

SAJJAD TEXTILE MILLS LTD.

Annual Report 2015



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COMPANY INFORMATION**BOARD OF DIRECTORS**

Mr. Muhammad Asim Sajjad - Chief Executive
Mrs. Seema Sajjad - Chairperson
Mr. Salman Muhammad Aslam
Mrs. Ayesha Rahim
Miss Batool Zahra
Mr. Mehr Allah Yar
Mr. Sultan Mehmood

CFO/COMPANY SECRETARY

Mr. Irfan Hamid

AUDITORS

M/s. Mudassar Ehtisham & Co.
Chartered Accountants

AUDIT COMMITTEE

Mr. Sultan Mehmood - Chairman
Mr. Mehr Allah Yar - Member
Miss Batool Zahra - Member

**HUMAN RESOURCE AND
REMUNERATION COMMITTEE**

Mr. Salman Muhammad Aslam – Chairman
Mr. Mehr Allah Yar - Member
Mrs. Seema Sajjad - Member
Mrs. Ayesha Rahim - Member

BANKERS

Askari Bank Limited
Habib Bank Limited
Bank Alfalah Limited
Habib Metropolitan Bank Limited

COMPANY SHARE REGISTRARS

Hameed Majeed Associates (Pvt) Ltd.
1st Floor, H.M. House,
7 - Bank Square, Lahore
TEL: 042-37235081-82
FAX: 042-37358817
e-mail: shares@hmaconsultants.com

REGISTERED OFFICE

19-B, Off. Zafar Ali Road,
Gulberg-V, Lahore.
Tel: 042-35775501-02
Fax: 042-35711526
E-Mail: info@sajjadtextile.com

MILLS ADDRESS

64-KM, Multan Road, Jumber Kalan
Tehsil Chunian
District Kasur.
Tel: 04951-388102

VISION STATEMENT

We aim at seeing our company to be a model manufacturing unit producing high quality products by complying with the requirements of Quality Management System and continuously improving its effectiveness for total customer's satisfaction. We wish to play a leading role in the economy by keeping a substantial presence in the export and local markets.

MISSION STATEMENT

1. To purchase and install state of the art machinery and to acquire sophisticated process technology to achieve maximum growth in a competitive quality environment.
2. To exercise maximum care for improvement of quality of our products by employing a team of highly skilled technicians and professional managers.
3. To strive hard to develop new markets for the sale of our products locally and internationally.
4. To improve customer's satisfaction level by adhering strictly to quality requirements of our customers in local and export markets and by improving communications with customers for receiving prompt feed backs about quality of our products.
5. To attend to the prompt resolution of customer's complaints by taking timely corrective measures to redress the quality complaints.
6. To improve logistic facilities for our customers dispatch programme and issue all shipments/delivery documents well in time.
7. To make comprehensive arrangements for the training of our workers / technicians.
8. To promote team work, sense of transparency, creativity in our professionals and technical people.

STATEMENT OF ETHICS AND BUSINESS PRACTICES

SAJJAD TEXTILE MILLS LIMITED has laid down the following business ethics and Principles, the observance of which is compulsory for all the directors and staff members of the company in the conduct of company's business in order to protect and safeguard the reputation and integrity of the company at all levels of its operations. Any contravention of these ethics is regarded as misconduct. The company will ensure that all the executives and subordinate staff members are fully aware of these standards and principles.

1. Conflict of interest

All staff members are expected not to engage in any activity which can cause conflict between their personal interests and company's interests, such as:

- a. In effecting the purchases for the company and selling its products the directors and the staff members are forbidden from holding any personal interest in any organization supplying goods or services to the company or buying its products.
- b. The staff members should not engage in any outside business while serving the company.
- c. Staff members are not permitted to conduct personal business in company's premises or use company's facilities for the same.
- d. If a staff member has direct or indirect relationship with an outside organization dealing with the company he must disclose the same to the management.

2. Confidentiality

All staff members are required not to divulge any secrets / informations of the company to any outsider even after leaving the service of the company unless it is so required by a court of law. During the course of service in the Company they should not disseminate any information relating to business secrets of the company without the consent of management.

3. Kickbacks

All staff members are strictly forbidden not to accept any favour, gifts or kick backs from any organization dealing with the company. In case if such a favour is considered, in the interest of the company., the same should be disclosed clearly to the management.

4. Proper accounts keeping

All funds, receipts and disbursements should be properly recorded in the accounts books of the company. No false or fictitious entries should be made or misleading statement pertaining to the company or its operations should be issued. All agreements with agents, dealers and consultants should be made in writing supported with required evidence.

5. Relationship with Government officials suppliers, agents etc.

The dealings of the company with Government officials, suppliers, buyers, agents and consultants of the company should always be such that the integrity of the company and reputation is not damaged. Members having queries in connection with how to deal with these requirements should consult the management.

6. Health and Safety

Every staff member is required to take care of his health and safety and of those working with him. The management is responsibility for keeping its staff members insured as per government rules and regulations.

STATEMENT OF ETHICS AND BUSINESS PRACTICES**7. Environment**

To preserve and protect the environment all staff members are required to operate the company's facilities and processes so as to ensure maximum safety of the adjoining communities, and strive continuously to improve environmental awareness and protections.

8. Alcohol, Drugs

All types of gambling and betting at the company's work places are strictly forbidden. Also taking of any alcohols or drugs inside the work places is not allowed and any member of the staff, not abiding by these prohibitions will attract disciplinary as well as penal action under the law.

9. Coordination among staff members to maintain discipline

All staff members will work in close coordination with their co-workers, seniors and colleagues so that the Company's work could be carried out effectively and efficiently. All cases of non-cooperation among staff members should be reported to the management and strict disciplinary action will be initiated against violators.

10. Workplace Harassment

All staff members will be provided an environment that is free from harassment and in which all employees are equally respected. Workplace harassment means any action that creates an intimidating, hostile or offensive environment which may include sexual harassment, disparaging remarks based on gender, religious, race or ethnicity.

Lahore
Dated: October 05, 2015

(MUHAMMAD ASIM SAJJAD)
Chief Executive

KEY OPERATING AND FINANCIAL DATA

OPERATING

RUPEES IN MILLION

Restated

	2015	2014	2013	2012	2011	2010
Net Sales	1171.1	1260.2	807.5	307.9	189.5	-
Gross Profit	2.5	21.1	122.3	20.0	9.4	(23.3)
Operating Profit/(Loss)	(52.3)	(13.9)	85.2	5.6	2.1	(30.0)
Pre tax Profit/(Loss)	(56.1)	(17.4)	80.0	1.7	1.8	77.0
After tax Profit/(Loss)	(46.3)	(4.4)	51.7	2.6	(11.4)	77.8

FINANCIAL

Tangible Fixed Assets-Net						
- Operating	466.2	430.7	441.0	379.0	386.4	403.3
- Capital work-in-progress	-	-	-	-	-	-
- Leased	-	-	-	-	-	-
Deposits	11.4	11.4	11.4	11.4	11.4	11.3
	477.5	442.1	452.4	390.4	397.8	414.6
Current Assets	203.7	167.6	258.8	106.0	64.0	17.0
Current Liabilities including Directors and Sponsors loan	(456.9)	(318.3)	(379.6)	(80.9)	(46.2)	(23.8)
	(253.2)	(150.6)	(120.9)	25.1	17.8	(6.8)
Capital Employed	415.5	415.5	415.5	415.5	415.6	403.7
Long Term Loans and Other Liabilities	2.5	23.3	48.4	21.2	24.0	12.9
Share Holders' Equity	413.0	392.2	367.1	394.3	391.5	390.7

REPRESENTED BY

Share Capital	212.7	212.7	212.7	212.7	212.7	212.7
Accumulated Loss	(148.6)	(106.4)	(95.8)	(151.1)	(158.0)	(150.6)
Surplus on revaluation of Fixed Assets	157.8	161.9	166.2	121.0	125.2	129.2
Directors and Sponsors loan	-	-	-	211.7	211.6	199.4
	221.9	268.1	283.0	394.3	391.5	390.7

RATIO

Debt/Equity Ratio	0.58 : 1	0.59 : 1	0.67 : 1	0.61 : 1	0.54 : 1	0.51 : 1
Current Ratio	0.45 : 1	0.53 : 1	0.68 : 1	1.31 : 1	1.39 : 1	0.71 : 1
Gross Profit/(Loss) to Sales %	0.2	1.7	15.2	6.5	4.947	-
Net Profit/(Loss) to Sales %	(4.0)	(0.3)	6.4	0.9	(6.00)	-
Break-up value per Share (Rs.)	10.43	12.61	13.31	8.58	8.46	6.67
Earning/(Loss) per Share (Rs.)	(2.18)	(0.21)	2.43	0.12	(0.53)	3.66
Dividends %	-	-	5.00	-	-	-

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 **Sajjad Textile Mills Limited** for the year ended June 30, 2015 to comply with the requirements of Listing Regulation No. 35 of the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited where the company is listed.

The responsibility for compliance with the Code 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 and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the company's personnel and review of various documents prepared by the company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal controls covers all the risks and control 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 audit committee, places 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 requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of the audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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

MUDASSAR EHTISHAM & COMPANY
Chartered Accountants
Engagement Partner:
Muhammad Ehtisham

Lahore
Date: October 05, 2015

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 27th Annual General Meeting of the Shareholders of **SAJJAD TEXTILE MILLS LIMITED** will be held at Company's Registered Office, 19-B, Off. Zafar Ali Road, Gulberg-V, Lahore on October 31, 2015 (Saturday) at 11:30 A.M. to transact the following business:

1. To confirm the minutes of last Annual General Meeting of the Company held on October 30, 2014.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2015 together with the Directors' and Auditors' Reports thereon.
3. To appoint Auditors for the year ending June 30, 2016 and to fix their remuneration. The present auditors M/s Mudassar Ehtisham & Company – Chartered Accountants being eligible, have offered themselves for re-appointment.
4. To transact any other business with the permission of the Chair.

By Order of the Board

Lahore
Dated: October 05, 2015

(IRFAN HAMID)
Company Secretary

NOTES:

1. The Share Transfer Books of the Company will remain closed from October 24, 2015 to October 31, 2015 (both days inclusive). Transfers received in order at Company's Independent Registrar's Office, Hameed Majeed Associates (Private) Limited, H.M. House, 7- Bank Square, Lahore by the close of business October 23, 2015 will be treated in time.
2. 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. Proxy form and power of attorney or other authority under which it is signed or notarially attested copy of the power of attorney must be received at the Registered Office of the Company not later than 48 hours before the time of the meeting.
3. Any individual Beneficial Owner of CDC entitled to attend and vote at this meeting, must bring his/her CNIC or Passport to prove his/her identity and in case of proxy must enclose an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose.
4. Members are requested to send copies of their CNICs to the Company's Registrar to enable the Company to comply with direction of the Securities and Exchange Commission of Pakistan contained in SRO-831(1) 2012. Interested Members are encouraged to send their e-mail addresses with their consent to opt for transmission of annual reports and AGM notice through e-mail, at Company's registered Office.
5. CDC Account Holder will further have to follow the guidelines as laid down in Circular No.1 of 2000, dated: 26th January, 2000 issued by Securities and Exchange Commission of Pakistan.
6. **ANNUAL ACCOUNTS, 2015:** Members are informed that Financial Reports and Financial Results of SAJJAD TEXTILE MILLS LIMITED for the Year Ended 30 June, 2015 have been uploaded on the Company's website: www.sajjadtextile.com. Shareholders of the Company may visit the above cited website. They may contact at info@sajjadtextile.com in case, they face any difficulty in downloading or viewing the financial information.

IN THE NAME OF ALLAH THE MOST GRACIOUS THE MOST MERCIFUL

Dear Members
Assalam-o-Alaikum,

The Directors welcome you to the 27th Annual General Meeting of the Company and are pleased to present the Annual Report together with the Audited Accounts, Auditors' Report and other various statements as required by the Code of Corporate Governance and Karachi & Lahore Stock Exchanges for the period ended June 30, 2015 .

Financial Results

The financial results are as under:

	30-06-2015	30-06-2014
	Rs. (M)	Rs. (M)
Sales – net	1171.057	1260.200
Cost of Sales	1168.519	1239.077
Gross Profit	2.538	21.123
Profit/(Loss) before Financial & Other Charges	(52.160)	(22.360)
Profit/(Loss) before Taxation	(56.145)	(17.375)
Taxation	9.864	12.980
Profit/(Loss) after Taxation	(46.281)	(4.396)

The Company suffered after tax loss of Rs. (46.281) million for the year ended June 30, 2015 as against after tax loss of Rs. (4.396) million for preceding year.

Earning/(Loss) per share

The Company has produced 100% Cotton Yarn and total volume of sales in current year has shown a decline of 7% as compared to preceding year. This was mainly due to decline in export sales triggered by dollar devaluation coupled with energy shortage. Resultantly, the Company suffered after tax loss of Rs. (46.281) million and the loss per share for the period under discussion is Rs. (2.18) in comparison as against loss per share of Rs. (0.21) in the preceding year.

Dividend

The Directors have passed over the dividend due to loss suffered for the period under discussion as well as accumulated loss carried forward from prior years.

Future Prospects

The Management is pleased to inform that the Company has successfully enhanced its production efficiency by installing new machinery in Card, Drawing and Ring departments around the last quarter; however, the resultant financial impact would be evident in following years. The Company Management along with staff members has worked hard to provide the Company a better launch pad. Sales volume is also expected to increase with the addition of new foreign and local buyers along with a recent appreciation of US dollar. The upcoming Textile Package as committed by Prime Minister is expected to further support cost rationalization. The Management places its appreciation on record for workers and staff and is hopeful for the bright future of the company.

DIRECTORS' REPORT TO THE MEMBERS**Corporate and Financial Reporting Framework**

- a) The financial statements prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- b) Proper books of account of the Company have been maintained.
- c) Appropriate account policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There has been no material departure from the best practices of Corporate Governance, as detailed in the Listing Regulations.
- g) Key Operating and Financial Data for the last six (6) years in summarized form are annexed.
- h) There are no overdue taxes and levies as on 30th June, 2015 other than sales and income tax withheld as withholding agent.
- i) The Company operates un-funded gratuity scheme for its employees and proper provision has been made in the accounts.
- j) Pattern of shareholding and additional information is annexed.
- k) Chief Financial Officer / Company Secretary has not been changed during the year.
- l) The appointment of external auditors will be discussed in the annual general meeting; however existing external auditors M/s Mudassar Ehtisham & Company – Chartered Accountant being eligible for re-appointment have offered their services.
- m) Mr. Muhammad Asim Sajjad – Chief Executive Officer himself and two of the other directors obtained directors training certification, under Directors' Training Program one of which left the company last year. Chief Executive Officer is strongly encouraging other directors to acquire the above said certification.
- n) Company's periodic financial statements and investor related information along with web link of Juma Punji, as per Securities and Exchange Commission of Pakistan's instructions is available on the company's website www.sajjadtextile.com.
- o) During 2014-2015, trades in shares of the Company were not carried out by the Directors, CEO, CFO, Company Secretary, their Spouses and minor children other than Mr. Sajjad Aslam who has received 2,879,063 shares as gift from his real brother Mian Parvez Aslam.
- p) Seventeen (17) Board of Directors' Meetings were held during the year. Following was the attendance of the Directors:-

<u>Name of Directors</u>	<u>No. of Meetings Attended</u>
Mr. Muhammad Asim Sajjad	16
Mrs. Seema Sajjad	13
Mr. Salman Muhammad Aslam	15
Mrs. Ayesha Rahim	11
Miss Batool Zahra	15
Mr. Mehr Allah Yar	14
Mr. Sultan Mahmood	12

Directors who could not attend Board Meetings due to illness or some other reasons were granted leave of absence in accordance with the law. The Board of Directors was elected in extra-ordinary general meeting held on 7th April, 2014 and no vacancy occurred during period under discussion.

- q) The directors and sponsors loans are unsecured and these are repayable upon easing of the company's liquidity. There is no fix repayment schedule or tenure for repayment of these liabilities. Therefore, these loans have been classified as current liabilities as per Technical Release of ICAP, dated: 11-02-2015.

Audit Committee

The Board of Directors in compliance of Code of Corporate Governance has established and Audit Committee which consists of following directors:

<u>Name of Member</u>		<u>No. of Meetings Attended</u>
Mr. Sultan Mehmood	Chairman	05
Mr. Mehr Allah Yar	Member	05
Miss Batool Zahra	Member	05

Human Resource and Remuneration Committee

In compliance with the Code of Corporate the Governance the Board of Directors has formed a human Resource and Remuneration Committee (HR & R Committee) comprising of four members named below one of which is independent director:

Name of Member

Mr. Salman Muhammad Aslam	Chairman
Mr. Sultan Mehmood	Member
Mr. Seema Sajjad	Member
Mr. Aysha Rahim	Member

Statement of compliance with Code of Corporate Governance is annexed.

The Statutory Auditors will retire and being eligible for re-appointment has offered for appointment for the next financial year.

The labour and management relations remained cordial during the year. The directors of the Company place on record their appreciation to all the suppliers who have extended their valuable financial support to the Company during the year.

For and on behalf of the Board

Lahore
Dated: October 05, 2015

(MUHAMMAD ASIM SAJJAD)
Chief Executive

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE (Appendix-B) [See clause (XI)]

Name of company SAJJAD TEXTILE MILLS LIMITED Year Ended 30th June, 2015.

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulation No. 35 of stock exchanges in 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 principles contained in the Code in the following manner:

1. The company encourages the representation of non-executive directors and directors representing minority interests on its Board of Directors. At present the composition of Board of Directors is given as under:

Category		Name
Executive Director	1	Mr. Muhammad Asim Sajjad
-do-	2	Mr. Salman Muhammad Aslam
Non-executive Independent Director	3	Mrs. Seema Sajjad
Non-executive Director	4	Mrs. Ayesha Rahim
-do-	5	Miss Batool Zahra
-do-	6	Mr. Mehr Allah Yar
Independent Director	7	Mr. Sultan Mehmood

The independent director meets the criteria of independence under clause I (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this company.
3. All the executive 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 NBF1 or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board during the year.
5. The company has prepared a 'Statement of Ethics and Business Practices' which has been signed by all the directors and employees of the company.
6. The Board has developed a vision/mission statement and quality policy. Overall corporate strategy and significant policies of the company are under process of approval.
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 and other 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. The Company has arranged orientation program for the directors and two of the directors have acquired certification of directors' training as required under code of corporate governance. The Chief Executive recommends that members of the Board should approach him, should they feel any necessity to conduct other orientation courses in this regard.
10. The Board has approved appointment of Internal Auditors, Horwath Hussain Chaudhary & Company - Chartered Accountants, including their remuneration and terms and conditions of employment, as determined by the Board of Directors.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

11. The Directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an audit committee. It comprises three members, of whom two are non-executive directors and one independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board had formed an Audit Committee. It comprises three (3) members; of whom two (2) are non-executive directors and the chairman of the committee is an independent director.
18. The chief executive and chairman of the Board are not members of the audit committee.
19. The board has set up an effective internal audit function, which has an audit charter, duly approved by the audit committee, and which worked in accordance with the applicable standards.
20. The company has appointed its external auditors in line with the requirements envisaged under the Rules.
21. The Board has set up an effective internal audit function who is suitably experienced and his conversant with the policies of the company. The internal audit function was duly reviewed and ratified by the Audit Committee and approved by the Board of Directors of the Company.
22. 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 Institute of Chartered Accountants of Pakistan.
23. 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.
24. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges as per requirements of the Ordinance and the Rules and fully describes the salient matters required to be disclosed..
25. We confirm that all other material principles contained in the Code have substantially complied with.

Lahore
Dated: October 05, 2015

(MUHAMMAD ASIM SAJJAD)
Chief Executive

CORPORATE SOCIAL RESPONSIBILITY

This statement is being presented to comply with the corporate social responsibility.

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

1. The Company has implemented all possible measures for the conservation of the energy in order to play its part of job in facing the energy crisis in the country. The Company has restricted the use of electric and gas heaters; the time scheduling has been implemented in the use of A/C and electrical equipments.
2. To ensure the healthy and pollution free environment Sajjad Textile Mills Limited encourages its employees to grow the trees and plants.
3. The Company has adopted fair policy for providing better quality of yarn to our customers so as to deliver good quality clothing's to the end users.
4. The Company management has successfully promoted and maintained an environment of mutual trust and respect between the workers and management.
5. The company has prepared a 'Statement of Ethics and Business Practices' which has been signed by all the directors and employees of the company.
6. The Company has employed disabled persons as per labour laws prevailing in Pakistan.
7. The management has devised a code of ethics for employees to safeguard safety and health issues. The Company has an encouraging environment regarding the workers safety and health. The Company has arranged the first aid facility for providing emergency treatment for labour. Occupational safety and health is ensured by during the operational hours as well as in mills colony.
8. The management has also devised a code of business ethics in order to conduct the smooth business transactions and to avoid any misbehave or un-even incidents.
9. The Company is contributing towards national exchequer by paying its due taxes and levies to the government. All government taxes, dues and levies are paid in time and had never defaulted in such payments.
10. The Company is running under considerable accumulated loss and keeping in view disturbed cash flow, no contribution is made towards corporate philanthropy, community investment & welfare schemes and spending for under-privileged classes/rural development.

Lahore
Dated: October 05, 2015

(MUHAMMAD ASIM SAJJAD)
Chief Executive

We have audited the annexed Balance Sheet of Sajjad Textile Mills Limited 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 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) In our opinion proper books of accounts have been kept by the company as required by the Companies Ordinance , 1984;
- b) in our opinion;
 - (i) the Balance Sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2015 and of the loss, comprehensive loss, its cash flows and changes in equity for the year then ended; and
- d) In our opinion no Zakat deductible at source under the Zakat and Usher Ordinance , 1980 (XVIII of 1980

Lahore
Dated: October 05, 2015

MUDASSAR EHTISHAM & COMPANY
Chartered Accountants
Engagement Partner:
Muhammad Ehtisham

BALANCE SHEET**AS AT JUNE 30, 2015**

	NOTE	2015 (Rupees)	2014 (Rupees) Restated
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	4	466,158,167	430,726,808
Long term deposits	5	11,368,938	11,368,938
		477,527,105	442,095,746
CURRENT ASSETS			
Stores and spares	6	15,773,514	14,224,697
Stock-in-trade	7	85,545,333	37,479,311
Trade debts	8	34,948,707	17,158,561
Loans and advances	9	6,128,390	5,184,179
Trade deposits, prepayments & other receivables	10	41,664,161	63,274,881
Financial asset	11	22,333	33,368
Cash and bank balances	12	19,657,625	30,280,796
		203,740,063	167,635,793
TOTAL ASSETS		681,267,168	609,731,539
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital 30,000,000 Ordinary Shares of Rs.10/- each		300,000,000	300,000,000
Issued, subscribed and paid-up capital	13	212,678,000	212,678,000
Capital reserve	14	16,521	27,556
Accumulated loss		(148,606,248)	(106,422,321)
		64,088,273	106,283,235
Surplus on revaluation of fixed assets	15	157,783,894	161,880,726
NON-CURRENT LIABILITIES			
Deferred liabilities	16	2,494,057	23,285,743
		2,494,057	23,285,743
CURRENT LIABILITIES			
Trade and other payables	17	211,083,865	76,533,203
Accrued mark-up	18	16,154,622	12,882,452
Short term loan from directors and sponsors- unsecured	19	222,019,447	216,692,447
Provision for taxation	28	7,643,010	12,173,732
		456,900,944	318,281,834
CONTINGENCIES & COMMITMENTS	20	-	-
TOTAL EQUITY AND LIABILITIES		681,267,168	609,731,539

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 (Rupees)	2014 (Rupees)
Sales - net	21	1,171,057,020	1,260,200,196
Cost of Sales	22	(1,168,519,075)	(1,239,077,211)
Gross Profit		2,537,945	21,122,985
Distribution costs	23	(11,145,133)	(13,229,394)
Administrative expenses	24	(43,552,911)	(29,975,712)
Other operating expenses	25	(992,129)	(139,145)
		(55,690,173)	(43,344,251)
		(53,152,228)	(22,221,266)
Other Operating Income/(Loss)	26	861,513	8,341,985
Operating profit/(Loss) before finance costs		(52,290,715)	(13,879,281)
Finance cost	27	(3,854,117)	(3,496,420)
Profit/(Loss) before taxation		(56,144,832)	(17,375,701)
Taxation	28	9,864,073	12,979,638
Profit/(Loss) after taxation		(46,280,759)	(4,396,063)
Basic & Diluted Earning per share / (Loss)	29	(2.18)	(0.21)

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 (Rupees)	2014 (Rupees)
Profit / (Loss) for the year after taxation		(46,280,759)	(4,396,063)
Other comprehensive income for the year			
(Deficit) / Surplus on re-measurement of available for sale to fair value		(11,035)	24,055
Income tax relating to component of other comprehensive income		-	(8,419)
Total other comprehensive income / (loss) for the year		(11,035)	15,636
Total comprehensive income / (loss)		(46,291,794)	(4,380,427)

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

CHIEF EXECUTIVE

DIRECTOR

CASH FLOW STATEMENT

For the Year Ended June 30, 2015

NOTE	2015 (Rupees)	2014 (Rupees) Restated
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	(56,144,832)	(17,375,701)
Adjustment for:		
Depreciation	18,887,275	18,451,902
Gratuity provision	2,123,444	3,838,433
Workers' Profit Participation Fund	-	139,145
Workers' Welfare Fund	-	-
Gain /(Loss) from Sale of Assets	-	-
Financial Charges	3,854,117	3,496,420
Operating Loss before working capital changes	(31,279,996)	8,550,199
Adjustments for working capital changes:		
(Increase) / Decrease in Current Assets		
Stores and Spares	(1,548,817)	(1,973,286)
Stock in Trade	(48,066,022)	107,533,469
Trade Debts	(17,790,146)	52,107,574
Loans and Advances	(944,211)	(4,070,898)
Trade deposits, prepayments and other receivables	29,714,066	(30,173,828)
	(38,635,130)	123,423,031
(Decrease) / Increase In Current Liabilities		
Trade and Other Payables	139,082,697	(52,085,460)
	139,082,697	(52,085,460)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from / (utilized) in operations	69,167,572	79,887,770
Finance costs paid	(581,947)	(490,159)
Gratuity paid	(3,105,994)	(3,057,358)
Dividend paid @0.5%	-	(10,633,900)
Workers' welfare fund paid	(4,936,765)	-
Income & Sales tax paid	(22,174,402)	(15,256,185)
Net cash (utilized in) operating activities	38,368,463	50,450,167
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(54,318,634)	(8,840,447)
Proceeds from disposal of property, plant & equipment	-	677,966
Net cash (out flow) / in flow from investing activities	(54,318,634)	(8,162,481)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term loan from directors and sponsors - disbursements	5,327,000	(19,900,000)
Net cash in flow from financing activities	5,327,000	(19,900,000)
Net increase in cash and cash equivalents	(10,623,171)	22,387,686
Cash and cash equivalents at beginning of the year	30,280,796	7,893,110
Cash and cash equivalents at end of the year	19,657,625	30,280,796

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	CAPITAL RESERVES		TOTAL
	Paid up ordinary share capital	Unrealized gain on re-measurement of available for sale investment	ACCUMULATED LOSS	
	----- Rupees -----			
Balance as at June 30, 2013	212,678,000	11,920	(95,828,509)	116,861,411
Total comprehensive loss for the year ended June 30, 2014				
- Loss for the year after taxation	-	-	(4,396,063)	(4,396,063)
- Other Comprehensive income	-	15,636	-	15,636
	-	15,636	(4,396,063)	(4,380,427)
Final Dividend for the year ended June 30, 2013 @ Rupees 0.5 Per Ordinary Share of Rs.10/- each	-	-	(10,633,900)	(10,633,900)
	-	-	(10,633,900)	(10,633,900)
Revaluation surplus realized on account of:				
- Incremental Depreciation current year - net off Tax	-	-	4,312,454	4,312,454
- Disposal of property, plant & equipment- net off Tax	-	-	123,698	123,698
	-	-	4,436,152	4,436,152
Balance as at June 30, 2014	212,678,000	27,556	(106,422,321)	106,283,236
Total comprehensive loss for the year ended June 30, 2015				
- Loss for the year after taxation	-	-	(46,280,759)	(46,280,759)
- Other Comprehensive loss	-	(11,035)	-	(11,035)
	-	(11,035)	(46,280,759)	(46,291,794)
Revaluation surplus realized on account of:				
- Incremental Depreciation current year - net off Tax	-	-	4,096,832	4,096,832
- Disposal of property, plant & equipment- net off Tax	-	-	-	-
	-	-	4,096,832	4,096,832
Balance as at June 30, 2015	212,678,000	16,521	(148,606,248)	64,088,274

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

CHIEF EXECUTIVE

DIRECTOR

1- THE COMPANY AND ITS OPERATIONS

Sajjad Textile Mills Limited ("the company") was incorporated as a public limited company in Pakistan under the Companies Ordinance, 1984 and is listed on Karachi and Lahore Stock Exchanges. The Company is principally engaged in manufacturing, selling, buying and dealing in yarn of all types. The registered office of the company is situated at 19-B, Off Zafar Ali Road, Gulberg-V, Lahore.

2- BASIS OF PREPARATION2.1 Statement of Compliance

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

2.2 Basis of Measurement

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

2.3 Functional and Presentation Currency

These financial statements are presented in Pakistani Rupees which is also the Company's functional currency. All financial information presented in Pakistani Rupees has been rounded to the nearest rupee.

2.4 Use of Estimate & Judgment

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The areas where various assumptions and estimates are significant to Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

- Retirement and other benefits
- Provision for taxation
- Residual values and useful lives of depreciable assets
- Provisions and contingencies

a) New standards, amendments to approved accounting standards and interpretations which became effective during the year

There are no amended standards and interpretations that are effective for the first time in the current year that would be expected to have a material impact on the Company.

b) Standards and amendments to published standards that are not yet effective and have not been early adopted by the Company

The following standards, interpretations and the amendments are effective for accounting periods beginning from the dates specified below and are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS1, 'Financial Statement presentation' regarding other comprehensive income disclosure initiative (effective for annual periods beginning on or after 1 January, 2016). The amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports

Amendments to IAS 38 'Intangible Assets' and IAS 16 'Property, Plant and Equipment' (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate and can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.

NOTES TO THE FINANCIAL STATEMENTS

- Amendments to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS10 and IAS 28) (effective for annual periods beginning on or after 1 January 2016). The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

- IFRS 10 'Consolidated Financial Statements' (effective for annual periods beginning on or after 1 January 2015). The standard replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate B62 Statements' and will deal with only separate financial statements. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after 1 January, 2016.

- IFRS 11, 'Joint arrangements' (effective for annual periods beginning on or after 1 January 2015). The standard replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016.

- IFRS 12, 'Disclosures of interests in other entities' (effective for annual periods beginning on or after 1 January 2015). The standard combines the disclosure requirements for entities that have interests in structured entities, into one place.

- IFRS 13, 'Fair value measurement' (effective for annual periods beginning on or after 1 January 2015). The standard defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

- Annual Improvements 2012-2014 cycle (the amendments apply prospectively for annual period beginning on or after 1 July 2016). The new cycle of improvements contain improvements contain amendments to the following standards:

IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred. IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)' are nonspecifically required for inclusion in condensed interim financial statements for all interim periods.

- IFRS 14 'Regulatory Deferral Accounts' (effective for annual periods beginning on or after 1 January 2016) specifies the financial reporting requirements for 'regulatory deferral account balances' that arise when an entity provides goods or services to customers at a price or rate that is subject to rate regulation. IFRS 14 is permitted, but not required, to be applied where an entity conducts rate-regulated activities and has recognised amounts in its previous financial statements that meet the definition of 'regulatory deferral account balances' also referred as the 'regulatory assets' and 'regulatory liabilities'.

- IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 1 January 2017) specifies how and when an IFRS compliant entity will recognise revenue as well as requiring such entities to provide users of financial statements with more informative and relevant disclosures. The standard provides a single principle-based five-step model to be applied to all contracts with customers. The objective of IFRS 15 is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been notified locally by the Securities and Exchange Commission of Pakistan (SECP) as at 30 June 2015:

- IFRS 1 - First Time Adoption of International Financial Reporting Standards
- IFRS 9 - Financial Instruments

The following interpretations issued by the IASB have been waived off by SECP effective January 16, 2012:

- IFRIC 4 - Determining Whether an Arrangement Contains a Lease. Also refer note 39 to the financial statements.
- IFRIC 12 - Service Concession Arrangements

3.1 Property, Plant and Equipment and Depreciation

Property, plant & equipment is stated at cost or revalued amount less accumulated depreciation and impairment loss, if any, except for freehold land which is stated at revalued amount. Cost of these assets consists of historical cost and directly attributable cost of bringing the assets to working condition. Surplus arising on revaluation after considering deficit in other categories, is credited to surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. Any surplus on revaluation of fixed assets is credited to the surplus on revaluation. Borrowing costs pertaining to the construction and erection are capitalized up to the date of completion. Depreciation on property, plant & equipment is charged to income on reducing balance method at the rates specified in note No. 4 to the accounts to write off the cost over their estimated useful lives.

Depreciation on addition and deletion is charged on the basis of number of days the asset remains in use of the company. Assets' residual values, useful life and depreciation rates are reviewed and adjusted, if appropriate at each balance sheet date. Normal repair and maintenance is charged to income as and when incurred. Major renewals and improvements are capitalized.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within "other income / other charges" in profit and loss account.

The carrying amount of property, plant and equipment is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists then the assets recoverable amount is estimated. The recoverable amount is the greater of its value in use and fair value less cost to sell. An impairment is recognized if the carrying amount exceeds its estimated recoverable amount.

3.2 Intangible Assets

Intangible assets include software which is initially recognized at cost. Cost comprises of purchase price and directly attributable expenditures.

After initial recognition intangible assets are carried at cost less accumulated amortization and if any, identified impairment loss. Amortization is charged on straight line method over a maximum period of five years. Amortization on addition and deletion is charged from the period when asset is put in use and up to the period of deletion.

3.3 Investments

All purchases and sale of investments are recognized using settlement date accounting. Settlement date is the date on which investments are delivered to or by the company. All investments are derecognised when the right to receive economic benefits from the investments has expired or has been transferred and the company has transferred substantially all the risks and reward of ownership.

a)

Investments Held to Maturity

Investments with fixed or determinable payments and fixed maturity and where the company has positive intent and ability to hold investments to maturity are classified as investments held to maturity. These are initially recognized at cost inclusive of transaction cost and are subsequently carried at amortised cost using the effective interest rate method, Less any impairment losses.

b)

Investments at Fair Value through Profit or Loss

An Investment is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the company's investment strategy. All investments classified as investments at fair value through profit or loss are initially measured at cost being fair value of consideration given. At subsequent dates these investments are measured at fair value, determined on the basis of prevailing market prices, with any resulting gain or loss recognized directly in the profit and loss account.

3.4 Inventories

These are valued at lower of cost and net realizable value. Cost is determined as follows:

Stores & Spares	At Weighted average cost.
Raw material	At Weighted average cost
Work in Process	At direct cost and appropriate portion of production overheads.
Finished Goods	At estimated manufacturing cost
Waste	Net realizable value

Net realizable value represents selling price in the ordinary course of business less selling expenses incidental to sales.

3.5 Trade Debts

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

3.6 Other Receivables

Other receivables are recognized at nominal amount which is the fair value of the consideration to be received less an allowance for any uncollectible amounts.

3.7 Employees' Retirement Benefits - Defined Benefit Plan

The company operates an unfunded gratuity scheme covering all employees, payable on ceasing of employment subject to completion of minimum qualifying period of service. Obligations under the scheme are provided annually.

NOTES TO THE FINANCIAL STATEMENTS

3.8 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.

3.9 Taxationa) Current

Provision of current tax is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

b) Deferred Tax

Deferred tax is accounted for using the balance sheet liability method in respect of all taxable 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 taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination; and that affects neither accounting nor taxable profit or

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

3.10 Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for that sale of goods in the ordinary course of the Company's activities.

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 and when specific criteria have been met for each of the Company's activities as described below:

a) Sale of goods and conversion charges

Sales revenue and conversion charges are recognized when the goods are dispatched and significant risks and rewards of ownership are transferred to the customer. Revenue from sale of goods is measured at the fair value of consideration received or receivable, net of returns and trade discounts.

b) Income on bank deposits

Interest income on bank deposits is accounted for on the time proportion basis using the applicable rate of return.

c) Others

Scrap sales and miscellaneous receipts are recognized on realized amounts. Dividend income from investments is recognized when the Company's rights to receive payments has been established.

3.11 Borrowing Costs

Mark-up, interest and other charges on borrowings which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. All other borrowing costs i.e. mark-up, interest and other charges are charged to the profit and loss account in the period in which they are incurred.

3.12 Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of a past event and 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 to the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

3.13 Cash and Cash Equivalent

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand, cheques in hand and deposits in banks that are readily convertible to known amounts of cash.

3.14 Financial assets

Financial assets represent investments in shares of listed companies and are classified as available for sale investments. These are initially recognized at cost and at subsequent reporting dates measured at fair values. Gains or losses from changes in fair values are taken to other comprehensive income until disposal at which time these are recycled to profit and loss account.

3.15 Impairmenta) Financial Assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events had a negative effect on the estimated future cash flow of that asset. An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

b) Non-Financial Assets

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognized as expense in the profit and loss account. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.16 Financial Instruments

All financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost as the case may be. A financial asset is de-recognized when the company loses control of its contractual rights that comprise the financial asset. A financial liability is de-recognized when it is extinguished. Any gain or loss on de-recognition of the financial assets or liabilities is taken to profit and loss account currently. The Company recognizes the regular way purchase or sale of financial assets using settlement date accounting.

a) Trade & Other Payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

b) Trade & Other Receivables

Trade and other receivables are recognized and carried at original invoice amount / cost less an allowance for any uncollectible amounts. Carrying amounts of trade and other receivables are assessed on a regular basis and if there is any doubt about the reliability of these receivables, appropriate amount of provision is made.

c) Off Setting Of Financial Assets and Financial Liabilities

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

3.17 Dividend & Appropriation to reserves

Dividend distribution to the Company's shareholders and appropriation to reserves is recognized in the financial statements in the period in which these are approved.

3.18 Earnings per share

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

3.19 Contingent Liabilities

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

3.20 Segment Reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be

3.21 Foreign currency transactions

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. All monetary assets and liabilities denominated in foreign currencies at the year end are translated at exchange rates prevailing at the balance sheet date. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rate at the date of the transaction. Exchange differences are included in profit and loss account for the year.

3.22 Related party transactions

All transactions between company and related party are accounted for at arm's length price in accordance with "Comparable Uncontrolled Price Method".

3.23 Dividend and appropriation to reserves

dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved

NOTES TO THE FINANCIAL STATEMENTS

4 PROPERTY, PLANT AND EQUIPMENT

	2015 Rupees	2014 Rupees
Tangible Operating Fixed Assets	466,158,167	430,726,808
	466,158,167	430,726,808

4.1 The following is a statement of property, plant & equipment:

	Land Freehold	Building on Freehold land	Plant and Machinery	Electric Installation	Tools and Equipment	Fire Fighting and Equipment	Furniture and Fixture	Office Equipment	Computers	Air Conditioners	Vehicles	Weighting Scale	Arm and Ammunition	Telephone Installation	Total	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
At June 30, 2013																
Cost	79,237,200	80,112,503	321,886,409	4,937,397	100,000	989,105	1,839,209	846,276	2,290,468	434,700	3,483,091	1,573,400	485,411	94,464	498,309,633	
Accumulated Depreciation	-	10,112,503	39,504,933	1,216,639	48,137	516,105	1,275,661	496,451	1,290,629	256,219	1,250,807	1,075,013	195,674	63,172	57,301,943	
Net Book Value	79,237,200	70,000,000	282,381,476	3,720,758	51,863	473,000	563,548	349,825	999,839	178,481	2,232,284	498,387	289,737	31,292	441,007,690	
At July 01, 2013																
Cost	79,237,200	80,112,503	321,886,409	4,937,397	100,000	989,105	1,839,209	846,276	2,290,468	434,700	3,483,091	1,573,400	485,411	94,464	498,309,633	
Accumulated Depreciation	-	10,112,503	39,504,933	1,216,639	48,137	516,105	1,275,661	496,451	1,290,629	256,219	1,250,807	1,075,013	195,674	63,172	57,301,943	
Net Book Value	79,237,200	70,000,000	282,381,476	3,720,758	51,863	473,000	563,548	349,825	999,839	178,481	2,232,284	498,387	289,737	31,292	441,007,690	
Year ended June 30, 2014																
Opening Net Book Value	79,237,200	70,000,000	282,381,476	3,720,758	51,863	473,000	563,548	349,825	999,839	178,481	2,232,284	498,387	289,737	31,292	441,007,690	
Revaluation Surplus	-	-	-	-	-	-	-	281,150	171,444	-	4,386,300	-	-	-	8,840,447	
Additions at cost	-	-	4,001,553	-	-	-	-	-	-	-	-	-	-	-	-	
Disposal (refer note 4.1.2)	-	-	800,000	-	-	-	-	-	-	-	-	-	-	-	800,000	
Cost	-	-	(130,573)	-	-	-	-	-	-	-	-	-	-	-	(130,573)	
Depreciation	-	-	669,427	-	-	-	-	-	-	-	-	-	-	-	669,427	
Net Book Value	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Depreciation charge for the year	-	3,500,000	14,132,724	186,038	2,593	23,650	28,177	27,462	106,165	8,924	395,198	24,919	14,487	1,565	18,451,902	
Closing Net Book Value	79,237,200	66,500,000	271,580,878	3,534,720	49,270	449,350	535,371	322,363	1,065,118	169,557	6,223,386	473,468	275,250	29,727	430,726,808	
At June 30, 2014																
Cost	79,237,200	80,112,503	325,087,962	4,937,397	100,000	989,105	1,839,209	1,127,426	2,461,912	434,700	7,869,391	1,573,400	485,411	94,464	506,350,080	
Accumulated Depreciation	-	13,612,503	53,507,084	1,402,677	50,730	539,755	1,303,838	523,913	1,396,794	265,143	1,646,005	1,099,932	210,161	64,737	75,623,272	
Net Book Value	79,237,200	66,500,000	271,580,878	3,534,720	49,270	449,350	535,371	603,513	1,065,118	169,557	6,223,386	473,468	275,250	29,727	430,726,808	
At July 01, 2014																
Cost	79,237,200	80,112,503	325,087,962	4,937,397	100,000	989,105	1,839,209	1,127,426	2,461,912	434,700	7,869,391	1,573,400	485,411	94,464	506,350,080	
Accumulated Depreciation	-	13,612,503	53,507,084	1,402,677	50,730	539,755	1,303,838	523,913	1,396,794	265,143	1,646,005	1,099,932	210,161	64,737	75,623,272	
Net Book Value	79,237,200	66,500,000	271,580,878	3,534,720	49,270	449,350	535,371	603,513	1,065,118	169,557	6,223,386	473,468	275,250	29,727	430,726,808	
Year ended June 30, 2015																
Opening Net Book Value	79,237,200	66,500,000	271,580,878	3,534,720	49,270	449,350	535,371	603,513	1,065,118	169,557	6,223,386	473,468	275,250	29,727	430,726,808	
Additions at cost	467,500	-	39,651,831	4,067,560	1,515,503	-	-	-	23,800	-	8,592,440	-	-	-	54,318,634	
Disposal charge for the year	-	3,325,000	14,025,229	345,781	40,040	22,468	26,749	30,176	107,216	8,778	917,196	23,673	13,763	1,486	18,887,275	
Closing Net Book Value	79,704,700	63,175,000	297,207,481	7,256,499	1,524,733	426,882	508,602	573,337	981,703	161,079	13,898,630	449,795	261,487	28,241	466,158,167	
At June 30, 2015																
Cost	79,704,700	80,112,503	364,739,794	9,004,957	1,615,503	989,105	1,839,209	1,127,426	2,485,712	434,700	16,461,831	1,573,400	485,411	94,464	560,648,714	
Accumulated Depreciation	-	16,937,503	67,532,313	1,748,458	90,770	562,223	1,330,607	554,089	1,504,009	273,621	2,583,201	1,123,605	223,924	66,223	94,510,547	
Net Book Value	79,704,700	63,175,000	297,207,481	7,256,499	1,524,733	426,882	508,602	573,337	981,703	161,079	13,898,630	449,795	261,487	28,241	466,158,167	
Annual Rate of Depreciation (%)	-	5	5	5	5	5	5	5	10	5	10	5	5	5	5	

4.1.1 Depreciation for the year is allocated as under:

	2015 Rupees	2014 Rupees
Cost of Sales:	17,782,190	17,869,924
Administration:	1,105,085	581,978
	18,887,275	18,451,902

4.1.2 Land, Building and Plant & Machinery of the company were last revalued by an independent valuer M/s Synergisers Private Limited as at 30 June 2013. It includes surplus on revaluation of freehold land amounting to Rs. Nil (2014: Nil).

4.1.3 Previously Free hold land, building and plant and machinery were last revalued as on June 25, 2010 by an independent valuer M/s Hamid Mukhtar & Co. (Pvt) Ltd. on the basis of current values / replacement cost less depreciation for the period of use.

		2015	2014
		Rupees	Rupees
5-	<u>LONG TERM DEPOSITS</u>		
	SNGPL	11,100,000	11,100,000
	Others	268,938	268,938
		<u>11,368,938</u>	<u>11,368,938</u>
6-	<u>STORES AND SPARES</u>		
	Stores & Spares	15,773,514	14,224,697
7-	<u>STOCK IN TRADE</u>		
	Raw material	49,611,682	19,563,809
	Work in process	7,974,828	10,528,125
	Finished	25,376,603	6,225,232
	Waste	2,582,220	1,162,145
		<u>85,545,333</u>	<u>37,479,311</u>
	7.1 Waste is valued at net realizable value.		
8-	<u>TRADE DEBTS - Unsecured</u>		
	Trade Debts	35,595,031	17,804,885
	Less:		
	Provision for Doubtful Debts	(646,324)	(646,324)
		<u>34,948,707</u>	<u>17,158,561</u>
	8.1 Trade debtors other than those against which provision has been made are considered good by the management.		
9-	<u>LOANS AND ADVANCES</u>		
	Advances to: (Unsecured but considered good)		
	Suppliers	5,367,154	4,729,757
	Staff	761,236	454,422
		<u>6,128,390</u>	<u>5,184,179</u>
10-	<u>TRADE DEPOSITS, PREPAYMENTS & OTHER RECEIVABLES</u>		
	Other receivables- Unsecured	100,000	100,000
	Letter of credit	8,167,797	35,735,258
	Sales tax refundable	9,177,790	11,324,966
	Advance income tax	20,185,277	10,122,040
	Prepayments	135,570	135,000
	Income tax refundable	3,897,727	5,857,618
		<u>41,664,161</u>	<u>63,274,881</u>
11-	<u>FINANCIAL ASSET</u>		
	<u>Available for Sale Investment</u>		
	Allied Bank Limited	22,333	33,368
	- 347 (2014: 347) fully paid ordinary shares of Rs. 10/- each		
12-	<u>CASH AND BANK BALANCES</u>		
	Cash in hand	273,211	364,695
	Cash with banks:		
	In saving accounts	-	-
	In current accounts	19,384,414	29,916,101
		<u>19,384,414</u>	<u>29,916,101</u>
		<u>19,657,625</u>	<u>30,280,796</u>

NOTES TO THE FINANCIAL STATEMENTS

		2015 Rupees	2014 Rupees
13- <u>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</u>			
21,267,800 (2014: 21,267,800) ordinary shares of Rs.10/- each fully paid in cash		212,678,000	212,678,000
14- <u>CAPITAL RESERVE</u>			
<u>Un-realized gain on re-measurement of available for sale investments</u>			
Opening balance - net off tax		27,556	11,920
(Deficit) / Surplus on re-measurement of available for sale investments to fair value - net off tax	14.1	(11,035)	15,636
		16,521	27,556
14.1 This represents the unrealized gain on re-measurement of available for sale investments at fair value and is not available for distribution. This will be transferred to income statement on de-recognition of investment.			
15- <u>SURPLUS ON REVALUATION OF FIXED ASSETS</u>			
Opening balance of revaluation surplus - net off tax		161,880,726	166,193,180
Add: Revaluation Surplus for the year		-	-
		161,880,726	166,193,180
Less:			
Surplus realized during the year on account of:			
- Incremental depreciation current year - net off tax		6,114,674	6,436,499
- Disposal - net off tax		-	-
- Related Deferred tax effect		(2,017,842)	(2,124,045)
		4,096,832	4,312,454
		157,783,894	161,880,726
15.1 Land, Building and Plant & Machinery of the company were last revalued by an independent valuer M/s Synergisers Private Limited as at 30 June 2013. It includes surplus on revaluation of freehold land amounting to Rs. Nil (2014: Nil).			
15.2 Previously Free hold land , building and plant and machinery were revalued as on June 25 ,2010 by an independent valuer M/s Hamid Mukhtar & Co. (Pvt) Ltd, on the basis of current values / replacement cost less depreciation for the period of use.			
16- <u>DEFERRED LIABILITIES</u>			
Gratuity - Defined benefit plan	16.1	621,600	1,604,150
Deferred Taxation	16.2	1,872,457	21,681,593
		2,494,057	23,285,743
16.1 <u>Gratuity - defined benefit plan</u>			
Movement in liability recognized in the balance sheet are as follows:			
Liability as at July 1		1,604,150	823,075
Charge to profit and loss account		2,123,444	3,838,433
		3,727,594	4,661,508
Payments during the year		(3,105,994)	(3,057,358)
Liability as at June 30		621,600	1,604,150
16.1.1 The closing liability represents the present obligation of the company. However, since the amount of gratuity is not material therefore, actuarial valuation has not been carried out during the year.			
16.2 <u>Deferred taxation</u>			
The liability for deferred taxation comprises of temporary differences in respect of:			
<u>Taxable temporary differences in respect of:</u>			
Revaluation surplus		37,177,219	40,356,850
Accelerated Tax depreciation		61,553,276	60,830,816
Re-measurement of investment available for sale		(11,035)	8,419
<u>Deductible temporary differences in respect of:</u>			
Staff retirement benefits		(198,912)	(529,370)
Unabsorbed losses and Credits		(71,520,917)	(57,519,876)
Minimum tax available for carry forward		(24,920,350)	(21,251,960)
Provisions for doubtful debts		(206,824)	(213,287)
Net liability as at June 30,		1,872,457	21,681,593

		2015	2014
		Rupees	Rupees Restated
17-	TRADE AND OTHER PAYABLES		
	Creditors	166,865,682	57,905,756
	Accrued liabilities	36,794,776	10,207,643
	Advances from customers	5,943,723	3,652,576
	Income tax deducted at source	1,312,741	58,558
	Un-claimed dividend	166,942	176,635
	Workers' profit participation fund	17.1	4,532,036
	Workers' welfare fund	17.2	-
		<u>211,083,864</u>	<u>76,533,203</u>
17.1	Workers' profit participation fund		
	Opening balance	4,532,036	4,392,891
	Allocation / Interest for the year	404,729	139,145
		<u>4,936,765</u>	<u>4,532,036</u>
	Payments made	(4,936,765)	-
	Closing balance	-	<u>4,532,036</u>
17.2	Workers' welfare fund		
	Opening balance	-	3,554,541
	Allocation / Interest for the year	-	-
		-	<u>3,554,541</u>
	Reversal / Payments made during the year	-	(3,554,541)
	Closing balance	-	-
18-	ACCRUED MARKUP		
	Short term loan from sponsors	16,154,622	12,882,453
		<u>16,154,622</u>	<u>12,882,453</u>
19-	SHORT TERM LOAN FROM DIRECTORS AND SPONSORS - UNSECURED		
	These are composed of :		
	Interest free Short term loan from directors and sponsors	19.1	199,437,447
	Interest bearing Short term loan from directors and sponsors	19.2	22,582,000
		<u>222,019,447</u>	<u>216,692,447</u>
19.1	The above loans are unsecured and are payable to directors and sponsors. These are repayable upon easing of the company's liquidity. There is no fix repayment schedule or tenure for repayment of these liabilities. Therefore, these long term loan have been classified as current liabilities.		
19.2	As there is no fix repayment schedule or tenure for repayment of these liabilities, these loans have been stated at cost. The loan carries markup @ 3 months kibar plus 2%.		
19.3	After the reclassification of long term loans to short term loans have been adjusted retrospectively in accordance with International Accounting Standards (IAS-8) "Accounting Policies, change in accounting estimates and errors" an the resulting adjustment is made retrospectively in the said year. This classification has no impact on Basic or Diluted Earning per Share of company for the year ended June 30, 2014.		
20-	CONTINGENCIES AND COMMITMENTS		
20.1	The company had filed suit in Honorable Lahore High Court against the levy of gas infrastructure development cess (GIDC). The Honorable Court has granted an interim stay and restraining the Sui Northern Gas Company Limited from Charging any amount of GIDC over and above Rs.13 per MMBTU. The Honorable Islamabad High Court in a case declared the GIDC as unconstitutional and asked the distribution companies to return the amount already collected. The Honorable Supreme Court of Pakistan declared the levy GIDC as unconstitutional. Therefore, The Company has not provided any provision of GIDC amounted to Rs. 14.985 Millions after The Honourable Supreme Court of Pakistan declared the levy GIDC as unconstitutional. the management of the Company is confident that the payment of GIDC are highly improbable, therefore, no liability is likely to arise in this regard.		
20.2	There were no commitments as at June 30, 2015. (2014 : Nil)		
21-	SALES - NET		
	Sale of yarn - Local	839,909,727	873,937,024
	Sale of yarn - Export	316,077,181	371,791,717
	Sale of waste	21,648,359	23,842,523
		<u>1,177,635,267</u>	<u>1,269,571,263</u>
	Less: Commission	(6,578,247)	(9,371,068)
		<u>1,171,057,020</u>	<u>1,260,200,196</u>

NOTES TO THE FINANCIAL STATEMENTS

		2015	2014
		Rupees	Rupees
22-	COST OF SALES		
	Raw material consumed	22.1 877,152,117	917,656,531
	Salaries, wages and benefits	22.2 83,961,506	83,800,996
	Packing material	18,947,598	14,489,181
	Fuel and power	143,590,575	141,221,637
	Repair and maintenance	3,760,736	3,553,451
	Other manufacturing overheads	16,755,098	7,322,208
	Rent, Rates & Taxes	126,499	203,000
	Cotton cess duty	1,826,150	1,574,852
	Store consumed	18,635,259	25,864,925
	Insurance	3,260,614	1,979,618
	Workers' Welfare Expenses	716,318	355,191
	Miscellaneous expenses	22,564	17,452
	Depreciation	4.1.1 17,782,190	17,869,924
		1,186,537,224	1,215,908,966
	Opening stock of work in process	10,528,125	10,304,521
	Closing stock of work in process	(7,974,828)	(10,528,125)
		2,553,297	(223,604)
	Cost of goods manufactured	1,189,090,521	1,215,685,362
	Opening stock of finished goods	6,225,232	28,068,113
	Closing Stock of Finished Goods	(25,376,603)	(6,225,232)
		(19,151,371)	21,842,881
	Opening stock of waste	1,162,145	2,711,113
	Closing stock of waste	(2,582,220)	(1,162,145)
		(1,420,075)	1,548,968
		1,168,519,075	1,239,077,211
22.1	Raw Material Consumed		
	Opening Raw Material	19,563,809	103,929,033
	Add: Purchases	907,199,990	833,291,307
	Less: closing stock	(49,611,682)	(19,563,809)
		877,152,117	917,656,531
22.2	Salaries, wages and other benefits include Rs. 0.726 million (2014: Rs. 2.555 million) in respect of staff retirement benefits.		
23-	DISTRIBUTION COSTS		
	Export expenses	5,308,888	7,431,655
	Freight - Steamer	1,734,153	3,081,058
	- Inland	4,102,092	2,716,681
		11,145,133	13,229,394
24-	ADMINISTRATIVE EXPENSES		
	Salaries and Other Benefits (Establishment Cost)	24.1 18,390,985	15,052,127
	Vehicle running and maintenance	2,906,947	2,516,123
	Traveling and conveyance	5,941,641	2,532,284
	Printing and stationery	309,581	434,691
	Entertainment	650,572	506,251
	Rent, rate and taxes	76,361	59,239
	Fee and subscription	2,463,538	1,977,494
	Legal and professional	6,702,356	2,325,800
	Postage	543,295	394,678
	Telephone	772,234	474,598
	Utilities	910,043	762,876
	Repair & maintenance	1,241,474	1,726,949
	Paper and periodicals	6,116	4,104
	Insurance	460,200	3,585
	Gardening	656,050	-
	Staff Welfare	13,533	46,825
	Advertisement	107,900	281,110
	Auditors' remuneration	24.2 295,000	285,000
	Donation	-	10,000
	Depreciation	4.1.1 1,105,085	581,978
		43,552,911	29,975,712
24.1	Salaries and Other Benefits (Establishment Cost) includes Rs.422,131/- (2014: Rs. 26,677/-) in respect of staff retirement benefits.		

	2015	2014
	Rupees	Rupees
24.2 <u>Auditors' Remuneration</u>		
Statutory audit fee	260,000	250,000
Review of compliance with code of corporate governance	10,000	10,000
Half yearly review	25,000	25,000
	<u>295,000</u>	<u>285,000</u>
25- <u>OTHER OPERATING EXPENSES</u>		
Excess/(Short) Realization	992,129	-
Workers' profit participation fund	-	139,145
Workers' welfare fund	-	-
	<u>992,129</u>	<u>139,145</u>
26- <u>OTHER OPERATING INCOME</u>		
Gain on sale of fixed assets	-	8,539
Reversal of Workers' welfare fund	-	3,554,541
Income non-financial assets		
- Excess/(Short) Realization	-	-
- Exchange Gain/(Loss)	26.1 861,044	4,778,427
Income financial assets		
- Dividend	469	478
	<u>861,513</u>	<u>8,341,985</u>
26.1 This represented gain on margin held by bank.		
27- <u>FINANCE COST</u>		
Markup on loan from directors and sponsors:		
- Short term	3,272,169	3,006,261
Bank charges and commission	581,948	490,159
	<u>3,854,117</u>	<u>3,496,420</u>
28- <u>TAXATION</u>		
Current	7,643,010	12,173,732
Deferred	(20,791,686)	(25,153,370)
Prior	3,284,603	-
	<u>(9,864,073)</u>	<u>(12,979,638)</u>
28.1 The company's income tax assessments have been finalized up to and including tax year 2014.		
28.2 The current tax provision represents the minimum tax on turnover for the year due under Section 113 of Income Tax Ordinance, 2001 since tax computation results in tax loss. Therefore reconciliation of tax charge for the year is not required.		
29- <u>BASIC EARNING / (LOSS) PER SHARE</u>		
There is no dilutive effect on the basic earning / (loss) per share of the company.		
Profit/(Loss) after taxation	(46,280,759)	(4,396,063)
Weighted average number of issued shares	<u>21,267,800</u>	<u>21,267,800</u>
Basic Earning / (Loss) per share	<u>(2.18)</u>	<u>(0.21)</u>
30- <u>REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES</u>		
The aggregate amount charged in the accounts during the year for remuneration including benefits is as follows:		

	June 30, 2015			June 30, 2014		
	Chief Executive	Executives	Directors	Chief Executive	Executive	Directors
Managerial Remuneration including House Rent & Utility	2,697,000	9,865,000	2,697,000	2,697,000	6,204,000	2,697,000
	<u>2,697,000</u>	<u>9,865,000</u>	<u>2,697,000</u>	<u>2,697,000</u>	<u>6,204,000</u>	<u>2,697,000</u>
Number of persons	1	7	1	1	5	1

No meeting fee has been paid to any director of the company during the year (2014: Rs. Nil).

Fuel and maintenance charges of vehicles are reimbursed to Chief Executive and one Director of the company for business use only.

NOTES TO THE FINANCIAL STATEMENTS

31- TRANSACTION WITH RELATED PARTIES:

Transactions with related parties and associated undertakings, other than remuneration and benefits to key management personnel under the terms of their employment (note 30) are as under:

- i) The company purchased from associated undertaking material of aggregate sum of Rs. Nil (2014: Rs. Nil) during the year.
- ii) Interest free short term loan repaid Rs. Nil and provided by sponsors Rs. Nil (June 30, 2014 (restated) Rs. Nil)
- iii) Interest bearing short term loan repaid Rs. 29 million and provided by sponsors Rs. 34.327 million (June 30, 2014 (restated) Rs. 7.500 million)
- iv) Short term loan payable to directors and sponsors (interest bearing and interest free) Rs. 222.019 million (June 30, 2014 (restated) Rs. 216.692 million)
- v) Markup payable to directors and sponsors Rs. 16.154 million (June 30, 2014 Rs. 12.882 million)

31.1 All related party transactions are approved by the audit committee and the Board of directors of the Company. Directors' interest is limited to interest on these

32- FINANCIAL RISK MANAGEMENT32.1 Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

	2015	2014
	Rupees	Rupees
		Restated
32.2 <u>Financial instruments by category</u>		
<u>Financial Assets</u>		
Long term deposits	11,368,938	11,368,938
Trade debts (net-off impairment)	34,948,707	17,158,561
Loans and Advances	761,236	454,422
Advance to Suppliers	5,367,154	4,729,757
Financial Asset	22,333	33,368
Cash and bank balances	19,657,625	30,280,796
Total	72,125,993	64,025,842
<u>Financial Liabilities</u>		
Gratuity - Defined benefit plan	621,600	1,604,150
Trade and other payables	203,660,458	68,113,398
Accrued mark-up	16,154,622	12,882,452
Short term loan from sponsors	222,019,447	216,692,447
Total	442,456,127	299,292,447

32.3 Fair Values

The carrying values of the financial assets and financial liabilities approximate their fair values except for Interest free sponsors' loans as disclosed in note. 19 to the financial statements. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If the transaction is not based on market terms, or if a market price cannot be readily determined, then an estimate of future cash payments or receipts, discounted using the current market interest rate for a similar financial instrument, is used to approximate the fair value.

32.4 Financial Risk Factors

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

- Credit Risk
- Liquidity Risk
- Market Risk

32.4.1 Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from long term security deposits, loans and advances, deposits, trade debts, other receivables, bank balances and investments.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. To manage exposure to credit risk in respect of trade receivables, management reviews credit worthiness, references, establish purchase limits taking into account the customer's financial position, past experience and other factors.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. One of the major customer account for Rs. 10.24 million of the trade debts carrying amount as at June 30, 2015 that has good track record with the Company.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date was:

Long term deposits	11,368,938	11,368,938
Trade debts	34,948,707	17,158,561
Loans and Advances	761,236	454,422
Advance to Suppliers	5,367,154	4,729,757
Financial Asset	22,333	33,368
Bank balances	19,384,414	29,916,101
Total	<u>71,852,782</u>	<u>63,661,147</u>

For trade debts, internal risk assessment process determines the credit quality of the customers, taking into account their financial positions, past experiences and other factors. The company assesses the credit quality of the counter parties as satisfactory. Bank balances are held only with reputable banks with high quality credit ratings. Loans and advances are not exposed to any material credit risk. Geographically there is no concentration of credit risk. The maximum exposure to credit risk for trade debts at the reporting date are with customers within the country.

Detail of impairment of trade debts is given in Note.8. Based on past experience the management believes that no further impairment allowance is necessary as there are reasonable grounds to believe that the amounts will be recovered in short course of time.

32.4.2 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 when due, under both normal and stressed conditions. Prudent liquidity, risk management implies maintaining sufficient cash, marketable securities and the availability of adequate credit facilities. Furthermore, the directors and the sponsors have provided liquidity support to the Company in the form of short term and long term interest free and interest bearing loans.

Following is the contractual maturity analysis of financial liabilities:

	Up to One Year Rupees	Between 1 to 5 years Rupees
<u>Non derivative financial liabilities</u>		
Gratuity - Defined benefit plan	-	621,600
Trade and other payables	203,660,458	-
Accrued mark-up	16,154,622	-
Short term loan from sponsors	222,019,447	-
2015	<u>441,834,527</u>	<u>621,600</u>
<u>Non derivative financial liabilities</u>		
Gratuity - Defined benefit plan	-	1,604,150
Trade and other payables	68,113,398	-
Accrued mark-up	12,882,452	-
Short term loan from sponsors	216,692,447	-
2014 (Restated)	<u>297,688,297</u>	<u>1,604,150</u>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

32.4.3 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The company analysis its interest rates exposure on a regular basis by monitoring existing facilities against prevailing market interest rates and taking into accounts various other financing options available. 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 the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS

As at June 30, 2015, if interest rates on sponsors' loans had been 2% higher / lower the markup expenses would have been higher / lower by 0.363 million (2014: Rs. 0.257 million). The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and asset / liabilities of the Company.

b) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Equity price risk arises from available for sale equity securities held. The investment in available for sale equity securities is not material and company is not expose to significant price risk.

c) Currency risk

The company does not hold bank balances in foreign currencies nor any investment is denominated in currency other than the functional currency of the company. Therefore, the company is not expose to foreign currency risk.

33- CAPITAL RISK MANAGEMENT

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The company's objective when managing capital are to safe guard the company's ability to continue as a going concern and to maintain an optimum capital structure to reduce the cost of capital.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt. The company is not subject to externally imposed capital requirements.

34- CASH AND CASH EQUIVALENTS

Cash and bank balances (Note 12)

19,657,625

30,280,796

35- PLANT CAPACITY AND ACTUAL PRODUCTION

Number of spindles installed
Number of spindles operated

Nos

Nos

20,208

20,208

19,200

18,240

Actual production for the year (including converging for others)

Kgs

Kgs

4,863,681

4,219,886

Production at normal capacity converted into 20/s
count based on 3 shifts per day for 1080 shifts (2014-1080 shifts)

Kgs

Kgs

6,496,607

6,496,607

Actual production converted into 20/s count based
on 3 shifts per day for 1080 shifts (2014-1080 shifts)

Kgs

Kgs

4,484,063

4,220,464

35.1 Due to operational losses, as result of electricity shutdown the production was below normal capacity.

36- NUMBER OF EMPLOYEES

Number of employees at the year end

Nos

Nos

585

263

37- NON ADJUSTING EVENTS AFTER BALANCE SHEET DATE

There were no post balance sheet events that required adjustments or disclosures.

38- DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 5th, 2015 by the Board of Directors of the Company.

39- GENERAL

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR

FORM - 34
PATTERN OF HOLDING OF SHARES
HELD BY THE SHARE HOLDERS AS AT 30-06-2015

No. of Share Holders	Shareholdings		Total Shares Held
	From	To	
126	1	100	7,056
275	101	500	118,292
33	501	1000	24,264
27	1001	5000	76,573
10	5001	10000	77,539
1	10001	20000	19,400
4	20001	50000	128,275
4	50001	100000	342,025
2	150001	200000	318,368
3	200001	350000	1,301,814
2	350001	500000	854,700
1	500001	1000000	528,650
3	1000001	1750000	4,990,370
1	1750001	2000000	1,816,722
1	2000001	3000000	2,185,107
1	3000001	4000000	3,686,569
1	4000001	5000000	4,792,076
495			21,267,800

CATEGORIES OF SHAREHOLDERS

AS AT 30-06-2015

		<u>SHARES HELD</u>	<u>PERCENTAGE</u>
			%
1 Directors, Chief Executive			
Their Spouse and minor Children			
Mr. Muhammad Asim Sajjad	- Chief Executive	1,662,590	7.817
Mr. Salman Muhammad Aslam	- Executive Director	1,667,590	7.841
Mrs. Seema Sajjad	- Non-executive Director	2,185,107	10.274
Mrs. Ayesha Rahim	- Non-executive Director	1,816,722	8.542
Miss Batool Zahra	- Non-executive Director	500	0.002
Mr. Mehr Allah Yar	- Non-executive Director	500	0.002
Mr. Sultan Mehmood	- Independent Director	500	0.002
TOTAL		7,333,509	34.482
2 Executives		-	-

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2015

CATEGORIES OF SHAREHOLDERS**AS AT 30-06-2015**

3 Associated Companies, undertakings, related parties, spouse and family members of Directors.	-	-
Mr. Raza Muhammad Aslam	1,660,190	7.806
Mr. Sajjad Aslam	4,792,076	22.532
4 NIT and ICP	347,724	1.635
5 Bank, DFIs, Non-Banking Financial Institutions	579	0.003
6 Insurance Companies	-	0.000
7 Modaraba and Mutual Funds	500	0.002
8 General Public		
a) Local	6,357,422	29.892
b) Foreign	-	-
9 Other (to be specified)		
Sargodha Spinning Mills Limited	344,900	1.622
Nazir Cotton Mills Limited	383,300	1.802
Tariq Industries Limited	2,100	0.010
Sargodha Jute Mills Limited	19,400	0.091
Shahzad Textile Mills Limited	26,000	0.122
Mehran Sugar Mills Ltd.	100	0.000
Grand Total	21,267,800	100.000

SHAREHOLDERS HOLDING MORE THAN 5% SHAREHOLDING

	<u>SHARES HELD</u>	<u>PERCENTAGE</u>
Mr. Sajjad Aslam	4,792,076	22.532
Mr. Shahzad Aslam	3,686,569	17.334
Mrs. Seema Sajjad	2,185,107	10.274
Mrs. Ayesha Rahim	1,816,722	8.542
Mr. Salman Muhammad Aslam	1,667,590	7.841
Mr. Muhammad Asim Sajjad	1,662,590	7.817
Mr. Raza Muhammad Aslam	1,660,190	7.806








No trade in shares of the Company carried out by the Directors, CEO CFO, Company Secretary and their spouses and minor children.










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Ledge Folio/CDC A/C No.

Shares Held

I/We
of.....
appoint.....
of.....
(or failing him)..... of.....

being another member of the Company as my/our proxy to attend and vote for me/us on my/our behalf, at the Annual General Meeting of the Company to be held on Saturday 31st October, 2015 at 11:30 a.m. and at every adjournment thereof.

As witness my/our hand(s) this Day of

Signed by the said

Witnesses:

1. Signature
Name:
N.I.C. No.....
Address.....

2. Signature.....
Name:
N.I.C. No.....
Address:

Notes:

1. A member entitled to attend and vote at this Meeting may appoint member as his/her proxy in accordance with the provisions of Article 52 of the Articles of Association of the Company. Proxies in order to be effective, must be received at 19 -B, Off. Zafar Ali Road, Gulberg-V, Lahore, the Registered Office of the Company not later than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.
2. For CDC Accounts Holders/Corporate Entities in addition to the above the following requirements be met:
 - i). Attested copies of NIC or the Passport of the Beneficial Owners and the proxy shall be provided with the proxy form.
 - ii). In case of a Corporate Entity, the Board of Directors Resolution/Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.
 - iii). The proxy shall produce his original CNIC or original Passport at the time of attending the meeting.