACCRUED ON LOANS AND OTHER PAYABLES**

Accrued markup			<u>1,830,751</u>	<u>4,006,454</u>
----------------	--	--	------------------	------------------

**11 SHORT TERM BORROWINGS**

From banking companies-secured

	<u>Limit</u>			
	Rupees in Million			
Standard Chartered Bank Limited				
Running finance	75	11.01	<b>75,231,921</b>	106,483,162
Finance against trust receipts	50	11.02	<b>19,930,912</b>	-
Export refinance loan	60	11.03	<b>60,000,000</b>	-
			<u><b>155,162,833</b></u>	<u>106,483,162</u>

**11.01** This facility had been obtained to meet the working capital requirements. It carried mark up at the rate of 3 months KIBOR + 2.75 percent per annum (2014: 3 Months KIBOR + 3.00 percent). It was secured against first charge on all current assets of the company. The expiry date of this facility is April 02, 2016.

**11.02** This facility has been obtained to retire import documents. It carried mark up at the rate of 3 months KIBOR + 2.50 percent per annum (2014: 3 Months KIBOR + 3.00 percent). It was secured against first charge on all current assets of the company. The tenor of this facility is 60 days for each bill.

**11.03** This facility had been obtained to meet the working capital requirements. It carried mark up at the rate of SBP+ 1 percent (2014: 3 Months KIBOR + 3.00 percent). It was secured against first charge on all current assets of the company. The tenor of this facility is 180 days.

**11.04** Following facilities have also been given by the Standard Chartered Bank (Pakistan) Limited but not yet availed by the company:

	<u>Limit</u>
	Rupees in Million
Import LCs-secured	100.00
Import LCs- Unsecured	50.00
Acceptance under LCs	50.00
Credit Bills Negotiations	45.00
Export Bills Discounting	45.00

**11.05** All the finances obtained from Standard Chartered Bank (Pakistan) Limited are collaterally secured against:  
 First charge on all present and future assets (land, building, plant and machinery) of the company located at 2 km off Raiwind Manga Road Lahore to the extent of Rs.359 Million.  
 Exclusive charge on current assets of the company to the extent of Rs. 300 Million duly registered with SECP.  
 Personal guarantees of all the Directors of the Company for Rs. 258 M.

NOTE	2015	2014
	<u>Rupees</u>	

**12 CURRENT PORTION OF LONG TERM BORROWINGS**

Long term financing	6.1	<b>6,000,000</b>	24,000,000
Liabilities against assets subject to finance lease	7	<b>9,372,445</b>	10,007,385
		<u><b>15,372,445</b></u>	<u>34,007,385</u>

**13 PROVISION FOR TAXATION**

Opening balance		<b>4,573,744</b>	3,824,613
Add: Current and prior year tax		<b>8,654,030</b>	6,585,800
Less: Adjustments during the year		<b>(4,638,353)</b>	(5,836,669)
		<u><b>8,589,421</b></u>	<u>4,573,744</u>

**14 CONTINGENCIES AND COMMITMENTS**

On behalf of the Company Standard Chartered Bank (Pakistan) Limited has issued guarantee amounted to Rs. 17,500,000 (2014: 17,500,000) in favour of SNGPL.

Commitments under Letters of credit for the import of raw material amounted to Rs. Nil (2014: Rs. 4,160,738/-).



PARTICULARS	COST			Rate %	DEPRECIATION/DEPRECIATION				Written down value as at June 30, 2015
	As at July 01, 2014	Addition / Transfer	(Deletion)		As at June 30, 2015	As at July 01, 2014	Adjustment	For the year	
<b>OPERATING ASSETS</b>									
Freehold land	7,544,681	-		7,544,681	-	-	-	-	7,544,681
Building on freehold land	39,492,490	-		39,492,490	5	19,573,559	995,947	20,569,506	18,922,984
Plant & Machinery	238,370,963	9,461,782		259,032,745	10	104,333,018	15,007,275	120,086,960	138,945,785
- transferred from leased		11,200,000					746,667		
Furniture and Fixture	891,624			891,624	10	695,797	19,583	715,380	176,244
Motor Vehicles	22,326,041	270,000	(592,000)	24,636,041	20	12,456,749	2,088,699	15,419,217	9,216,824
- transferred from leased		2,632,000					1,271,782		
Office Equipment	1,076,870	150,670		1,227,540	10	731,059	39,617	770,676	456,864
Loose Tools	118,117			118,117	10	93,320	2,480	95,800	22,317
Laboratory Equipment	366,921			366,921	10	270,491	9,643	280,134	86,787
Electric Installation	1,549,000	429,672		1,978,672	10	709,542	87,124	796,666	1,182,006
Fire Fighting Equipment	556,587			556,587	10	342,603	21,398	364,001	192,586
Telephone Installation	113,775	-		113,775	10	97,577	1,620	99,197	14,578
Gas Installation	1,310,000	-		1,310,000	10	750,823	55,918	806,741	503,259
<b>LEASED ASSETS</b>									
Motor Vehicles	313,717,069	24,144,124	(592,000)	337,269,193		140,084,538	18,329,305	160,004,279	177,264,914
- transferred to owned		4,847,180					2,089,296		
Plant & Machinery	14,740,230	(2,632,000)		16,955,410	20	6,860,389		7,677,902	9,277,508
- transferred to owned		24,976,363					2,603,267		
	16,777,603	(11,200,000)		30,553,966	10	886,480		2,743,080	27,810,886
	31,517,833	15,991,543		47,509,376		7,746,869	4,692,563	10,420,982	37,088,394
<b>RUPEES 2015</b>	<b>345,234,902</b>	<b>40,135,667</b>	<b>(592,000)</b>	<b>384,778,569</b>		<b>147,801,406</b>	<b>(398,013)</b>	<b>170,425,261</b>	<b>214,353,308</b>
<b>RUPEES 2014</b>	288,600,338	58,993,064	(2,358,500)	345,234,902		131,643,857	(1,760,156)	147,801,406	197,433,496

	2015	2014
<b>Rupees</b>		
Cost of Sales	18,804,255	13,530,668
Administrative Expenses	4,217,613	4,387,037
	<u>23,021,868</u>	<u>17,917,705</u>

**15.01 Depreciation is allocated as under:**

	2015	2014
Cost of Sales	18,804,255	13,530,668
Administrative Expenses	4,217,613	4,387,037
	<u>23,021,868</u>	<u>17,917,705</u>

**15.02 Property, plant and equipment disposed off during the year**

	2015	2014
Sale Proceeds/ Claim received	550,000	356,013
Gain		Theft

	2015	2014
Cost / Revalued	592,000	193,987
Accumulated depreciation	398,013	
Book value		

Vehicle-LE-11-8239



	NOTE	2015	2014
		Rupees	
<b>16 LONG TERM DEPOSITS</b>			
Security deposits		1,622,921	2,042,921
<b>17 STORES, SPARE PARTS AND LOOSE TOOLS</b>		3,144,411	4,633,501
<b>18 STOCK IN TRADE</b>			
Fabric		93,973,655	66,895,793
Chemicals		51,781,093	51,328,866
Packing material		4,086,846	9,293,732
Rice Husk & Coal		35,896,200	20,719,070
		<b>185,737,794</b>	<b>148,237,461</b>
No stock in trade has been pledged by any institution / party.			
<b>19 TRADE DEBTS</b>			
Considered good:			
Export		23,431,668	21,656,816
Local - un-secured		86,938,407	32,670,330
		<b>110,370,075</b>	<b>54,327,146</b>
<b>20 LOANS AND ADVANCES</b>			
Advances - considered good	20.01	57,823,571	30,248,880
Letter of credit-margin		-	4,160,738
Advance income tax-net of adjustment		17,387,489	13,193,819
		<b>75,211,060</b>	<b>47,603,437</b>
<b>20.01 ADVANCES - CONSIDERED GOOD</b>			
Considered good:			
To suppliers		57,515,669	29,179,234
To Employees - Interest free		294,300	232,000
For local guarantee		13,602	837,646
		<b>57,823,571</b>	<b>30,248,880</b>
<b>21 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>			
Security deposits		110,420	-
Prepaid insurance		953,354	664,455
		<b>1,063,774</b>	<b>664,455</b>
<b>22 TAX REFUNDS DUE FROM THE GOVERNMENT</b>			
Sales tax -Refundable		68,186,023	40,088,142
<b>23 CASH AND BANK BALANCES</b>			
Cash in hand		557,450	468,230
Cash at banks -in current accounts		27,910,907	15,970,579
		<b>28,468,357</b>	<b>16,438,809</b>
<b>24 SALES-NET</b>			
Sales:			
- Local		27,253,932	16,403,592
- Export		502,041,434	201,205,581
Processing and Coating Charges		383,436,211	330,016,591
Rebate on export		707,338	175,496
Sales tax		(7,554,538)	(1,877,602)
		<b>905,884,377</b>	<b>545,923,658</b>



	NOTE	2015	2014
<b>25 COST OF SALES</b>			
		<b>Rupees</b>	
Fabric consumed	25.01	231,252,538	134,975,317
Chemicals consumed	25.02	299,437,404	198,519,613
Packing material consumed	25.03	55,025,282	16,122,222
Rice Husk and coal consumed	25.04	50,217,584	2,145,300
Stores and spares consumed	25.05	18,160,627	17,150,766
Salaries and other benefits	25.06	18,106,329	9,452,669
Fuel and power		53,674,549	59,159,490
Postage, telephone and telegram		1,634,078	175,804
Laboratory expenses		1,364,330	-
Insurance		2,975,880	2,319,929
Import expenses		6,498,405	6,378,137
Freight and octroi		2,833,104	332,210
Repair and maintenance-machinery		6,419,736	2,234,580
Processing Charges		21,571,089	6,701,439
Depreciation	15.01	18,804,255	13,530,668
		<b>787,975,189</b>	<b>469,198,144</b>
<b>25.01 Fabric consumed</b>			
Opening stock		66,895,793	29,142,544
Add: Purchases		258,330,400	172,728,566
		<b>325,226,193</b>	<b>201,871,110</b>
Less: Closing stock		(93,973,655)	(66,895,793)
		<b>231,252,538</b>	<b>134,975,317</b>
<b>25.02 Chemicals consumed</b>			
Opening stock		51,328,866	33,214,806
Add: Purchases		299,889,631	216,633,673
		<b>351,218,497</b>	<b>249,848,479</b>
Less: Closing stock		(51,781,093)	(51,328,866)
		<b>299,437,404</b>	<b>198,519,613</b>
<b>25.03 Packing material consumed</b>			
Opening stock		9,293,732	3,502,422
Add: Purchases		49,818,396	21,913,532
		<b>59,112,128</b>	<b>25,415,954</b>
Less: Closing stock		(4,086,846)	(9,293,732)
		<b>55,025,282</b>	<b>16,122,222</b>
<b>25.04 Rice Husk and coal consumed</b>			
Opening stock		20,719,070	3,325,970
Add: Purchases		65,394,714	19,538,400
		<b>86,113,784</b>	<b>22,864,370</b>
Less: Closing stock		(35,896,200)	(20,719,070)
		<b>50,217,584</b>	<b>2,145,300</b>
<b>25.05 Stores and spares consumed</b>			
Opening stock		4,633,501	3,485,867
Add: Purchases		16,671,537	18,298,400
		<b>21,305,038</b>	<b>21,784,267</b>
Less: Closing stock		(3,144,411)	(4,633,501)
		<b>18,160,627</b>	<b>17,150,766</b>
<b>25.06 Salaries and other benefits include staff retirement benefits amounting to Rs.1,278,615 (2014: Rs. 857,851).</b>			



	NOTE	2015	2014
		Rupees	
<b>26 DISTRIBUTION COST</b>			
Export expenses		<b>21,968,951</b>	6,190,371
<b>27 ADMINISTRATIVE EXPENSES</b>			
Director's remuneration		<b>11,100,000</b>	8,190,000
Salaries and other benefits	27.01	<b>4,513,784</b>	4,322,824
Electricity, water and gas		<b>398,880</b>	246,681
Postage and telegram		<b>2,921,879</b>	1,207,598
Printing and stationary		<b>66,431</b>	236,167
Vehicle running and maintenance		<b>2,840,503</b>	1,657,496
Insurance		<b>874,984</b>	822,761
Newspaper and periodicals		-	1,187
Fee and subscription		<b>1,272,124</b>	969,262
Entertainment		<b>280,117</b>	135,204
Auditor's remuneration	27.02	<b>420,000</b>	370,000
Misc Expenses		<b>106,498</b>	10,031
Legal and professional		<b>30,000</b>	292,071
Depreciation	15.01	<b>4,217,613</b>	4,387,037
		<b>29,042,813</b>	22,848,319
<b>27.01</b> Salaries and other benefits include staff retirement benefits amounting to Rs. 558,455 (2014: Rs. 381,735).			
<b>27.02 AUDITOR'S REMUNERATION</b>			
Audit fee		<b>300,000</b>	250,000
Half yearly review		<b>50,000</b>	50,000
Other certification charges		<b>50,000</b>	50,000
Out of pocket expenses		<b>20,000</b>	20,000
		<b>420,000</b>	370,000
<b>28 FINANCE COST</b>			
Interest/ mark-up on:			
Long term finance		<b>2,445,834</b>	2,369,396
Short-term borrowings		<b>12,860,292</b>	12,227,803
Finance lease		<b>1,916,557</b>	1,434,267
Workers' Profit Participation Fund	9.01	<b>346,290</b>	221,279
Commission on local guarantee		-	143,958
Bank charges		<b>3,162,010</b>	493,096
		<b>20,730,983</b>	16,889,799
<b>29 OTHER EXPENSES</b>			
Workers' profit participation fund	9.01	<b>2,689,394</b>	1,609,934
Workers' welfare fund		<b>876,661</b>	-
		<b>3,566,055</b>	1,609,934
<b>30 OTHER INCOME</b>			
Gain on disposal of fixed assets		<b>356,013</b>	1,401,655
		<b>356,013</b>	1,401,655
<b>31 TAXATION</b>			
Current year - for the year		<b>10,324,510</b>	6,585,800
Current year - prior year		<b>(1,670,480)</b>	-
Deferred tax		<b>2,470,380</b>	(6,287,060)
		<b>11,124,410</b>	298,741



**31.01** Income Tax return has been filed to income tax authorities up to and including tax year 2014 under the provisions of The Income Tax Ordinance, 2001.

	2015	
	%	Amount
<b>31.02</b> Reconciliation of tax charge for the year		
Applicable tax rate	33.00	14,175,612
Tax effect of final tax regime	(6.81)	(2,927,347)
Effect of prior year	(3.89)	(1,670,480)
Taxable temporary differences	6.19	2,660,777
Deductible temporary differences	(0.61)	(261,444)
Change in corporate and average tax rate and others	(1.99)	(852,707)
	<u>25.90</u>	<u>11,124,410</u>
Average effective tax rate charged to income	25.90	11,124,410

### 32 EARNINGS PER SHARE - BASIC AND DILUTED

NOTE

	2015	2014
Net profit for the year - Rupees	<u>31,831,989</u>	30,290,005
Weighted average number of ordinary shares outstanding during the year - Numbers	<u>8,770,592</u>	restated 7,283,335
Earnings per share - basic - Rupees	<u>3.63</u>	restated 4.16

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

### 33 FINANCIAL INSTRUMENTS BY CATEGORY

#### Financial assets as per balance sheet

Long term deposits	1,622,921	2,042,921
Trade debts	110,370,075	54,327,146
Loans and advances	57,823,571	34,409,618
Trade deposits	110,420	-
Cash and bank balances	28,468,357	16,438,809
	<u>198,395,344</u>	<u>107,218,494</u>

#### Financial liabilities as per balance sheet

Long term financing	6,000,000	30,000,000
Liability against assets subject to finance lease	24,126,163	13,751,811
Loan from directors	50,918,418	51,068,418
Trade and other payables	161,402,481	113,826,076
Accrued interest / mark-up	1,830,751	4,006,454
Short term finance	155,162,833	106,483,162
	<u>399,440,646</u>	<u>319,135,921</u>

#### 33.01 Fair values of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.



**34 FINANCIAL INSTRUMENTS****34.01 Financial risk factors**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on having cost effective funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors.

**(a) Market risk****(i) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company imports some items of chemicals such as HDP and also exports goods that are exposed to currency risk, primarily with respect to liabilities and foreign currency debts denominated in US Dollars. In current year under report, the company has imported some raw material denominated in Dollars. The company's exposure to foreign currency risk in US Dollars is as follows:

	2015	2014
	Rupees	
Foreign trade debts	23,431,668	21,656,816
Outstanding letter of credit	-	4,160,738
Net exposure	<u>23,431,668</u>	<u>17,496,078</u>

The following significant exchange rates have been applied at the reporting dates:

USD to PKR	101.79	98.79
Euro to PKR	113.44	135.25

The Company manages its currency risk by close monitoring of currency markets. However, the Company does not hedge its currency risk exposure.

**(ii) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company has no significant interest-bearing assets, the Company's income and operating cash inflows are substantially independent of changes in market interest rates.

At the reporting date, the interest rate profile of the company's significant interest bearing financial instruments was as follows:

	Rupees Effective Rate	Carrying amount Rupees	
<b>Financial liabilities</b>			
Long term financing	10.99 To 13.18	6,000,000	30,000,000
Finance lease	10.33 To 13.43	24,126,163	13,751,811
Short term borrowings	04.50 To 12.93	155,162,833	106,483,162
		<u>185,288,996</u>	<u>150,234,973</u>
<b>Financial assets</b>		-	-
Total yield / mark up rate risk sensitivity gap		<u>185,288,996</u>	<u>150,234,973</u>

**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 account.

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

A change of 1% in interest rates at the reporting date would have decreased / (increased) loss for the year by the amount shown below. This analysis assumes that all other variables, in particular foreign currency rates, remains constants. This analysis is performed on the same basis as for 2014.

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

A change of 1% in interest rates at the reporting date would have decreased / (increased) loss for the year by the amount shown below. This analysis assumes that all other variables, in particular foreign currency rates, remains constants. This analysis is performed on the same basis as for 2014.



As at June 30, 2015	Profit and Loss 1% rate	
	Increase	Decrease
Cash flow sensitivity - variable rate financial liabilities	<u>1,852,890</u>	<u>(1,852,890)</u>
<b>As at June 30, 2014</b>		
Cash flow sensitivity - variable rate financial liabilities	<u>1,502,350</u>	<u>(1,502,350)</u>

**(iii) Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate 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 equity securities price risk as its investment is not in any securities.

**(b) Credit risk**

Credit risk represents the risk of financial loss being caused if counter parties fail to discharge an obligation.

Credit risk arises from deposits with banks, trade debts, loans and advances, deposits and other receivables. The company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. Where considered necessary, advance payments are obtained from certain parties. The maximum exposure to credit risk is equal to the carrying amount of financial assets.

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

NOTE	2015		2014	
	Rupees			
Local debts	<u>86,938,407</u>			32,670,330
Foreign debts	<u>23,431,668</u>			21,656,816
	<u>110,370,075</u>			<u>54,327,146</u>

The majority of foreign debtors of the company are situated in Europe and Middle East.

The aging of loans and receivables at the reporting date was:

Past due 1-12 months	<u>86,663,449</u>	51,287,376
Less than one year	<u>23,706,626</u>	3,039,770
	<u>110,370,075</u>	<u>54,327,146</u>

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets which are neither past due nor impaired are as under:

Trade debts	<u>110,370,075</u>	54,327,146
Loans and advances	<u>57,823,571</u>	34,409,618
Trade deposits	<u>110,420</u>	-
Cash and bank balances	<u>28,468,357</u>	16,438,809
	<u>196,772,423</u>	<u>105,175,573</u>

The credit quality of receivables can be assessed with reference to their historical performance with no or some defaults in recent history, however, no losses. The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

Banks	Rating Agency	Rating	
		Short term	Long term
Bank Al-Habib Limited	PACRA	A1+	AA+
Habib Bank Limited	JCR-VIS	A1+	AAA
Bank Al-Falah Limited	PACRA	A1+	AA
Faysal Bank Limited	PACRA	A1+	AA
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA

**c) Liquidity risk**

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to growing nature of the business the Company maintains flexibility in funding by maintaining committed credit lines available.



RUPEES - 2015						
Interest/ mark up bearing			Non interest bearing			Total
Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
<b>FINANCIAL ASSETS</b>						
Long-term security deposits	-	-	-	1,622,921	1,622,921	1,622,921
Trade debts	-	-	86,663,449	23,706,626	110,370,075	110,370,075
Loans and advances	-	-	17,695,391	-	17,695,391	17,695,391
Trade deposits	-	-	110,420	-	110,420	110,420
Other receivables	-	-	68,186,023	-	68,186,023	68,186,023
Cash and bank balances	-	-	28,468,357	-	28,468,357	28,468,357
	-	-	201,123,640	25,329,547	226,453,187	226,453,187
<b>FINANCIAL LIABILITIES</b>						
Long term financing	6,000,000	-	6,000,000	-	-	6,000,000
Liability against assets						
subject to finance lease	9,372,445	14,753,718	24,126,163	-	-	24,126,163
Loan from directors	-	-	-	50,918,418	50,918,418	50,918,418
Trade and other payables	-	-	206,040,040	-	206,040,040	206,040,040
Accrued mark up	-	-	1,830,751	-	1,830,751	1,830,751
Short-term finance	155,162,833	-	155,162,833	-	-	155,162,833
	170,535,278	14,753,718	185,288,996	207,870,791	258,789,209	444,078,205
Net liquidity	(170,535,278)	(14,753,718)	(185,288,996)	(6,747,151)	(25,588,871)	(217,625,018)

RUPEES - 2014						
Interest/ mark up bearing			Non interest bearing			Total
Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
<b>FINANCIAL ASSETS</b>						
Long-term security deposits	-	-	-	2,042,921	2,042,921	2,042,921
Trade debts	-	-	51,287,376	3,039,770	54,327,146	54,327,146
Loans and advances	-	-	18,424,203	-	18,424,203	18,424,203
Trade deposits	-	-	2,707,376	-	2,707,376	2,707,376
Other receivables	-	-	40,088,142	-	40,088,142	40,088,142
Cash and bank balances	-	-	16,438,809	-	16,438,809	16,438,809
	-	-	158,125,140	3,039,770	134,028,597	134,028,597
<b>FINANCIAL LIABILITIES</b>						
Long term financing	24,000,000	6,000,000	30,000,000	-	-	30,000,000
Liability against assets						
subject to finance lease	10,007,385	3,744,426	13,751,811	-	-	13,751,811
Loan from directors	-	-	-	51,068,418	51,068,418	51,068,418
Trade and other payables	-	-	129,917,771	-	129,917,771	129,917,771
Accrued mark up	-	-	4,006,454	-	4,006,454	4,006,454
Short-term finance	106,483,162	-	106,483,162	-	-	106,483,162
	140,490,547	9,744,426	150,234,973	133,924,225	184,992,643	335,227,616
Net liquidity	(140,490,547)	(9,744,426)	(150,234,973)	24,200,915	(48,028,648)	(174,062,706)



**34.02 Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is not subject to any externally imposed Capital requirements.

The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

During the year, the Company's strategy was to maintain leveraged gearing. The gearing ratios as at June 30, 2015 and 2014 were as follows:

	NOTE	2015	2014
		<b>Rupees</b>	
Long term financing		<b>30,126,163</b>	43,751,811
Short term finance		<b>155,162,833</b>	106,483,162
Total debt		<b>185,288,996</b>	150,234,973
Total Equity		<b>212,510,256</b>	153,321,266
Total Capital		<b>397,799,252</b>	303,556,239
Gearing Ratio		<b>46.58%</b>	49.49%

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

**35 REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

	Chief Executive		Directors	
	2015	2014	2015	2014
Managerial remuneration	<b>2,400,000</b>	2,120,000	<b>5,000,000</b>	3,340,000
Allowances:				
House Rent Allowances	<b>1,080,000</b>	954,000	<b>2,250,000</b>	1,503,000
Utilities	<b>120,000</b>	106,000	<b>250,000</b>	167,000
Total Rupees	<b>3,600,000</b>	3,180,000	<b>7,500,000</b>	5,010,000
<b>Number of Persons</b>	<b>1</b>	1	<b>4</b>	4

**35.01** The Chief Executive and Directors are also provided with free use of the Company maintained cars and residential phones.

**35.02** No person qualified as executive of the company

**36 AGGREGATE TRANSACTIONS WITH RELATED PARTIES**

The Company in the normal course of business carries out transactions with various related parties which comprise of associated undertakings and key management personnel. Amounts due from and due to related parties are shown under receivables and payables, if any. Remuneration of Chief Executive Officer, Directors and Executive is disclosed in note 35. Other significant transactions with related parties are as under:

Relationship	Nature of transaction	2015	2014
		<b>Rupees</b>	
Associated undertaking			
Forte Apparel (Private) Limited :			
	Sale	-	784,649
	Purchase	-	3,000,000

**37 PLANT CAPACITY AND ACTUAL PRODUCTION**

	2015	2014
	<b>Meters</b>	
37.1 Processing capacity		
Annual capacity	24,540,000	24,540,000
Actual production	14,848,915	12,106,135
	<b>Pieces</b>	
37.2 Garments capacity		
Annual capacity	1,500,000	-
Actual production	566,017	-



**38 ACCOUNTING ESTIMATES AND JUDGMENTS****Income taxes:**

The company takes into account the current income tax law and decisions taken by the appellate authorities. Instances where the company's view differs from the view taken by the income tax departments at the assessments stage and where the company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

**Property, plant and equipment:**

The company reviews the value of assets for possible impairment on an annual basis. Any changes in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

**Staff retirement benefit - gratuity:**

Certain actuarial assumptions have been adopted as disclosed in the financial statements for valuation of present value of defined benefit obligation.

**Stock in trade and stores and spares:**

The Company reviews the net realizable value of stock in trade and stores and spares to assess any diminution in the respective carrying values. Net realizable value is determined with reference to estimated selling price less estimated expenditures to make sales.

**39 NUMBER OF EMPLOYEES**

Average number of employees during the year

Number of employees as at June 30, 2015 / 2014

	<u>2015</u>	<u>2014</u>
Average number of employees during the year	<u>80</u>	<u>50</u>
Number of employees as at June 30, 2015 / 2014	<u>86</u>	<u>53</u>

**40 CORRESPONDING FIGURES**

Prior year figures have been reclassified for the purpose of better presentation. Significant changes made during the year are as follows:

Reclassification from component	Reclassification to component	Pak Rupees
Loans and advances	Long term deposits	2,042,921

**41 GENERAL**

Figure have been rounded off to the nearest rupee.

**42 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue by the board of directors on October 06, 2015.

**CHIEF EXECUTIVE****DIRECTOR**



**FORM 34**

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

1. Incorporation Number

**L 05840 of 1992-93**

2. Name of the Company

**ARUJ INDUSTRIES LIMITED**

3. Pattern of holding of the shares held by the shareholders as at

**30-06-2015**

4. No. of Shareholders	-----Shareholding-----		Total Shares Held
	From	To	
55	1	100	2,256
382	101	500	182,796
73	501	1,000	65,278
67	1,001	5,000	167,179
12	5,001	10,000	85,497
6	10,001	15,000	71,650
2	15,001	20,000	36,200
5	20,001	25,000	108,450
1	30,001	35,000	30,900
2	35,001	40,000	76,000
1	40,001	45,000	42,000
1	50,001	55,000	52,500
2	80,001	85,000	168,000
1	130,001	135,000	132,800
1	185,001	190,000	187,700
1	415,001	420,000	419,994
1	455,001	460,000	457,810
1	1,925,250	1,930,249	1,925,250
1	6,245,630	6,250,629	6,245,630
<b>615</b>			<b>10,457,890</b>



5. Categories of shareholders	Share held	Percentage
5.1 Directors, Chief Executive Officers, and their spouse and minor children	9,052,184	86.5584%
5.2 Associated Companies, undertakings and related parties.	187,700	1.7948%
5.3 NIT and ICP	0	0.0000%
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	38	0.0004%
5.5 Insurance Companies	0	0.0000%
5.6 Modarabas and Mutual Funds	0	0.0000%
5.7 Share holders holding 10% or more	8,170,880	78.1312%
5.8 General Public	1,200,314	11.4776%
5.9 Others (to be specified)		
<b>Joint Stock Companies</b>	11,240	0.1075%
<b>Pension Funds</b>	6,197	0.0593%
<b>Others</b>	217	0.0021%

6. Signature of  
Company Secretary

7. Name of Signatory

Muhammad Sajjad Hussain

8. Designation

Company Secretary

9. NIC Number

35202-7700649-3

10. Date

30

06

2015



## ARUJ INDUSTRIES LIMITED

**Catagories of Shareholding required under Code of Coprorate Governance (CCG)  
As on June 30, 2015**

Sr. No.	Name	No. of Shares Held	Percentage
---------	------	--------------------	------------

**Associated Companies, Undertakings and Related Parties (Name Wise Detail):**

1	ARUJ NONWOVEN INDUSTIRES (PVT) LTD.	187,700	1.7948%
---	-------------------------------------	---------	---------

**Mutual Funds (Name Wise Detail)**

- -

**Directors and their Spouse and Minor Children (Name Wise Detail):**

1	MR. MAQSOOD AHMAD BUTT	6,245,630	59.7217%
2	DR. MRS. NASEEM MAQSOOD	457,810	4.3777%
3	MR. ALI MAQSOOD BUTT	1,925,250	18.4095%
4	MRS. NAHEED MUNEER	1,800	0.0172%
5	MRS. DURRAY ZARA BUTT	850	0.0081%
6	MISS ARUJ BUTT	850	0.0081%
7	MR. FAISAL KHAN	419,994	4.0160%

**Executives:**

- -

**Public Sector Companies & Corporations:**

- -

**Banks, Development Finance Institutions, Non Banking Finance**

6,235 0.0596%

**Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:****Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)**

1	MR. MAQSOOD AHMAD BUTT	6,245,630	59.7217%
2	MR. ALI MAQSOOD BUTT	1,925,250	18.4095%

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

S. No.	NAME	SALE	PURCHASE	RIGHT SHARES
1	MR. MAQSOOD AHMAD BUTT			2,571,730
2	DR. MRS. NASEEM MAQSOOD			188,510
3	MR. ALI MAQSOOD BUTT			792,750
4	MRS. DURRAY ZARA BUTT			350
5	MISS ARUJ BUTT			350
6	MR. FAISAL KHAN			357,494



**PROXY FORM**  
(23<sup>rd</sup> ANNUAL GENERAL MEETING)

I/We \_\_\_\_\_ son/daughter/wife

of \_\_\_\_\_ of \_\_\_\_\_ being member (s)

of **ARUJ INDUSTRIES LIMITED**, holder of \_\_\_\_\_

ordinary shares of the Company, under Folio No./ Participant's ID/CDC sub account No. \_\_\_\_\_

hereby appoint \_\_\_\_\_ of \_\_\_\_\_ failing him/her \_\_\_\_\_

of \_\_\_\_\_ who is/are member(s) of **ARUJ INDUSTRIES LIMITED**,

under Folio No./ Participant's ID/CDC sub-account No. \_\_\_\_\_ respectively, as my/our proxy

in my/our absence to attend and vote for me/us and on my/our behalf at the 23<sup>rd</sup> Annual General Meeting of the Company to be held on October 31, 2015 and/or any adjournment thereof.

As witness my/our hand this \_\_\_\_\_ day of October, 2015

Signed in the presence of.

Witness \_\_\_\_\_

Name \_\_\_\_\_

Occupation \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Signature of  
shareholder (s) on  
revenue stamp  
worth Rupees 5/-

The signature should agree with the specimen registered with the Company.

**IMPORTANT:**

1. Proxies, in order to be affective, must be received at the Company's Registered Office not less than 48 hours before the time of holding the meeting and must be signed and witnessed.
2. No person shall act as proxy unless he/she is a member of the Company.
3. Shareholders are requested to notify change in their address, if any.