

2015

Annual Report



Fazal Cloth Mills Limited



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Company Information

Board of Directors	Mr. Rehman Naseem Sh. Naseem Ahmad Mrs. Mahnaz Amir Sheikh Mr. Fazal Ahmed Sheikh Mr. Faisal Ahmed Mr. Fahd Mukhtar Mr. Jamal Nasim	Chairman Chief Executive Officer Independent Director
Audit Committee	Mr. Jamal Nasim Mr. Rehman Naseem Mr. Fahd Mukhtar	Chairman Member Member
Human Resource and Remuneration Committee	Mr. Rehman Naseem Mrs. Mahnaz Amir Sheikh Mr. Faisal Ahmed	Chairman Member Member
Company Secretary	Mr. Asad Mustafa	
Chief Financial Officer	Mr. Faizan -ul-Haq	
Auditors	KPMG Taseer Hadi & Co., Chartered Accountants	
Bankers	MCB Bank Limited Allied Bank Limited Meezan Bank Limited National Bank of Pakistan Soneri Bank Limited United Bank Limited Standard Chartered Bank (Pakistan) Limited Habib Bank Limited NIB Bank Limited Barclays Bank PLC, Pakistan Bank Al -Falah Limited Askari Bank Limited Faysal Bank Limited The Bank of Khyber The Bank of Punjab Pak Kuwait Investment Company (Pvt.) Limited Pak Oman Investment Company Limited Pak Brunei Investment Company Limited Dubai Islamic Bank (Pakistan) Limited Samba Bank Limited Saudi Pak Industrial and Agricultural Investment Company Limited Silk Bank Limited Summit Bank Limited	
Head Office & Shares Department:	129/1, Old Bahawalpur Road, Multan. Phone: (92) 61 -4579001 -7,4781637 Fax: (92) 61- 4583425, 4541832 E-mail: corporate@fazalcloth.com ; arfan.zahid@fazalcloth.com Website: www.fazalcloth.com	
Shares Registrar:	Vision Consulting Ltd. 3-C, LDA Flats, Lawrence Road, Lahore. shares@vcl.com.pk Phone: (92) 42 -36283096, 36283097 Fax: (92) 42 -36374839	
Registered Office:	69/7, Abid Majeed Road, Survey No. 248/7, Lahore Cantt, Lahore. Phone: (92) 42 -36684909	
Mills:	i) Fazal Nagar, Jhang Road, Muzaffargarh – Pakistan Ph. (92) 66 -2422216, 18 Fax: (92) 66 -2422217 ii) Qadirpur Rawan Bypass, Khanewal Road, Multan – Pakistan Ph. (92) 61- 6740041- 43, Fax : (92) 61- 6740052	



Corporate Vision / Mission Statement

Vision

The Company aims to establish a vertically integrated textile business producing finished products, processed and greige fabrics and yarn. The Company aims to produce high quality diversified products at competitive price to be marketed globally.

Mission

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



Corporate Values & Code of Conduct

The Company has adopted the following corporate values:

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

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

Salient Features for the Code of Conduct for Directors **Compliance with Laws**

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

Conflict of interest

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

Corporate Opportunity

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

Confidentiality

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

Fair Dealing

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

Protection and Proper Use of the Company Assets

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

Reporting any Illegal or Unethical Behavior

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

Public Company Reporting

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



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Disclosure of Interest

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

Insider Trading

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

Salient Features for the Code of Conduct for Employees

Safety

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

Fitness for Duty

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

Attendance Report

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

Work Place Harassment and Discrimination

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

Environment

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

Workplace Violence

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

Weapons in Workplace

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

Protection and proper use of the Company Assets

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

Computer and System Security

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



Fair Dealing

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

Bribery

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

Confidential Information

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

Regulatory Compliance and Corporate governance

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

Financial Integrity

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

Alcohol, Drugs and Gambling

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

Insider Trading

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

Audit Committee

Members

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

Terms of Reference

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

- A. Recommending to the Board of Directors the appointment of external auditors, their remuneration and audit fees;
- B. Determination of appropriate measures to safeguard the Company's assets;
- C. Review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
 - Major judgmental areas;
 - Significant adjustments resulting from the audit;



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

Human Resource & Remuneration (HR & R) Committee

Members

- | | |
|----------------------------|----------|
| 1. Mr. Rehman Naseem | Chairman |
| 2. Mrs. Mahnaz Amir Sheikh | Member |
| 3. Mr. Faisal Ahmed | Member |

Terms of Reference

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

The committee shall be responsible for recommending the following to the Board:

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



NOTICE OF MEETING

Notice is hereby given that the **50th Annual General Meeting** of the shareholders of the Company M/S. FAZAL CLOTH MILLS LIMITED will be held on Saturday, October 31, 2015 at 11:00 a.m. at 129/1, Old Bahawalpur Road, Multan to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the last Extra Ordinary General Meeting of the Company held on June 23, 2015.
2. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2015 together with the Auditors' and Director's Report thereon.
3. To consider and approve payment of final Cash Dividend for the year ended June 30, 2015 at the rate of Rs.5.00 (Rupees Five Only) per Ordinary Share of Rs.10.00 each (2014: Rs. 2.50) as recommended by the Board of Directors.
4. To appoint External Auditors of the Company for the Financial Year Ending **June 30, 2016** and fix their remuneration. M/s. KPMG Taseer Hadi & CO., Chartered Accountants, Lahore, External Auditors of the Company retires and being eligible to offer themselves for re-appointment.
5. To Resolve to consider/recommend a loan and/or equity investment for the additional amount up-to Rs. 300,000,000/- (Pak Rupees Three Hundred Million Only) in addition to the already approved amount of equity investment of Rs.70,000,000/- (Pak Rupees Seventy Million Only) in "Fatima Transmission Company Limited", an Associated Undertaking at mark up chargeable in terms of clause 208 of the Companies Ordinance, 1984. Above additional amount of loan and/or equity investment shall comply with the requirements of Section 208 of the Companies Ordinance, 1984".
6. To transact any other business with the permission of the Chairman.

BY ORDER OF THE BOARD

MULTAN.
October 09, 2015.

Sd/-
(Asad Mustafa)
Company Secretary

NOTES:

1. The Share Transfer Books of the Company will remain closed from October 23, 2015 to October 31, 2015 (both days inclusive). Physical transfers / CDS Transaction IDs received at the Company's Share Registrar, M/s. Vision Consulting Ltd, 3- C, LDA Flats, Lawrence Road, Lahore, at the close of business on October 22, 2015 will be considered in time for the purpose of above entitlement and to determine voting rights of the shareholders for attending the meeting.
2. A member eligible to attend, speak and vote at this meeting may appoint another member as his/her proxy and CDC shareholders shall attach an attested copy of his/her Computerized National Identity Card (CNIC) / Passport. Proxies, in order to be effective, must reach at the Company's Registered Office not later than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed. Representatives of corporate members should bring the usual documents required for such purpose.
3. The Members, who desire for receiving the audited financial statements and AGM Notice through e-mail, are requested to send their written consent on a Standard Request Form available on website < www.fazalcloth.com > in order to avail this facility.
4. Shareholders are requested to notify / submit the following information & documents, in case of book entry securities in CDS to their respective CDS participants and in case of physical shares to our Share Registrar, if not earlier provided / notified:-
 - a. Change in their addresses;



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- b. Dividend mandate information i.e. Title of Bank Account, Bank Account No., Bank's Name, Branch Address and Cell / Landline No(s). of the Transferee(s) towards direct dispatch of cash dividend cheque(s) to their bankers;
- c. Valid and legible copies of CNIC for printing of CNIC number(s) on their Dividend Warrant(s) as required vide SRO 831 (I)/2012 dated July 05, 2012. In case of non-submission of valid & legible copy of CNIC, the Company will be constrained to withhold the Dividend Warrant(s) under Section 251(2) of the Companies Ordinance, 1984;
- d. Valid and legible copies of National Tax Number (NTN) or NTN Certificate(s) of corporate entities and must quote the company name and their respective folio numbers thereon while sending the copies;
- e. Pursuant to requirement of the Finance Act, 2015 effective July 01, 2015, the 'Filer' & 'Non - Filer' shareholders will pay tax on dividend income @12.5% and 17.5 % respectively. Therefore, please ensure that their name(s) have been entered into Active Taxpayers List (ATL) provided on website www.fbr.gov.pk of the Federal Board of Revenue (FBR), despite the fact that the shareholder is a filer, before the payment date of cash dividend i.e. **November 27, 2015**, otherwise tax on cash dividend will be deducted @17.5% instead of 12.5%;
- f. As per clarification of FBR, each shareholder is to be treated individually as either a 'Filer' or 'Non - Filer' and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing within 10 days from entitlement date i.e. October 22, 2015 as follows, to our Share Registrar, or if no notification, each joint holder shall be assumed to have an equal number of shares.

Folio/CDC A/c #	Total Shares	Principal Shareholder		Joint Shareholder	
		Name & CNIC No.	Shareholding Proportion (No. of Shares)	Name & CNIC No.	Shareholding Proportion (No. of Shares)

- g. Related reference from law or valid tax exemption certificate issued by the concerned Commissioner of Inland Revenue is to be furnished to the Company / Share Registrar in order to avail tax exemption otherwise tax will be deducted under the provisions of laws.
- h. For any query / information, the shareholders may contact with the Company Secretary at the above Registered Office and / or Mr. Abdul Ghaffar Ghaffari of Share Registrar, Vision Consulting Ltd, 3 -C, LDA Flats, Lawrence Road, Lahore, Ph. Nos. (042) 36283096-97.
- I The audited financial statements for the year ended June 30, 2015 are available on website of the Company <www.fazalcloth.com>.

The Statement pursuant to clause (b) of sub-section (1) of Section 160 of the Companies Ordinance, 1984 regarding "Fatima Transmission Company Limited", Associated Undertaking contains the following information:

1. **Name of the Company**
Fatima Transmission Company Limited ("FTCL")
2. **Nature, Amount & Extent of the Investment.**
Equity investment up-to Rs.300,000,000/- in FTCL in addition to already approved Rs. 70,000,000 by way of acquisition of equivalent amount of Ordinary Shares of Rs.10/- each of FTCL representing 37.50% of total equity of FTCL which will set up a special purpose transmission line and will charge use of system charge (wheeling charges) against use of transmission line for transmission of power.
3. **Average Market price of the shares**
The company is unlisted. Therefore, market price of share is not applicable.
4. **Breakup value of shares on the basis of last published financial statements.**
Break-up value of shares is Rs. 10/- per share.
5. **Price at which the Shares will be purchased.**
At face value i.e. Rs.10/- per share.



6. **Purchase price ceiling**
Face value of shares
7. **Benchmark for calculating purchase price of Shares**
Not Applicable
8. **Earnings per share of the Investee company for the last 3 years**
The company has not yet commenced its operations.
9. **Source of funds/finance**
Retained earnings and internal cash generations of the Company.
10. **Purpose of investment**
To enable the investee company to meet its project financing for setting up a special purpose transmission line is to earn dividend.
11. **Benefit likely to accrue to the Company and the shareholders from the proposed investment**
The Company will receive electricity supply at its plants through this transmission line from Fatima Energy Limited (FEL) which is also an Associated Undertaking of the Company. The Company will also earn dividends from Investee Company.
12. **Investment of directors or relatives in the Investee company**
Following directors of the Company and their relatives each hold one share in Investee Company:
Mr. Fazal Ahmed Sheikh
Mr. Fawad Ahmed Mukhtar
Mr. Rehman Naseem
13. **The brief about the financial positions.**
Based on Unaudited Financial Statements, as at June 30, 2015, total Assets are Rs. 84.5 million, total liabilities are Rs. 84.1 million. Loss after tax is Rs 12,933.

The proposed investment in “ **Fatima Transmission Company Limited**”, Associated Undertaking shall contain the following further disclosure in accordance with the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012 (the “Regulations”):

i. Name of the Company

Fatima Transmission Company Limited (“FTCL”), an Associated Undertaking based on common directorship.

ii. Purpose, benefit of investment

To facilitate the investee company for setting up and operate a special purpose transmission line for supply/transmission of electricity to associated & group companies including the Company. Main benefit of such investment to the Company is to ensure the uninterrupted supply of electricity to the Company enabling to smoothly running of its full production capacity and operations. This will also boost profitability of the investing Company as currently the Company is using alternative power generation sources which are expensive and bearing frequent electricity load shedding. On the other hand WAPDA is already suffering from approximately 4,000 Mega Watt shortfalls of electricity. Therefore, the management of the Company initiated such steps to avoid enslavement on WAPDA. The Company will also earn dividends from this investment in FTCL.

Period of investment

Within the period of two years ending on March 31, 2017.

iii. Maximum amount of investment

Equity investment upto the sum of Rs. 300.00 million.



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iv. Maximum price at which securities / shares will be acquired

At face value i.e. Rs.10/- per share.

v. Maximum number of securities / shares to be acquired

Maximum upto 30,000,000/- shares

vi. Number of securities / shares and percentage thereof held before and after proposed investment

- a) Number of shares held before proposed investment is 13,125 hence, 37.5% holding percentage in equity of FTCL.
- b) After proposed investment number of shares will be 37,000,000/- representing 37.5% equity of FTCL.

vii. In case of investment in listed securities/ shares, average of the preceding twelve weekly average price of the security/shares intended to be acquired;

FTCL is an unlisted company. Therefore, market price of its share is not applicable /available.

viii. In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6 (1)

The Company was incorporated just on 26th December, 2014. Audited financial statements have not been finalized yet therefore value of its share cannot be determined under clause 6(1) of the Regulations.

ix. Break-up value securities intended to be acquired on the basis of the latest audited financial statements

Break-up value of shares is PKR 10.00 per share.

x. Earnings per share of the associated company or associated undertaking for the last three years

The company has not yet commenced its operations.

xi. Source of funds from which securities will be acquired

Retained earnings and internal cash generations of the Company.

xii. Where the securities are intended to be acquired using borrowed fund

Not Applicable

xiii. Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with this regard to the proposed investment

Agreement may be entered after approval from shareholders.

xiv. Direct or indirect interest of the directors, sponsor, majority shareholders and their relatives, in the associated company

The Directors have no special interest in the investment except their personal shareholding.

xv. Any other important details necessary for the members to understand the transaction; and

NIL

xvi. In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely;

I. Description of project and its history since conceptualization

Fazal Cloth Mills Limited ("FCML"), Fatima Holding Company Limited ("FHCL") and Reliance Weaving Mills Limited ("RWML") (collectively the "Sponsors") are the associated and group companies of the Company, and have established FTCL which will set up and operate a special purpose transmission line for supply/transmission of electricity to associated & group companies as well including the FCML and it will charge use of system charges (wheeling charges) against use of transmission line for transmission of power. This will also boost profitability of the FCML as currently the Company is using alternative power generation sources which are expensive and bearing frequent electricity load shedding which affecting the production. On the other hand WAPDA is already suffering from approximately 4,000 Mega Watt shortfalls of electricity. Therefore, management of Fatima Group initiated such steps to avoid enslavement on WAPDA.



II. Starting and expected dates of completion of work

Construction starting date: June , 2015.

Expected completion date: June 30, 2017.

III. Time by which such project shall become commercially operational; and

Tentative Commercial Operation Date: June, 2017.

IV. Time by which the project shall start paying return on investment

Tentatively June, 2017.

IN CASE OF LOANS OR ADVANCES

The proposed investment in “Fatima Transmission Company Limited”, Associated Undertaking shall contain the following further disclosure in accordance with the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012 (the “Regulations”):

- (i) name of the associated company or associated undertaking along-with criteria based on which the associated relationship is established;**
Fatima Transmission Company Limited (“FTCL”). The relationship is based on the common directors, namely;
Mr. Fazal Ahmed Sheikh
Mr. Fawad Ahmed Mukhtar
Mr. Rehman Naseem
- (ii) amount of loans or advances;**
Rs. 300,000,000 in addition to already approved Rs. 70,000,000.
- (iii) purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances;**
The Company will receive electricity supply at its plants through this transmission line from Fatima Energy Limited (FEL) which is also an Associated Undertaking of the Company. The Company will also earn dividends from Investee Company.
- (iv) in case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof;**
N/A
- (v) financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements;**
Based on unaudited financial statements, as at June 30, 2015, total Assets are Rs. 84.5 million, total liabilities are Rs. 84.1 million. Loss after tax is Rs. 12,933.
- (vi) average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period;**
- (vii) KIBOR + 1% till the date the loan is repaid**
- (viii) rate of interest, mark up, profit, fees or commission etc. to be charged;**
The Company will earn markup KIBOR + 1% till the date the loan is repaid or shares issued against the loan.
- (ix) sources of funds from where loans or advances will be given;**
The investment will be made from retained earnings and internal cash generations of the Company .
- (x) where loans or advances are being granted using borrowed funds;**



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I. justification for granting loan or advance out of borrowed funds;
N/A

II. detail of guarantees I assets pledged for obtaining such funds, if any; and
N/A

III. repayment schedules of borrowing of the investing company; N/A

IV. particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any;
N/A

(xi) if the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion maybe exercisable;

The loan amount may be converted to shares of Investee Company at the rate of par value of Rs.10/- per share at the end of loan term.

(xii) repayment schedule and terms of loans or advances to be given to the investee company;
Repayment Schedule and other major terms may be entered after approval from shareholders.

(xiii) salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment;
Agreement may be entered after approval from shareholders.

(xiv) direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;
The Directors have no special interest in the investment except their personal shareholding.

(xv) any other important details necessary for the members to understand the transaction; and
NIL

(xvi) in case of investment in a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information is required, namely,-

I. a description of the project and its history since conceptualization;

Fazal Cloth Mills Limited ("FCML"), Fatima Holding Company Limited ("FHCL") and Reliance Weaving Mills Limited ("RWML") (collectively the "Sponsors") are the associated and group companies of the Company, and have established FTCL which will set up and operate a special purpose transmission line for supply/transmission of electricity to associated & group companies as well including the FCML and it will charge use of system charges (wheeling charges) against use of transmission line for transmission of power. This will also boost profitability of the FCML as currently the Company is using alternative power generation sources which are expensive and bearing frequent electricity load shedding which affecting the production. On the other hand WAPDA is already suffering from approximately 4,000 Mega Watt shortfalls of electricity. Therefore, management of Fatima Group initiated such steps to avoid enslavement on WAPDA.

II. starting date and expected date of completion;

Construction starting date: June 2015.
Expected completion date: June 30, 2017.

III. time by which such project shall become commercially operational;
Tentative Commercial Operation Date: June 2017.

IV. expected return on total capital employed in the project; and
Rs. 25 million approximately

V. funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts;
The investment will be made on cash.

BY ORDER OF THE BOARD

MULTAN.
October 09, 2015.

Sd/-
(Asad Mustafa)
Company Secretary



DIRECTORS' REPORT

Dear Shareholders,
Assalam-o-Alaikum,

It is a pleasure to welcome you to the 50th Annual General Meeting of the Company and place before you the Audited Financial Statement of the Company for the year ended June 30, 2015.

FINANCIAL AND OPERATING RESULTS:

Sales for the year were Rs. 25,419 Million as compared to Rs. 23,780 Million last year. This represents an increase of 6.89%. Profit for the year after tax is Rs. 510.51 Million after charging depreciation of Rs. 667.58 Million and contribution to Workers Profit Participation Fund of Rs. 36.43 Million. Earnings per share (EPS) are Rs. 17.02 (2014: Rs. 29.26). EBITDA of Rs. 2,617 Million was generated. EBITDA per ordinary share is Rs. 87.23 (2014:Rs. 89.98).

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

Description	Sh.Naseem Ahmad & Mst. Nighat Naseem	Mst. Mahnaz Amir Sh., Amir Naseem Sh. & Minor Children	Rehman Naseem & Minor Children	Fazal Ahmed Sheikh	Fahad Mukhtar	Faisal Ahmed	Company Secretary	CFO
Opening Balance as on 01.07.2014	8,820	2,859,271	3,186,984	2,041,611	43,507	2,039,865	-	970
Purchase	-	-	-	-	-	-	-	-
Bonus	-	-	-	-	-	-	-	-
Inherited	-	-	-	-	-	-	-	-
Gift	-	-	-	-	-	-	-	-
Transfer as Gift	-	-	-	-	-	-	-	-
Sold	-	-	-	-	-	-	-	-
Closing Balance as on 30.06.2015	8,820	2,859,271	3,186,984	2,041,611	43,507	2,039,865	-	970

During the year 2014-2015, four board meetings were held which were attended as follows:

		BOD Meeting	HR & R Meeting	Audit Committee Meeting
Sh. Naseem Ahmad	CEO	3		
Mr. Rehman Naseem	Chairman	4	4	4
Mrs. Mahnaz Amir Sheikh		2	2	
Mr. Fazal Ahmed Sheikh		3		
Mr. Faisal Ahmed		3	3	
Mr. Fahd Mukhtar		3		2
Mr. Jamal Nasim	Independent Director	2		2



COMPARISON OF LAST SIX YEARS OF OPERATIONS:

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

	2015	2014	2013	2012	2011	2010
Production in Kgs Spinning (000)	60,805	61,179	53,013	53,251	46,454	43,723
Production in Sq. Meters Fabric (000)	43,848	33,101	24,570	12,210	-	-
Sales net (Rs. In millions)	25,419	23,780	20,559	19,750	18,934	11,211
Gross Profit (Rs. In millions)	2,409	2,420	2,890	2,831	2,026	1,573
Net Profit before tax (Rs. In millions)	674	823	1,462 Restated	1,648 Restated	1,001 Restated	845 Restated
Provision for taxation including deferred tax (Rs. In millions)	(164)	55	(282) Restated	(463) Restated	(225) Restated	(198) Restated
Profit after taxation (Rs. In million)	510	878	1,180 Restated	1,184 Restated	776 Restated	648 Restated
Un-appropriated profit brought forward (Rs. In million)	5,822	4,936	3,711 Restated	2,618 Restated	2,447 Restated	1,761 Restated
Appropriation (Rs. In million)	6,478	5,935	5,074 Restated	3,691 Restated	3,016 Restated	2,358 Restated
Cash Dividend%	50%	25%	25%	20%	Nil	Nil
Specie Dividend %	Nil	Nil	Nil	Nil	50%	100%
Bonus Shares %	Nil	Nil	20%	10.62%	20.50%	Nil
Gross Profit ratio	9.48%	10.18%	14.06%	14.33%	10.70%	14.03%
Net profit after tax to sale ratio	2.01%	3.69%	5.74%	6.00%	4.36%	4.70%
Earnings before interest, tax, depreciation and amortization (EBITDA) (Rs. In million)	2,617	2,699	3,057 Restated	3,164 Restated	2,106 Restated	1,734 Restated

CORPORATE GOVERNANCE:

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

- The financial statements for the year ended June 30, 2015 present fairly the state of affairs, the result of its operations, cash flows and changes in equity;
- Proper books of account have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of financial statements for the year ended June 30, 2015 and accounting estimates are based on reasonable and prudent judgment;
- International Accounting Standards (IAS) as applicable in Pakistan, have been followed in preparation of financial statements;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- There is no doubt about the Company to continue as going concern;
- There has been no material departure from best practices of corporate governance as detailed in listing regulations;

PATTERN OF SHARE HOLDING:

The pattern of shareholding as on June 30, 2015 is annexed.

FUTURE OUTLOOK:

Prospects for Raw Cotton Crop in Pakistan for the season 2015-16 are dismal. Estimates vary from 10 million to 12.5



million bales against a production of 14.7 million bales. This has caused prices to increase from 4700 to 5500/mound. Yarn and Fabric prices have not increased proportionately. Due to a slowdown in China, demand remains weak. As a result, margins are depressed. Your management is doing all it can to counter the situation by increasing consumption of imported cotton and manmade fibers.

Interest rates have sharply declined. KIBOR has come down to 6.5% from approximately 9% last year. Electricity prices have also declined to Rs. 11/KWH pursuant to a sharp reduction in crude oil prices. This has resulted in decrease in production costs.

Overall your management remains hopeful of achieving similar results as current year subject to a revival in demand.

DIVIDEND ANNOUNCEMENT

Your Directors have proposed to distribute @ 50% (2014: 25%) cash dividend.

SUBSIDIARY COMPANY

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

Following is a brief description of Subsidiary Company of Fazal Cloth Mills Limited:

The registered office of the Subsidiary Company is located at 69/7, Abid Majeed Road, Survey # 248/7, Lahore Cantt, Lahore and the manufacturing facility of the Subsidiary Company is located at Mauza Khairabad, Qadirpur Rawan bypass, Khanewal Road, Multan. The Principal activity of the Subsidiary Company is to carry business of textile spinning. The holding Company (Fazal Cloth Mills Limited) owns and controls 100% shares of its subsidiary.

AUDITORS:

M/s.KPMG Taseer Hadi & Co., Chartered Accountants, auditors of the Company retires and being eligible offers themselves for reappointment for the year 2015-2016.

MANAGEMENT/LABOUR RELATIONS:

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

The employees and management of the company continued to make joint efforts to keep up high standards of productivity. Relationship of management and employees continued to remain in total harmony.

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

For and on behalf of the Board

Sd/-

(Sh. Naseem Ahmad)
Chief Executive Officer

Dated: October 09, 2015



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

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

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

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

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

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the Board during the year.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along-with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along -with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive directors, have been taken by the Board/shareholders.
8. The meetings of the Board of Directors were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. Five directors of the Company are exempt from training programs due to 14 years of education and 15 years of experience on the Board of a listed company. Further rest of the Directors will undertake Directors Training Program within specified time.
10. The Board has approved appointment of company secretary including his remuneration and terms and conditions of employment as determined by the CEO.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.



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

On behalf of the Board of Directors

Multan:
Dated: October 09, 2015

Sd/-
(REHMAN NASEEM)
Chairman



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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of Fazal Cloth Mills Limited ("the Company") for the year ended June 30, 2015 to comply with the requirements of Listing Regulation No. 35 of the Karachi and Lahore Stock Exchanges where the Company is listed.

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

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

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

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

Lahore
Date: October 09, 2015

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



Fazal Cloth Mills Limited

Fazal Cloth Mills Limited (The Company)
Financial Statements
for the year ended June 30, 2015



Auditors' Report to the Members

We have audited the annexed balance sheet of **Fazal Cloth Mills Limited** (“the Company”) as at 30 June 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Company’s business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;



- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2015 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Date: October 09, 2015
Lahore:

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



Balance Sheet

2015

2014

Note ----- Rupees -----

ASSETS

Non-current assets

Property, plant and equipment	4	17,465,989,537	13,534,368,091
Long term investments	5	3,657,165,531	2,329,793,605
Long term loan	6	530,000,000	499,940,000
Long term deposits		22,807,493	22,807,493
		21,675,962,561	16,386,909,189

Current assets

Stores, spares and loose tools	7	391,331,937	403,516,139
Stock-in-trade	8	4,446,033,548	5,362,875,978
Trade debts	9	3,805,423,237	2,884,937,972
Loans and advances	10	891,883,769	864,098,887
Trade deposits and short term prepayments	11	7,385,469	3,431,538
Mark-up accrued	12	98,148,500	49,029,704
Other receivables and deposits	13	134,025,479	329,094,883
Short term investments	14	545,590,770	227,268,181
Tax refundable		539,593,136	491,701,927
Cash and bank balances	15	169,824,779	346,251,152
		11,029,240,624	10,962,206,361

32,705,203,185

27,349,115,550

The annexed notes from 1 to 45 form an integral part of these financial statements.

Sd/-
(SHEIKH NASEEM AHMAD)
CHIEF EXECUTIVE OFFICER

Sd/-
(REHMAN NASEEM)
DIRECTOR



Fazal Cloth Mills Limited

As at June 30, 2015

2015

2014

Note

Rupees

EQUITY AND LIABILITIES

Share capital and reserves

Authorized share capital		700,000,000	700,000,000
Issued, subscribed and paid-up capital	16	300,000,000	300,000,000
Capital reserves	17	1,945,611,134	1,311,261,242
Unappropriated profits		6,406,846,268	5,822,543,822
		8,652,457,402	7,433,805,064

Surplus on revaluation of fixed assets - net of tax	18	6,865,760,927	3,440,823,294
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Non-current liabilities

Long term financing - secured	19	5,549,364,925	5,965,676,977
Long term musharika - secured	20	195,000,000	275,000,000
Deferred liabilities:			
- Staff gratuity	21	212,473,755	157,106,513
- Deferred taxation	21	1,950,326,682	1,375,175,353
		7,907,165,362	7,772,958,843

Current liabilities

Trade and other payables	22	1,815,673,276	1,694,478,611
Accrued profit / interest / mark-up	23	296,152,121	294,005,219
Short term borrowings - secured	24	5,741,657,906	5,636,135,888
Current portion of non-current liabilities	25	1,426,336,191	1,076,908,631
		9,279,819,494	8,701,528,349

Contingencies and commitments	26		
		32,705,203,185	27,349,115,550

Sd/-
(FAIZAN-UL-HAQ)
CHIEF FINANCIAL OFFICER



Profit and Loss Account

For the year ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
Sales - <i>net</i>	27	25,418,990,017	23,780,218,493
Cost of sales	28	<u>(23,009,982,011)</u>	<u>(21,360,209,825)</u>
Gross profit		2,409,008,006	2,420,008,668
Distribution cost	29	<u>(300,136,194)</u>	<u>(260,342,131)</u>
Administrative expenses	30	<u>(250,817,369)</u>	<u>(247,434,749)</u>
Other expenses	31	<u>(74,142,655)</u>	<u>(81,680,760)</u>
		<u>(625,096,218)</u>	<u>(589,457,640)</u>
Other income	32	<u>165,550,315</u>	<u>274,175,569</u>
Profit from operations		1,949,462,103	2,104,726,597
Finance cost	33	<u>(1,274,737,143)</u>	<u>(1,281,756,044)</u>
Profit before taxation		674,724,960	822,970,553
Taxation	34	<u>(164,212,109)</u>	<u>54,890,960</u>
Profit after taxation		<u>510,512,851</u>	<u>877,861,513</u>
 Earnings per share - <i>basic and diluted</i>	 35	 <u>17.02</u>	 <u>29.26</u>

The annexed notes from 1 to 45 form an integral part of these financial statements.

Sd/-
(SHEIKH NASEEM AHMAD)
CHIEF EXECUTIVE OFFICER

Sd/-
(REHMAN NASEEM)
DIRECTOR

Sd/-
(FAIZAN-UL-HAQ)
CHIEF FINANCIAL OFFICER



Statement of Comprehensive Income

For the year ended June 30, 2015

	2015 Rupees	2014 Rupees
Profit after taxation	510,512,851	877,861,513
<u>Other comprehensive income - net of tax</u>		
<i>Items that will never be reclassified to profit and loss:</i>		
<u>Other comprehensive income - transferred to equity</u>		
Remeasurement of defined benefit liability	(15,836,461)	(1,470,301)
Related tax impact	2,701,474	297,390
	(13,134,987)	(1,172,911)
<u>Other comprehensive income - not transferred to equity</u>		
Surplus on revaluation of fixed assets	4,116,194,378	-
Deferred tax liability on revaluation of fixed assets	(819,191,418)	-
	3,297,002,960	-
<i>Items that are or may be reclassified subsequently to profit and loss:</i>		
Net change in fair value of available for sale financial assets	634,349,892	262,685,109
Total comprehensive income for the year	4,428,730,716	1,139,373,711

The annexed notes from 1 to 45 form an integral part of these financial statements.

Sd/-
(SHEIKH NASEEM AHMAD)
CHIEF EXECUTIVE OFFICER

Sd/-
(REHMAN NASEEM)
DIRECTOR

Sd/-
(FAIZAN-UL-HAQ)
CHIEF FINANCIAL OFFICER



Fazal Cloth Mills Limited

Cash Flow Statement

For the year ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
<u>Cash flows from operating activities</u>			
Profit before taxation		674,724,960	822,970,553
Adjustments for:			
Depreciation of property, plant and equipment		667,579,505	592,351,098
Amortization of intangible assets		-	2,258,439
Unrealized gain on re-measurement of investments		(65,355,883)	(36,773,055)
Provision for gratuity		85,407,535	69,151,341
Provision for infrastructure cess		28,965,114	26,317,041
Gain on disposal of property, plant and equipment		(25,609,450)	(437,938)
Dividend income		(982,080)	(174,365,398)
Finance cost		1,196,629,363	1,173,615,619
Cash generated from operations before working capital changes		2,561,359,064	2,475,087,700
<u>Effect on cash flows due to working capital changes</u>			
(Increase) / decrease in current assets:			
Stores, spares and loose tools		12,184,202	(98,343,548)
Stock-in-trade		916,842,430	565,742,623
Trade debts		(920,485,265)	(889,310,168)
Loans and advances		(210,468,779)	(72,239,313)
Trade deposits and short term prepayments		(3,953,931)	3,224,043
Other receivables		21,284,326	(199,561,424)
		(184,597,017)	(690,487,787)
Increase in current liabilities		92,229,551	241,022,608
Trade and other payables		2,468,991,598	2,025,622,521
Cash generated from operations		(45,876,754)	(43,968,350)
Gratuity paid to employees		(163,582,678)	(428,582,164)
Taxes paid		(1,261,999,052)	(1,129,127,126)
Finance cost paid - net		(1,471,458,484)	(1,601,677,640)
Net cash generated / (used) in operating activities		997,533,114	423,944,881
<u>Cash flows from investing activities</u>			
Capital expenditure incurred		(509,570,810)	(1,858,618,017)
Proceeds from sale of property, plant and equipment		52,173,687	3,714,007
Investment in associates		(294,907,048)	-
Advance against investment in associate		(450,000,000)	(651,081,694)
Long term loan to subsidiary		(30,060,000)	(499,940,000)
Long term deposits		-	(2,579,187)
Dividend received		174,767,158	580,320
Net cash used in investing activities		(1,057,597,013)	(3,007,924,571)
<u>Cash flows from financing activities</u>			
Long term financing obtained		1,158,973,020	2,603,717,304
Long term financing repaid		(1,255,857,512)	(840,941,893)
Long term musharika repaid		(50,000,000)	(50,000,000)
Short term borrowings - net		105,522,018	1,298,955,255
Redemption of preference shares		-	(175,000,000)
Cash dividend paid		(75,000,000)	(62,500,000)
Net cash (used) in / generated from financing activities		(116,362,474)	2,774,230,666
Net (decrease) / increase in cash and cash equivalents		(176,426,373)	190,250,976
Cash and cash equivalents at the beginning of the year		346,251,152	156,000,176
Cash and cash equivalents at the end of the year		169,824,779	346,251,152

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The annexed notes from 1 to 45 form an integral part of these financial statements.

Sd/-
(SHEIKH NASEEM AHMAD)
CHIEF EXECUTIVE OFFICER

Sd/-
(REHMAN NASEEM)
DIRECTOR

Sd/-
(FAIZAN-UL-HAQ)
CHIEF FINANCIAL OFFICER



Annual Report 2015 29

The annexed notes from 1 to 45 form an integral part of these financial statements.

Sd/-
(FAIZAN-UL-HAQ)
CHIEF FINANCIAL OFFICER



Notes to the Financial Statements

For the year ended June 30, 2015

1 Reporting entity

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

2 Basis of preparation

2.1 Separate financial statements

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

The Company has following major investment:

Name of the company	Shareholding	Nature
<u>Subsidiary</u>		
- Fazal Weaving Mills Limited ("Subsidiary")	100%	Spinning and Weaving
<u>Associates</u>		
- Fatima Energy Limited	46.99%	Energy Generation
- Fatima Transmission Company Limited	37.50%	Transmission of Energy

2.2 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 are notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirement of the said directives shall prevail.



2.3 Standards, interpretations and amendments to published approved accounting standards

2.3.1 New standards, amendments to approved accounting standards and interpretations which became effective during the year ended June 30, 2015

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

2.3.2 The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after July 01, 2015:

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after January 01, 2016) introduce severe restrictions on the use of revenue-based amortisation for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'Highly correlated' or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.
- IFRS 10 'Consolidated Financial Statements' - (effective for annual periods beginning on or after January 01, 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. 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 January 01, 2016.
- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after January 01, 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after January 01, 2016. The adoption of this standard is not likely to have an impact on Company's financial statements.



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- IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after January 01, 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place. The adoption of this standard is not likely to have an impact on Company's financial statements.
- IFRS 13 'Fair Value Measurement' effective for annual periods beginning on or after January 01, 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The adoption of this standard is not likely to have an impact on Company's financial statements.
- Amendments to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after January 01, 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. The adoption of the amended standard is not likely to have an impact on Company's financial statements.
- Agriculture: Bearer Plants [Amendments to IAS 16 and IAS 41] (effective for annual periods beginning on or after January 01, 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. The adoption of the amended standard is not likely to have an impact on Company's financial statements.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after January 01, 2016]. The main consequence of the amendments is that a full gain or loss is recognised 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. The adoption of these amendments is not likely to have an impact on Company's financial statements.
- Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after January 01, 2016). The new cycle of improvements contain amendments to the following standards:
 - 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 not specifically required for inclusion in condensed interim financial statements for all interim periods.
- 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.

2.4 Basis of measurement

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

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

In these financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

2.5 Functional and presentation currency

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

2.6 Use of estimates and judgments

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



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

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

Property, plant and equipment

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

Revaluation of property, plant and equipment

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

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

Intangible assets

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

Stores, spares, loose tools and stock-in-trade

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

Provision for doubtful debts, advances and other receivables

The Company reviews the recoverability of its trade debts, advances and other receivables at each reporting date to assess whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimates of the amount and timing of future



cash flows when determining the level of provision required. Such estimates are based on certain assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

Recoverable amount of assets / cash generating units and impairment

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

Employee benefits

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

Taxation

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

3 Significant accounting policies

3.1 Property, plant and equipment

Owned

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses with the exception of freehold-land, which is measured at revalued amount, factory building, non-factory building and plant and machinery which are measured at revalued amount less accumulated depreciation. Any revaluation increase arising on the revaluation of such assets is credited in 'Surplus on Revaluation of fixed assets'. A decrease in the carrying amount arising on revaluation is charged to profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation account relating to a previous revaluation of that asset. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and other costs directly attributable to the acquisition or construction including expenditures on material, labour and overheads directly relating to construction, erection and installation of operating fixed assets.



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Depreciation is charged on a systematic basis over the useful life of the assets, on reducing balance method, which reflects the patterns in which the economic benefits are consumed by the Company, at the rates specified in note 4.1. Depreciation on additions is charged full in the month of the asset is available for use and nil in the month the asset is disposed of.

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

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

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

The assets' residual values and useful lives are continually reviewed by the Company and adjusted if impact on depreciation is significant. The Company's estimate of residual values of property, plant and equipment as at June 30, 2015 has not required any adjustment as its impact is considered insignificant.

Capital work-in-progress

Capital work in progress is stated at cost less identified impairment loss, if any. Cost includes the expenditures on material, labour, appropriate directly attributable overheads and includes borrowing cost in respect of qualifying assets as stated in note 3.5. These costs are transferred to operating fixed assets as and when assets are available for their intended use.

3.2 Lease

Operating lease

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

3.3 Intangible assets

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



3.4 Impairment

Financial assets

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

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

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

Non-financial assets

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

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

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

3.5 Borrowings cost

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



3.6 Taxation

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

Current

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

The Company has opted for Group Taxation under section 59AA of the Income Tax Ordinance, 2001 since 2014. Under this approach the Company is accounting for the related taxes under standalone taxpayer approach. Under this approach current and deferred taxes are recognised as if the entity was taxable in its own right.

Deferred

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

tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Further, the Company recognizes deferred tax asset / liability on deficit / surplus on revaluation of property, plant and equipment which is adjusted against the related deficit / surplus.

Further, the Company accounts for the tax consequences of transactions and other events in the same way that it accounts for the transactions and other events themselves. Thus, for transactions and other events recognised in profit and loss, any related tax effects are also recognised in profit and loss. For transactions and other events recognised outside profit and loss (either in other comprehensive income or directly in equity), any related tax effects are also recognised outside profit and loss (either in other comprehensive income or directly in equity, respectively).

3.7 Foreign currency

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary items that are based on historical



cost in a foreign currency are not translated. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into rupees at exchange rates prevailing at the date when fair values are determined. Foreign currency differences are recognised in profit and loss account currently.

3.8 Staff retirement benefits

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

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

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

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

3.9 Provisions

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

3.10 Contingent liabilities

A contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or



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- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

3.11 Financial instruments

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

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

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

3.12 Settlement date accounting

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

3.13 Financial liabilities

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

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

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



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

3.14 Investments

3.14.1 Available-for-sale

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

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

3.14.2 Investments in subsidiaries

Investment in subsidiary company is measured at cost in the Company's separate financial statements, as per the requirements of IAS-27 "Separate Financial Statements". However, at subsequent reporting dates, the Company reviews the carrying amount of the investment and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. If any such indication exists the carrying amount of the investment is adjusted to the extent of impairment loss. Impairment losses are recognized as an expense.

3.14.3 Investments in associates

Associates are all entities over which the Company has significant influence but no control. Investment in associates are classified as available-for-sale, for the purpose of measurement in the Company's separate financial statements.

Available for sale

Investments classified as available for sale are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are re-measured at fair value, unless fair value cannot be reliably measured. Unrealized gains and losses arising from the changes in the fair value are directly recognized in equity in the period in which they arise. Cumulative gains and losses arising from changes in fair value are included in net profit or loss for the period in which an investment is derecognized.

Investments intended to be held for less than twelve months from the balance sheet date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current assets. Management determines the appropriate classification of its investments at the time of the



purchase and re-evaluates such designation on a regular basis.

3.14.4 Investments at fair value through profit or loss

Investments at fair value through profit and loss are those which are acquired for generating a profit from short-term fluctuation in prices. All investments are initially recognized at cost, being the fair value of the consideration given. Subsequent to initial recognition, these investments are re-measured at fair value (quoted market price). Any gain or loss from a change in the fair value is recognized as income in profit and loss account.

3.15 Stores, spares and loose tools

These are stated at lower of cost and net realizable value. Cost is determined using the weighted average method. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

3.16 Stock-in-trade

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

Cost has been determined as follows:

Raw materials	Weighted average cost
Work-in-process and finished goods	Cost of direct materials, labour and appropriate manufacturing overheads.

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

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

3.17 Revenue recognition

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

- Sales are recorded when significant risks and rewards of ownership of the goods are transferred to the customers.



- Dividend income is accounted for when the right to receive is established.
- Interest income is recognized using effective interest method.

3.18 Loan and receivables

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

Long term advances and deposits

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

Trade debts

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

3.19 Cash and cash equivalents

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

3.20 Off setting of financial instruments

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

3.21 Earnings per share

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

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

3.22 Dividend distribution

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



4 Property, plant and equipment

Operating fixed assets
Capital work-in-progress - at cost

4.1 Operating fixed assets

	Cost / revalued amount				Rate %	Depreciation				Net book value as at June 30, 2015
	As at July 01, 2014	Revaluation surplus	Additions	Disposals		As at June 30, 2015	Disposals	For the year	Revaluation surplus	
Rupees										
Freehold land										
- cost	342,842,589	-	102,246,296	-	445,088,885	-	-	-	-	445,088,885
- surplus on revaluation	1,032,210,614	503,817,778	-	-	1,536,028,392	-	-	-	-	1,536,028,392
	1,375,053,203	503,817,778	102,246,296	-	1,981,117,277	-	-	-	-	1,981,117,277
Factory building										
- cost	1,268,947,360	-	25,691,082	-	1,294,638,442	-	-	-	-	953,433,272
- surplus on revaluation	1,180,678,093	1,199,234,057	-	-	2,379,912,150	5	-	-	-	1,617,373,340
	2,449,625,453	1,199,234,057	25,691,082	-	3,674,550,592	-	-	-	-	2,570,806,612
Non-factory building										
- cost	483,790,711	-	41,049,329	-	524,840,040	-	-	-	-	341,205,170
- surplus on revaluation	407,064,199	2,260,317,035	-	-	2,667,381,234	5	-	-	-	762,538,810
	890,854,910	2,260,317,035	41,049,329	-	3,192,221,274	-	-	-	-	1,103,743,980
Plant and machinery										
- cost	9,545,726,738	-	276,521,974	-	9,785,426,926	-	-	-	-	2,924,081,073
- surplus on revaluation	2,858,970,143	810,728,196	-	-	3,666,323,161	5	-	-	-	1,315,789,678
	12,404,696,881	810,728,196	276,521,974	-	13,451,750,087	-	-	-	-	4,239,870,751
Electric fittings and installations										
- cost	554,351,806	-	12,165,414	-	566,517,220	-	-	-	-	127,253,469
- surplus on revaluation	38,205,128	469,045,207	-	-	507,250,335	5	-	-	-	157,848,668
	592,556,934	469,045,207	12,165,414	-	1,073,767,555	-	-	-	-	285,102,337
Site gas installations										
- cost	14,020,862	-	-	-	14,020,862	-	-	-	-	6,300,883
- surplus on revaluation	1,074,294	7,404,208	-	-	8,478,502	5	-	-	-	3,858,892
	15,095,156	7,404,208	-	-	22,499,364	-	-	-	-	10,159,775
Tools, laboratory equipment and arms										
- cost	52,175,331	-	465,799	-	52,641,130	-	-	-	-	25,231,289
- surplus on revaluation	13,613,285	157,375,873	-	-	170,989,158	5	-	-	-	85,709,208
	65,788,616	157,375,873	465,799	-	223,630,288	-	-	-	-	110,940,497
Fire extinguishing equipment and scales										
- cost	10,777,274	-	202,170	-	10,979,444	-	-	-	-	5,574,155
- surplus on revaluation	17,516,973	17,079,067	-	-	34,596,040	5	-	-	-	14,179,315
	28,294,247	17,079,067	202,170	-	45,575,484	-	-	-	-	19,753,470
Office equipments										
- cost	36,236,954	-	2,786,859	-	37,451,451	10	-	-	-	15,801,793
- surplus on revaluation	20,124,473	-	1,013,557	-	21,138,030	10	-	-	-	8,389,801
	56,361,427	-	3,800,416	-	60,169,481	-	-	-	-	24,192,764
Furniture and fittings										
- cost	187,162,719	-	7,179,697	-	194,342,416	20	-	-	-	85,247,904
- surplus on revaluation	18,065,489,546	5,425,001,421	469,322,177	-	23,969,811,114	-	-	-	-	10,514,570
	19,931,652,264	5,425,001,421	476,491,874	-	25,825,945,558	-	-	-	-	10,514,570
Vehicles										
- cost	187,162,719	-	7,179,697	-	194,342,416	20	-	-	-	85,247,904
- surplus on revaluation	18,065,489,546	5,425,001,421	469,322,177	-	23,969,811,114	-	-	-	-	10,514,570
	19,931,652,264	5,425,001,421	476,491,874	-	25,825,945,558	-	-	-	-	10,514,570
2015										
- cost	4,710,620,166	-	667,579,505	-	5,378,200,671	-	-	-	-	6,655,911,500
- surplus on revaluation	1,308,807,043	667,579,505	-	-	2,346,006,548	-	-	-	-	17,246,242,193
	6,019,427,209	1,308,807,043	667,579,505	-	8,015,812,762	-	-	-	-	17,246,242,193
Intangible assets										
- cost	10,514,570	-	-	-	10,514,570	-	-	-	-	-
- surplus on revaluation	10,514,570	-	-	-	21,029,140	-	-	-	-	-
	21,029,140	-	-	-	31,543,710	-	-	-	-	-



Fazal Cloth Mills Limited

Operating fixed assets

	Cost / revalued amount				Rate %	Depreciation				Net book value as at	
	As at July 01, 2013	Revaluation surplus	Additions	Disposals		As at July 01, 2013	Revaluation surplus	For the year	Disposals	As at June 30, 2014	June 30, 2014
Rupees											
Freehold land											
- cost	143,531,518	-	199,311,071	-	-	-	-	-	-	-	342,842,589
- surplus on revaluation	1,032,210,614	-	-	-	-	-	-	-	-	-	1,032,210,614
	1,175,742,132	-	199,311,071	-	-	-	-	-	-	-	1,375,053,203
Factory building					5						
- cost	1,104,496,498	-	164,450,861	-	-	246,103,755	-	45,798,357	-	291,902,112	977,045,247
- surplus on revaluation	1,180,678,093	-	-	-	-	365,565,466	-	40,626,128	-	406,191,594	774,486,499
	2,285,174,591	-	164,450,861	-	-	611,669,221	-	86,424,485	-	698,093,706	1,751,531,746
Non-factory building					5						
- cost	377,979,865	-	105,810,846	-	-	78,254,736	-	16,120,963	-	94,375,699	389,415,012
- surplus on revaluation	407,064,199	-	-	-	-	119,167,043	-	14,386,368	-	133,553,411	273,510,788
	785,044,064	-	105,810,846	-	-	197,421,779	-	30,507,331	-	227,929,110	665,925,800
Plant and machinery					5						
- cost	8,374,629,755	-	1,174,823,938	(3,726,954)	-	2,267,204,618	-	328,139,526	(2,629,317)	2,592,714,827	6,953,011,912
- surplus on revaluation	2,858,970,143	-	-	-	-	835,774,599	-	101,116,960	-	936,890,659	1,922,079,484
	11,233,599,898	-	1,174,823,938	(3,726,954)	-	3,102,979,217	-	429,255,586	(2,629,317)	3,529,605,486	8,875,091,396
Electric fittings and installations					5						
- cost	417,720,139	-	138,046,190	(1,414,523)	-	86,320,772	-	18,743,850	(521,220)	104,543,402	449,808,404
- surplus on revaluation	38,205,128	-	-	-	-	10,120,847	-	1,404,214	-	11,525,061	26,680,067
	455,925,267	-	138,046,190	(1,414,523)	-	96,441,619	-	20,148,064	(521,220)	116,068,463	476,488,471
Sui gas installations					5						
- cost	14,020,862	-	-	-	-	5,467,107	-	427,462	-	5,894,569	8,126,293
- surplus on revaluation	1,074,294	-	-	-	-	284,589	-	39,485	-	324,074	750,220
	15,095,156	-	-	-	-	5,751,696	-	466,947	-	6,218,643	8,876,513
Tools, laboratory equipment and arms					5						
- cost	49,694,626	-	2,480,705	-	-	22,408,899	-	1,401,026	-	23,809,925	28,365,406
- surplus on revaluation	13,613,285	-	-	-	-	3,579,779	-	496,675	-	4,076,454	9,536,831
	63,307,911	-	2,480,705	-	-	25,988,678	-	1,897,701	-	27,886,379	37,902,237
Fire extinguishing equipment and scales					5						
- cost	10,322,916	-	454,358	-	-	5,023,232	-	274,526	-	5,297,758	5,479,516
- surplus on revaluation	17,516,973	-	-	-	-	4,636,414	-	64,278	-	5,279,692	12,237,281
	27,839,889	-	454,358	-	-	9,659,646	-	917,804	-	10,577,450	17,716,797
Office equipments					10						
- cost	31,766,827	-	5,425,869	(955,742)	-	12,414,072	-	2,222,098	(408,874)	14,227,296	22,009,658
Furniture and fittings					10						
- cost	16,156,327	-	3,968,146	-	-	5,866,793	-	1,174,194	-	7,040,987	13,083,486
Vehicles					20						
- cost	136,209,764	-	52,892,521	(1,939,566)	-	54,837,062	-	19,336,888	(1,201,305)	72,972,645	114,190,074
2014	16,225,861,826	-	1,847,664,505	(8,036,785)	-	41,232,029,783	-	592,351,098	(4,760,716)	47,106,201,165	13,354,869,381
Intangible assets					20						
- cost	10,514,570	-	-	-	-	8,256,131	-	2,258,439	-	10,514,570	-
2014	10,514,570	-	-	-	-	8,256,131	-	2,258,439	-	10,514,570	13,354,869,381



Fazal Cloth Mills Limited

	Note	2015 Rupees	2014 Rupees
4.2 Capital work-in-progress - cost			
Opening balance		179,498,710	168,545,198
Additions during the year		370,022,794	1,657,248,897
Transfers during the year		(329,774,160)	(1,646,295,385)
Closing balance		219,747,344	179,498,710
4.2.1 Breakup of closing balance of capital work-in-progress:			
<i>Land</i>			
Advance payments		-	563,000
<i>Factory buildings</i>			
Material and expenses		85,046,082	67,382,214
Advance payments		47,593,525	42,105,565
		132,639,607	109,487,779
<i>Non-factory buildings</i>			
Material and expenses		61,010,301	51,974,535
<i>Plant and machinery</i>			
Cost and expenses		14,754,837	2,170,405
Advance payments		2,525,608	1,557,620
Letters of credit		-	8,561,321
		17,280,445	12,289,346
<i>Furniture and fixtures</i>			
Advance payments		368,766	468,161
<i>Office equipment</i>			
Advance payments		24,480	-
<i>Electric fittings and Installations</i>			
Advance payments		8,423,745	4,715,889
		219,747,344	179,498,710
4.3 Depreciation is allocated as under:			
Cost of sales	28	641,216,850	569,610,833
Administrative expenses	30	26,362,655	22,740,265
		667,579,505	592,351,098



4.4 The following assets were disposed of during the year

	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds / Insurance claim	Gain / (loss)	Mode of disposal	Particulars of purchaser
Rupees							
Plant and machinery							
Alternator 3520C	28,503,152	9,943,456	18,559,696	22,777,118	4,217,422	Insurance Claim	Adamjee Insurance Limited
Murata Mach-Coner Automatic Winder	8,418,671	7,055,914	1,362,757	868,644	(494,113)	Negotiation	USAY Trading Corporation
Diesel Generator Set 3512-D (Catterpillar)	3,275,141	2,938,487	336,654	13,048,000	12,711,346	Insurance Claim	Adamjee Insurance Limited
	40,196,964	19,937,857	20,259,107	36,693,762	16,434,655		
Vehicles							
Toyota Land Cruiser Vehicle # BF-6999	13,695,084	8,721,322	4,973,762	13,200,000	8,226,238	Insurance Claim	Adamjee Insurance Limited
Toyota Corolla Altis MLG 99	1,223,741	1,068,825	154,916	300,000	145,084	Negotiation	Arshad Ali Tahir
Suzuki Cultus - MLN-993	596,300	507,789	88,511	300,000	211,489	Negotiation	Zaffar Iqbal Sheikh
MLN-99 Toyota Altis	375,000	158,250	216,750	400,000	183,250	Negotiation	Sheikh Shah Nawaz
	15,890,125	10,456,186	5,433,939	14,200,000	8,766,061		
Office equipments							
Wide Area Network Equipment	1,014,000	478,612	535,388	861,300	325,912	Insurance Claim	Adamjee Insurance Limited
Photocopier RICO MP-4500	100,000	30,506	69,494	74,000	4,506	Insurance Claim	Adamjee Insurance Limited
Photocopier, Fax machines	88,000	29,194	58,806	69,000	10,194	Insurance Claim	Adamjee Insurance Limited
	1,202,000	538,312	663,688	1,004,300	340,612		
Assets having net book value of assets less than Rs. 50,000	370,362	162,859	207,503	275,625	68,122	Insurance Claim	Adamjee Insurance Limited
2015	57,659,451	31,095,214	26,564,237	52,173,687	25,609,450		
2014	8,036,785	4,760,716	3,276,069	3,714,007	437,938		

5 Long term investments (available for sale)

Investment in related parties

Associated company - at fair value	5.1	2,461,176,791	1,826,826,899
Associated companies - at cost	5.2	945,988,740	252,966,706
Subsidiary company - at cost	5.3	250,000,000	250,000,000
		3,657,165,531	2,329,793,605



Note	Shares		Market value		Market value per share		Percentage of holding	
	2015	2014	2015	2014	2015	2014	2015	2014
	Number		Rupees		Rupees			
5.1 Associated Company - at fair value								
Fatima Fertilizer Company Limited - quoted	62,994,031	62,994,031	2,461,176,791	1,826,826,899	39.07	29.00	2.88%	2.88%
			<u>2,461,176,791</u>	<u>1,826,826,899</u>				

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

Note	Shares		Carrying value		Percentage of holding	
	2015	2014	2015	2014	2015	2014
	Number		Rupees			

5.2 Associated companies - at cost

Pakarab Fertilizers Limited - unquoted	5.2.1	-	25,790,610	-	252,966,706	5.73%
Fatima Energy Limited - unquoted	5.2.2 & 5.2.4	92,421,349	-	924,213,490	-	46.99%
Fatima Transmission Company Limited - unquoted	5.2.3 & 5.2.4	13,125	-	131,250	-	37.50%
Multan Real Estate (Private) Limited - unquoted	5.2.2 & 5.2.4	216,440	-	21,644,000	-	9.96%
				<u>945,988,740</u>	<u>252,966,706</u>	

5.2.1 The investment is valued at cost, owing to non-availability of market value of its shares as it is not listed on any of the stock exchanges in Pakistan. The company is an associated company due to common directorship, as defined in Companies Ordinance, 1984. During the year, approval for selling out this investment has been granted through Extra Ordinary General Meeting held on June 23, 2015 and therefore it is classified under short term investment in note 14.4. Subsequent to the year end this investment has been sold at a total value of Rs. 335.28 million.

5.2.2 During the year advance including accrued markup aggregating to Rs. 924.21 million and Rs. 21.64 million has been converted into 92.42 million and 0.21 million ordinary shares of Fatima Energy Limited ("FEL") and Multan Real Estate (Private) Limited respectively, associated companies. Provisions of section 208 of the Companies Ordinance, 1984 have been fully complied with in this regard. At present, the Company owns 46.99% equity of FEL. The Company will hold 22.00% of FEL equity after enhancement in paid-up capital of FEL as per terms of special resolution passed in AGM dated October 31, 2013.

5.2.3 During the year the Company made investment in Fatima Transmission Company Limited, an associated company. Provisions of section 208 of the Companies Ordinance, 1984 have been fully complied with in this regard.

5.2.4 These investments are valued at cost owing to non-availability of market value of its shares as they are not listed on any of the stock exchanges in Pakistan. All Investments were made from the Company's own sources.

Note	Shares		Carrying value		Percentage of holding	
	2015	2014	2015	2014	2015	2014
	Number		Rupees			

5.3 Subsidiary company - at cost

Fazal Weaving Mills Limited - unquoted	5.3.1	25,000,000	25,000,000	250,000,000	100%	100%
				<u>250,000,000</u>		

5.3.1 Fazal Weaving Mills Limited was set up to carry business of textile spinning. The Company holds 100% of equity of the subsidiary and investment was made from Company's own sources. Fazal Weaving Mills Limited commenced its commercial operations from April 01, 2014.

5.4 Shares of all investee companies are ordinary fully paid-up shares, having a face value of Rs. 10 per share except for the shares of Multan Real Estate (Private) Limited which have a face value of Rs. 100 per share.



Fazal Cloth Mills Limited

6 Long term loan

Fazal Weaving Mills Limited - *unsecured*

2015
Rupees

2014
Rupees

530,000,000

499,940,000

6.1 It represents loan disbursed to subsidiary of the Company to finance capital expenditure as well as the working capital needs thereof. It is repayable after 5 years and carries mark-up at weighted average borrowing cost of the Company. During the year mark up charged at the rates ranging from 10.02% to 11.44% per annum. It is subordinated to the extent of Rs. 530 million to all the financing facilities obtained by Fazal Weaving Mills Limited from MCB Bank Limited, Allied Bank Limited, Faysal Bank Limited, Habib Bank Limited, Askari Bank Limited, United Bank Limited, Meezan Bank Limited, Bank Al-Falah Limited and The Bank of Punjab.

7 Stores, spares and loose tools

Note

2015
Rupees

2014
Rupees

Stores

7.1

114,849,288

166,414,167

Spares

277,316,905

237,908,890

Loose tools

936,060

963,398

393,102,253

405,286,455

Less: Provision for slow moving items

(1,770,316)

(1,770,316)

391,331,937

403,516,139

7.1 This includes stores in transit of Rs. 42.53 million (2014: Rs. 70.87 million).

8 Stock-in-trade

Note

2015
Rupees

2014
Rupees

Raw material

8.1

3,153,710,935

2,824,995,770

Work-in-process

249,878,782

276,188,806

3,403,589,717

3,101,184,576

Finished goods

Yarn

726,656,904

1,810,892,548

Fabric

315,786,927

450,798,854

1,042,443,831

2,261,691,402

4,446,033,548

5,362,875,978



Fazal Cloth Mills Limited

8.1 This includes raw material in transit of Rs. 308.93 million (2014: Rs. 282.83 million).

8.2 During the year adjustments have been incorporated in the stock-in-trade in accordance with the policy mentioned in note 3.16.

9 Trade debts	Note	2015 Rupees	2014 Rupees
Export - <i>secured</i>	9.1	1,710,822,642	1,076,104,732
Local - <i>unsecured, considered good</i>	9.2	2,094,600,595	1,808,833,240
		<u>3,805,423,237</u>	<u>2,884,937,972</u>

9.1 These are secured through banks by letters of credit.

9.2 These include due from following associated undertakings on account of trading activities.

	Note	2015 Rupees	2014 Rupees
Fazal Rehman Fabrics Limited		171,535,375	127,753,664
Amir Fine Exports (Private) Limited		-	8,400
Reliance Weaving Mills Limited		3,501,162	1,836,415
		<u>175,036,537</u>	<u>129,598,479</u>

10 Loans and advances

Considered good

Due from subsidiary	363,546,646	113,112,102
---------------------	-------------	-------------

Others

Advances to suppliers and contractors		64,147,008	83,230,329
Advances for issue of shares to related parties:			
- <i>Fatima Energy Limited</i>	10.1	450,000,000	629,437,666
- <i>Multan Real Estate (Private) Limited</i>	10.1	-	21,644,028
Advances to:			
- <i>Executives against salaries - secured</i>	10.2	1,912,037	844,583
- <i>Other employees against salaries- secured</i>		6,804,329	7,399,409
Letters of credit		5,473,749	8,430,770
		<u>891,883,769</u>	<u>864,098,887</u>



10.1 It represents advance against future issue of ordinary shares. Provisions of section 208 of the Companies Ordinance, 1984 have been fully complied with in this regard.

10.2 Maximum aggregate amount due from executives at any month end during the year was Rs. 1.5 million (2014: Rs. 1.1 million).

11 Trade deposits and short term prepayments	<i>Note</i>	2015 Rupees	2014 Rupees
Deposits		4,173,458	-
Prepayments		3,212,011	3,431,538
		<u>7,385,469</u>	<u>3,431,538</u>

12 Mark-up accrued

Mark-up accrued on:

- <i>Subsidiary</i>	12.1	85,928,721	34,015,660
- <i>Fatima Energy Limited ("FEL")</i>	12.2	12,219,779	15,014,044
		<u>98,148,500</u>	<u>49,029,704</u>

12.1 Mark-up is accrued on the basis as described in note 6.1.

12.2 It represents mark-up accrued on advance given against issue of shares to FEL at weighted average borrowing cost of the Company. During the year mark-up was charged at the rates ranging from 10.02% to 11.44% per annum

13 Other receivables and deposits	<i>Note</i>	2015 Rupees	2014 Rupees
Insurance claim receivable		5,156,887	1,441,213
Guarantee margin		125,000,000	150,000,000
Dividend receivable on investments		3,868,592	177,653,670
		<u>134,025,479</u>	<u>329,094,883</u>

14 Short term investments

Investments at fair value through profit and loss	14.1	292,624,064	189,080,000
Investment available for sale	14.2	252,966,706	38,188,181
		<u>545,590,770</u>	<u>227,268,181</u>



Fazal Cloth Mills Limited

14.1 These investments are 'held for trading'

Carrying value at June 30,:

Related party		189,080,000	161,891,600
Others		38,188,181	28,603,526
		<u>227,268,181</u>	<u>190,495,126</u>

Unrealized gain on re-measurement of
investment - during the year

32	65,355,883	36,773,055
	<u>292,624,064</u>	<u>227,268,181</u>

*Fair value of short term investments at June 30,
comprises of:*

Related party	14.3	254,736,400	189,080,000
Others	14.3	37,887,664	38,188,181
		<u>292,624,064</u>	<u>227,268,181</u>

14.2 Investment available for sale

Related party	14.4	252,966,706	-
		<u>252,966,706</u>	<u>-</u>



14.3	Held for trading	Note	Shares		Fair value		Market value per share		Percentage of holding	
			2015	2014	2015	2014	2015	2014	2015	2014
			Number		Rupees		Rupees		Rupees	
Related party										
	Fatima Fertilizer Company Limited - quoted		6,520,000	6,520,000	254,736,400	189,080,000	39.07	29.00	0.43%	0.43%
Other										
	Pakistan State Oil Company Limited - quoted		98,208	98,208	37,887,664	38,188,181	385.79	388.85	0.04%	0.04%
					<u>292,624,064</u>	<u>227,268,181</u>				
14.4	Held for sale	Note	Shares		Cost		Market value per share		Percentage of holding	
			2015	2014	2015	2014	2015	2014	2015	2014
			Number		Rupees		Rupees		Rupees	
Related party										
	Pakarab Fertilizers Limited - unquoted	5.2.1	25,790,610	-	252,966,706	-	5.73%	-		
					<u>252,966,706</u>	<u>-</u>				

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

15 Cash and bank balances

Note	2015		2014	
	Rupees		Rupees	
Cash in hand	3,985,430		5,912,321	
Cash at banks				
- Current accounts	<u>165,428,248</u>	<u>339,930,993</u>	<u>411,101</u>	<u>407,838</u>
- Saving accounts	<u>165,839,349</u>	<u>340,338,831</u>	<u>169,824,779</u>	<u>346,251,152</u>
	<u>169,824,779</u>		<u>346,251,152</u>	

15.1 Rate of interest and mark up on saving accounts ranges from 10.20% to 10.21% (2014: 5.50% to 7.00%) per annum.

16 Issued, subscribed and paid-up capital

2015	2014		2015	2014
----- (Number of shares) -----		Note	----- (Rupees) -----	
1,000,000	1,000,000	Ordinary shares of Rs. 10 each fully paid in cash	10,000,000	10,000,000
9,187,200	9,187,200	Ordinary shares of Rs. 10 each fully paid as right shares	91,872,000	91,872,000
19,812,800	19,812,800	Ordinary shares of Rs. 10 each issued as bonus shares	198,128,000	198,128,000
30,000,000	30,000,000		300,000,000	300,000,000

16.1 Movement of bonus shares

Opening balance		198,128,000	148,128,000
Add: Bonus shares issued during the year		-	50,000,000
(Nil (2014: 5,000,000) ordinary shares of Rs. 10 each)			
		198,128,000	198,128,000



Fazal Cloth Mills Limited

16.2 As at the balance sheet date, ordinary shares held by associated companies, undertakings and related parties are as follows:

	2015 ----- (Number of shares) -----	2014	2015 --- (Percentage of holding) ---	2014
Amir Fine Exports (Private) Limited	7,346,541	7,346,226	24.49	24.49
Reliance Commodities (Private) Limited	1,091,683	1,091,683	3.64	3.64
Mr. Amir Naseem Sheikh	12,994	12,994	0.04	0.04
Mrs. Farrukh Mukhtar	5,651,494	5,651,494	18.84	18.84
Mr. Fawad Ahmed Mukhtar	2,415,422	2,415,422	8.05	8.05
Mrs. Ambreen Fawad	69,834	69,834	0.23	0.23
Mr. Sheikh Naseem Ahmad	8,820	8,820	0.03	0.03
Mr. Rehman Naseem	3,186,984	3,186,984	10.62	10.62
Mr. Fazal Ahmed Sheikh	2,041,611	2,041,611	6.80	6.80
Mr. Faisal Ahmed Mukhtar	2,039,865	2,039,865	6.80	6.80
Mr. Fahad Mukhtar	43,507	43,507	0.15	0.15
Mrs. Mahnaz Amir Sheikh	3,000	3,000	0.01	0.01

Note

2015 Rupees	2014 Rupees
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17 Capital reserves

Share premium

Issue of 3,168,000 ordinary shares of Rs. 10 each
@ Rs. 20 per share issued during 2001
Issue of 2,851,200 ordinary shares of Rs. 10 each
@ Rs. 5 per share issued during 2002

17.1

63,360,000	63,360,000
14,256,000	14,256,000
77,616,000	77,616,000

Capital redemption reserve

17.2

175,000,000

175,000,000

Fair value reserve

17.3

1,692,995,134

1,058,645,242

1,945,611,134

1,311,261,242



Fazal Cloth Mills Limited

17.1 The share premium reserve can be utilized by the Company only for the purposes specified in section 83 (2) of the Companies Ordinance, 1984.

17.2 This represents capital redemption reserve created for the purpose of redemption of preference shares.

17.3 This represents (deficit) / surplus on market value of investments classified as available for sale financial assets.

		2015 Rupees	2014 Rupees
18 Surplus on revaluation of fixed assets - net of tax	<i>Note</i>		
<u>Gross surplus</u>			
At beginning of the year		4,051,491,780	4,210,203,989
Add:			
Surplus on revaluation of fixed assets	<i>18.1</i>	4,116,194,378	-
Less:			
Effect of disposal of fixed assets		(3,197,559)	-
Transferred to accumulated profits in respect of incremental depreciation charge for the year		(196,118,766)	(158,712,209)
		3,916,878,053	(158,712,209)
At end of the year		7,968,369,833	4,051,491,780

Deferred tax liability on revaluation surplus

At beginning of the year	610,668,486	646,689,872
Tax on surplus during the year	819,191,418	-
Effect of disposal of fixed assets	(599,862)	-
Effect of change in rate	(289,859,255)	-
Incremental depreciation charged on related assets	(36,791,881)	(36,021,386)
	1,102,608,906	610,668,486
	6,865,760,927	3,440,823,294

18.1 Property, plant and equipment of the Company except vehicles, office equipment and furniture and fittings were previously revalued on June 30, 2007 and March 31, 2012 by independent valuers resulting in surplus of Rs. 2,915 million and Rs. 2,028 million respectively. Recent revaluation has been carried out by Joseph Lobo (Private) Limited, an independent valuer not connected with the Company and approved by Pakistan Banks' Association (PBA) in "any amount" category at March 31, 2015 which resulted in the additional surplus of Rs. 4,116.19 million. The basis of revaluation for items of these fixed assets were as follows:



Freehold land

Examined the land features, access roads and noted the general security environment prevailing in the area. Independent inquiries were made from local active realtors and other real estate sources to ascertain the selling prices for the properties of the same nature.

Buildings on freehold land

Examined the construction features and measured each of the built areas involved. Applied prevailing market rates to the construction taking into account the stringent finishes required in the spinning industry. Furthermore, general condition and versatility of the buildings were also considered.

Plant and machinery and others

Plant and machinery and others have been evaluated / assessed by inspecting items of plant and machinery and others. Supplier invoices were not sighted however, Fixed Asset Register ("FAR") as at December, 31 2014 was examined and compared the asset inspected against the FAR. Furthermore, the valuer also consulted industry related dealers to ascertain the likely demand locally in the region. US Dollar has been used as the primary denomination where possible.

	Note	2015 Rupees	2014 Rupees
19 Long term financing - secured			
<u>Banking Companies</u>			
Askari Bank Limited			
- Term finance - VI under LTF-EOP scheme	19.1	-	3,366,000
- Term finance - under LTF-EOP scheme	19.2	14,772,168	29,544,334
- Term finance - VII	19.3 (a)	27,394,029	45,656,715
- Term finance - VII under LTFF scheme	19.3 (b)	-	6,426,450
- Term finance - VIII	19.4 (a)	34,623,115	48,472,361
- Term finance - VIII under LTFF scheme	19.4 (b)	-	31,878,118
		76,789,312	165,343,978
Soneri Bank Limited			
- Term finance	19.5	-	7,900,000
- Term finance	19.6	27,777,778	38,888,889
- Term finance	19.7	134,927,045	149,927,045
- Term finance	19.8	315,000,000	350,000,000
- Term finance	19.9	400,000,000	-
		877,704,823	546,715,934



	Note	2015 Rupees	2014 Rupees
Faysal Bank Limited			
- Term finance	19.10	-	50,000,000
- Term finance	19.11	140,000,000	180,000,000
- Term finance	19.12 (a)	166,310,552	213,827,852
- Term finance under LTFF scheme	19.12 (b)	-	104,733,582
- Term finance	19.12 (b)	82,250,885	-
- Term finance	19.13	180,000,000	200,000,000
		568,561,437	748,561,434
Habib Bank Limited			
- Demand finance	19.14 (a)	-	17,949,091
- Demand finance under LTF-EOP scheme	19.14 (b)	2,884,095	8,652,605
- Term finance	19.15	8,371,650	8,371,650
		11,255,745	34,973,346
National Bank of Pakistan			
- Demand finance - IV	19.16	40,000,000	80,000,000
- Demand finance - III	19.17 (a)	30,566,234	50,942,440
- Demand finance - III under LTFF scheme	19.17 (b)	-	22,944,483
- Demand finance - VI	19.18 (a)	124,300,320	165,733,760
- Demand finance - VI under LTFF scheme	19.18 (b)	-	50,266,240
- Demand finance - VII	19.19	217,106,804	-
		411,973,358	369,886,923
United Bank Limited			
- Demand finance - under LTF-EOP Scheme	19.20	-	2,517,000
- Demand Finance	19.21	180,000,000	200,000,000
		180,000,000	202,517,000
MCB Bank Limited			
- Demand finance under LTFF scheme	19.22	-	262,441,325
- Demand finance	19.23	433,062,617	-
		433,062,617	262,441,325
Allied Bank Limited			
- Demand finance	19.24 (a)	-	18,138,085
- Demand finance under LTF-EOP Scheme	19.24 (b)	4,800,809	9,709,397
- Demand finance under LTFF Scheme	19.24 (c)	-	226,694
- Term loan - 2	19.25 (a)	124,149,933	99,178,217
- Term loan - 2 under LTFF Scheme	19.25 (b)	-	75,971,715
- Term loan - 3	19.26 (a)	120,771,713	168,720,453
- Term loan -3 under LTFF Scheme	19.26 (b)	5,399,185	7,198,915
- Term loan - 4	19.27 (a)	435,231,855	559,583,815
- Term loan - 4 under LTFF Scheme	19.27 (b)	2,968,142	3,816,184
- Term loan - 5	19.28	218,431,188	218,431,188
- Term loan - 6 under LTFF Scheme	19.29	-	500,000,000
- Term loan - 6	19.29	500,000,000	-
		1,411,752,825	1,660,974,663



**Pak Kuwait Investment Company
(Private) Limited**

- Term finance	19.30	90,000,000	150,000,000
- Term finance - 2	19.31	260,000,000	260,000,000
		350,000,000	410,000,000

**Saudi Pak Industrial and Agricultural
Investment Company Limited**

- Term finance	19.32 (a)	58,839,665	81,649,999
- Term finance under LTFF scheme	19.32 (b)	-	105,850,002
		58,839,665	187,500,001

Pak Brunei Investment Company Limited

- Term finance under LTFF scheme	19.33	-	183,327,050
- Term finance	19.33	149,991,050	-
- Term finance	19.34	125,000,000	175,000,000
		274,991,050	358,327,050

Pak Oman Investment Company Limited

- Term finance under LTFF scheme	19.35	-	84,998,300
- Term finance	19.36	250,000,000	250,000,000
		250,000,000	334,998,300

Bank Al Falah Limited

- Term finance	19.37	292,500,000	325,000,000
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NIB Bank Limited

- Term finance	19.38	800,000,000	800,000,000
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The Bank of Khyber

- Term finance	19.39	348,668,156	335,743,526
- Term finance	19.40	300,000,000	-
		648,668,156	335,743,526

The Bank of Punjab

- Term finance under LTFF scheme	19.41	-	249,602,128
- Term finance	19.41	249,602,128	-
		249,602,128	249,602,128

Less:

Current portion grouped under current liabilities

	6,895,701,116	6,992,585,608
	1,346,336,191	1,026,908,631
	5,549,364,925	5,965,676,977



Fazal Cloth Mills Limited

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

This finance was obtained for the purpose of disbursement and retirement of Letters of credit of Meezan Bank Ltd opened for import of Caterpillar Gas Generator set. During the year 2008 this finance was approved and refinanced by the State Bank of Pakistan ("SBP") under LTF-EOP Scheme. This finance was repayable in 12 half yearly instalments commencing from July 10, 2008 after a grace period of one year. However, during the year 2009, SBP allowed grace period of one year starting from January 01, 2009 to December 31, 2009 and accordingly last instalment was due on January 26, 2015. This finance was fully repaid during the current year. It carried mark up at the rate of six months KIBOR + 2.50% per annum before refinancing by SBP under LTF-EOP Scheme, however, after approval and refinancing by SBP under LTF-EOP, it carried mark up at the rate of SBP rate + 2.00% per annum. During the year mark up was charged at the rate of 7.00% per annum (2014: 7.00% per annum). This finance was secured against 1st Joint pari passu charge / mortgage of Rs.723.50 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the Company.

19.2 Askari Bank Limited - TF under LTF - EOP scheme

This finance has been disbursed during the year 2008 for the purpose of retirement of letters of credit opened for import of Caterpillar Gas Generator sets. This finance was approved and refinanced by the State Bank of Pakistan under LTF-EOP Scheme. This finance is repayable in twelve half yearly equal instalments of principal amount commencing after a grace period of one year. However, during the year 2009 SBP has allowed grace period of one year starting from January 01, 2009 to December, 31 2009 and accordingly last instalment is due on June, 08 2016. It carries mark up at the rate of SBP rate + 2.00% per annum. During the year mark up was charged at the rate of 7.00% per annum (2014: 7.00% per annum.). This finance is secured against 1st Joint pari passu Charge / Mortgage of Rs. 723.50 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the Company.

19.3 (a) Askari Bank Limited - TF - VII

This finance has been obtained for the purpose of retirement of letters of credit opened for import of textile machinery. It is repayable within a period of eight years including two years grace period in twelve half yearly equal instalments of principal amount and accordingly last instalment is due on September 26, 2016. This finance carries markup at the rate of six months KIBOR + 1.25% per annum with floor of 4.25% per annum. During the year markup was charged at the rates ranging from 10.88% per annum to 11.42% per annum (2014: from 10.34% per annum to 11.40% per annum). It is secured against the security as stated in note 19.2.

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

During the year 2010, an amount of Rs.15.42 million out of Term Finance VII of Askari Bank Ltd was approved and refinanced by the State Bank of Pakistan under LTFF Scheme against imported textile machinery eligible under the Scheme. This finance was repayable in twelve equal instalments of principal amount. Last instalment was falling due on September 30, 2016. However, during the current



year, entire SBP's LTFF of Rs. 3.86 million was fully prepaid through own source term finance facility of MCB Bank Limited. This finance carried mark up at the rate of SBP rate + 3.00 % per annum with effective rate of 10.50% per annum. During the year mark up was charged at the rate of 10.50% per annum (2014: 10.50% per annum) . It was secured against the security as sated in note 19.2.

19.4 (a) Askari Bank Limited - TF - VIII

This finance has been obtained during the year 2010 for the purpose of retirement of letters of credit opened for import of textile machinery. It is repayable within a period of eight years including two years grace period in twelve half yearly equal instalments of principal amount. Last instalment is falling due on December 23, 2017. This finance carried markup at the rate of six months KIBOR + 1.50% per annum which is reduced during the current year from six months KIBOR + 2.00% per annum. During the year markup was charged at the rates ranging from 10.88% per annum to 11.42% per annum (2014: 11.09% per annum to 12.15% per annum). It is secured against the security as stated in note 19.2.

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

During year 2011 an amount of Rs. 19.20 million and during the year 2010, an amount of Rs. 32.70 million, out of Term Finance VIII of Askari Bank Ltd were approved and refinanced by the State Bank of Pakistan under LTFF Scheme against imported textile machinery eligible under the Scheme. This finance was repayable in 12 equal instalments of principal amount. Last instalment was falling due on December 23, 2017. However, during the current year, entire SBP's LTFF of Rs.21.63 million was fully prepaid through own source term finance facility of MCB Bank Limited. This finance carried mark up at the rate of SBP rate + 3.00% per annum. During the year mark up was charged at the rate of 10.50% per annum (2014: 10.50% per annum). It is secured against the security as sated in note 19.2.

19.5 Soneri Bank Limited - TF

During the year 2009, a term finance amounting to Rs. 82.00 million was obtained for BMR projects and retirement of letters of credit. It was repayable within a period of six years including one year grace period in ten equal semi annual instalments of principal amount. Last instalment was falling due on July 24, 2014. This finance was fully repaid during the year. It carried mark up at the rate of six months KIBOR + 1.25% per annum which was reduced during the last year to three months KIBOR + 1.25% per annum. During the year mark up was charged at the rate of 11.41% per annum (2014: 10.31% per annum to 11.31% per annum). It was secured against 1st joint pari passu charge / mortgage of Rs.1,290.00 million over all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the Company.

19.6 Soneri Bank Limited - TF

During the year 2012, a term finance amounting to Rs. 50.00 million was obtained from Soneri Bank Ltd for ongoing BMR projects. It is repayable within the period of six years inclusive of one and half year grace period in nine semi annual equal instalments of principal amount. Last instalment is falling due on October 19, 2017. It carried mark up at the rate of six months KIBOR + 2.00% per annum which



Fazal Cloth Mills Limited

was reduced during the last year to 3 Months KIBOR + 1.25% per annum. During the year mark up was charged at the rates ranging from 9.25% per annum to 11.46% per annum (2014: 10.31% per annum to 11.42% per annum). It is secured against 1st joint pari passu charge/mortgage of Rs.1,290.00 million over all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the Company.

19.7 Soneri Bank Limited - TF

During the year 2013, a term finance of Rs.149.93 million was obtained from Soneri Bank Ltd to finance the retirement of letters of credit opened for import of textile machinery. It is repayable within the period of seven years inclusive of two years grace period in ten half yearly equal instalments of principal amount. Last instalment is falling due on December 11, 2019. It carried mark up at the rate of six months KIBOR + 1.75% per annum which was reduced during the last year to three months KIBOR + 1.25% per annum. During the year mark up was charged at the rates ranging from 9.25% per annum to 11.46% per annum (2014: 10.81% per annum to 11.31% per annum). It is secured against the security as stated in note 19.6.

19.8 Soneri Bank Limited - TF

During the year 2013, a term finance of Rs. 350.00 million was obtained from Soneri Bank Ltd for BMR projects. It is repayable within the period of seven years inclusive of two years grace period in ten half yearly equal instalments of principal amount. Last instalment is falling due on August 27, 2019. It carried mark up at the rate of six months KIBOR + 1.75% per annum which was reduced during the last year to three months KIBOR + 1.25% per annum. During the year mark up was charged at the rates ranging from 9.25% per annum to 11.46% per annum (2014: from 10.31% per annum to 11.42% per annum). This finance is secured against the security as stated in note 19.6.

19.9 Soneri Bank Limited - TF

During the year a term finance of Rs. 400.00 million has been obtained from Soneri Bank Limited for the purpose of re-profiling of balance sheet. It is repayable within the period of six years inclusive of one year grace period in twenty quarterly equal instalments of principal amount. Last instalment is falling due on October 13, 2020. It carries mark up at the rate of three months KIBOR + 1.25% per annum. During the year mark up was charged at the rates ranging from 9.25% per annum to 11.45% per annum. This finance is secured against the security as stated in note 19.6.

19.10 Faysal Bank Limited - TF

This finance was obtained during the year 2009 to finance the import of textile machinery and existing fixed assets. It was repayable within a period of six years including two years grace period in eight equal semi annual instalments of principal amount. Last instalment was falling due on June 18, 2015. This finance was fully repaid during the current year. It carried mark up at the rate of six months KIBOR + 2.00% per annum which was reduced during current year from six months KIBOR + 2.25% per annum and reduced during last year from six months KIBOR + 2.50% per annum. During the year



mark up was charged at the rates ranging from 11.66% per annum to 12.42% per annum (2014: from 11.94% per annum to 12.64% per annum). It was secured against 1st joint pari passu charge / mortgage of Rs.1,269.00 million over all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.

19.11 Faysal Bank Limited - TF

This finance was obtained during the year 2012 for the purpose of partially financing the additional cost of ongoing expansions and BMR projects. It is repayable within the period of seven years inclusive of two years grace period in 10 semi annual equal instalments of principal amount. Last instalment is falling due on July 20, 2018. It carried mark up at the rate of six months KIBOR + 1.50% per annum which was reduced during the current from six months KIBOR + 1.75% per annum and reduced during the last year from six months KIBOR + 2.25% per annum. During the year mark up was charged at the rates ranging from 8.93% per annum to 11.92% per annum (2014: 11.35% per annum to 12.39% per annum). It is secured against 1st joint pari passu charge / mortgage of Rs.1,269 million over all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.

19.12 (a) Faysal Bank Limited - TF

During the year 2012, a term finance / LTFF amounting to Rs. 350.00 million was obtained from Faysal Bank Ltd for retirement of letters of credits opened for imported plant and machinery. It is repayable within the period of seven years inclusive of two years grace period in 10 semi annual equal instalments of principal amount. Last instalment is falling due on October 04, 2018. It carries mark up at the rate of six months KIBOR + 1.75% per annum after reduction in mark up rate during the current year from six months KIBOR + 2.00% per annum. During the year mark up was charged at the rates ranging from 11.94% per annum to 12.18% per annum (2014: 11.52% per annum to 12.18% per annum). This finance is secured against the security as stated in note 19.11.

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

During the year 2012, an amount of Rs. 112.41 million out of Term Finance of Rs. 350.00 million of Faysal Bank Ltd were approved and refinanced by the State Bank of Pakistan under LTFF Scheme against imported textile machinery eligible under the Scheme. This finance is repayable in 10 equal instalments of principal amount after grace period of two years. Last instalment is falling due on January 01, 2019. Mark up under SBP's LTFF was chargeable at SBP rate + 3.00% per annum with effective rate of 12.70% per annum. During the current year, entire SBP's LTFF of Rs. 82.25 million has been fully adjusted by the bank and converted into bank's own source term finance for the same and existing tenor of SBP's LTFF. Own source term finance carried mark up at the rate six months KIBOR + 1.25% per annum. During the year mark up was charged at the rate of 12.70% per annum (2014: 12.70% per annum). It is secured against the security as stated in note 19.11.

19.13 Faysal Bank Limited - TF

During the year 2013, a term finance of Rs. 200.00 million was obtained from Faysal Bank Ltd to finance the retirement of letters of credit opened for import of textile machinery. It is repayable within



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the period of seven years inclusive of two years grace period in 10 half yearly equal instalments of principal amount. Last instalment is falling due on December 07, 2019. It carried mark up at the rate of six months KIBOR + 1.50% per annum which was reduced during the current year from six months KIBOR + 1.75% per annum and reduced during the last year from six months KIBOR + 2.00% per annum. During the year, mark up was charged at the rates ranging from 11.14% per annum to 11.91% per annum (2014: from 11.08% per annum to 12.13% per annum). It is secured against the security as stated in note 19.11.

19.14 (a) Habib Bank Limited - DF

This finance was disbursed for the purpose of retirement of Letters of credit and swap of other expensive term finances. This finance was repayable with in seven years inclusive of one year grace period in twelve half yearly equal instalments of principal amount. Last instalment was falling due on November 20, 2014. This finance was fully repaid during the current year. It carried mark up at the rate of six months KIBOR + 1.00% per annum for first year, 1.25% per annum for second year and 1.50% per annum from third year to onward. During the year mark up was charged at the rate of 11.64% per annum (2014: 11.09% per annum to 11.64% per annum). It was secured against 1st joint pari passu charge / mortgage of Rs. 694.00 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the company.

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

During the year 2009 an amounts of Rs. 0.92 million and year 2008 an amount of Rs. 33.69 million out of Demand Finance of Habib Bank Ltd were approved and refinanced by the State Bank of Pakistan under LTF-EOP Scheme against the imported textile machinery. This finance is repayable in 12 equal half yearly instalments of principal amount. However, during the year 2009, SBP has allowed grace period of one year starting from January 01, 2009 to December 31, 2009 and accordingly last instalment is due on November 19, 2015. This finance carries mark up at the rate of SBP rate + 2.00% per annum. During the year mark up was charged at the rate of 7.00% per annum (2014: 7.00% per annum). It is secured against 1st joint pari passu charge/mortgage of Rs. 694 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the company.

19.15 Habib Bank Limited - TF

During the year 2014, a term finance of Rs. 8.37 million has been obtained from Habib Bank Limited to finance the retirements of letters of credit opened for import of textile machinery for expansion / BMR of existing weaving and spinning units of the Company. It is repayable within the period of seven years inclusive of one year grace period in twelve half yearly equal instalments of principal amount. Last instalment is falling due on June 22, 2021. It carries mark up at the rate of six months KIBOR + 1.25% per annum. During the year, mark up was charged at the rates ranging from 10.92% per annum to 11.40% per annum (2014: 11.42% per annum). It is secured against the security as stated in note 19.14(b).

19.16 National Bank of Pakistan - DF- IV

This finance has been obtained during the year 2010 for the purpose of re-profiling of balance sheet to



ease out cash flow burdens owing to repayments of long term loans. It is repayable within a period of six years including one year grace period in 10 half yearly equal instalments of principal amount. Last instalment is falling due on March 16, 2016. This finance carries markup at the rate of six months KIBOR + 2.00% per annum. During the year markup was charged at the rates ranging from 11.63% per annum to 12.17% per annum (2014: 11.09% per annum to 12.15% per annum). It is secured against 1st joint pari passu charge/mortgage of Rs. 3,300.00 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the Company.

19.17 (a) National Bank of Pakistan - DF III

During the year 2012, a demand finance amounting to Rs. 147.77 million was obtained from National Bank of Pakistan for retirement of 720 days letters of credits opened for imported plant and machinery. It is repayable within the period of five years without grace in 10 semi annual equal instalments of principal amount. Last instalment is falling due on December 02, 2016. It carries mark up at the rate of six months KIBOR + 2.00% per annum. During the year mark up was charged at the rates ranging from 11.63% per annum to 12.17% per annum (2014: 11.09% per annum to 12.15% per annum). This finance is secured against the security as stated in note 19.16.

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

During the year 2012, an amount of Rs. 45.89 million out of Demand Finance III of National Bank of Pakistan was approved and refinanced by the State Bank of Pakistan under LTFF Scheme against imported textile machinery eligible under the Scheme. This finance was repayable in 10 equal instalments of principal amount. Last instalment is falling due on December 02, 2016. During the current year, entire SBP's LTFF of Rs. 13.77 million was fully prepaid through own source term finance facility of MCB Bank Limited. This finance carried mark up at the rate of SBP rate + 3.00 % per annum. During the year mark up was charged at the rate of 12.60% per annum (2014: 12.60% per annum). It is secured against the security as stated in note 19.16.

19.18 (a) National Bank of Pakistan - DF VI

This finance amounting to Rs.270.00 million has been obtained from National Bank of Pakistan for retirement of letters of credits opened for imported plant and machinery. It is repayable within the period of six years inclusive of one year grace period in 10 semi annual equal instalments of principal amount. Last instalment is falling due on May 23, 2018. It carries mark up at the rate of six months KIBOR + 2.00% per annum. During the year mark up was charged at the rates ranging from 11.63% per annum to 12.17% per annum (2014: 11.09% per annum to 12.15% per annum). This finance is secured against the security as stated in note 19.16.

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

During the year 2013, an amount of Rs. 62.83 million out of Demand Finance VI of National Bank of Pakistan was approved and refinanced by the State Bank of Pakistan under LTFF Scheme against imported textile machinery eligible under the Scheme. This finance was repayable in 10 equal instalments of principal amount. Last instalment was falling due on May 22, 2018. During the current year, entire SBP's LTFF outstanding of Rs. 37.70 million was fully prepaid through own source term



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finance facility of MCB Bank Limited. It carried mark up at the rate of SBP rate + 3.00 % per annum. During the year mark up was charged at the rate of 11.20% per annum (2014: 11.20% per annum). It is secured against the security as stated in note 19.16.

19.19 National Bank of Pakistan - *DF VII*

During the year a demand finance amounting to Rs. 217.11 million has been obtained from National Bank of Pakistan for the purpose of imports of textile machinery for spinning, weaving, BMR / Expansion projects and Generators. Sanctioned Limit of this facility is for Rs. 500.00 million. It is repayable within the period of seven years inclusive of one year grace period in twenty four equal quarterly instalments of principal amount. Last instalment is falling due on December 03, 2021. It carries mark up at the rate of six months KIBOR + 1.25% per annum. During the year markup was charged at the rate of 10.88% per annum. This finance is secured against the security as stated in note 19.16.

19.20 United Bank Limited - *DF under LTF-EOP Scheme*

During the year 2008, an amount of Rs. 30.20 million out of Demand Finance II of United Bank Ltd was approved and refinanced by the State Bank of Pakistan under LTF-EOP Scheme against the imported textile machinery eligible under the Scheme. It was repayable in twelve equal semi annual instalments of principal amount. However, during the year 2009, SBP had allowed grace period of one year starting from January 01, 2009 to December 31, 2009 and accordingly last instalment was due on July, 31 2014. This finance was fully repaid during the current year. It carried mark up at the rate of SBP rate + 2.00% per annum. During the year mark up was charged at the rate of 7.00% per annum (2014: 7.00% per annum). This finance was secured against joint pari passu charge / mortgage of Rs. 1,100.00 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the Company.

19.21 United Bank Limited - *Demand Finance*

During the year 2014, a demand finance of Rs. 200.00 million has been obtained from United Bank Limited to finance the Capital expenditure / BMR in the mills / for retirement of local letters of credit opened for the purchase of local plant, machinery, equipment and expansion / BMR. It is repayable within the period of six years inclusive of one year grace period in ten half yearly equal instalments of principal amount. Last instalment is falling due on September 03, 2019. It carries mark up at the rate of three months KIBOR + 1.00% per annum. During the year mark up was charged at the rates ranging from 9.00% per annum to 11.21% per annum (2014: 10.06% per annum to 11.20 % per annum). It is secured against 1st joint pari passu charge / mortgage of Rs. 1,100 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the Company.

19.22 MCB Bank Limited - *Demand Finance under LTFF scheme*

During the year 2012, a demand finance / LTFF amounting to Rs. 349.92 million has been obtained from MCB Bank Ltd for retirement of letters of credits opened for imported plant and machinery. It is repayable within the period of seven years inclusive of one year grace period in twelve semi annual



equal instalments of principal amount. Entire amount was refinanced by the State Bank of Pakistan under LTFF Scheme as entire imported machinery was qualified under LTFF Scheme. During the current year entire outstanding SBP's LTFF of Rs. 204.12 million has been fully adjusted and converted by the bank into its own source term loan facility as stated in note 19.23. Last instalment was falling due on November 28, 2018. It carried mark up at the rate of SBP rate + 3% per annum. During the year mark up was charged at the rate of 12.70% per annum (2014: 12.70 per annum). This finance was secured against 1st joint pari passu charge / mortgage of Rs. 949.00 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the Company.

19.23 MCB Bank Limited - Demand Finance

This finance amounting to Rs. 433.06 million has been obtained from MCB Bank Limited to prepay the outstanding SBP's LTFF loans of Rs. 25.48 million of Askari Bank Ltd, Rs. 51.47 million of National Bank of Pakistan, Rs. 87.00 million of Saud Pak Industrial and Agricultural Investment Company Ltd and Rs. 65.00 million of Pak Oman Investment Company Ltd. MCB Bank Ltd has fully adjusted and converted its SBP's LTFF outstanding loan of Rs. 204.12 million into this own source demand finance. Tenor and repayments of this facility are the same of above SBP's LTFF loans being swapped. It is repayable within the same remaining period of LTFF loans being swapped. Last instalment is falling due on November 28, 2018. It carries mark up at the rate of six months KIBOR + 1.25% per annum. During the year mark up was charged at the rate of 8.23% per annum. This finance is secured against the security as stated in note 19.22.

19.24 (a) Allied Bank Limited - DF

This finance was obtained for retirement of letters of credit opened for import of plant and machinery. It was repayable within a period of seven years including one year grace period in twelve equal bi-annual instalments of principal amount. Last instalment was falling due on July 04, 2014. During the year this finance was fully repaid. Originally it carried markup at the rate of six months KIBOR + 2.50% per annum. During the year 2008, pricing was reduced to six months KIBOR + 1.50% per annum. During the year markup was charged at the rate of 11.67% per annum (2014: 10.59% per annum to 12.65% per annum). It was secured against 1st joint pari passu charge / mortgage of Rs. 2,640.00 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the Company.

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

During the year 2009 an amount of Rs. 1.29 million and year 2008 an amount of Rs. 28.16 million out of Demand Finance of Allied Bank Ltd were approved and refinanced by the State Bank of Pakistan under LTF-EOP Scheme against the imported textile machinery eligible under the Scheme. It is repayable in 12 equal semi annual instalments of principal amount commencing from November 13, 2009 after a grace period of one year. However, during the year 2009, SBP has allowed one year grace period starting from January 01, 2009 to December 31, 2009 and accordingly last instalment is due on May 16, 2016. This finance carries mark up at the rate of SBP rate + 2.00% per annum. During the year mark up was charged at the rate of 7.00% per annum (2014: 7.00% per annum). It is secured against 1st



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joint pari passu charge / mortgage of Rs. 2,640.00 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the Company.

19.24 (c) Allied Bank Limited - *DF under LTFF scheme*

During the year 2010, an amount of Rs. 2.267 million out of Demand Finance of Allied Bank Ltd was approved and refinanced by the State Bank of Pakistan under LTFF Scheme against imported textile machinery eligible under the Scheme. This finance was repayable in remaining ten equal instalments of principal amount. Last instalment was falling due on July 04, 2014. This finance was fully repaid during the current year. This finance carried mark up at the rate of SBP rate + 2.50 % per annum. During the year mark up was charged at the rate of 9.00% per annum (2014: 9.00% per annum). It was secured against the security as stated in note 19.24(b).

19.25 (a) Allied Bank Limited - *TL - 2*

This finance was obtained during the year 2012 and year 2010 for the purpose of retirement of letters of credit opened for import of textile machinery. It is repayable within a period of seven years including two years grace period in 10 half yearly equal instalments of principal amount. Last instalment is falling due on December 13, 2017. This finance carries markup at the rate of six months KIBOR + 1.75% per annum which is reduced during the current year from six months KIBOR + 2.15% per annum. During the year, an amount of Rs. 55.11 million has been transferred into this finance from SBP's LTFF as mentioend in note 19.25 (b). During the year markup was charged at the rates ranging from 11.38% per annum to 12.32% per annum (2014: 11.24% per annum to 12.30% per annum). It is secured against the security as stated in note 19.24 (b).

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

During year 2012 an amount of Rs. 79.42 million and during 2010 an amount of Rs. 24.88 million out of Term Loan-2 of Allied Bank Ltd were approved and refinanced by the State Bank of Pakistan under LTFF Scheme against imported textile machinery eligible under the Scheme. This finance was repayable in 10 equal instalments of principal amount. Last instalment was falling due on December 13, 2017. SBP's LTFF carried mark up at the rate of SBP rate + 3.00% per annum with effective rate 10.25% per annum. During the current year, entire outstanding SBP's LTFF of Rs. 55.11 million has been fully adjusted and converted into bank's own source term loan-2 for the same and existing tenor and has been transferred into above TL-2. During the year mark up was charged at the rates ranging from 10.25% per annum to 11.20% per annum (2014: 10.25% per annum to 11.20% per annum). It was secured against the security as stated in note 19.24 (b).

19.26 (a) Allied Bank Limited - *TL - 3*

This finance amounting to Rs. 248.74 million has been obtained during the year 2011 for the purpose of retirement of letters of credit opened for import of textile machinery. It is repayable within a period of seven years inclusive of grace period of two years in 10 half yearly equal instalments of principal amount. Last instalment is falling due on November 23, 2017. This finance carried markup at the rate of six months KIBOR + 1.75% per annum which is reduced during the current year from six months



KIBOR + 2.15% per annum. During the year markup was charged at the rates ranging from 11.38% per annum to 12.32% per annum (2014: 11.24% per annum to 12.30% per annum). It is secured against the security as stated in note 19.24 (b).

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

During the year 2011 an amount of Rs. 9.00 million out of Term Loan-3 of Allied Bank Ltd was approved and refinanced by the State Bank of Pakistan under LTFF Scheme against imported textile machinery eligible under the Scheme. This finance is repayable in 10 equal instalments of principal amount after grace period of two years. Last instalment is falling due on November, 23 2017. This finance carries mark up at the rate of SBP rate + 3.00% per annum. During the year mark up was charged at the rate of 11.20% per annum (2014: 11.20% per annum). It is secured against the security as stated in note 19.24 (b).

19.27 (a) Allied Bank Limited - Term Loan 4

During the year 2012, a term finance amounting to Rs. 626.00 million has been obtained from Allied Bank Ltd for retirement of letters of credits opened for imported plant and machinery. It is repayable within the period of seven years inclusive of two years grace period in 10 semi annual equal instalments of principal amount. Last instalment is falling due on December 08, 2018. It carried mark up at the rate of six months KIBOR + 1.75% per annum which is reduced during the current year from six months KIBOR + 2.50% per annum. During the year mark up was charged at the rates ranging from 11.38% per annum to 12.67% per annum (2014: 11.24% per annum to 12.65% per annum). This finance is secured against the security as stated in note 19.24 (b).

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

During the year 2012, an amount of Rs. 4.24 million out of Term Finance-4 of Allied Bank Ltd was approved and refinanced by the State Bank of Pakistan under LTFF Scheme against imported textile machinery eligible under the Scheme. This finance is repayable in 10 equal instalments of principal amount. Last instalment is falling due on November 04, 2018. This finance carries mark up at the rate of SBP rate + 3.00% per annum. During the year mark up was charged at the rate of 12.70% per annum (2014: 12.70 % per annum). It is secured against the security as stated in note 19.24 (b).

19.28 Allied Bank Limited - Term Loan 5

During the year 2013, a term finance of Rs. 218.43 million was obtained from Allied Bank Ltd to finance the retirement of letters of credit opened for import of textile machinery. It is repayable within the period of eight years, from the date of disbursement of 50% of this facility, inclusive of two years grace period in twelve half yearly equal instalments of principal amount. Last instalment is falling due on February 26, 2021. It carries mark up at the rate of six months KIBOR + 1.75% per annum. During the year mark up was charged at the rate of 11.38% per annum to 11.92% per annum (2014: 10.84% per annum to 11.90% per annum). It is secured against the security as stated in note 19.24 (b).



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19.29 Term Loan 6 under LTFF scheme

During the year 2014 a term finance amounting to Rs. 500.00 million has been obtained from Allied Bank Limited to finance the retirement of letters of credit opened for import of textile machinery for expansion in weaving unit of the Company. It is repayable within the period of eight years inclusive of two years grace period in twelve half yearly equal instalments of principal amount. Last instalment of this term loan is falling due on August 06, 2021. It carried mark up at the rate of 6 months KIBOR + 1.05% per annum before refinancing under SBP LTFF. During the year 2014 entire loan was refinanced from the State Bank of Pakistan under LTFF scheme as entire imported machinery was qualified under LTFF scheme. Mark up under LTFF scheme was chargeable at SBP rate + 2.25% per annum with effective rate of 10.65% per annum. During current current year, entire SBP's LTFF has been fully adjusted and converted into bank's own source term loan for the same and existing remaining tenor at the same originally approved mark up rate of six months KIBOR + 1.05% per annum. During the year mark up was charged at the rates ranging from 7.99% per annum to 10.65% per annum (2014: 10.14% per annum to 11.20% per annum). It is secured against the security as stated in note 19.24 (b).

19.30 Pak Kuwait Investment Company (Private) Limited - TF

This finance amounting to Rs. 300.00 million has been obtained during the year 2011 from Pak Kuwait Investment Company (Private) Ltd to finance the capital expenditures of the Company's capacity expansion. It is repayable within a period of six years inclusive of grace period of one year in 10 half yearly equal instalments of principal amount. Last instalment is falling due on October 28, 2016. This finance carries markup at the rate of six months KIBOR + 2.25% per annum which was reduced during the year 2013 from six months KIBOR + 2.45% per annum. During the year markup was charged at the rates ranging from 9.99% per annum to 12.44% per annum (2014: 11.78% per annum to 12.43% per annum). It is secured against the security of 1st joint pari passu charge / mortgage of Rs. 667.00 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the Company.

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

During the current year 2014, a term finance amounting to Rs. 260.00 million has been obtained from Pak Kuwait Investment Company (Private) Limited to finance the capital expenditure requirements of the Company for capacity expansion / BMR. It is repayable within the period of six years inclusive of two years grace period in eight half yearly equal instalments of principal amount. Last instalment is falling due on March 30, 2020. It carries mark up at the rate of six months KIBOR + 1.50% per annum. During the year mark up was charged at the rates ranging from 10.24% per annum to 11.69% per annum (2014: 11.68% per annum). It is secured against the security as stated in note 19.30.

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

This finance has been obtained from Saudi Pak Industrial and Agricultural Investment Company Ltd for the purpose of retirement of letters of credit opened for import of plant and machinery. It is repayable within a period of eight years inclusive of grace period of two years in twelve half yearly equal instalments of principal amount. Last instalment is falling due on November 03 2018. This finance carries markup at the rate of six months KIBOR + 2.50% per annum which is reduced during the current



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year from six months KIBOR + 2.75%. During the year markup was charged at the rates ranging from 9.89% per annum to 12.93% per annum (2014: 12.32% per annum to 12.93% per annum). It is secured against the security of 1st joint pari passu charge / mortgage of Rs. 575.00 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the Company.

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

During the year 2012, an amount of Rs. 133.13 million and year 2010 an amount of Rs. 8.00 million out of Term Finance of Saudi Pak Industrial and Agricultural Investment Company Ltd was approved and refinanced by the State Bank of Pakistan under LTFF Scheme against imported textile machinery eligible under the Scheme. This finance was repayable in twelve equal instalments of principal amount after grace period of two years. Last instalment was falling due on November 03, 2018. However, during the current year, entire SBP's LTFF outstanding of Rs. 87.00 million was fully prepaid through own source term finance facility of MCB Bank Limited. This finance carried mark up at the rate of SBP rate + 3.00 % per annum. During the year mark up was charged at the rates ranging from 11.20% per annum to 12.70% per annum (2014: 11.20% per annum to 12.70% per annum). It was secured against the security as sated in note 19.32(a).

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

During the year 2012, a term finance / LTFF amounting to Rs. 200.00 million was obtained from Pak Brunei Investment Company Ltd for retirement of letters of credits opened for imported plant and machinery. It is repayable within the period of eight years inclusive of two years grace period in twelve semi annual equal instalments of principal amount. Last instalment is falling due on November 02, 2019. Entire loan was refinanced from the State Bank of Pakistan under LTFF Scheme as entire imported machinery was qualified under LTFF Scheme. Mark up under SBP's LTFF was chargeable at the rate of SBP rate + 3% per annum at effective rate of 12.70% per annum. During the current year, entire SBP's LTFF of Rs. 149.99 million has been fully adjusted and converted into DFI's own source term finance for the same and existing remaining tenor of SBP's LTFF facility. Own source term finance carries mark up at the rate of six months KIBOR + 1.35% per annum. During the year mark was charged at the rate of 8.13% per annum to 12.70% per annum (2014: 12.70% per annum). This finance is secured against 1st joint pari passu charge / mortgage of Rs. 534.00 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.

19.34 Pak Brunei Investment Company Limited - Term Finance

During the year 2013, a term finance amounting to Rs. 200.00 million has been obtained from Pak Brunei Investment Company Ltd to enable the Company to re-profile its balance sheet. It is repayable within the period of five years inclusive of one year grace period in eight half yearly equal instalments of principal amount. Last instalment is falling due on September 18, 2017. It carried mark up at the rate of six months KIBOR + 1.30% per annum which was reduced during last year from six months KIBOR + 2.00% per annum. During the year mark up was charged at the rates ranging from 9.48% per annum to 11.50% per annum (2014: 10.75% per annum to 11.55% per annum). It is secured against the security as stated in 19.33.



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

During the year 2012, a term finance / LTFF amounting to Rs. 100.00 million has been obtained from Pak Oman Investment Company Ltd for retirement of letters of credits opened for imported plant and machinery. It is repayable within the period of seven years inclusive of two years grace period in twenty quarterly equal instalments of principal amount. Entire amount was refinanced by the State Bank of Pakistan under LTFF Scheme as entire imported machinery was qualified under LTFF Scheme. During the current year, entire SBP's LTFF outstanding of Rs. 65.00 million was fully prepaid through own source term finance facility of MCB Bank Limited. It carried mark up at the rate of SBP rate + 3% per annum. Last instalment was falling due on August 31, 2018. During the year mark up was charged at the rate of 12.70% per annum (2014: 12.70% per annum). This finance was secured against 1st joint pari passu charge / mortgage of Rs. 467.00 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.

19.36 Pak Oman Investment Company Limited - Term Finance

During the year 2014, a term finance amounting to Rs. 250.00 million has been obtained from Pak Oman Investment Company Limited to refinance the capital expenditure incurred by the Company. It is repayable within the period of seven years inclusive of two years grace period in twenty quarterly equal instalments of principal amount. Last instalment is falling due on March 25, 2021. It carries mark up at the rate of six months KIBOR + 1.30% per annum. During the year mark up was charged ranging from at the rate of 9.24% per annum to 11.41% per annum (2014: 11.41% per annum). It is secured against the security as stated in 19.35.

19.37 Bank Al Falah Limited - Term Finance

During the year 2013, a term finance amounting to Rs. 325.00 million was obtained from Bank Al Falah Limited to pay-off earlier obtained expensive debt / current portion of long term debt and to even out cash flows during payment tenor of long term loans outstanding at the time of disbursement of this facility. It is repayable within the period of seven years inclusive of two years grace period in ten half yearly equal instalments of principal amount. Last instalment is falling due on December 03, 2019. It carries mark up at the rate of six months KIBOR + 1.50% per annum which was reduced during the last year from six months KIBOR + 1.75% per annum. During the year mark up was charged at the rates ranging from 11.11% per annum to 11.68% per annum (2014: 10.56% per annum to 11.61% per annum). This finance is secured against 1st joint pari passu charge / mortgage of Rs. 434.00 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.

19.38 NIB Bank Limited - Term Finance

During the year 2014, a term finance amounting to Rs. 800.00 million has been obtained from NIB Bank Limited to finance capital expenditure for expansion / BMR, repayment of existing long term debts and swap of expensive long term debts. It is repayable within the period of seven years inclusive of two years grace period in ten half yearly equal instalments of principal amount. Last instalment is falling due on October 31, 2020. It carries mark up at the rate of three months KIBOR + 1.00% per annum. During the year mark up was charged at the rates ranging from 8.95% per annum to 11.28% per annum (2014:



10.49% per annum to 11.15% per annum). This finance is secured against 1st joint pari passu charge / mortgage of Rs. 1,067.00 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.

19.39 The Bank of Khyber - Term Finance

During the last year, partial amount of Rs. 335.74 million and during the current year remaining amount of Rs. 12.93 million of a term finance facility have been disbursed by the The Bank of Khyber to finance the retirement of letters of credit opened for import of textile machinery, power generators and miscellaneous equipments. It is repayable within the period of seven years inclusive of two years grace period in ten half yearly equal instalments of principal amount. Last instalment is falling due on July 25, 2020. It carries mark up at the rate of six months KIBOR + 1.10% per annum. During the year mark up was charged at the rates ranging from 10.71% per annum to 11.21% per annum (2014: 10.17% per annum to 11.21% per annum). This finance is secured against 1st joint pari passu charge / mortgage of Rs. 867.00 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.

19.40 The Bank of Khyber - Demand Finance II

During the current year, a term finance of Rs. 300.00 million has been obtained from The Bank of Khyber to refinance capital expenditure already incurred by the Company during the year 2014. It is repayable within the period of six years inclusive of two years grace period in eight half yearly equal instalments of principal amount. Last instalment is falling due on October 13, 2020. It carries mark up at the rate of six months KIBOR + 1.25% per annum. During the year mark up was charged at the rates ranging from 10.86% per annum to 11.44% per annum. This finance is secured against the security as stated in note 19.39.

19.41 The Bank of Punjab - Term Finance under LTFF scheme

During the last year 2014, a term finance of Rs. 249.60 million was obtained from The Bank of Punjab to finance the retirement of letters of credit opened for import of weaving and related machinery for expansion of weaving project of the Company. It is repayable within the period of eight years inclusive of two years grace period in twelve half yearly equal instalments of principal amount starting from disbursal of 80% of the facility. It carried mark up at the rate of six months KIBOR + 1.00% per annum before refinancing from State Bank of Pakistan. During the year 2014 entire term finance was refinanced from the State Bank of Pakistan under LTFF scheme as entire imported machinery was qualified under LTFF scheme. Mark up under SBP's LTFF was chargeable at SBP rate + 2.10% per annum with effective rate of 10.50% per annum. During the current year, entire SBP's LTFF of Rs.249.60 million has been fully adjusted and converted into bank's own source term finance for the same and existing remaining tenor of SBP's LTFF. Last instalment is falling due on September 30, 2021. Bank's own source term finance carries mark up at the rate of six months KIBOR + 1.50% per annum. During the year mark up was charged at the rate of 10.50% per annum (2014: 10.10% per annum to 11.11% per annum). This finance is secured against 1st joint pari passu charge / mortgage of Rs. 334.00 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.



	Note	2015 Rupees	2014 Rupees
20 Long term musharika - secured			
Meezan Bank Limited			
- Diminishing musharika - II	20.1	125,000,000	175,000,000
- Diminishing musharika - III	20.2	150,000,000	150,000,000
		275,000,000	325,000,000
Less: Current portion grouped under current liabilities		80,000,000	50,000,000
		195,000,000	275,000,000

20.1 Meezan Bank Limited - Diminishing Musharika - II

Diminishing Musharika-II finance amounting to Rs. 250.00 million has been obtained during the year 2011 from Meezan Bank Ltd for repayment of cost of imported plant and machinery. It is repayable within seven years inclusive of two years grace period in ten equal half yearly instalments of principal amount. Last instalment is falling due on November 24, 2017. It carries mark up at the rate of six months KIBOR + 1.25% per annum which was reduced during the current year from six months KIBOR + 2.00% per annum. During the year, bank has charged mark up at the rates ranging from 8.33% per annum to 12.21% per annum (2014: 11.61% per annum to 11.89% per annum). This finance is secured against exclusive charge of Rs. 334.00 million over machinery imported through Meezan Bank Ltd and personal guarantees of the sponsoring directors of the Company.

20.2 Meezan Bank Limited - Diminishing Musharika - III

During the year 2013, a Diminishing Musharika finance of Rs. 150.00 million has been obtained from Meezan Bank Ltd to finance the retirement of letters of credits opened for import of textile machinery. It is repayable within the period of seven years inclusive of two years grace period in ten half yearly equal instalments of principal amount. Last instalment is falling due on January 20, 2020. It carries mark up at the rate of six months KIBOR + 1.25% per annum which is reduced during the current year from six months KIBOR + 1.75%. During the year mark up was charged at the rates ranging from 10.00% per annum to 11.93% per annum (2014: 10.83% per annum to 11.90% per annum). This finance is secured against exclusive charge of Rs. 200.00 million over machinery imported through Meezan Bank Ltd and personal guarantees of the sponsoring directors of the Company.

	Note	2015 Rupees	2014 Rupees
21 Deferred liabilities			
Staff gratuity	21.1	212,473,755	157,106,513
Deferred taxation	21.2	1,950,326,682	1,375,175,353
		2,162,800,437	1,532,281,866



21.1 Staff gratuity

The latest actuarial valuation of the Company's defined benefit plan, was conducted at June 30, 2015 using projected unit credit method. Detail of obligation for defined benefit plan is as follows:

	Note	2015 Rupees	2014 Rupees
21.1.1 The amounts recognized in the balance sheet are as follows:			
Present value of defined benefit obligation	21.1.5	212,473,755	157,106,513
Liability at end of the year		<u>212,473,755</u>	<u>157,106,513</u>
21.1.2 The amounts recognized in the profit and loss account against defined benefit plan are as follows:			
Current service cost		67,630,257	57,762,091
Interest cost		17,777,278	11,389,250
Charge to profit and loss		<u>85,407,535</u>	<u>69,151,341</u>
21.1.3 Included in other comprehensive income			
Remeasurement of defined benefit obligation from:			
Experience adjustment on obligation		15,836,461	1,470,301
Charge to other comprehensive income		<u>15,836,461</u>	<u>1,470,301</u>
21.1.4 Movement in the liability recognized in the balance sheet is as follows:			
Liability at beginning of the year		157,106,513	130,453,221
Charge for the year	21.1.2	85,407,535	69,151,341
Actuarial loss charged to OCI	21.1.3	15,836,461	1,470,301
Benefits paid during the year		(45,876,754)	(43,968,350)
Liability at end of the year		<u>212,473,755</u>	<u>157,106,513</u>
21.1.5 Movement in the present value of defined benefit obligation is as follows:			
Present value of defined benefit obligation at beginning of the year		157,106,513	130,453,221
Current service cost		67,630,257	57,762,091
Interest cost		17,777,278	11,389,250
Benefits paid		(45,876,754)	(43,968,350)
Actuarial loss		15,836,461	1,470,301
Present value of defined benefit obligation at end of the year		<u>212,473,755</u>	<u>157,106,513</u>



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21.1.6 Actuarial assumptions:

The following are the principal actuarial assumptions at balance sheet date:

	2015	2014
Discount rate	9.75%	13.25%
Expected rate of growth per annum in future salaries	8.75%	12.25%
Expected mortality rate	SLIC (2001-05)	SLIC (2001-05)
Retirement assumption	Age 60	Age 60

21.1.7 Sensitivity analysis

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

	Impact on defined benefit obligation		
	Change in assumption Percentage	Increase in assumption Rupees	Decrease in assumption Rupees
Discount rate	1.00%	(195,736,282)	232,475,613
Salary growth rate	1.00%	233,017,658	(194,962,972)

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

Historical Information:

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

	2015	2014	2013	2012	2011
	Rupees				
Present value of defined benefit obligation	212,473,755	157,106,513	130,453,221	84,624,574	76,716,019

21.1.8 The Plan exposes the Company to the actuarial risks such as:

Salary risks

The risk that the final salary at the time of cessation of service is higher than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Mortality / withdrawal risks

The risks that the actual mortality / withdrawal experiences is different. The effect depends upon beneficiaries' service / age distribution and the benefit.



- 21.1.9** In this unfunded plan, it is ensured that the long-term investments are in line with the obligation under the retirement benefit plan. Duration and the expected yield of the investments are matched with the expected cash outflows arising from the retirement benefit plan obligations. The process used to manage its risks has not been changed from previous periods. Investments are well diversified and large portion plans' assets in 2014 consist of cash and / or deposits.
- 21.1.10** Gratuity scheme entitles the members to gratuity on resignation, termination, retirement, early retirement, retrenchment, death and dismissal based on the Company's Service rules. Gratuity is based on the last month basic salary for each year of service.

2015				
Opening balance	Addition Surplus	Effect of change of rate	Charge to / (reversal from)	Closing balance
			Profit or loss	
			Other comprehensive income	
				Rupees

Surplus on revaluation of operating assets	610,668,486	819,191,418	(289,859,255)	(37,391,743)	-	1,102,608,906
Tax on specie dividend	62,994,031	-	-	-	-	62,994,031
Tax depreciation allowance	1,105,162,954	-	(159,651,108)	15,228,017	-	960,739,863
Effect of Group Taxation	-	-	-	114,533,566	-	114,533,566
	<u>1,778,825,471</u>	<u>819,191,418</u>	<u>(449,510,363)</u>	<u>92,369,840</u>	<u>-</u>	<u>2,240,876,366</u>

Provision for gratuity	(31,776,088)	-	4,975,957	(6,746,418)	(2,701,474)	(36,248,023)
Minimum tax carried forward	(253,999,670)	-	-	-	-	(253,999,670)
Tax credit on investments	(117,482,394)	-	-	117,482,394	-	-
Provision for slow moving items	(391,966)	-	89,975	-	-	(301,991)
	<u>(403,650,118)</u>	<u>-</u>	<u>5,065,932</u>	<u>110,735,976</u>	<u>(2,701,474)</u>	<u>(290,549,684)</u>
Deferred tax liability	<u>1,375,175,353</u>	<u>819,191,418</u>	<u>(444,444,431)</u>	<u>203,105,816</u>	<u>(2,701,474)</u>	<u>1,950,326,682</u>



2014					
	Opening balance	Addition Surplus	Effect of change of rate	Charge to / (reversal from)	Closing balance
				Profit or loss	Other comprehensive income
----- Rupees -----					
<u>Taxable temporary difference</u>					
Surplus on revaluation of operating assets	646,689,872	-	-	(36,021,386)	610,668,486
Tax on specie dividend	62,994,031	-	-	-	62,994,031
Tax depreciation allowance	997,699,124	-	-	107,463,830	1,105,162,954
	1,707,383,027	-	-	71,442,444	1,778,825,471
<u>Deductible temporary difference</u>					
Provision for gratuity	(26,543,833)	-	-	(4,934,865)	(31,776,088)
Minimum tax carried forward	-	-	-	(253,999,670)	(253,999,670)
Tax credit on investments	-	-	-	(117,482,394)	(117,482,394)
Provision for slow moving items	(360,180)	-	-	(31,786)	(391,966)
	(26,904,013)	-	-	(376,448,715)	(403,650,118)
Deferred tax liability	1,680,479,014	-	-	(305,006,271)	1,375,175,353

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



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	<i>Note</i>	2015 Rupees	2014 Rupees
22 Trade and other payables			
Trade creditors		198,642,450	128,029,810
Accrued liabilities		1,145,341,236	999,959,036
Advance from customers		62,969,440	173,145,683
Un-claimed dividend		1,952,634	1,493,057
Due to associated undertakings	22.1	81,216,487	100,229,263
Tax deducted at source		2,819,067	495,051
Infrastructure cess	22.2	170,181,742	141,216,628
Workers' profit participation fund	22.3	36,431,957	47,778,006
Workers' welfare fund	22.4	115,359,423	101,515,279
Due to employees		758,840	616,798
		<u>1,815,673,276</u>	<u>1,694,478,611</u>
22.1 Due to associated undertakings			
Hussain Ginneries Limited		9,406,308	8,459,657
Fatima Sugar Mills Limited		4,835	4,835
Ahmed Fine Textile Mills Limited		71,764,843	91,724,270
Pakarab Fertilizer Limited		40,501	40,501
		<u>81,216,487</u>	<u>100,229,263</u>
22.2	This represents infrastructure cess levied by the Excise and Taxation Department of Sindh under section 9 of Sindh Finance Act 1994 on items imported by the Company. The Company has filed an appeal in the Sindh High Court at Karachi against the said levy. The appeal is pending for decision till the balance sheet date. However keeping in view any unfavorable outcome of the appeal, the Company has provided the balance payable amount in these financial statements.		
22.3 Workers' profit participation fund	<i>Note</i>	2015 Rupees	2014 Rupees
Balance as at July 01,		47,778,006	82,023,554
Add: Interest on funds utilized by the Company		3,638,075	6,394,713
Provision for the year	31	36,431,957	44,541,636
		<u>87,848,038</u>	<u>132,959,903</u>
Less: Payment made during the year		(51,399,305)	(85,152,307)
Deposited in government treasury		(16,776)	(29,590)
Balance as at June 30,		<u>36,431,957</u>	<u>47,778,006</u>
22.4 Workers' welfare fund			
Balance as at July 01,		101,515,279	84,589,457
Add: allocation for the year	31	13,844,144	16,925,822
Balance as at June 30,		<u>115,359,423</u>	<u>101,515,279</u>
23 Accrued profit / interest / mark-up			
<i>Profit / interest / mark-up accrued on:</i>			
Long term financing - secured		196,379,170	224,643,766
Short term borrowings - secured		99,772,951	69,361,453
		<u>296,152,121</u>	<u>294,005,219</u>



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24 Short term borrowings

Banking Companies

Secured

	Nominal interest rate %	2015 Rupees	2014 Rupees
Cash finance	7.56 - 11.73	379,033,176	584,208,075
Running finance	8.13 - 10.56	426,587,227	626,976,567
Foreign currency export finance (cash and running finance)	1.50 - 3.83	3,510,832,419	2,840,382,297
Finance against imported merchandise	7.09 - 10.65	682,705,084	741,568,949
Money market loan (cash and running finance)	8.11 - 11.73	742,500,000	843,000,000
		5,741,657,906	5,636,135,888

24.1 The Company has short term borrowing facilities including funded and non-funded available from various commercial banks under mark-up arrangements having aggregate sanctioned limits of Rs. 19,111 million (2014: Rs. 16,130 million). These facilities are secured against different securities including pledge of stock-in-trade, hypothecation on stocks, stores and spares, charge on current assets, lien on debtors, lien on imports and exports documents and personal guarantees of the sponsoring directors. The pledge based outstanding borrowings out of the above outstanding borrowings are secured against pledge of stock-in-trade amounting to Rs. 3,087 million. Short term borrowing facilities which remained unutilized at year end were Rs. 12,103 million (2014: 8,959 million).

These facilities are expiring on various dates latest by February 28, 2016.

25	Current portion of non-current liabilities	Note	2015 Rupees	2014 Rupees
	Long term financing - <i>secured</i>	19	1,346,336,191	1,026,908,631
	Long term musharika - <i>secured</i>	20	80,000,000	50,000,000
			1,426,336,191	1,076,908,631

26 Contingencies and commitments

26.1 Contingencies

26.1.1 The Additional Commissioner Inland Revenue through separate notices proceeded for an amendment under section 122(5A) of the Income Tax Ordinance, 2001 of income tax assessment for tax year 2012 and also initiated proceedings under section 161 for verification of income tax withholding compliance by Company during the tax years 2011 and 2012. Company has explained its position to the relevant officials and such proceedings are pending.

26.1.2 Consequent to amendment of income tax assessments for tax years 2006 to 2009 & 2011, Company has been extended significant relief by the Commissioner (Appeals). The issues in respect whereof Commissioner (Appeals) did not allow relief have been assailed in appeal before the Tribunal and such appeals are pending.

26.1.3 The Additional Commissioner Inland Revenue has amended income tax assessments for tax year 2010 and raised a demand of Rs 97.5 million. Company has filed an appeal against the amendment before the Commissioner (Appeals) which has not been taken up for hearing so-far.



26.1.4 Admissibility of 'payment to preference shareholders' has been disputed in income tax amendment orders for tax years 2007 to 2011 by relevant officials. Departmental stance has been maintained by the Commissioner (Appeals) against Company's appeals in respect of tax years 2007 to 2009 and 2011 similar decision is expected for tax year 2010. Company has been exercising the right of appeal by way of contesting the matter in appeals before Tribunal inter-alia with other issues. Due to the nature of issue relief in second appeals is dependent on the view to be formed by the higher Appellate Authority. Hearing of these appeals is awaited. Aggregate amount involved is Rs 181.00 million (2014: Rs 143.70 million).

26.1.5 For the current year, the Company has not accrued expense relating to Gas Infrastructure Development Cess ("GIDC") amounting to Rs. 123.20 million. This practice was followed by the Company, in lieu of stay orders granted by Honorable High Court of Lahore against GIDC arrears in SNGPL bills. Also, as per legal advisor, the Company prima facie has arguable case and a favourable decision is expected.

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

26.1.6 Export documents negotiated with banks under Foreign bill purchase ("FBP") facility aggregating to \$0.28 million (2014: \$4.18 million).

26.2 Commitments

	Note	2015 Rupees	2014 Rupees
26.2.1 Guarantees issued by various commercial banks, in respect of financial and operational obligations of the Company, to various institutions and corporate bodies.		<u>377,750,000</u>	<u>343,250,000</u>
26.2.2 Commitments against irrevocable letters of credit:			
- capital expenditure		13,512,446	-
- raw material and stores and spares		425,895,998	491,394,832
- others	26.2.3	785,786,510	2,030,563,000
		<u>1,225,194,954</u>	<u>2,521,957,832</u>

26.2.3 As at balance sheet date, Stand by Letters of Credit (SBLCs) amounting to Rs. 2,160 million (2014: 2,660 million) are outstanding which were issued by the National Bank of Pakistan, United Bank Limited and Barclays Bank PLC, Pakistan on behalf of the Company favoring the lenders of Fatima Energy Limited (FEL), an associated company, confirming that in case of failure of the Company to make payment of the committed amount of equity during the period of two years, the lenders of FEL can draw on the SBLCs to cover the amount not paid by the Company. An amount of Rs. 1,374 million (2014: 629.437million) has been paid by the Company to FEL till June 30, 2015.



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		2015 Rupees	2014 Rupees
27 Sales - net	<i>Note</i>		
Local:			
Yarn		11,809,856,324	11,748,543,199
Comber noil		40,300,406	24,145,323
Fabric		3,878,273,753	3,365,830,728
Waste		110,326,601	115,097,206
		15,838,757,084	15,253,616,456
Cotton and other products		241,010,669	299,703,267
		16,079,767,753	15,553,319,723
Less:			
Sales return		66,052,062	41,229,983
Sales tax		416,025,265	386,253,306
Commission		23,231,604	84,066,465
		505,308,931	511,549,754
Net local sales		15,574,458,822	15,041,769,969
Export:			
Yarn - net		7,837,613,440	7,121,963,704
Fabric		1,870,855,271	1,322,793,033
Comber noil		260,935,929	367,518,181
Waste		7,730,577	15,307,980
		9,977,135,217	8,827,582,898
Less:		9,977,135,217	8,827,582,898
Commission		126,221,556	89,134,374
Sales return		6,382,466	-
		132,604,022	89,134,374
Net export sales		9,844,531,195	8,738,448,524
		25,418,990,017	23,780,218,493
28 Cost of sales			
Raw material consumed	28.1	13,622,160,745	15,544,385,569
Packing material consumed		329,377,990	327,671,645
Salaries, wages and benefits	28.2	1,549,366,877	1,471,692,530
Traveling and conveyance		6,074,357	5,805,661
Power and fuel		2,620,558,215	2,572,230,381
Stores and spares consumed		514,464,095	417,522,305
Repair and maintenance		33,228,494	22,297,280
Insurance		61,037,821	57,997,459
Depreciation	4.3	641,216,850	569,610,833
Rates and taxes		14,456,093	18,285,984
Others		1,311,011	1,179,736
		19,393,252,548	21,008,679,383



	Note	2015 Rupees	2014 Rupees
<u>Adjustment of work-in-process</u>			
Opening stock		276,188,806	205,937,615
Closing stock		(249,878,782)	(276,188,806)
		<u>26,310,024</u>	<u>(70,251,191)</u>
Cost of goods manufactured		19,419,562,572	20,938,428,192
<u>Adjustment of finished goods:</u>			
Opening stock		2,261,691,402	1,075,768,708
Finished goods purchased		2,144,363,132	1,343,826,942
Closing stock		(1,042,443,831)	(2,261,691,402)
		<u>3,363,610,703</u>	<u>157,904,248</u>
Cost of goods sold		<u>22,783,173,275</u>	<u>21,096,332,440</u>
Cost of raw material sold		<u>226,808,736</u>	<u>263,877,385</u>
		<u>23,009,982,011</u>	<u>21,360,209,825</u>
28.1 Raw material consumed			
Opening stock		2,824,995,770	4,646,912,278
Purchases and expenses		13,736,898,073	13,498,472,086
Transfer from ginning unit	28.1.1	213,977,837	223,996,975
		<u>13,950,875,910</u>	<u>13,722,469,061</u>
		<u>16,775,871,680</u>	<u>18,369,381,339</u>
Less:			
Closing stock		2,921,581,623	2,542,163,873
Stock-in-transit		232,129,312	282,831,897
		<u>3,153,710,935</u>	<u>2,824,995,770</u>
		<u>13,622,160,745</u>	<u>15,544,385,569</u>
28.1.1 Production cost of ginning unit - net			
Raw material purchased and consumed		276,351,642	267,841,591
Lease charges		1,250,000	1,250,000
Salaries, wages and benefits		5,865,733	5,103,910
Traveling and conveyance		598,480	660,928
Repair and maintenance		640,628	378,308
Store consumption		346,541	244,463
Utilities		85,200	201,441
Entertainment		141,525	144,054
Legal and professional		58,070	71,011
Printing and stationery		28,393	29,365
Communication		29,760	50,550
Insurance		134,438	134,438
Others		184,138	156,233
		<u>285,714,548</u>	<u>276,266,292</u>
Less: Sale of cotton seed		(71,736,711)	(52,269,317)
Transferred to raw material consumed		<u>213,977,837</u>	<u>223,996,975</u>



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

28.2 These include Rs. 73.70 million (2014: Rs. 59.80 million) in respect of staff retirement benefits.

		2015 Rupees	2014 Rupees
29 Distribution cost	<i>Note</i>		
<i>Export sales:</i>			
Export development surcharge		21,101,656	18,105,111
Freight, shipment and handling charges		247,755,195	210,293,180
Insurance		2,670,801	3,675,998
<i>Local sales:</i>			
Freight, shipment, handling and other charges		21,081,502	22,346,189
Insurance		2,728,677	2,103,032
Salaries and benefits - marketing staff		4,798,363	3,818,621
		300,136,194	260,342,131
30 Administrative expenses			
Salaries and benefits	30.1	128,242,518	139,688,026
Traveling and conveyance	30.2	7,905,416	7,306,398
Vehicle running and maintenance		18,115,933	17,790,521
Rent, rates, taxes and fees		9,887,189	8,953,837
Electricity, gas and water		3,978,805	3,323,589
Entertainment / guest house expenses		9,332,848	7,546,853
Communication		10,587,608	10,608,316
Printing and stationery		5,776,445	5,288,873
Insurance		4,768,811	3,233,442
Repair and maintenance		12,503,756	8,542,574
Subscription / advertisement		2,033,585	2,210,284
Auditors' remuneration	30.3	1,420,000	1,200,000
Legal and professional charges		7,667,098	5,117,923
Directors' meeting fee		108,750	120,000
Depreciation	4.3	26,362,655	22,740,265
Amortization	4	-	2,258,439
Others		2,125,952	1,505,409
		250,817,369	247,434,749

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30.1 These include Rs. 11.75 million (2014: Rs. 9.34 million) in respect of staff retirement benefits.

30.2 These include directors' traveling expense of Rs. 2.6 million (2014: Rs. 2.9 million).

	<i>Note</i>	2015 Rupees	2014 Rupees
30.3 Auditors' remuneration			
Fee for statutory audit		1,200,000	1,100,000
Out of pocket expenses		220,000	100,000
		1,420,000	1,200,000

31 Other expenses

Workers' profit participation fund	22.3	36,431,957	44,541,636
Workers' welfare fund	22.4	13,844,144	16,925,822
Donations	31.1	23,866,554	20,195,119
Bad debts written off		-	18,183
		74,142,655	81,680,760

31.1 Donations include Rs. 3.16 million (2014: Rs. 2.87 million) paid to Fazal-ur-Rehman Foundation, 487-A, Mumtazabad, Vehari Road, Multan. Sheikh Naseem Ahmad (Chief Executive Officer) is amongst the trustees of the Foundation.

	<i>Note</i>	2015 Rupees	2014 Rupees
32 Other income			
<u>From financial assets</u>			
Dividend income		982,080	174,365,398
Unrealized gain on re-measurement of short term investments to fair value	14	65,355,883	36,773,055
Liabilities written back		4,467,598	-
Mark-up on loan to subsidiary	32.1	51,913,061	14,048,165
Mark-up on advance to associated undertaking	32.1	15,472,348	47,219,205
Profit on shares trading by associate	32.2	378,370	-
		138,569,340	272,405,823
<u>From non-financial assets</u>			
Gain on disposal of property, plant and equipment		25,609,450	437,938
Scrap sales		1,371,525	1,331,808
		26,980,975	1,769,746
		165,550,315	274,175,569

32.1 It represents mark-up charged at weighted average borrowing cost of the Company. During the year mark up charged at the rates ranging from 10.02% to 11.44% per annum.

32.2 It represents gain tendered to the Company by Amir Fine Exports (Private) Limited, an associated company as per order passed by SECP dated September 05, 2014 under section 224 of the Companies Ordinance, 1984



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33	Finance cost	Note	2015 Rupees	2014 Rupees
	Profit / interest / mark up on:			
	- Long term financing - secured		790,388,088	710,852,474
	- Musharika - secured		33,752,415	40,141,493
	- Short term borrowings - secured		372,488,860	422,621,652
	Bank charges		74,469,705	94,929,462
	Dividend on redeemable preference shares		-	6,816,250
	Interest on workers' profit participation fund	22.3	3,638,075	6,394,713
			<u>1,274,737,143</u>	<u>1,281,756,044</u>

34 Taxation

Current		
- for the year	233,173,863	250,115,311
- prior year	(117,482,394)	-
Deferred		
- group taxation	114,533,566	-
- effect of change of rate of tax	(154,585,176)	-
- others	88,572,250	(305,006,271)
	<u>48,520,640</u>	<u>(305,006,271)</u>
	<u>164,212,109</u>	<u>(54,890,960)</u>

The tax provision is charged by considering the provision of section 113, 65B and other tax credits available under the Income Tax Ordinance, 2001. In addition to this, it also includes tax on exports and imports and income from other sources which is full and final discharge of Company's tax liability in respect of income arising from such source.

34.1 The numerical reconciliation between the average tax rate and the applicable tax rate is as follows:

	2015	2014
Applicable tax rate	33%	34%
Tax effect of amounts that are:		
- Effect of final tax regime	-5%	-5%
- Tax effects of temporary differences	18%	-32%
- Effect of group taxation	17%	0%
- Tax effect of prior year adjustment	-18%	0%
- Effect of change in tax rate	-23%	0%
- Tax effect of minimum tax	2%	-4%
Average effective tax rate charged to profit and loss account	<u>24%</u>	<u>-7%</u>

34.2 The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 on every public company other than a scheduled bank or modaraba, that derives profits for tax year and does not distribute cash dividend within six months of the end of said tax year or distribute dividends to such an extent that its reserves, after such distribution, are in excess of 100% of its paid up capital. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40 percent of its after tax profits or 50% of its paid up capital, whichever is less, within six months of the end of the tax year.



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As explained in note 42 to the financial statements, the Board of Directors in their meeting held on October 09, 2015 has recommended a cash dividend of Rs. 5 per ordinary share for the year ended June 30, 2015 which complies with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been recognized in these financial statements for the year ended June 30, 2015.

35 Earnings per share - <i>basic and diluted</i>	2015	2014
35.1 Basic earnings per share		
Profit after taxation	<i>Rupees</i> <u>510,512,851</u>	<u>877,861,513</u>
Weighted average number of ordinary shares	<i>No. of shares</i> <u>30,000,000</u>	<u>30,000,000</u>
Earnings per share	<i>Rupees</i> <u>17.02</u>	<u>29.26</u>

35.2 Diluted earnings per share

There is no dilution effect on the basic earnings per share of the current year as the Company has no such commitments.

36 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

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

36.1 Risk management framework

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

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

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

36.2 Credit risk

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



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Total financial assets of Rs. 9,850.88 million (2014: Rs. 7,547.30 million) are subject to credit risk.

Exposure to credit risk

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

	2015 Rupees	2014 Rupees
<u>Available for sale</u>		
Long term investments	3,657,165,531	2,329,793,605
<u>Held for trading</u>		
Short term investments	545,590,770	227,268,181
<u>Loans and receivables</u>		
Deposits	22,807,493	22,807,493
Loans and advances	1,421,883,769	1,364,038,887
Trade debts	3,805,423,237	2,884,937,972
Mark-up accrued	98,148,500	49,029,704
Other receivables	134,025,479	329,094,883
Bank balances	165,839,349	340,338,831
	9,850,884,128	7,547,309,556

Credit quality of financial assets

(a) Trade debts

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

	2015 Rupees	2014 Rupees
Export - secured	1,710,822,642	1,076,104,732
Local - unsecured, considered good	2,094,600,595	1,808,833,240
	3,805,423,237	2,884,937,972

The aging of trade receivables at the reporting date is:

	Related parties 2015 Rupees	Others 2015 Rupees	Total 2015 Rupees
1 to 30 days	160,187,516	2,375,290,585	2,535,478,101
30 to 150 days	12,880,730	1,239,009,087	1,251,889,817
150 days and above	1,959,291	16,096,028	18,055,319
	175,027,537	3,630,395,700	3,805,423,237

The aging of trade receivables at the reporting date is:

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	Related parties	Others	Total
	2014	2014	2014
	Rupees	Rupees	Rupees
1 to 30 days	105,384,530	1,184,296,125	1,289,680,655
30 to 150 days	24,205,549	1,563,168,146	1,587,373,695
150 days and above	8,400	7,875,222	7,883,622
	<u>129,598,479</u>	<u>2,755,339,493</u>	<u>2,884,937,972</u>

Out of total trade debts, 44.96% comprise of foreign debtors that are secured against letters of credit. Local trade debts include companies with very good credit history and are regular in their payments. The management continuously monitors the repayment capacity and intention of their debtors and extends the credit periods to their customers according to their credit history. Therefore, no impairment is necessary.

(b) Other financial assets

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

		2015 Rupees	2014 Rupees
<u>Long term investment</u>	Rating		
Fatima Fertilizers Company Limited	A+	2,461,176,791	1,826,826,899
Pakarab Fertilizers Limited	AA-	-	252,966,706
Fazal Weaving Mills Limited	N/A	250,000,000	250,000,000
Fatima Energy Limited	N/A	924,213,490	-
Fatima Transmission Company Limited	N/A	131,250	-
Multan Real Estate (Private) Limited	N/A	21,644,000	-
<u>Short term investment</u>			
Pakarab Fertilizers Limited	AA-	252,966,706	-
Fatima Fertilizers Company Limited	A1	254,736,400	189,080,000
Pakistan State Oil Company Limited	A1+	37,887,664	38,188,181
		<u>4,202,756,301</u>	<u>2,557,061,786</u>

(c) Bank balances

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

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

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



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	Rating		Rating agency	2015	2014
	Short term	Long term		Rupees	Rupees
Allied Bank Limited	A1+	AA+	PACRA	606,357	103,819,046
National Bank of Pakistan	A1+	AAA	JCR-VIS	2,664,036	42,020,476
MCB Bank Limited	A1+	AAA	PACRA	8,727,529	12,399,474
Meezan Bank Limited	A1+	AA	JCR-VIS	68,011,354	63,946,061
UBL Bank Limited	A1+	AA+	JCR-VIS	10,850,986	59,723,459
Standard Chartered Bank					
Pakistan Limited	A1+	AAA	PACRA	17,053,526	8,850
Habib Bank Limited	A1+	AAA	JCR-VIS	6,035,383	879,780
Soneri Bank Limited	A1+	AA-	PACRA	2,405,342	923,403
NIB Bank Limited	A1+	AA-	PACRA	186,169	283,797
Bank Al Falah Limited	A1+	AA	PACRA	33,749,157	41,315,259
Askari Bank Limited	A1+	AA	JCR-VIS	3,064,016	8,224,749
The Bank of Punjab	A1+	AA-	PACRA	2,656,324	129,637
The Bank of Khyber	A1	A	PACRA	168,613	227,596
Bank Al Habib Limited	A1+	AA+	PACRA	3,289,775	2,432,913
Bank Islamic Limited	A1	A	PACRA	79,930	79,920
Dubai Islamic Bank					
Pakistan Limited	A-1	A+	JCR-VIS	1,266,114	2,361,419
Habib Metropolitan					
Bank Limited	A1+	AA+	PACRA	4,309,208	461,307
Faysal Bank Limited	A1+	AA	PACRA	6,356	6,357
KASB Bank Limited	A3	BBB	PACRA	918	224,918
Samba Bank Limited	A1	AA-	JCR-VIS	-	159,820
Silk Bank Limited	A-2	A-	JCR-VIS	81,295	81,295
Summit Bank Limited	A-3	A-	JCR-VIS	626,961	629,295
				165,839,349	340,338,831

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

36.3 Concentration of credit risk

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



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36.4 Liquidity risk

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

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

Weighted average effective rate of interest	2015							
	Carrying value	Contractual cash flows	Less than one month	One to three months	Three months to one year	One to five years	Above five years	Total

Weighted Average effective rate of interest	2014							
	Carrying value	Contractual cash flows	Less than one month	One to three months	Three months to one year	One to five years	Above five years	Total
Rupees								
Financial liabilities								
Long term financing	7,317,585,608	8,271,426,775	224,643,766	148,847,374	1,035,375,189	5,707,600,270	1,154,960,177	8,271,426,775
Short term borrowings	5,636,135,888	6,072,127,980	2,257,170,809	682,966,610	3,131,990,561	-	-	6,072,127,980
Trade and other payables	1,694,478,611	1,694,478,611	302,287,342	1,100,188,299	292,002,970	-	-	1,694,478,611
	14,648,200,107	16,038,033,366	2,784,101,917	1,937,002,283	4,459,368,720	5,707,600,270	1,154,960,177	16,038,033,366

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



36.5 Market risk

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

36.5.1 Currency risk

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

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

The potential currency exposures are discussed below:

Transactional exposure in respect of non functional currency monetary items

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

Transactional exposure in respect of non functional currency expenditure and revenues

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

Exposure to currency risk

	2015 Rupees	2014 Rupees
Balance sheet items		
Export finances	3,510,832,419	2,940,698,147
Foreign debtors	(1,710,822,642)	(1,076,104,732)
Gross balance sheet exposure	1,800,009,777	1,864,593,415
Off balance sheet items		
Outstanding letters of credit	439,408,444	491,394,832
Net exposure	2,239,418,221	2,355,988,247



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The following significant exchange rate has been applied:

Average and spot rate

	Average rate		Spot rate	
	2015	2014	2015	2014
	----- Rupees -----		----- Rupees -----	
USD to Rupee	101.29	98.63	101.70	98.55

Sensitivity analysis:

At reporting date, if the PKR had strengthened by 10.00% against the foreign currencies with all other variables held constant, profit for the year would have been higher by the amount shown below, mainly as a result of net foreign exchange gain on translation of export finances and foreign debtors.

	2015 Rupees	2014 Rupees
USD to Rupee	<u>223,941,822</u>	<u>235,598,825</u>

Effect on profit and loss

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

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

36.5.2 Interest rate risk

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

	2015	2014	2015	2014
	Effective rate (in Percentage)		Carrying amount (Rupees)	
<u>Financial liabilities</u>				
<i>Fixed rate instruments:</i>				
Long term loan	7.00 to 12.70	7.00 to 12.93	<u>30,824,399</u>	<u>1,743,470,521</u>
<i>Variable rate instruments:</i>				
Long term loan	7.00 to 12.70	10.06 to 12.93	<u>7,139,876,717</u>	<u>5,574,115,087</u>
Short term running finance	7.09 to 11.73	0.80 to 12.21	<u>2,230,825,487</u>	<u>2,695,437,741</u>
Export finances	1.50 to 3.83	0.80 to 2.85	<u>3,510,832,419</u>	<u>2,940,698,147</u>



Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

	Profit or loss	
	100 bps Increase	100 bps Decrease
	----- Rupees -----	
As at June 30, 2015	128,815,346	- 128,815,346
As at June 30, 2014	112,102,510	- 112,102,510

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

36.5.3 Fair value of financial instruments

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

a) Fair values versus carrying amounts

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

	2015		2014	
	Carrying amount	Fair value	Carrying amount	Fair value
	-----Rupees-----			
Long term investments	3,657,165,531	3,657,165,531	2,329,793,605	2,329,793,605
Long term loan and advances	530,000,000	530,000,000	499,940,000	499,940,000
Long term deposits	22,807,493	22,807,493	22,807,493	22,807,493
Trade debts	3,805,423,237	3,805,423,237	2,884,937,972	2,884,937,972
Loans and advances	891,883,769	891,883,769	864,098,887	864,098,887
Trade deposits	7,385,469	7,385,469	-	-
Mark-up accrued	98,148,500	98,148,500	49,029,704	49,029,704
Other receivables	134,025,479	134,025,479	329,094,883	329,094,883
Short term investments	545,590,770	545,590,770	227,268,181	227,268,181
Cash and bank balance	169,824,779	169,824,779	346,251,152	346,251,152
	9,862,255,027	9,862,255,027	7,553,221,877	7,553,221,877

Financial assets



	2015		2014	
	Carrying amount	Fair value	Carrying amount	Fair value
	-----Rupees-----			
<u>Financial liabilities</u>				
Long term finance	7,170,701,116	7,170,701,116	7,317,585,608	7,317,585,608
Short term borrowings	5,741,657,906	5,741,657,906	5,636,135,888	5,636,135,888
Trade and other payables	1,815,673,276	1,815,673,276	1,694,478,611	1,694,478,611
	14,728,032,298	14,728,032,298	14,648,200,107	14,648,200,107

b) Valuation of financial instruments

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

Level 1: Quoted market price (unadjusted) in an active market.

Level 2: Valuation techniques based on observable inputs.

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

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

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

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

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

	2015		
	Level 1	Level 2	Level 3
	-----Rupees-----		
Financial assets at fair value through profit or loss	292,624,064	-	292,624,064
Financial assets at fair value at available for sale	3,910,132,237	-	3,910,132,237
	4,202,756,301	-	4,202,756,301



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	2014		
	Level 1	Level 2	Level 3
	Rupees		
Financial assets at fair value through profit or loss	227,268,181	-	-
Financial assets at fair value at available for sale	1,826,826,899	-	-
	2,054,095,080	-	-
			Total
			227,268,181
			1,826,826,899
			2,054,095,080

36.5.4 Other price risk

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

Sensitivity analysis

The table below summarizes the Company's equity price risk as of June 30, 2015 and 2014 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of equity markets and the aforementioned concentrations existing in the equity investment portfolio.

	2015		
	Fair value	Estimated fair value after hypothetical	"Hypothetical increase (decrease) in profit or (loss) / equity"
	Rupees		
Financial assets at fair value through profit or loss	292,624,064	10% increase 10% decrease	321,886,470 263,361,658
Financial assets at fair value at available for sale	3,910,132,237	10% increase 10% decrease	4,301,145,461 3,519,119,013
	4,202,756,301		-
			29,262,406 29,262,406 391,013,224 391,013,224
	2014		
	Fair value	Estimated fair value after hypothetical	"Hypothetical increase (decrease) in profit or (loss) / equity"
	Rupees		
Financial assets at fair value through profit or loss	227,268,181	10% increase 10% decrease	249,994,999 204,541,363
Financial assets at fair value at available for sale	1,826,826,899	10% increase 10% decrease	2,009,509,589 1,644,144,209
	2,054,095,080		-
			22,726,818 (22,726,818) 182,682,690 (182,682,690)



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36.5.5 Operational risk

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

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

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

- requirements for appropriate segregation of duties, including the independent authorization of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective

37 Capital management

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

The Company's objectives when managing capital are:

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

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



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

Gearing ratio as at June 30, 2015 and as at June 30, 2014 are as follows:

	2015 Rupees	2014 Rupees
Total debt	12,912,359,022	12,953,721,496
Total equity including revaluation surplus	15,515,020,770	10,874,628,358
Total capital employed	28,427,379,792	23,828,349,854
Gearing	45%	54%

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements, except those, related to maintenance of debt covenants including restriction on dividend declaration, commonly imposed by the providers of debt finance. Decrease in gearing ratio is mainly due to repayments of debts.

37.1 Financial instruments by categories

Loans and receivables

	2015 Rupees	2014 Rupees
Long term deposits	22,807,493	22,807,493
Trade debts	3,805,423,237	2,884,937,972
Loans and advances	891,883,769	864,098,887
Other receivables	134,025,479	239,094,883
Cash and bank balances	169,824,779	346,251,152
	5,023,964,757	4,496,220,091

Available for sale

Long term investments	3,657,165,531	2,329,793,605
	3,657,165,531	2,329,793,605

Held for trading

Short term investments	545,590,770	227,268,181
	545,590,770	227,268,181

Financial liabilities

	2015 Rupees	2014 Rupees
Long term finances - <i>secured</i>	7,170,701,116	7,317,585,608
Short term borrowings - <i>secured</i>	5,741,657,906	5,636,135,888
Trade and other payables	1,815,673,276	1,694,478,611
Accrued markup	296,152,121	294,005,219
	15,024,184,419	14,942,205,326



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

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

	2015					2014				
	Rupees					Rupees				
	Chief Executive Officer	Non-Executive Director	Executive Director	Executives	Total	Chief Executive Officer	Non-Executive Director	Executive Director	Executives	Total
Managerial remuneration	3,078,624	6,157,248	3,078,624	38,248,520	50,563,016	3,078,624	6,157,248	3,078,624	23,690,860	41,010,780
House rent and utilities	3,289,916	3,364,232	1,197,240	9,041,743	16,893,131	3,075,749	3,373,921	1,251,356	6,473,841	9,169,443
Medical	123,093	-	-	3,824,570	3,947,663	-	106,518	-	2,684,110	2,790,628
Conveyance / petrol	-	-	-	149,003	149,003	-	-	-	130,200	130,200
Insurance	5,393	-	-	-	5,393	-	-	-	-	-
	6,497,026	9,521,480	4,275,864	51,263,836	71,558,206	6,154,373	9,637,687	4,329,980	32,979,011	53,101,051
Numbers	1	5	1	67	74	1	5	1	43	50

38.1 In addition to above, only Non-Executive Directors were paid Rs. 0.11 million (2014: 0.12 million) as meeting fee.

38.2 Chief Executive Officer, Executive directors and some of the executives are also provided with Company maintained cars and telephones at their residences for the Company's business purposes.

38.3 These includes Rs. 4.09 million (2014: Rs. 3.68 million) in respect of staff retirements benefits.

39 Number of employees

	2015	2014
Total number of employees as at June 30,	5,502	5,396
Average number of employees during the year	5,449	5,129



40 Transactions with related parties

The related parties comprise subsidiary, associated undertakings and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables and remuneration of the key management personnel is disclosed in note 38. Other significant transactions with related parties are as follows:

Description of transaction	Nature of relationship	2015 Rupees	2014 Rupees
Fazal Rehman Fabrics Limited	Associate		
Sale of goods and services - <i>net</i>		1,466,838,160	1,387,797,904
Purchase of goods and services		89,623,609	24,415,003
Receipts against sale of goods and services - <i>net</i>		1,342,756,938	1,408,019,965
Freight and other charges incurred		1,658,009	24,050
Fatima Fertilizer Company Limited	Associate		
Dividend Income		-	177,653,670
Purchase of goods and services		-	10,180,872
Fatima Energy Limited	Associate		
Purchase of shares		924,213,490	-
Advance for issue of shares		450,000,000	617,200,000
Mark-up accrued on issue of shares		12,219,779	27,251,710
Reliance Weaving Mills Limited	Associate		
Sale of goods and services		19,640,162	26,934,953
Purchase of goods and services		499,546	8,527,645
Receipts against sale of goods and services - <i>net</i>		17,592,497	16,582,761
Ahmed Fine Textile Mills Limited	Associate		
Sale of goods and services		40,265,252	62,801,475
Purchase of goods and services		390,366,016	387,237,852
Payments against purchase of goods and services - <i>net</i>		341,219,706	282,411,396
Freight and other charges incurred		881,899	-
Fazal-ur-Rehman Foundation, Multan	Associate		
Donations		3,163,300	2,872,382



Fazal Cloth Mills Limited

Fazal Weaving Mills Limited

Subsidiary

Sale of goods and services	448,408,571	35,823,830
Purchase of goods and services	1,172,674,872	567,745,920
Payments against purchase of goods and services - <i>net</i>	732,202,169	446,198,557
Long term loan given	30,060,000	499,940,000
Mark-up on loan	51,913,061	14,048,165

Hussain Gineries Limited

Associate

Expenses incurred on behalf of associate	9,406,308	8,459,657
Receipts against expenses	8,272,157	7,231,435

Amir Fine Exports (Private) Limited

Associate

Receipts from associate	386,770	-
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All transactions with related parties have been carried out on commercial terms and conditions except due from subsidiary on account of non trading activities.

41 Capacity and production

Spinning:	2015	2014
Number of spindles installed	190,392	190,392
Number of rotors installed	2,220	1,740
<i>Number of shifts worked</i>		
Unit I, II & IV	1,093	1,084
Unit III	1,094	1,040
Number of spindles - <i>shifts worked</i>	208,189,611	193,820,735
Capacity at 20's count	Kgs. 72,862,880	77,682,092
Actual production of all counts	Kgs. 60,804,880	65,056,561
Actual production converted into 20's count	Kgs. 72,696,833	64,857,367



Fazal Cloth Mills Limited

Weaving:

Number of looms installed		224	224
Number of looms worked		224	224
Number of shifts worked		1,095	1,042
	LM	49,259,519	36,831,112
Actual cloth production	LM	43,848,377	33,101,353

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

42 Non adjusting event after balance sheet date

The Board of Directors of the Company in their meeting held on October 09, 2015 has proposed a final cash dividend of Rs. 5 per share (2014: Rs. 2.5 per share) for the year ended June 30, 2015 held for approval of the members in the Annual General Meeting to be held on October 31, 2015. These financial statements do not include the effect of this proposed final cash dividend and will be accounted for subsequent to year end.

43 Corresponding figures

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

44 Date of authorization of financial statements

These financial statements were authorized for issue on October 09, 2015 by the board of directors of the Company.

45 General

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

Sd/-
(SHEIKH NASEEM AHMAD)
CHIEF EXECUTIVE OFFICER

Sd/-
(REHMAN NASEEM)
DIRECTOR

Sd/-
(FAIZAN-UL-HAQ)
CHIEF FINANCIAL OFFICER



Fazal Cloth Mills Limited



Fazal Cloth Mills Limited

Fazal Cloth Mills Limited (The Group)
Consolidated Financial Statements
for the year ended June 30, 2015



DIRECTORS' REPORT

The Directors are pleased to present their report together with the consolidated financial statements of Fazal Cloth Mills Limited and its Subsidiary Company for the year ended June 30, 2015. The consolidated results comprise of financial statements of Fazal Cloth Mills Limited ("the Holding Company") and Fazal Weaving Mills Limited ("the Subsidiary Company"). The Holding Company has annexed its consolidated financial statements along with its separate financial statements, in accordance with the requirements of International Accounting Standard 27 (Consolidated and Separate Financial Statements). The Holding Company owns and controls 100% shares of its Subsidiary. The Directors' Report, giving a commentary on the performance of the Holding Company for the year ended June 30, 2015 has been presented separately.

FINANCIAL AND OPERATING RESULTS:

Sales for the year were Rs. 27,357 Million as compared to Rs. 23,951 Million last year. This represents an increase of 14.22%. Profit for the year after tax is Rs. 498.01 Million after charging depreciation of Rs. 777.48 Million and contribution to Workers Profit Participation Fund of Rs. 36.43 Million. Earnings per share (EPS) are Rs. 16.60 (2014: Rs. 30.97). EBITDA of Rs. 2,949 Million was generated. EBITDA per ordinary share is Rs. 98.31 (2014:Rs. 90.42).

FUTURE OUTLOOK:

Prospects for Raw Cotton Crop in Pakistan for the season 2015-16 are dismal. Estimates vary from 10 million to 12.5 million bales against a production of 14.7 million bales. This has caused prices to increase from 4700 to 5500/maund. Yarn and Fabric prices have not increased proportionately. Due to a slow down in China, demand remains weak. As a result, margins are depressed. Your management is doing all it can to counter the situation by increasing consumption of imported cotton and manmade fibers.

Interest rates have sharply declined. Kibor has come down to 6.5% from approximately 9% last year. Electricity prices have also declined to Rs. 11/KWH pursuant to a sharp reduction in crude oil prices. This has resulted in decrease in production costs.

Overall your management remains hopeful of achieving similar results as current year subject to a revival in demand.

For and on behalf of the Board

Dated: October 09, 2015

Sd/-
(Sh. Naseem Ahmad)
Chief Executive Officer



Fazal Cloth Mills Limited

Auditors' Report on Consolidated Financial Statements

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of **Fazal Cloth Mills Limited** ("the Holding Company") and its subsidiary company Fazal Weaving Mills Limited ("the Group") as at 30 June 2015 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated Statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of Fazal Cloth Mills Limited ("the Holding Company") and its subsidiary company, Fazal Weaving Mills Limited. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the consolidated financial statements present fairly the financial position of Fazal Cloth Mills Limited and its subsidiary company as at 30 June 2015 and the results of their operations for the year then ended.

Date: October 09, 2015

Lahore

Sd/-

**KPMG TaseerHadi& Co.
Chartered Accountants
(Kamran Iqbal Yousafi)**



Consolidated Balance Sheet

		2015	2104
	Note	Rupees	
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	4	19,891,189,835	15,561,245,300
Intangible assets	5	1,006,125	1,188,075
Long term investments	6	3,402,513,890	2,079,793,605
Long term deposits		34,418,530	34,091,810
		23,329,128,380	17,676,318,790
<u>Current assets</u>			
Stores, spares and loose tools	7	428,686,925	416,959,231
Stock-in-trade	8	5,433,567,576	6,549,616,802
Trade debts	9	4,048,617,303	3,104,020,993
Loans and advances	10	531,136,342	754,925,954
Trade deposits and short term prepayments	11	7,385,469	3,431,538
Mark-up accrued	12	12,219,779	15,014,044
Other receivables and deposits	13	134,025,479	329,094,883
Short term investments	14	545,590,770	227,268,181
Tax refundable		632,060,909	519,314,041
Cash and bank balances	15	177,228,341	360,063,071
		11,950,518,893	12,279,708,738
		35,279,647,273	29,956,027,528

The annexed notes from 1 to 46 form an integral part of these financial statements.

Sd/-
(SHEIKH NASEEM AHMAD)
CHIEF EXECUTIVE OFFICER

Sd/-
(REHMAN NASEEM)
DIRECTOR



As at June 30, 2015

Fazal Cloth Mills Limited

		2015	2104
	Note	----- Rupees -----	
EQUITY AND LIABILITIES			
<u>Share capital and reserves</u>			
Authorized share capital		<u>700,000,000</u>	<u>700,000,000</u>
Issued, subscribed and paid-up capital		300,000,000	300,000,000
Capital reserves		1,945,611,134	1,311,261,242
Unappropriated profits		<u>6,459,764,305</u>	<u>5,878,347,896</u>
		8,705,375,439	7,489,609,138
Surplus on revaluation of fixed assets - net of tax		7,090,382,591	3,440,823,294
<u>Non-current liabilities</u>			
Long term financing - secured	19	6,701,070,813	7,215,675,977
Long term musharika - secured	20	212,174,569	293,735,894
Deferred liabilities ;			
- Staff gratuity	21	220,481,472	159,336,498
- Deferred taxation	21	1,862,752,475	1,257,811,423
		<u>8,996,479,329</u>	<u>8,926,559,792</u>
<u>Current liabilities</u>			
Trade and other payables	22	1,899,625,930	1,778,317,049
Accrued profit / interest / mark-up	23	340,444,923	348,593,336
Short term borrowings - secured	24	6,715,274,961	6,895,216,288
Current portion of non-current liabilities	25	1,532,064,100	1,076,908,631
		<u>10,487,409,914</u>	<u>10,099,035,304</u>
Contingencies and commitments	26		
		<u>35,279,647,273</u>	<u>29,956,027,528</u>

Sd/-
(FAIZAN-UL-HAQ)
CHIEF FINANCIAL OFFICER



Consolidated Profit and Loss Account

For the year ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
Sales - net	27	27,357,459,139	23,950,708,931
Cost of sales	28	(24,613,635,575)	(21,496,409,432)
Gross profit		2,743,823,564	2,454,299,499
Distribution cost	29	(342,657,788)	(266,112,344)
Administrative expenses	30	(259,856,798)	(252,815,766)
Other expenses	31	(74,142,655)	(81,680,760)
		(676,657,241)	(600,608,870)
Other income	32	113,637,254	240,159,909
Profit from operations		2,176,151,936	2,093,850,538
Share of loss of associate		(4,651,641)	-
Finance cost	33	(1,514,731,123)	(1,332,563,582)
Profit before taxation		661,420,813	761,286,957
Taxation			
- Group	34	(163,415,609)	167,730,849
- Associate		-	-
Profit after taxation		498,005,204	929,017,806
Attributable to:			
Equity holders of the Holding Company		498,005,204	929,017,806
Earnings per share - basic and diluted	35	16.60	30.97

The annexed notes from 1 to 46 form an integral part of these financial statements.

Sd/-
(SHEIKH NASEEM AHMAD)
CHIEF EXECUTIVE OFFICER

Sd/-
(REHMAN NASEEM)
DIRECTOR

Sd/-
(FAIZAN-UL-HAQ)
CHIEF FINANCIAL OFFICER



Fazal Cloth Mills Limited

Consolidated Statement of Comprehensive Income

For the year ended June 30, 2015

	2015 Rupees	2014 Rupees
Profit after taxation	498,005,204	929,017,806
<u>Other comprehensive income - net of tax</u>		
<i>Items that will never be reclassified to profit and loss:</i>		
<u>Other comprehensive income - transferred to equity</u>		
Remeasurement of defined benefit liability	(15,300,588)	(1,470,301)
Related tax impact	2,610,067	297,390
	(12,690,521)	(1,172,911)
<u>Other comprehensive income - not transferred to equity</u>		
Surplus on revaluation of fixed assets	4,397,872,631	-
Deferred tax liability on revaluation of fixed assets	(875,250,093)	-
	3,522,622,538	-
<i>Items that are or may be reclassified subsequently to profit and loss:</i>		
Net change in fair value of available for sale financial assets	634,349,892	262,685,109
Total comprehensive income for the year	4,642,287,113	1,190,530,004
<u>Attributable to:</u>		
Equity holders of the Holding Company	4,642,287,113	1,190,530,004
	4,642,287,113	1,190,530,004

The annexed notes from 1 to 46 form an integral part of these financial statements.

Sd/-
(SHEIKH NASEEM AHMAD)
CHIEF EXECUTIVE OFFICER

Sd/-
(REHMAN NASEEM)
DIRECTOR

Sd/-
(FAIZAN-UL-HAQ)
CHIEF FINANCIAL OFFICER



Fazal Cloth Mills Limited

Consolidated Cash Flow Statement

For the year ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
<u>Cash flows from operating activities</u>			
Profit before taxation		661,420,813	761,286,957
Adjustments for:			
Depreciation of property, plant and equipment		777,481,031	616,412,206
Amortization of intangible assets		181,950	2,440,389
Unrealized gain on re-measurement of investments		(65,355,883)	(36,773,055)
Provision for gratuity		92,141,351	71,381,326
Provision for infrastructure cess		28,965,114	26,317,041
Gain on disposal of property, plant and equipment		(25,609,450)	(437,938)
Share of loss of associate		4,651,641	-
Dividend income		(982,080)	(174,365,398)
Finance cost		1,429,669,301	1,332,563,582
Cash generated from operations before working capital changes		2,902,563,788	2,598,825,110
<u>Effect on cash flows due to working capital changes</u>			
(Increase) / decrease in current assets:			
Stores, spares and loose tools		(11,727,694)	(111,786,640)
Stock-in-trade		1,116,049,226	(620,998,201)
Trade debts		(944,596,310)	(1,108,393,189)
Loans and advances		19,510,361	(36,933,620)
Trade deposits and short term prepayments		(3,953,931)	(3,224,043)
Other receivables		21,284,326	(165,545,765)
		196,565,978	(1,966,566,132)
Increase in current liabilities			
Trade and other payables		92,343,767	323,340,532
Cash generated from operations		3,191,473,533	955,599,510
Gratuity paid to employees		(46,296,965)	(43,968,350)
Taxes paid		(245,822,965)	(460,718,318)
Finance cost paid - net		(1,435,023,449)	(1,227,622,400)
Net cash generated from / (used in) operating activities		1,727,143,379	(1,732,309,068)
<u>Cash flows from investing activities</u>			
Capital expenditure incurred		(732,919,614)	(3,729,941,844)
Proceeds from sale of property, plant and equipment		52,173,687	3,714,007
Investment in associate		(294,907,048)	-
Advance against investment in associate		(450,000,000)	(651,081,694)
Long term deposits		(326,720)	(5,942,114)
Dividend received		174,767,158	580,320
Net cash used in investing activities		(1,251,212,537)	(4,382,671,325)
<u>Cash flows from financing activities</u>			
Long term financing obtained		1,164,846,492	3,853,716,304
Long term financing repaid		(1,255,857,512)	(840,941,893)
Long term musharika obtained		-	18,735,894
Long term musharika repaid		(50,000,000)	(50,000,000)
Short term borrowings - net		(179,941,327)	2,558,035,655
Redemption of preference shares		-	(175,000,000)
Cash dividend paid		(75,000,000)	(62,500,000)
Net cash (used in) / generated from financing activities		(395,952,347)	5,302,045,960
Net (decrease) / increase in cash and cash equivalents		(182,834,730)	142,665,077
Cash and cash equivalents at the beginning of the year		360,063,071	217,397,994
Cash and cash equivalents at the end of the year		177,228,341	360,063,071

15

The annexed notes from 1 to 46 form an integral part of these financial statements.

Sd/-
(SHEIKH NASEEM AHMAD)
CHIEF EXECUTIVE OFFICER

Sd/-
(REHMAN NASEEM)
DIRECTOR

Sd/-
(FAIZAN-UL-HAQ)
CHIEF FINANCIAL OFFICER



Consolidated Statement of Change in Equity
For the year ended June 30, 2015

For the year ended June 30, 2015

The annexed notes from 1 to 46 form an integral part of these financial statements.

The annexed notes from 1 to 46 form an integral part of these financial statements.

**Sd/-
(FAIZAN-UL-HAQ)
CHIEF FINANCIAL OFFICER**

Sd/-
(REHMAN NASEEM)
DIRECTOR

**Sd/-
(SHEIKH NASEEM AHMAD)
CHIEF EXECUTIVE OFFICER**



Notes to the Consolidated Financial Statement

For the year ended June 30, 2015

1 Reporting entity

The Group comprises of

- Fazal Cloth Mills Limited ("the Holding Company"); and
- Fazal Weaving Mills Limited ("the Subsidiary Company").

Associates

- Fatima Energy Limited
- Fatima Transmission Company Limited

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

1.2 The Subsidiary Company was incorporated in Pakistan in 1989 as a public limited company under the Companies Ordinance, 1984. The registered office of the Subsidiary Company is situated at 69/7, Abid Majeed Road, Survey No. 248/7, Lahore Cantt, Lahore. The Subsidiary Company is engaged in the manufacture and sale of yarn. The manufacturing facility of the Subsidiary Company is located at Mauza Khairabad Qadir Pur Rawan By Pass, Khanewal Road, Multan in the province of Punjab. The Subsidiary Company commenced its commercial production on April 01, 2014.

2 Basis of preparation

2.1 Consolidated financial statements

These Consolidated financial statements have been prepared from the information available in the audited separate financial statements of the Holding Company for the year ended June 30, 2015 and the audited financial statements of the Subsidiary Company for the year ended June 30, 2015.

2.2 Statement of compliance

These consolidated 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 are notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirement of the said directives shall prevail.

2.3 Standards, interpretations and amendments to published approved accounting standards

2.3.1 New standards, amendments to approved accounting standards and interpretations which became effective during the year ended June 30, 2015

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

2.3.2 The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after July 01, 2015:

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after January 01, 2016) introduce severe restrictions on the use of revenue-based amortisation for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Consolidated financial statements.
- IFRS 10 'Consolidated financial statements' - (effective for annual periods beginning on or after January 01, 2015) replaces the part of IAS 27 'Consolidated and Separate Consolidated 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 Consolidated financial statements' - and will deal with only separate Consolidated 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 January 01, 2016.
- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after January 01, 2015) replaces IAS 31 'Interest in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly



Fazal Cloth Mills Limited

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 January 01, 2016. The adoption of this standard is not likely to have an impact on Group's Consolidated financial statements.

- IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after January 01, 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and / or unconsolidated structured entities, into one place. The adoption of this standard is not likely to
- IFRS 13 'Fair Value Measurement' effective for annual periods beginning on or after January 01, 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The adoption of this standard is not likely to have an impact on Consolidated financial statements.
- Amendments to IAS 27 'Separate Consolidated financial statements' (effective for annual periods beginning on or after January 01, 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 Consolidated financial statements. The adoption of the amended
- Agriculture: Bearer Plants [Amendments to IAS 16 and IAS 41] (effective for annual periods beginning on or after January 01, 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a Group can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The adoption of the amended standard is not likely to have an
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after January 01, 2016]. The main consequence of the amendments is that a full gain or loss is recognised 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. The adoption of these amendments is

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after January 01, 2016). The new cycle of improvements contain amendments to the following standards:

- 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 not specifically required for inclusion in condensed interim Consolidated financial statements for all interim periods.
- 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 Consolidated financial statements and disclosed elsewhere should be cross referred.

2.4 Basis of measurement

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

- modification of foreign currency translation adjustments,
- recognition of employee retirement benefits at present value,



Fazal Cloth Mills Limited

- long term investments classified as available for sale which are stated at fair value,
- revaluation of certain property, plant and equipment; and
- certain financial instruments at fair value

In these Consolidated financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

2.5 Functional and presentation currency

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

2.6 Use of estimates and judgments

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

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

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

Property, plant and equipment

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

Revaluation of property, plant and equipment

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



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

Stores, spares, loose tools and stock-in-trade

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

Provision for doubtful debts, advances and other receivables

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

Recoverable amount of assets / cash generating units and impairment

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

Employee benefits

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

Taxation

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



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3 Significant accounting policies

3.1 Property, plant and equipment

Owned

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses with the exception of freehold-land, which is measured at revalued amount, factory building, non-factory building and plant and machinery which are measured at revalued amount less accumulated depreciation. Any revaluation increase arising on the revaluation of such assets is credited in 'Surplus on Revaluation of fixed assets'. A decrease in the carrying amount arising on revaluation is charged to profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation account relating to a previous revaluation of that asset. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and other costs directly attributable to the acquisition or construction including expenditures on material, labour and overheads directly relating to construction, erection and installation of operating fixed assets.

Depreciation is charged on a systematic basis over the useful life of the assets, on reducing balance method, which reflects the patterns in which the economic benefits are consumed by the Group, at the rates specified in note 4.1. Depreciation on additions is charged full in the month the asset is available for use and nil in the month the asset is disposed of.

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

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

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

The assets' residual values and useful lives are continually reviewed by the Group and adjusted if impact on depreciation is significant. The Group's estimate of residual values of property, plant and equipment as at June 30, 2015 has not required any adjustment as its impact is considered insignificant.

**3.2 Lease****Operating lease**

Financing where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit and loss account on a straight-line basis over the lease

3.3 Intangible assets

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

3.4 Impairment**Financial assets**

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

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

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

Non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax asset, are reviewed at each reporting date to determine whether there is any evidence of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific

to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash - generating



unit, or CGU”)

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

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

3.5 Borrowing cost

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

3.6 Taxation

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

Current

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

The Group has opted for Group Taxation from tax year 2014 under which the Holding Company and wholly owned Subsidiary Company is taxed as one fiscal unit. The related current and deferred taxes are accounted for as such.



Deferred tax is recognized using balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Further, the Group recognizes deferred tax asset / liability on deficit / surplus on revaluation of property, plant and equipment which is adjusted against the related deficit / surplus.

Further, the Group accounts for the tax consequences of transactions and other events in the same way that it accounts for the transactions and other events themselves. Thus, for transactions and other events recognised in profit and loss, any related tax effects are also recognised in profit and loss. For transactions and other events recognised outside profit and loss (either in other comprehensive income or directly in equity), any related tax effects are also recognised outside profit and loss (either in other comprehensive income or directly in equity, respectively).

3.7 Foreign currency

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary items that are based on historical cost in a foreign currency are not translated. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into rupees at exchange rates prevailing at the date when fair values are determined. Foreign currency differences are recognised in profit and loss account currently.

3.8 Staff retirement benefits

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

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



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

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

3.9 Provisions

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

3.10 Contingent liabilities

A contingent liability is disclosed when:

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

3.11 Financial instruments

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



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

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

3.12 Settlement date accounting

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

3.13 Financial liabilities

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

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

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

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

3.14 Investments

3.14.1 Available-for-sale

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

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



3.14.2 Investments at fair value through profit or loss

Investments at fair value through profit and loss are those which are acquired for generating a profit from short-term fluctuation in prices. All investments are initially recognized at cost, being the fair value of the consideration given. Subsequent to initial recognition, these investments are re-measured at fair value (quoted market price). Any gain or loss from a change in the fair value is recognized as income in profit and loss account.

3.15 Basis of consolidation

a) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date i.e. when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- i) the fair value of the consideration transferred; plus
- ii) the recognized amount of any non-controlling interests in the acquiree; plus
- iii) if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- iv) the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.



If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquiree's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and / or future service.

b) Non-controlling interest

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either:

- i) at fair value; or
- ii) at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognized in profit or loss.

c) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

d) Loss of control

On the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. The Group transfers the revaluation surplus directly to retained earnings when it loses control of the subsidiary. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently that retained interest is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

e) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from



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intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

f) Associates

Entities in which the Group has significant influence but not control and which are neither subsidiaries nor joint ventures of the members of the Group are associates and are accounted for under the equity method of accounting (equity accounted investees).

These investments are initially recognized at cost. The consolidated financial statements include the associates' share of profit or loss and movements in other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date it ceases. Share of post acquisition profit and loss of associates is recognized in the profit and loss account. Distributions received from associates reduce the carrying amount of investment. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that investment (including any long-term interests that, in substance, form part of the Group's net investment in the associate) is reduced to nil and the recognition of further losses is discontinued.

The carrying amount of investments in associates is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the investments is estimated which is higher of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount and is charged to profit and loss account. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of initial cost of the investments. A reversal of impairment loss is recognized in the profit and loss account.

3.16 Intangibles

3.16.1 Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the net identifiable assets of the merged subsidiaries at the dates of acquisition. Goodwill recognized is tested annually for impairment and carried at cost less accumulated impairment losses.

3.16.2 Computer software

Expenditure incurred to acquire computer software is capitalized as intangible asset and stated at cost less accumulated amortization and any identified impairment loss. The estimated useful life and



amortization method is reviewed at the end of each annual reporting period, with effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets are amortized using straight-line method over a period of ten years. Amortization on additions to intangible assets is charged from the date when an asset is put to use and on disposal up to the date of disposal.

3.17 Stores, spares and loose tools

These are stated at lower of cost and net realizable value. Cost is determined using the weighted average method. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

3.18 Stock-in-trade

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

Cost has been determined as follows:

Raw materials	Weighted average cost
Work-in-process and finished goods	Cost of direct materials, labour and appropriate manufacturing overheads.

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

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

3.19 Revenue recognition

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

- Sales are recorded when significant risks and rewards of ownership of the goods are transferred to the customers.
- Dividend income is accounted for when the right to receive is established.
- Interest income is recognized using effective interest method.



3.20 Loan and receivables

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

Long term advances and deposits

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

Trade debts

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

3.21 Cash and cash equivalents

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

3.22 Off setting of financial instruments

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

3.23 Operating segment

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

3.24 Earnings per share

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

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares



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that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit and loss attributable to ordinary shareholders of the Group that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

3.25 Dividend distribution

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



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Property, plant and equipment
Operating fixed assets
Capital work-in-progress - at cost
4.1 Operating fixed assets

	2015		2014		Rate %	Depreciation			Net book value as at	
	As at July 01, 2014	Revaluation surplus	Additions	Disposals		As at July 01, 2014	Revaluation surplus	For the year	As at June 30, 2015	As at June 30, 2015
Freehold land										
- cost	357,207,589		102,246,296							459,553,885
- surplus on revaluation	1,032,210,614	503,692,778								1,535,903,392
	1,389,518,203	503,692,778	102,246,296							1,995,457,277
Factory building					5					
- cost	1,509,909,781		37,185,431			295,492,529		64,315,339	359,807,868	1,247,287,344
- surplus on revaluation	1,180,678,093	1,309,284,009				406,191,595	309,135,441	53,910,630	769,237,565	1,720,724,537
	2,750,587,874	1,309,284,009	37,185,431			701,684,123	309,135,441	118,225,969	1,129,045,433	2,968,011,881
Non-factory building					5					
- cost	503,013,586		162,771,624			94,615,985		22,838,960	117,454,945	548,330,265
- surplus on revaluation	407,064,199	2,339,373,091				133,553,411	495,312,357	38,653,598	667,519,367	2,078,917,923
	910,077,785	2,339,373,091	162,771,624			228,169,396	495,312,357	61,492,559	784,974,311	2,627,248,188
Plant and machinery					5					
- cost	11,068,284,443		301,475,095			2,611,724,794		427,595,068	3,039,319,862	8,313,468,128
- surplus on revaluation	2,858,970,143	888,197,366				976,890,659	278,205,288	105,623,382	1,320,541,710	2,423,250,621
	13,927,254,586	888,197,366	301,475,095			3,588,615,453	278,205,288	533,128,451	4,340,011,335	10,736,718,748
Electric fittings and installations					5					
- cost	619,158,227		21,961,874			105,353,482		26,516,041	131,869,523	590,250,578
- surplus on revaluation	38,305,128	490,739,970				11,532,061	141,426,815	6,229,313	159,181,188	369,763,910
	657,463,355	490,739,970	21,961,874			116,878,543	141,426,815	32,745,353	291,050,711	879,014,488
Sun gas installations					5					
- cost	14,020,862					5,894,569		406,315	6,300,884	7,719,978
- surplus on revaluation	1,074,294	7,404,208				324,075	3,447,851	86,966	3,858,891	4,619,611
	15,095,156	7,404,208				6,218,644	3,447,851	493,280	10,159,775	12,339,589
Tools, laboratory equipment and arms					5					
- cost	52,714,331		1,457,563			23,816,663		1,533,580	25,350,243	28,821,651
- surplus on revaluation	13,613,285	157,705,658				4,076,455	80,219,522	1,448,056	85,744,032	85,744,032
	66,327,616	157,705,658	1,457,563			27,893,118	80,219,522	2,981,635	111,094,275	114,595,961
Office equipments					10					
- cost	37,333,406		3,053,709			14,298,438		2,397,234	15,994,501	22,819,252
- surplus on revaluation										
Fire extinguishing equipment and scales					5					
- cost	11,743,474		2,458,636			5,309,835		463,596	5,773,431	8,428,679
- surplus on revaluation	17,516,973	17,408,717				5,279,692	8,185,394	734,443	14,199,529	20,726,161
	29,260,447	17,408,717	2,458,636			10,589,527	8,185,394	1,198,038	19,972,960	29,154,841
Furniture and fittings					10					
- cost	20,362,189		1,577,642			7,048,457		1,400,629	8,449,085	13,490,746
- surplus on revaluation	190,910,914		7,179,697			73,288,655		23,417,882	86,250,350	95,950,136
	211,273,103		8,757,339			80,337,112		24,818,511	94,700,435	110,440,882
Vehicles					20					
- cost										
- surplus on revaluation										
2015	19,994,090,531	5,713,805,197	641,367,566	(57,659,451)		4,734,684,353	1,315,932,568	777,481,029	6,797,002,237	19,494,601,107



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Operating fixed assets

	Cost / revalued amount				Rate %	Depreciation				Net book value	
	As at July 01, 2013	Revaluation surplus	Additions	Disposals		As at July 01, 2013	Revaluation surplus	For the year	Disposals	As at June 30, 2014	As at June 30, 2014
Freehold land											
- cost	157,996,518		199,311,071	-	357,307,589	-	-	-	-	-	357,307,589
- surplus on revaluation	1,032,210,614	-	-	-	1,032,210,614	-	-	-	-	-	1,032,210,614
	1,190,207,132	-	199,311,071	-	1,389,518,203	-	-	-	-	-	1,389,518,203
Factory building											
- cost	1,104,496,499		465,413,282	-	1,569,909,781	5	246,103,755	-	49,388,774	-	295,492,529
- surplus on revaluation	1,180,678,093	-	-	-	1,180,678,093	5	365,565,466	-	40,626,128	-	406,191,595
	2,285,174,592	-	465,413,282	-	2,750,587,874		611,669,221	-	90,014,902	-	701,684,123
Non-factory building											
- cost	377,979,865		125,033,721	-	503,013,586	5	78,254,736	-	16,361,249	-	94,615,985
- surplus on revaluation	407,064,199	-	-	-	407,064,199	5	119,167,043	-	14,386,368	-	133,553,411
	785,044,064	-	125,033,721	-	910,077,785		197,421,779	-	30,747,617	-	228,169,396
Plant and machinery											
- cost	8,374,629,755		2,697,381,642	(3,726,954)	11,066,284,443	5	2,267,204,618	-	347,149,493	(2,629,317)	2,611,724,794
- surplus on revaluation	2,858,970,143	-	-	-	2,858,970,143	5	835,774,599	-	101,116,060	-	936,890,659
	11,233,599,898	-	2,697,381,642	(3,726,954)	13,927,254,586		3,102,979,217	-	448,265,553	(2,629,317)	3,548,615,453
Electric fittings and installations											
- cost	417,720,139		202,852,611	(1,144,523)	619,158,227	5	86,320,772	-	19,553,930	(521,220)	105,353,482
- surplus on revaluation	38,205,128	-	-	-	38,205,128	5	10,120,847	-	1,404,214	-	11,525,061
	455,925,267	-	202,852,611	(1,144,523)	657,363,355		96,441,619	-	20,958,144	(521,220)	116,878,543
Site gas installations											
- cost	14,020,862		-	-	14,020,862	5	5,467,107	-	427,463	-	5,894,570
- surplus on revaluation	1,074,294	-	-	-	1,074,294	5	284,589	-	39,485	-	324,075
	15,095,156	-	-	-	15,095,156		5,751,696	-	466,948	-	6,218,644
Tools, laboratory equipment and arms											
- cost	49,694,626		3,019,705	-	52,714,331	5	22,408,899	-	1,407,764	-	23,816,663
- surplus on revaluation	13,613,285	-	-	-	13,613,285	5	3,579,779	-	496,676	-	4,076,455
	63,307,911	-	3,019,705	-	66,327,616		25,988,678	-	1,904,440	-	27,893,118
Office equipments											
- cost	31,940,827	-	6,347,321	(955,742)	37,332,406		12,417,152	-	2,290,160	(408,874)	14,298,438
Fire extinguishing equipment and scales											
- cost	10,322,916		1,430,558	-	11,753,474	5	5,023,232	-	286,603	-	5,309,835
- surplus on revaluation	17,516,973	-	-	-	17,516,973	5	4,636,414	-	643,278	-	5,279,692
	27,839,889	-	1,430,558	-	29,260,447		9,659,646	-	929,881	-	10,589,527
Furniture and fittings											
- cost	16,156,327	-	4,205,862	-	20,362,189	10	5,866,792	-	1,181,664	-	7,048,456
Vehicles											
- cost	136,209,764	-	56,640,716	(1,939,566)	190,910,914	20	54,837,062	-	19,652,898	(1,201,305)	73,388,655
	16,240,500,827	-	3,761,626,489	(8,036,785)	19,994,090,531		4,123,032,863	-	616,412,296	(4,760,716)	4,734,684,353
											15,259,406,178
											117,622,259



	Note	2015 Rupees	2014 Rupees
4.2 Capital work-in-progress - at cost			
Opening balance		301,839,122	333,523,768
Additions during the year		557,740,409	1,947,110,816
Transfers during the year		(462,990,803)	(1,978,795,462)
Closing balance		396,588,728	301,839,122

4.2.1 Breakup of closing balance of capital work-in-progress - cost:

Land			
Advance payments		-	563,000.00
Factory buildings			
Material and expenses		207,211,732	78,803,906
Advance payments		82,642,140	59,557,422
		289,853,872	138,361,328
Non-factory buildings			
Material and expenses		78,366,841	145,441,398
Plant and machinery			
Cost and expenses		14,754,837	2,170,405
Advance payments		2,525,608	1,557,620
Letters of credit		2,270,579	8,561,321
		19,551,024	12,289,346
Furniture and fixtures			
Advance payments		368,766	468,161
Office equipment			
Advance payments		24,480	-
Electric fittings and Installations			
Advance payments		8,423,745	4,715,889
		396,588,728	301,839,122

4.3 Depreciation is allocated as under:

Cost of sales	28	750,258,556	593,280,399
Administrative expenses	30	27,222,475	23,131,807
		777,481,031	616,412,206



4.4 The following assets were disposed of during the year

	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds / Insurance claim	Gain / (loss)	Mode of disposal	Particulars of buyer
----- Rupees -----							
<u>Plant and machinery</u>							
Alternator 3520C	28,503,152	9,943,456	18,559,696	22,777,118	4,217,422	Insurance Claim	Adamjee Insurance Limited
Murata Mach-Coner Automatic Winder	8,418,671	7,055,914	1,362,757	868,644	(494,113)	Negotiation	USAY Trading Corporation
Diesel Generator Set 3512-D (Catterpillar)	3,275,141	2,938,487	336,654	13,048,000	12,711,346	Insurance Claim	Adamjee Insurance Limited
	40,196,964	19,937,857	20,259,107	36,693,762	16,434,655		
<u>Vehicles</u>							
Toyota Land Cruiser Vehicle # BF-6999	13,695,084	8,721,322	4,973,762	13,200,000	8,226,238	Insurance Claim	Adamjee Insurance Limited
Toyota Corolla Altis MLG 99	1,223,741	1,068,825	154,916	300,000	145,084	Negotiation	Arshad Ali Tahir
Suzuki Cultus - MLN-993	596,300	507,789	88,511	300,000	211,489	Negotiation	Zaffar Iqbal Sheikh
MLN-99 Toyota Altis	375,000	158,250	216,750	400,000	183,250	Negotiation	Sheikh Shah Nawaz
	15,890,125	10,456,186	5,433,939	14,200,000	8,766,061		
<u>Office equipments</u>							
Wide Area Network Equipment	1,014,000	478,612	535,388	861,300	325,912	Insurance Claim	Adamjee Insurance Limited
Photocopier RICO MP-4500	100,000	30,506	69,494	74,000	4,506	Insurance Claim	Adamjee Insurance Limited
Photocopier, Fax machines	88,000	29,194	58,806	69,000	10,194	Insurance Claim	Adamjee Insurance Limited
	1,202,000	538,312	663,688	1,004,300	340,612		
Assets having net book value of assets less than Rs. 50,000	370,362	162,859	207,503	275,625	68,122	Insurance Claim	Adamjee Insurance Limited
	57,659,451	31,095,214	26,564,237	52,173,687	25,609,450		
2015							
2014	8,036,785	4,760,716	3,276,069	3,714,007	437,938		



Fazal Cloth Mills Limited

5 Intangibles	Note	2015 Rupees	2014 Rupees
ERP software and license	5.1	500,364	682,314
Goodwill	5.2	505,761	505,761
		1,006,125	1,188,075
5.1 ERP software and license			
<i>Cost:</i>			
Balance as at July 01, 2013			11,424,321
Additions			-
Balance as at June 30, 2014			11,424,321
Balance as at July 01, 2014			11,424,321
Balance as at June 30, 2015			11,424,321
<i>Amortisation:</i>			
As at 30 June			
Balance as at July 01, 2013			8,301,618
Amortization for the year			2,440,389
Balance as at June 30, 2014			10,742,007
Balance as at July 01, 2014			10,742,007
Amortization for the year			181,950
Balance as at June 30, 2015			10,923,957
Amortisation rate per annum (%)			20%
Carrying amount			
At June 30, 2014			682,314
At June 30, 2015			500,364
5.2 Goodwill			
<i>Cost:</i>			
Balance as at June 30, 2014			505,761
Balance as at June 30, 2015			505,761

5.2.1 Annual test for impairment

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

6 Long term investments - available for sale	Note	2015 Rupees	2014 Rupees
<u>Investment in related parties</u>			
Associated company - at fair value	6.1	2,461,176,791	1,826,826,899
Associated companies - at cost	6.2	21,644,000	252,966,706
Associated companies - at equity method	6.3	919,693,099	-
		3,402,513,890	2,079,793,605



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

6.2.1 The investment is valued at cost, owing to non-availability of market value of its shares as the company is not listed on any of the stock exchanges in Pakistan. The company is an associated company due to common directorship, as defined in Companies Ordinance, 1984. During the year, approval has been granted for selling out this investment through extra ordinary general meeting held on June 23, 2015 and therefore it is classified under short term investment in note 14.1. Subsequent to the year end this investment has been sold at a total value of Rs. 335.28 million.

6.2.2 This investment is valued at cost owing to non-availability of market value of its shares as it is not listed on any of the stock exchanges in Pakistan.

6.3 Associated companies - at equity method

Fatima Energy Limited - <i>unquoted</i>	6.3.1	92,421,349	-	919,561,849	-	46.99%
Fatima Transmission Company Limited - <i>unquoted</i>	6.3.2	13,125	-	131,250	-	37.50%
				919,693,099	-	

Cost	924,213,490	-
Share of post acquisition loss	(4,651,641)	-
	919,561,849	-



6.3.1.1 Share of post acquisition loss

	2015 Rupees	2014 Rupees
Balance as at July 01,	-	-
Share of total loss	4,651,641	-
Share of taxation	-	-
Balance as at June 30,	<u>4,651,641</u>	<u>-</u>

FEL has not commenced its commercial operations till June 30, 2015 and the share of loss represents administrative expenses only. The Group's share of the result of its associated company, which is unlisted and incorporated in Pakistan, and its share of the assets, liabilities, revenue and profit based on unaudited management accounts as at June 30, 2015 is as follows:

Percentage interest held	Assets	Liabilities	Revenue	Loss	Percentage of holding
2015	18,441,947,000	14,025,217,000	-	9,901,000	46.99%

6.3.1.2 During the year advance including accrued markup aggregating to Rs. 924.21 million has been converted into 92.42 million ordinary shares of Fatima Energy Limited ("FEL"), an associated company. At present, the Company owns 46.99% equity of FEL. The Company will hold 22.00% of FEL equity after enhancement in paid-up capital of FEL as per terms of special resolution passed in AGM dated October 31, 2013.

6.3.2 Fatima Transmission Company Limited ("FTCL") was incorporated during the year on December 26, 2014 and the Holding Company made investment in its shares in the month of June 2015. FTCL has not yet commenced its operations till balance sheet date and further there are insignificant transactions in FTCL till 30 June 2015. Resultantly, share of profit / (loss), being considered immaterial, has not been incorporated in these financial statements.

6.4 Shares of all investee companies are ordinary fully paid-up shares, having a face value of Rs. 10 per share except for the shares of Multan Real Estate (Private) limited which have a face value of Rs. 100 per share. All investments were made from the Company's own sources.

7 Stores, spares and loose tools

	Note	2015 Rupees	2014 Rupees
Stores	7.1	135,876,009	177,984,404
Spares		293,439,566	239,494,387
Loose tools		<u>1,141,666</u>	<u>1,250,756</u>
		<u>430,457,241</u>	<u>418,729,547</u>
Less: Provision for slow moving items		<u>(1,770,316)</u>	<u>(1,770,316)</u>
		<u>428,686,925</u>	<u>416,959,231</u>

7.1 This includes stores in transit of Rs. 45.75 million (2014: Rs. 70.87 million).



Fazal Cloth Mills Limited

8	Stock-in-trade	Note	2015 Rupees	2014 Rupees
	Raw material	8.1	3,851,604,283	3,911,781,544
	Work-in-process		279,186,451	307,431,153
			<u>4,130,790,734</u>	<u>4,219,212,697</u>
	Finished goods			
	Yarn		986,989,915	1,879,605,251
	Fabric		315,786,927	450,798,854
			<u>1,302,776,842</u>	<u>2,330,404,105</u>
			<u>5,433,567,576</u>	<u>6,549,616,802</u>

8.1 This includes raw material in transit of Rs. 232.13 million (2014: Rs. 282.83 million).

8.2 During the year, adjustments have been incorporated in the stock-in-trade in accordance with the policy mentioned in note 3.18.

9	Trade debts	Note	2015 Rupees	2014 Rupees
	Export - <i>secured</i>	9.1	1,875,691,240	1,213,351,315
	Local - <i>secured</i>		1,811,108	-
	Local - unsecured, Considered good	9.2	2,171,114,955	1,890,669,678
			<u>4,048,617,303</u>	<u>3,104,020,993</u>

9.1 These are secured through banks by letters of credit.

9.2 These include due from following associated undertakings on account of trading activities.

	Note	2015 Rupees	2014 Rupees
Fazal Rehman Fabrics Limited		221,897,313	155,381,219
Amir Fine Exports (Private) Limited		-	8,400
Reliance Weaving Mills Limited		3,501,162	1,836,415
		<u>225,398,475</u>	<u>157,226,034</u>

10 Loans and advances

Advances to suppliers and contractors		66,875,657	87,099,970
Advances for issue of shares to related parties			
- <i>Fatima Energy Limited</i>	10.1	450,000,000	629,437,666
- <i>Multan Real Estate (Private) Limited</i>	10.1	-	21,644,028
Advances to:			
- Executives against salaries - <i>secured</i>	10.2	1,912,037	844,583
- Other employees against salaries - <i>secured</i>		6,874,899	7,468,937
Letters of credit		5,473,749	8,430,770
		<u>531,136,342</u>	<u>754,925,954</u>

10.1 It represents advance against future issue of ordinary shares. Provisions of section 208 of the Companies Ordinance, 1984 have been fully complied with in this regard.

10.2 Maximum aggregate amount due from executives at any month end during the year was Rs. 1.5 million (2014: Rs. 1.1 million).



	Note	2015 Rupees	2014 Rupees
11 Trade deposits and short term prepayments			
Deposits		4,173,458	-
Prepayments		3,212,011	3,431,538
		<u>7,385,469</u>	<u>3,431,538</u>
12	It represents mark-up accrued on advance given against issue of shares to FEL at weighted average borrowing cost of the Holding Company. During the year mark-up was charged at the rates ranging from 10.02% to 11.44% per annum		
	Note	2015 Rupees	2014 Rupees
13 Other receivables and deposits			
Insurance claim receivable		5,156,887	1,441,213
Guarantee margin		125,000,000	150,000,000
Dividend receivable on investments		3,868,592	177,653,670
		<u>134,025,479</u>	<u>329,094,883</u>
14 Short term investments			
Investments at fair value through profit and loss	14.1	292,624,064	189,080,000
Investment available for sale	14.2	252,966,706	38,188,181
		<u>545,590,770</u>	<u>227,268,181</u>
14.1 These investments are 'held for trading'			
Carrying value at June 30,:			
Related party		189,080,000	161,891,600
Others		38,188,181	28,603,526
		<u>227,268,181</u>	<u>190,495,126</u>
Unrealized gain on re-measurement of investment - during the year	32	65,355,883	36,773,055
		<u>292,624,064</u>	<u>227,268,181</u>
Fair value of short term investments at June 30, comprises of:			
Related party	14.3	254,736,400	189,080,000
Others	14.3	37,887,664	38,188,181
		<u>292,624,064</u>	<u>227,268,181</u>
14.2 Investment available for sale			
Related party	14.4	252,966,706	-
		<u>252,966,706</u>	<u>-</u>



	Shares		Fair value		Market value per share		Percentage of holding	
	2015	2014	2015	2014	2015	2014	2015	2014
14.3 Held for trading								
Related party								
Fatima Fertilizer Company Limited - quoted	6,520,000	6,520,000	254,736,400	189,080,000	39.07	29.00	0.43%	0.43%
Other								
Pakistan State Oil Company Limited - quoted	98,208	98,208	37,887,664	38,188,181	385.79	388.85	0.04%	0.04%
			<u>292,624,064</u>	<u>227,268,181</u>				
14.4 Available for sale								
Related party								
Pakrab Fertilizers Limited - unquoted	25,790,610		252,966,706				5.73%	
			<u>252,966,706</u>	<u>-</u>				

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

15 Cash and bank balances

	Note	2015	2014
		Rupees	Rupees
Cash in hand		5,314,384	7,249,385
Cash at banks			
- Current accounts		171,502,856	352,405,848
- Saving accounts		411,101	407,838
	15.1	<u>171,913,957</u>	<u>352,813,686</u>
		<u>177,228,341</u>	<u>360,063,071</u>

15.1 Rate of interest and mark up on saving accounts ranges from 10.20% to 10.21% (2014: 5.50% to 7.00%) per annum.



Fazal Cloth Mills Limited

16 Issued, subscribed and paid-up capital

2015 ----- (Number of shares) -----	2014	Note	2015 Rupees	2014 Rupees
1,000,000	1,000,000	Ordinary shares of Rs.10 each fully paid in cash	10,000,000	10,000,000
9,187,200	9,187,200	Ordinary shares of Rs.10 each fully paid as right shares	91,872,000	91,872,000
19,812,800	19,812,800	Ordinary shares of Rs.10 each issued as bonus shares 16.1	198,128,000	198,128,000
30,000,000	30,000,000		300,000,000	300,000,000

16.1 Movement of bonus shares

Opening balance	198,128,000	148,128,000
Add: Bonus shares issued during the year (Nil (2014: 5,000,000) ordinary shares of Rs. 10 each)	-	50,000,000
	198,128,000	198,128,000

16.2 As at the balance sheet date, ordinary shares held by associated companies, undertakings and related parties are as follows:

	2015 ----- (Number of shares) -----	2014	2015 --- (Percentage of holding) ---	2014
Amir Fine Exports (Private) Limited	7,346,541	7,346,226	24.49	24.49
Reliance Commodities (Private) Limited	1,091,683	1,091,683	3.64	3.64
Mr. Amir Naseem Sheikh	12,994	12,994	0.04	0.04
Mrs. Farrukh Mukhtar	5,651,494	5,651,494	18.84	18.84
Mr. Fawad Ahmed Mukhtar	2,415,422	2,415,422	8.05	8.05
Mrs. Ambreen Fawad	69,834	69,834	0.23	0.23
Mr. Sheikh Naseem Ahmad	8,820	8,820	0.03	0.03
Mr. Rehman Naseem	3,186,984	3,186,984	10.62	10.62
Mr. Fazal Ahmed Sheikh	2,041,611	2,041,611	6.80	6.80
Mr. Faisal Ahmed Mukhtar	2,039,865	2,039,865	6.80	6.80
Mr. Fahad Mukhtar	43,507	43,507	0.15	0.15
Mrs. Mahnaz Amir Sheikh	3,000	3,000	0.01	0.01



Fazal Cloth Mills Limited

17 Capital reserves

Note

2015
Rupees

2014
Rupees

Share premium

Issue of 3,168,000 ordinary shares of Rs. 10 each

@ Rs. 20 per share issued during 2001

Issue of 2,851,200 ordinary shares of Rs. 10 each

@ Rs. 5 per share issued during 2002

17.1

63,360,000

63,360,000

14,256,000

14,256,000

77,616,000

77,616,000

Capital redemption reserve

17.2

175,000,000

175,000,000

Fair value reserve

17.3

1,692,995,134

1,058,645,242

1,945,611,134

1,311,261,242

17.1 The share premium reserve can be utilized by the Company only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

17.2 This represents capital redemption reserve created for the purpose of redemption of preference shares.

17.3 This represents (deficit) / surplus on market value of investments classified as available for sale financial assets.

18 Surplus on revaluation of fixed assets - net of tax

2015
Rupees

2014
Rupees

Gross surplus

Surplus on revaluation of fixed assets as at July 01,

4,051,491,780

4,210,203,989

Add:

Surplus on revaluation of fixed assets

4,397,872,631

Less:

Effect of disposal of fixed assets

(3,197,559)

Transferred to accumulated profits in respect of incremental depreciation charge for the year

(206,686,387)

(158,712,209)

At end of the year

4,187,988,685

(158,712,209)

8,239,480,465

4,051,491,780

Deferred tax liability on revaluation surplus

At beginning of the year

610,668,486

646,689,872

Tax on surplus during the year

875,250,093

-

Effect of disposal of fixed assets

(599,862)

-

Effect of change in rate

(297,438,623)

-

Incremental depreciation charged on related assets

(38,782,220)

(36,021,386)

1,149,097,874

610,668,486

7,090,382,591

3,440,823,294



Fazal Cloth Mills Limited

18.1 The Holding Company

Property, plant and equipment of the Holding Company except vehicles, office equipment and furniture and fittings were previously revalued on June 30, 2007 and March 31, 2012 by independent valuers resulting in surplus of Rs. 2,915 million and Rs. 2,028 million respectively. Recent revaluation has been carried out by Joseph Lobo (Private) Limited, an independent valuer not connected with the Company and approved by Pakistan Banks' Association (PBA) in "any amount" category at March, 31 2015 which resulted in the additional surplus of Rs. 4,116.19 million.

The Subsidiary Company

During the year property, plant and equipment of the Subsidiary Company except vehicles, office equipment and furniture and fittings were revalued by Harvester Services (Private) Limited, an independent valuer not connected with the Company and approved by Pakistan Banks' Association (PBA) in "any amount" category at September, 30 2014 which resulted in the additional surplus of Rs. 281.68 million.

Basis of revaluation

The basis of revaluation for items of fixed assets of the Group were as follows:

Freehold land

Examined the land features, access roads and noted the general security environment prevailing in the area. Independent inquiries were made from local active realtors and other real estate sources to ascertain the selling prices for the properties of the same nature.

Buildings on freehold land

Examined the construction features and measured each of the built areas involved. Applied prevailing market rates to the construction taking into account the stringent finishes required in the spinning industry. Furthermore, general condition and versatility of the buildings were also considered.

Plant and machinery and others

Plant and machinery and others have been evaluated / assessed by inspecting items of plant and machinery and others. Supplier invoices were not sighted however, Fixed Asset Registers ("FAR") as at December 31, 2014 and August 31, 2014 were examined and compared the asset inspected against the FAR of the Holding Company and the Subsidiary Company respectively. Furthermore, the valuer also consulted industry related dealers to ascertain the likely demand locally in the region. US Dollar has been used as the primary denomination where possible.



Fazal Cloth Mills Limited

19 Long term financing - secured

Banking Companies

Askari Bank Limited

	Note	2015 Rupees	2014 Rupees
- Term finance - VI under LTF-EOP scheme	19.1	-	3,366,000
- Term finance - under LTF-EOP scheme	19.2	14,772,168	29,544,334
- Term finance - VII	19.3 (a)	27,394,029	45,656,715
- Term finance - VII under LTFF scheme	19.3 (b)	-	6,426,450
- Term finance - VIII	19.4 (a)	34,623,115	48,472,361
- Term finance - VIII under LTFF scheme	19.4 (b)	-	31,878,118
		76,789,312	165,343,978

Soneri Bank Limited

- Term finance	19.5	-	7,900,000
- Term finance	19.6	27,777,778	38,888,889
- Term finance	19.7	134,927,045	149,927,045
- Term finance	19.8	315,000,000	350,000,000
- Term finance	19.9	400,000,000	-
		877,704,823	546,715,934

Faysal Bank Limited

- Term finance	19.10	-	50,000,000
- Term finance	19.11	140,000,000	180,000,000
- Term finance	19.12 (a)	166,310,552	213,827,852
- Term finance under LTFF scheme	19.12 (b)	-	104,733,582
- Term finance	19.12 (b)	82,250,885	-
- Term finance	19.13	180,000,000	200,000,000
		568,561,437	748,561,434

Habib Bank Limited

- Demand finance	19.14 (a)	-	17,949,091
- Demand finance under LTF - EOP scheme	19.14 (b)	2,884,095	8,652,605
- Term finance	19.15	8,371,650	8,371,650
		11,255,745	34,973,346

National Bank of Pakistan

- Demand finance - IV	19.16	40,000,000	80,000,000
- Demand finance - III	19.17 (a)	30,566,234	50,942,440
- Demand finance - III under LTFF scheme	19.17 (b)	-	22,944,483
- Demand finance - VI	19.18 (a)	124,300,320	165,733,760
- Demand finance - VI under LTFF scheme	19.18 (b)	-	50,266,240
- Demand finance - VII	19.19	217,106,804	-
		411,973,358	369,886,923

United Bank Limited

- Demand finance - under LTF-EOP Scheme	19.20	-	2,517,000
- Demand Finance	19.21	180,000,000	200,000,000
		180,000,000	202,517,000

MCB Bank Limited

- Demand finance under LTFF scheme	19.22	-	262,441,325
- Demand finance	19.23	433,062,617	-
		433,062,617	262,441,325



	Note	2015 Rupees	2014 Rupees
Allied Bank Limited			
- Demand finance	19.24 (a)	-	18,138,085
- Demand finance under LTF-EOP Scheme	19.24 (b)	4,800,809	9,709,397
- Demand finance under LTFF Scheme	19.24 (c)	-	226,694
- Term loan - 2	19.25 (a)	124,149,933	99,178,217
- Term loan - 2 under LTFF Scheme	19.25 (b)	-	75,971,715
- Term loan - 3	19.26 (a)	120,771,713	168,720,453
- Term loan - 3 under LTFF Scheme	19.26 (b)	5,399,185	7,198,915
- Term loan - 4	19.27 (a)	435,231,855	559,583,815
- Term loan - 4 under LTFF Scheme	19.27 (b)	2,968,142	3,816,184
- Term loan - 5	19.28	218,431,188	218,431,188
- Term loan - 6 under LTFF Scheme	19.29	-	500,000,000
- Term loan - 6	19.29	500,000,000	-
		1,411,752,825	1,660,974,663
Pak Kuwait Investment the Holding Company (Private) Limited			
- Term finance	19.30	90,000,000	150,000,000
- Term finance - 2	19.31	260,000,000	260,000,000
		350,000,000	410,000,000
Saudi Pak Industrial and Agricultural Investment the Holding Company Limited			
- Term finance	19.32 (a)	58,839,665	81,649,999
- Term finance under LTFF scheme	19.32 (b)	-	105,850,002
		58,839,665	187,500,001
Pak Brunei Investment the Holding Company Limited			
- Term finance under LTFF scheme	19.33	-	183,327,050
- Term finance	19.33	149,991,050	-
- Term finance	19.34	125,000,000	175,000,000
		274,991,050	358,327,050
Pak Oman Investment the Holding Company Limited			
- Term finance under LTFF scheme	19.35	-	84,998,300
- Term finance	19.36	250,000,000	250,000,000
		250,000,000	334,998,300
Bank Al Falah Limited			
- Term finance	19.37	292,500,000	325,000,000
NIB Bank Limited			
- Term finance	19.38	800,000,000	800,000,000
The Bank of Khyber			
- Term finance	19.39	348,668,156	335,743,526
- Term finance	19.40	300,000,000	-
		648,668,156	335,743,526
The Bank of Punjab			
- Term finance under LTFF scheme	19.41	-	249,602,128
- Term finance	19.41	249,602,128	-
		249,602,128	249,602,128



Fazal Cloth Mills Limited

	Note	2015 Rupees	2014 Rupees
Allied Bank Limited			
- Term finance	19.42	700,000,000	700,000,000
MCB Bank Limited			
- Demand finance	19.43	549,999,000	549,999,000
United Bank Limited			
- Demand finance	19.44	5,873,472	-
		8,151,573,588	8,242,584,608
Less:			
Current portion grouped under current liabilities		1,450,502,775	1,026,908,631
		6,701,070,813	7,215,675,977

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

This finance was obtained for the purpose of disbursement and retirement of Letters of credit of Meezan Bank Ltd opened for import of Caterpillar Gas Generator set. During the year 2008 this finance was approved and refinanced by the State Bank of Pakistan ("SBP") under LTF-EOP Scheme. This finance was repayable in 12 half yearly instalments commencing from July 10, 2008 after a grace period of one year. However, during the year 2009, SBP allowed grace period of one year starting from January 01, 2009 to December 31, 2009 and accordingly last instalment was due on January 26, 2015. This finance was fully repaid during the current year. It carried mark up at the rate of six months KIBOR + 2.50% per annum before refinancing by SBP under LTF-EOP Scheme, however, after approval and refinancing by SBP under LTF-EOP, it carried mark up at the rate of SBP rate + 2.00% per annum. During the year mark up was charged at the rate of 7.00% per annum (2014: 7.00% per annum). This finance was secured against 1st Joint pari passu charge / mortgage of Rs.723.50 million on all present and future fixed assets of the Holding Company and personal guarantees of the sponsoring directors of the Holding Company.

19.2 Askari Bank Limited - TF under LTF - EOP scheme

This finance has been disbursed during the year 2008 for the purpose of retirement of letters of credit opened for import of Caterpillar Gas Generator sets. This finance was approved and refinanced by the State Bank of Pakistan under LTF-EOP Scheme. This finance is repayable in twelve half yearly equal instalments of principal amount commencing after a grace period of one year. However, during the year 2009 SBP has allowed grace period of one year starting from January 01, 2009 to December, 31 2009 and accordingly last instalment is due on June, 08 2016. It carries mark up at the rate of SBP rate + 2.00% per annum. During the year mark up was charged at the rate of 7.00% per annum (2014: 7.00% per annum.). This finance is secured against 1st Joint pari passu Charge / Mortgage of Rs. 723.50 million on all present and future fixed assets of the Holding Company and personal guarantees of the sponsoring directors of the Holding Company.



Fazal Cloth Mills Limited

19.3 (a) Askari Bank Limited - TF - VII

This finance has been obtained for the purpose of retirement of letters of credit opened for import of textile machinery. It is repayable within a period of eight years including two years grace period in twelve half yearly equal instalments of principal amount and accordingly last installment is due on September 26, 2016. This finance carries markup at the rate of six months KIBOR + 1.25% per annum with floor of 4.25% per annum. During the year markup was charged at the rates ranging from 10.88% per annum to 11.42% per annum (2014: from 10.34% per annum to 11.40% per annum). It is secured against the security as stated in note 19.2.

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

During the year 2010, an amount of Rs. 15.42 million out of Term Finance VII of Askari Bank Ltd was approved and refinanced by the State Bank of Pakistan under LTFF Scheme against imported textile machinery eligible under the Scheme. This finance was repayable in twelve equal instalments of principal amount. Last instalment was falling due on September 30, 2016. However, during the current year, entire SBP's LTFF of Rs. 3.86 million was fully prepaid through own source term finance facility of MCB Bank Limited. This finance carried mark up at the rate of SBP rate + 3.00 % per annum with effective rate of 10.50% per annum. During the year mark up was charged at the rate of 10.50% per annum (2014: 10.50% per annum) . It was secured against the security as sated in note 19.2.

19.4 (a) Askari Bank Limited - TF - VIII

This finance has been obtained during the year 2010 for the purpose of retirement of letters of credit opened for import of textile machinery. It is repayable within a period of eight years including two years grace period in twelve half yearly equal instalments of principal amount. Last instalment is falling due on December 23, 2017. This finance carried markup at the rate of six months KIBOR + 1.50% per annum which is reduced during the current year from six months KIBOR + 2.00% per annum. During the year markup was charged at the rates ranging from 10.88% per annum to 11.42% per annum (2014: 11.09% per annum to 12.15% per annum). It is secured against the security as stated in note 19.2.

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

During year 2011 an amount of Rs.19.20 million and during the year 2010, an amount of Rs.32.70 million, out of Term Finance VIII of Askari Bank Ltd were approved and refinanced by the State Bank of Pakistan under LTFF Scheme against imported textile machinery eligible under the Scheme. This finance was repayable in 12 equal instalments of principal amount. Last instalment was falling due on December 23, 2017. However, during the current year, entire SBP's LTFF of Rs.21.63 million was fully prepaid through own source term finance facility of MCB Bank Limited. This finance carried mark up at the rate of SBP rate + 3.00% per annum. During the year mark up was charged at the rate of 10.50% per annum (2014: 10.50% per annum). It is secured against the security as sated in note 19.2.

**19.5 Soneri Bank Limited - TF**

During the year 2009, a term finance amounting to Rs. 82.00 million was obtained for BMR projects and retirement of letters of credit. It was repayable within a period of six years including one year grace period in ten equal semi annual instalments of principal amount. Last installment was falling due on July 24, 2014. This finance was fully repaid during the year. It carried mark up at the rate of six months KIBOR + 1.25% per annum which was reduced during the last year to three months KIBOR + 1.25% per annum. During the year mark up was charged at the rate of 11.41% per annum (2014: 10.31% per annum to 11.31% per annum). It was secured against 1st joint pari passu charge / mortgage of Rs.1,290.00 million over all present and future fixed assets of the Holding Company and personal guarantees of the sponsoring directors of the Holding Company.

19.6 Soneri Bank Limited - TF

During the year 2012, a term finance amounting to Rs. 50.00 million was obtained from Soneri Bank Ltd for ongoing BMR projects. It is repayable within the period of six years inclusive of one and half year grace period in nine semi annual equal instalments of principal amount. Last instalment is falling due on October 19, 2017. It carried mark up at the rate of six months KIBOR + 2.00% per annum which was reduced during the last year to 3 Months KIBOR + 1.25% per annum. During the year mark up was charged at the rates ranging from 9.25% per annum to 11.46% per annum (2014: 10.31% per annum to 11.42% per annum). It is secured against 1st joint pari passu charge/mortgage of Rs.1,290.00 million over all present and future fixed assets of the Holding Company and personal guarantees of the sponsoring directors of the Holding Company.

19.7 Soneri Bank Limited - TF

During the year 2013, a term finance of Rs.149.93 million was obtained from Soneri Bank Ltd to finance the retirement of letters of credit opened for import of textile machinery. It is repayable within the period of seven years inclusive of two years grace period in ten half yearly equal instalments of principal amount. Last instalment is falling due on December 11, 2019. It carried mark up at the rate of six months KIBOR + 1.75% per annum which was reduced during the last year to three months KIBOR + 1.25% per annum. During the year mark up was charged at the rates ranging from 9.25% per annum to 11.46% per annum (2014: 10.81% per annum to 11.31% per annum). It is secured against the security as stated in note 19.6.

19.8 Soneri Bank Limited - TF

During the year 2013, a term finance of Rs. 350.00 million was obtained from Soneri Bank Ltd for BMR projects. It is repayable within the period of seven years inclusive of two years grace period in ten half yearly equal instalments of principal amount. Last instalment is falling due on August 27, 2019. It carried mark up at the rate of six months KIBOR + 1.75% per annum which was reduced during the last year to three months KIBOR + 1.25% per annum. During the year mark up was charged at the rates ranging from 9.25% per annum to 11.46% per annum (2014: from 10.31% per annum to 11.42% per annum). This finance is secured against the security as stated in note 19.6.

**19.9 Soneri Bank Limited - TF**

During the year a term finance of Rs. 400.00 million has been obtained from Soneri Bank Limited for the purpose of re-profiling of balance sheet. It is repayable within the period of six years inclusive of one year grace period in twenty quarterly equal instalments of principal amount. Last instalment is falling due on October 13, 2020. It carries mark up at the rate of three months KIBOR + 1.25% per annum. During the year mark up was charged at the rates ranging from 9.25% per annum to 11.45% per annum. This finance is secured against the security as stated in note 19.6.

19.10 Faysal Bank Limited - TF

This finance was obtained during the year 2009 to finance the import of textile machinery and existing fixed assets. It was repayable within a period of six years including two years grace period in eight equal semi annual instalments of principal amount. Last instalment was falling due on June 18, 2015. This finance was fully repaid during the current year. It carried mark up at the rate of six months KIBOR + 2.00% per annum which was reduced during current year from six months KIBOR + 2.25% per annum and reduced during last year from six months KIBOR + 2.50% per annum. During the year mark up was charged at the rates ranging from 11.66% per annum to 12.42% per annum (2014: from 11.94% per annum to 12.64% per annum). It was secured against 1st joint pari passu charge / mortgage of Rs.1,269.00 million over all present and future fixed assets of the Holding Company and personal guarantees of the sponsoring directors of the Holding Company.

19.11 Faysal Bank Limited - TF

This finance was obtained during the year 2012 for the purpose of partially financing the additional cost of ongoing expansions and BMR projects. It is repayable within the period of seven years inclusive of two years grace period in 10 semi annual equal instalments of principal amount. Last instalment is falling due on July 20, 2018. It carried mark up at the rate of six months KIBOR + 1.50% per annum which was reduced during the current from six months KIBOR + 1.75% per annum and reduced during the last year from six months KIBOR + 2.25% per annum. During the year mark up was charged at the rates ranging from 8.93% per annum to 11.92% per annum (2014: 11.35% per annum to 12.39% per annum). It is secured against 1st joint pari passu charge / mortgage of Rs.1,269 million over all present and future fixed assets of the Holding Company and personal guarantees of the sponsoring directors of the Holding Company.

19.12 (a) Faysal Bank Limited - TF

During the year 2012, a term finance / LTFF amounting to Rs.350.00 million was obtained from Faysal Bank Ltd for retirement of letters of credits opened for imported plant and machinery. It is repayable within the period of seven years inclusive of two years grace period in 10 semi annual equal instalments of principal amount. Last instalment is falling due on October 04, 2018. It carries mark up at the rate of six months KIBOR + 1.75% per annum after reduction in mark up rate during the current year from six months KIBOR + 2.00% per annum. During the year mark up was charged at the rates ranging from



11.94% per annum to 12.18% per annum (2014: 11.52% per annum to 12.18% per annum). This finance is secured against the security as stated in note 19.11.

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

During the year 2012, an amount of Rs. 112.41 million out of Term Finance of Rs. 350.00 million of Faysal Bank Ltd were approved and refinanced by the State Bank of Pakistan under LTFF Scheme against imported textile machinery eligible under the Scheme. This finance is repayable in 10 equal instalments of principal amount after grace period of two years. Last instalment is falling due on January 01, 2019. Mark up under SBP's LTFF was chargeable at SBP rate + 3.00% per annum with effective rate of 12.70% per annum. During the current year, entire SBP's LTFF of Rs. 82.25 million has been fully adjusted by the bank and converted into bank's own source term finance for the same and existing tenor of SBP's LTFF. Own source term finance carried mark up at the rate six months KIBOR + 1.25% per annum. During the year mark up was charged at the rate of 12.70% per annum (2014: 12.70% per annum). It is secured against the security as stated in note 19.11.

19.13 Faysal Bank Limited - TF

During the year 2013, a term finance of Rs. 200.00 million was obtained from Faysal Bank Ltd to finance the retirement of letters of credit opened for import of textile machinery. It is repayable within the period of seven years inclusive of two years grace period in 10 half yearly equal instalments of principal amount. Last instalment is falling due on December 07, 2019. It carried mark up at the rate of six months KIBOR + 1.50% per annum which was reduced during the current year from six months KIBOR + 1.75% per annum and reduced during the last year from six months KIBOR + 2.00% per annum. During the year, mark up was charged at the rates ranging from 11.14% per annum to 11.91% per annum (2014: from 11.08% per annum to 12.13% per annum). It is secured against the security as stated in note 19.11.

19.14 (a) Habib Bank Limited - DF

This finance was disbursed for the purpose of retirement of Letters of credit and swap of other expensive term finances. This finance was repayable within seven years inclusive of one year grace period in twelve half yearly equal instalments of principal amount. Last instalment was falling due on November 20, 2014. This finance was fully repaid during the current year. It carried mark up at the rate of six months KIBOR + 1.00% per annum for first year, 1.25% per annum for second year and 1.50% per annum from third year to onward. During the year mark up was charged at the rate of 11.64% per annum (2014: 11.09% per annum to 11.64% per annum). It was secured against 1st joint pari passu charge / mortgage of Rs. 694.00 million on all present and future fixed assets of the Holding Company and personal guarantees of the sponsoring directors of the Holding Company.

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

During the year 2009 an amounts of Rs. 0.92 million and year 2008 an amount of Rs. 33.69 million out



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of Demand Finance of Habib Bank Ltd were approved and refinanced by the State Bank of Pakistan under LTF-EOP Scheme against the imported textile machinery. This finance is repayable in 12 equal half yearly instalments of principal amount. However, during the year 2009, SBP has allowed grace period of one year starting from January 01, 2009 to December 31, 2009 and accordingly last instalment is due on November 19, 2015. This finance carries mark up at the rate of SBP rate + 2.00% per annum. During the year mark up was charged at the rate of 7.00% per annum (2014: 7.00% per annum). It is secured against 1st joint pari passu charge/mortgage of Rs. 694 million on all present and future fixed assets of the Holding Company and personal guarantees of the sponsoring directors of the Holding Company.

19.15 Habib Bank Limited - TF

During the year 2014, a term finance of Rs.8.37 million has been obtained from Habib Bank Limited to finance the retirements of letters of credit opened for import of textile machinery for expansion / BMR of existing weaving and spinning units of the Company. It is repayable within the period of seven years inclusive of one year grace period in twelve half yearly equal instalments of principal amount. Last instalment is falling due on June 22, 2021. It carries mark up at the rate of six months KIBOR + 1.25% per annum. During the year, mark up was charged at the rates ranging from 10.92% per annum to 11.40% per annum (2014: 11.42% per annum). It is secured against the security as stated in note 19.14(b).

19.16 National Bank of Pakistan - DF- IV

This finance has been obtained during the year 2010 for the purpose of re-profiling of balance sheet to ease out cash flow burdens owing to repayments of long term loans. It is repayable within a period of six years including one year grace period in 10 half yearly equal instalments of principal amount. Last instalment is falling due on March 16, 2016. This finance carries markup at the rate of six months KIBOR + 2.00% per annum. During the year markup was charged at the rates ranging from 11.63% per annum to 12.17% per annum (2014: 11.09% per annum to 12.15% per annum). It is secured against 1st joint pari passu charge/mortgage of Rs. 3,300.00 million on all present and future fixed assets of the Holding Company and personal guarantees of the sponsoring directors of the Holding Company.

19.17 (a) National Bank of Pakistan - DF III

During the year 2012, a demand finance amounting to Rs. 147.77 million was obtained from National Bank of Pakistan for retirement of 720 days letters of credits opened for imported plant and machinery. It is repayable within the period of five years without grace in 10 semi annual equal instalments of principal amount. Last instalment is falling due on December 02, 2016. It carries mark up at the rate of six months KIBOR + 2.00% per annum. During the year mark up was charged at the rates ranging from 11.63% per annum to 12.17% per annum (2014: 11.09% per annum to 12.15% per annum). This finance is secured against the security as stated in note 19.16.

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

During the year 2012, an amount of Rs. 45.89 million out of Demand Finance III of National Bank of Pakistan was approved and refinanced by the State Bank of Pakistan under LTFF Scheme against imported textile machinery eligible under the Scheme. This finance was repayable in 10 equal instalments of principal amount. Last instalment is falling due on December 02, 2016. During the current year, entire SBP's LTFF of Rs. 13.77 million was fully prepaid through own source term finance facility of MCB Bank Limited. This finance carried mark up at the rate of SBP rate + 3.00 % per annum. During the year mark up was charged at the rate of 12.60% per annum (2014: 12.60% per annum). It is secured against the security as stated in note 19.16.

19.18 (a) National Bank of Pakistan - DF VI

This finance amounting to Rs.270.00 million has been obtained from National Bank of Pakistan for retirement of letters of credits opened for imported plant and machinery. It is repayable within the period of six years inclusive of one year grace period in 10 semi annual equal instalments of principal amount. Last instalment is falling due on May 23, 2018. It carries mark up at the rate of six months KIBOR + 2.00% per annum. During the year mark up was charged at the rates ranging from 11.63% per annum to 12.17% per annum (2014: 11.09% per annum to 12.15% per annum). This finance is secured against the security as stated in note 19.16.

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

During the year 2013, an amount of Rs. 62.83 million out of Demand Finance VI of National Bank of Pakistan was approved and refinanced by the State Bank of Pakistan under LTFF Scheme against imported textile machinery eligible under the Scheme. This finance was repayable in 10 equal instalments of principal amount. Last instalment was falling due on May 22, 2018. During the current year, entire SBP's LTFF outstanding of Rs.37.70 million was fully prepaid through own source term finance facility of MCB Bank Limited. It carried mark up at the rate of SBP rate + 3.00 % per annum. During the year mark up was charged at the rate of 11.20% per annum (2014: 11.20% per annum). It is secured against the security as stated in note 19.16.

19.19 National Bank of Pakistan - DF VII

During the year a demand finance amounting to Rs. 217.11 million has been obtained from National Bank of Pakistan for the purpose of imports of textile machinery for spinning, weaving, BMR / Expansion projects and Generators. Sanctioned Limit of this facility is for Rs. 500.00 million. It is repayable within the period of seven years inclusive of one year grace period in twenty four equal quarterly instalments of principal amount. Last instalment is falling due on December 03, 2021. It carries mark up at the rate of six months KIBOR + 1.25% per annum. During the year markup was charged at the rate of 10.88% per annum. This finance is secured against the security as stated in note 19.16.



19.20 United Bank Limited - DF under LTF-EOP Scheme

During the year 2008, an amount of Rs. 30.20 million out of Demand Finance II of United Bank Ltd was approved and refinanced by the State Bank of Pakistan under LTF-EOP Scheme against the imported textile machinery eligible under the Scheme. It was repayable in twelve equal semi annual instalments of principal amount. However, during the year 2009, SBP had allowed grace period of one year starting from January 01, 2009 to December 31, 2009 and accordingly last instalment was due on July, 31 2014. This finance was fully repaid during the current year. It carried mark up at the rate of SBP rate + 2.00% per annum. During the year mark up was charged at the rate of 7.00% per annum (2014: 7.00% per annum). This finance was secured against joint pari passu charge / mortgage of Rs. 1,100.00 million on all present and future fixed assets of the Holding Company and personal guarantees of the sponsoring directors of the Holding Company.

19.21 United Bank Limited - Demand Finance

During the year 2014, a demand finance of Rs. 200.00 million has been obtained from United Bank Limited to finance the Capital expenditure / BMR in the mills / for retirement of local letters of credit opened for the purchase of local plant, machinery, equipment and expansion / BMR. It is repayable within the period of six years inclusive of one year grace period in ten half yearly equal instalments of principal amount. Last instalment is falling due on September 03, 2019. It carries mark up at the rate of three months KIBOR + 1.00% per annum. During the year mark up was charged at the rates ranging from 9.00% per annum to 11.21% per annum (2014: 10.06% per annum to 11.20 % per annum). It is secured against 1st joint pari passu charge / mortgage of Rs. 1,100 million on all present and future fixed assets of the Holding Company and personal guarantees of the sponsoring directors of the Holding Company.

19.22 MCB Bank Limited - Demand Finance under LTFF scheme

During the year 2012, a demand finance / LTFF amounting to Rs. 349.92 million has been obtained from MCB Bank Ltd for retirement of letters of credits opened for imported plant and machinery. It is repayable within the period of seven years inclusive of one year grace period in 12 semi annual equal instalments of principal amount. Entire amount was refinanced by the State Bank of Pakistan under LTFF Scheme as entire imported machinery was qualified under LTFF Scheme. During the current year entire outstanding SBP's LTFF of Rs. 204.12 million has been fully adjusted and converted by the bank into its own source term loan facility as stated in note 19.23. Last instalment was falling due on November 28, 2018. It carried mark up at the rate of SBP rate + 3% per annum. During the year mark up was charged at the rate of 12.70% per annum (2014: 12.70 per annum). This finance was secured against 1st joint pari passu charge / mortgage of Rs. 949.00 million on all present and future fixed assets of the Holding Company and personal guarantees of the sponsoring directors of the Holding Company.

19.23 MCB Bank Limited - Demand Finance

This finance amounting to Rs. 433.06 million has been obtained from MCB Bank Limited to prepay the



outstanding SBP's LTFF loans of Rs. 25.48 million of Askari Bank Ltd, Rs. 51.47 million of National Bank of Pakistan, Rs. 87.00 million of Saud Pak Industrial and Agricultural Investment Company Ltd and Rs. 65.00 million of Pak Oman Investment Company Ltd. MCB Bank Ltd has fully adjusted and converted its SBP's LTFF outstanding loan of Rs. 204.12 million into this own source demand finance. Tenor and repayments of this facility are the same of above SBP's LTFF loans being swapped. It is repayable within the same remaining period of LTFF loans being swapped. Last instalment is falling due on November 28, 2018. It carries mark up at the rate of six months KIBOR + 1.25% per annum. During the year mark up was charged at the rate of 8.23% per annum. This finance is secured against the security as stated in note 19.22.

19.24 (a) Allied Bank Limited - DF

This finance was obtained for retirement of letters of credit opened for import of plant and machinery. It was repayable within a period of seven years including one year grace period in twelve equal bi-annual instalments of principal amount. Last instalment was falling due on July 04, 2014. During the year this finance was fully repaid. Originally it carried markup at the rate of six months KIBOR + 2.50% per annum. During the year 2008, pricing was reduced to six months KIBOR + 1.50% per annum. During the year markup was charged at the rate of 11.67% per annum (2014: 10.59% per annum to 12.65% per annum). It was secured against 1st joint pari passu charge / mortgage of Rs. 2,640.00 million on all present and future fixed assets of the Holding Company and personal guarantees of the sponsoring directors of the Holding Company.

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

During the year 2009 an amount of Rs. 1.29 million and year 2008 an amount of Rs. 28.16 million out of Demand Finance of Allied Bank Ltd were approved and refinanced by the State Bank of Pakistan under LTF-EOP Scheme against the imported textile machinery eligible under the Scheme. It is repayable in 12 equal semi annual instalments of principal amount commencing from November 13, 2009 after a grace period of one year. However, during the year 2009, SBP has allowed one year grace period starting from January 01, 2009 to December 31, 2009 and accordingly last instalment is due on May 16, 2016. This finance carries mark up at the rate of SBP rate + 2.00% per annum. During the year mark up was charged at the rate of 7.00% per annum (2014: 7.00% per annum). It is secured against 1st joint pari passu charge / mortgage of Rs. 2,640.00 million on all present and future fixed assets of the Holding Company and personal guarantees of the sponsoring directors of the Holding Company.

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

During the year 2010, an amount of Rs. 2.267 million out of Demand Finance of Allied Bank Ltd was approved and refinanced by the State Bank of Pakistan under LTFF Scheme against imported textile machinery eligible under the Scheme. This finance was repayable in remaining ten equal instalments of principal amount. Last instalment was falling due on July 04, 2014. This finance was fully repaid during the current year. This finance carried mark up at the rate of SBP rate + 2.50 % per annum. During the year mark up was charged at the rate of 9.00% per annum (2014: 9.00% per annum). It was secured against the security as stated in note 19.24(b).

19.25 (a) Allied Bank Limited - TL - 2

This finance was obtained during the year 2012 and year 2010 for the purpose of retirement of letters of credit opened for import of textile machinery. It is repayable within a period of seven years including two years grace period in 10 half yearly equal instalments of principal amount. Last instalment is falling due on December 13, 2017. This finance carries markup at the rate of six months KIBOR + 1.75% per annum which is reduced during the current year from six months KIBOR + 2.15% per annum. During the year, an amount of Rs. 55.11 million has been transferred into this finance from SBP's LTFF as mentioend in note 19.25 (b). During the year markup was charged at the rates ranging from 11.38% per annum to 12.32% per annum (2014: 11.24% per annum to 12.30% per annum). It is secured against the security as stated in note 19.24 (b).

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

During year 2012 an amount of Rs. 79.42 million and during 2010 an amount of Rs. 24.88 million out of Term Loan-2 of Allied Bank Ltd were approved and refinanced by the State Bank of Pakistan under LTFF Scheme against imported textile machinery eligible under the Scheme. This finance was repayable in 10 equal instalments of principal amount. Last instalment was falling due on December 13, 2017. SBP's LTFF carried mark up at the rate of SBP rate + 3.00% per annum with effective rate 10.25% per annum. During the current year, entire outstanding SBP's LTFF of Rs. 55.11 million has been fully adjusted and converted into bank's own source term loan-2 for the same and existing tenor and has been transferred into above TL-2. During the year mark up was charged at the rates ranging from 10.25% per annum to 11.20% per annum (2014: 10.25% per annum to 11.20% per annum). It was secured against the security as stated in note 19.24 (b).

19.26 (a) Allied Bank Limited - TL - 3

This finance amounting to Rs. 248.74 million has been obtained during the year 2011 for the purpose of retirement of letters of credit opened for import of textile machinery. It is repayable within a period of seven years inclusive of grace period of two years in 10 half yearly equal instalments of principal amount. Last instalment is falling due on November 23, 2017. This finance carried markup at the rate of six months KIBOR + 1.75% per annum which is reduced during the current year from six months KIBOR + 2.15% per annum. During the year markup was charged at the rates ranging from 11.38% per annum to 12.32% per annum (2014: 11.24% per annum to 12.30% per annum). It is secured against the security as stated in note 19.24 (b).

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

During the year 2011 an amount of Rs. 9.00 million out of Term Loan-3 of Allied Bank Ltd was approved and refinanced by the State Bank of Pakistan under LTFF Scheme against imported textile machinery eligible under the Scheme. This finance is repayable in 10 equal instalments of principal amount after grace period of two years. Last instalment is falling due on November, 23 2017. This



finance carries mark up at the rate of SBP rate + 3.00% per annum. During the year mark up was charged at the rate of 11.20% per annum (2014: 11.20% per annum). It is secured against the security as stated in note 19.24 (b).

19.27 (a) Allied Bank Limited - Term Loan 4

During the year 2012, a term finance amounting to Rs. 626.00 million has been obtained from Allied Bank Ltd for retirement of letters of credits opened for imported plant and machinery. It is repayable within the period of seven years inclusive of two years grace period in 10 semi annual equal instalments of principal amount. Last instalment is falling due on December 08, 2018. It carried mark up at the rate of six months KIBOR + 1.75% per annum which is reduced during the current year from six months KIBOR + 2.50% per annum. During the year mark up was charged at the rates ranging from 11.38% per annum to 12.67% per annum (2014: 11.24% per annum to 12.65% per annum). This finance is secured against the security as stated in note 19.24 (b).

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

During the year 2012, an amount of Rs. 4.24 million out of Term Finance-4 of Allied Bank Ltd was approved and refinanced by the State Bank of Pakistan under LTFF Scheme against imported textile machinery eligible under the Scheme. This finance is repayable in 10 equal instalments of principal amount. Last installment is falling due on November 04, 2018. This finance carries mark up at the rate of SBP rate + 3.00% per annum. During the year mark up was charged at the rate of 12.70% per annum (2014: 12.70 % per annum). It is secured against the security as stated in note 19.24 (b).

19.28 Allied Bank Limited - Term Loan 5

During the year 2013, a term finance of Rs. 218.43 million was obtained from Allied Bank Ltd to finance the retirement of letters of credit opened for import of textile machinery. It is repayable within the period of eight years, from the date of disbursement of 50% of this facility, inclusive of two years grace period in twelve half yearly equal instalments of principal amount. Last installment is falling due on February 26, 2021. It carries mark up at the rate of six months KIBOR + 1.75% per annum. During the year mark up was charged at the rate of 11.38% per annum to 11.92% per annum (2014: 10.84% per annum to 11.90% per annum). It is secured against the security as stated in note 19.24 (b).

19.29 Allied Bank Limited - Term Loan 6 under LTFF scheme

During the year 2014 a term finance amounting to Rs. 500.00 million has been obtained from Allied Bank Limited to finance the retirement of letters of credit opened for import of textile machinery for expansion in weaving unit of the Company. It is repayable within the period of eight years inclusive of two years grace period in 12 half yearly equal installments of principal amount. Last installment of this term loan is falling due on August 06, 2021. It carried mark up at the rate of 6 months KIBOR + 1.05% per annum before refinancing under SBP LTFF. During the year 2014 entire loan was refinanced from the State Bank of Pakistan under LTFF scheme as entire imported machinery was qualified under LTFF



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scheme. Mark up under LTFF scheme was chargeable at SBP rate + 2.25% per annum with effective rate of 10.65% per annum. During current current year, entire SBP's LTFF has been fully adjusted and converted into bank's own source term loan for the same and existing remaining tenor at the same originally approved mark up rate of six months KIBOR + 1.05% per annum. During the year mark up was charged at the rates ranging from 7.99% per annum to 10.65% per annum (2014: 10.14% per annum to 11.20% per annum). It is secured against the security as stated in note 19.24 (b).

19.30 Pak Kuwait Investment Company (Private) Limited - TF

This finance amounting to Rs. 300.00 million has been obtained during the year 2011 from Pak Kuwait Investment the Holding Company (Private) Ltd to finance the capital expenditures of the Holding Company's capacity expansion. It is repayable within a period of six years inclusive of grace period of one year in 10 half yearly equal instalments of principal amount. Last instalment is falling due on October 28, 2016. This finance carries markup at the rate of six months KIBOR + 2.25% per annum which was reduced during the year 2013 from six months KIBOR + 2.45% per annum. During the year markup was charged at the rates ranging from 9.99% per annum to 12.44% per annum (2014: 11.78% per annum to 12.43% per annum). It is secured against the security of 1st joint pari passu charge / mortgage of Rs. 667.00 million on all present and future fixed assets of the Holding Company and personal guarantees of the sponsoring directors of the Holding Company.

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

During the current year 2014, a term finance amounting to Rs. 260.00 million has been obtained from Pak Kuwait Investment Company (Private) Limited to finance the capital expenditure requirements of the Company for capacity expansion / BMR. It is repayable within the period of six years inclusive of two years grace period in eight half yearly equal instalments of principal amount. Last instalment is falling due on March 30, 2020. It carries mark up at the rate of six months KIBOR + 1.50% per annum. During the year mark up was charged at the rates ranging from 10.24% per annum to 11.69% per annum (2014: 11.68% per annum). It is secured against the security as stated in note 19.30.

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

This finance has been obtained from Saudi Pak Industrial and Agricultural Investment the Holding Company Ltd for the purpose of retirement of letters of credit opened for import of plant and machinery. It is repayable within a period of eight years inclusive of grace period of two years in twelve half yearly equal instalments of principal amount. Last instalment is falling due on November 03 2018. This finance carries markup at the rate of six months KIBOR + 2.50% per annum which is reduced during the current year from six months KIBOR + 2.75%. During the year markup was charged at the rates ranging from 9.89% per annum to 12.93% per annum (2014: 12.32% per annum to 12.93% per annum). It is secured against the security of 1st joint pari passu charge / mortgage of Rs. 575.00 million on all present and future fixed assets of the Holding Company and personal guarantees of the sponsoring directors of the Holding Company.

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

During the year 2012, an amount of Rs. 133.13 million and year 2010 an amount of Rs. 8.00 million out of Term Finance of Saudi Pak Industrial and Agricultural Investment Company Ltd was approved and refinanced by the State Bank of Pakistan under LTFF Scheme against imported textile machinery eligible under the Scheme. This finance was repayable in twelve equal instalments of principal amount after grace period of two years. Last instalment was falling due on November 03, 2018. However, during the current year, entire SBP's LTFF outstanding of Rs. 87.00 million was fully prepaid through own source term finance facility of MCB Bank Limited. This finance carried mark up at the rate of SBP rate + 3.00 % per annum. During the year mark up was charged at the rates ranging from 11.20% per annum to 12.70% per annum (2014: 11.20% per annum to 12.70% per annum). It was secured against the security as sated in note 19.32(a).

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

During the year 2012, a term finance / LTFF amounting to Rs. 200.00 million was obtained from Pak Brunei Investment the Holding Company Ltd for retirement of letters of credits opened for imported plant and machinery. It is repayable within the period of eight years inclusive of two years grace period in twelve semi annual equal instalments of principal amount. Last instalment is falling due on November 02, 2019. Entire loan was refinanced from the State Bank of Pakistan under LTFF Scheme as entire imported machinery was qualified under LTFF Scheme. Mark up under SBP's LTFF was chargeable at the rate of SBP rate + 3% per annum at effective rate of 12.70% per annum. During the current year, entire SBP's LTFF of Rs. 149.99 million has been fully adjusted and converted into DFI's own source term finance for the same and existing remaining tenor of SBP's LTFF facility. Own source term finance carries mark up at the rate of six months KIBOR + 1.35% per annum. During the year mark was charged at the rate of 8.13% per annum to 12.70% per annum (2014: 12.70% per annum). This finance is secured against 1st joint pari passu charge / mortgage of Rs. 534.00 million on all present and future fixed assets of the Holding Company and personal guarantees of the sponsoring directors of the Holding Company.

19.34 Pak Brunei Investment Company Limited - Term Finance

During the year 2013, a term finance amounting to Rs. 200.00 million has been obtained from Pak Brunei Investment Company Ltd to enable the Company to re-profile its balance sheet. It is repayable within the period of five years inclusive of one year grace period in eight half yearly equal instalments of principal amount. Last instalment is falling due on September 18, 2017. It carried mark up at the rate of six months KIBOR + 1.30% per annum which was reduced during last year from six months KIBOR + 2.00% per annum. During the year mark up was charged at the rates ranging from 9.48% per annum to 11.50% per annum (2014: 10.75% per annum to 11.55% per annum). It is secured against the security as stated in 19.33.

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

During the year 2012, a term finance / LTFF amounting to Rs. 100.00 million has been obtained from Pak Oman Investment the Holding Company Ltd for retirement of letters of credits opened for imported



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plant and machinery. It is repayable within the period of seven years inclusive of two years grace period in twenty quarterly equal instalments of principal amount. Entire amount was refinanced by the State Bank of Pakistan under LTFF Scheme as entire imported machinery was qualified under LTFF Scheme. During the current year, entire SBP's LTFF outstanding of Rs. 65.00 million was fully prepaid through own source term finance facility of MCB Bank Limited. It carried mark up at the rate of SBP rate + 3% per annum. Last instalment was falling due on August, 31 2018. During the year mark up was charged at the rate of 12.70% per annum (2014: 12.70% per annum). This finance was secured against 1st joint pari passu charge / mortgage of Rs. 467.00 million on all present and future fixed assets of the Holding Company and personal guarantees of the sponsoring directors of the Holding Company.

19.36 Pak Oman Investment Company Limited - Term Finance

During the year 2014, a term finance amounting to Rs. 250.00 million has been obtained from Pak Oman Investment Company Limited to refinance the capital expenditure incurred by the Company. It is repayable within the period of seven years inclusive of two years grace period in twenty quarterly equal instalments of principal amount. Last instalment is falling due on March 25, 2021. It carries mark up at the rate of six months KIBOR + 1.30% per annum. During the year mark up was charged ranging from at the rate of 9.24% per annum to 11.41% per annum (2014: 11.41% per annum). It is secured against the security as stated in 19.35.

19.37 Bank Al Falah Limited - Term Finance

During the year 2013, a term finance amounting to Rs. 325.00 million was obtained from Bank Al Falah Limited to pay-off earlier obtained expensive debt / current portion of long term debt and to even out cash flows during payment tenor of long term loans outstanding at the time of disbursement of this facility. It is repayable within the period of seven years inclusive of two years grace period in ten half yearly equal instalments of principal amount. Last instalment is falling due on December 03, 2019. It carries mark up at the rate of six months KIBOR + 1.50% per annum which was reduced during the last year from six months KIBOR + 1.75% per annum. During the year mark up was charged at the rates ranging from 11.11% per annum to 11.68% per annum (2014: 10.56% per annum to 11.61% per annum). This finance is secured against 1st joint pari passu charge / mortgage of Rs. 434.00 million on all present and future fixed assets of the Holding Company and personal guarantees of the sponsoring directors of the Holding Company.

19.38 NIB Bank Limited - Term Finance

During the year 2014, a term finance amounting to Rs. 800.00 million has been obtained from NIB Bank Limited to finance capital expenditure for expansion / BMR, repayment of existing long term debts and swap of expensive long term debts. It is repayable within the period of seven years inclusive of two years grace period in ten half yearly equal instalments of principal amount. Last instalment is falling due on October 31, 2020. It carries mark up at the rate of three months KIBOR + 1.00% per annum. During the year mark up was charged at the rates ranging from 8.95% per annum to 11.28% per annum (2014: 10.49% per annum to 11.15% per annum). This finance is secured against 1st joint pari passu charge / mortgage of Rs. 1,067.00 million on all present and future fixed assets of the Holding Company and personal guarantees of the sponsoring directors of the Holding Company.

**19.39 The Bank of Khyber - Term Finance**

During the last year, partial amount of Rs. 335.74 million and during the current year remaining amount of Rs. 12.93 million of a term finance facility have been disbursed by The Bank of Khyber to finance the retirement of letters of credit opened for import of textile machinery, power generators and miscellaneous equipments. It is repayable within the period of seven years inclusive of two years grace period in ten half yearly equal instalments of principal amount. Last instalment is falling due on July 25, 2020. It carries mark up at the rate of six months KIBOR + 1.10% per annum. During the year mark up was charged at the rates ranging from 10.71% per annum to 11.21% per annum (2014: 10.17% per annum to 11.21% per annum). This finance is secured against 1st joint pari passu charge / mortgage of Rs. 867.00 million on all present and future fixed assets of the Holding Company and personal guarantees of the sponsoring directors of the Holding Company.

19.40 The Bank of Khyber - Demand Finance II

During the current year, a term finance of Rs. 300.00 million has been obtained from The Bank of Khyber to refinance capital expenditure already incurred by the the Holding Company during the year 2014. It is repayable within the period of six years inclusive of two years grace period in eight half yearly equal instalments of principal amount. Last instalment is falling due on October 13, 2020. It carries mark up at the rate of six months KIBOR + 1.25% per annum. During the year mark up was charged at the rates ranging from 10.86% per annum to 11.44% per annum. This finance is secured against the security as stated in note 19.39.

19.41 The Bank of Punjab - Term Finance under LTFF scheme

During the last year 2014, a term finance of Rs. 249.60 million was obtained from The Bank of Punjab to finance the retirement of letters of credit opened for import of weaving and related machinery for expansion of weaving project of the Company. It is repayable within the period of eight years inclusive of two years grace period in twelve half yearly equal instalments of principal amount starting from disbursal of 80% of the facility. It carried mark up at the rate of six months KIBOR + 1.00% per annum before refinancing from State Bank of Pakistan. During the year 2014 entire term finance was refinanced from the State Bank of Pakistan under LTFF scheme as entire imported machinery was qualified under LTFF scheme. Mark up under SBP's LTFF was chargeable at SBP rate + 2.10% per annum with effective rate of 10.50% per annum. During the current year, entire SBP's LTFF of Rs.249.60 million has been fully adjusted and converted into bank's own source term finance for the same and existing remaining tenor of SBP's LTFF. Last instalment is falling due on September 30, 2021. Bank's own source term finance carries mark up at the rate of six months KIBOR + 1.50% per annum. During the year mark up was charged at the rate of 10.50% per annum (2014: 10.10% per annum to 11.11% per annum). This finance is secured against 1st joint pari passu charge / mortgage of Rs. 334.00 million on all present and future fixed assets of the Holding Company and personal guarantees of the sponsoring directors of the Holding the Company.



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19.42 Allied Bank Limited - Term finance

During the year 2014, a term finance amounting to Rs. 700 million has been obtained from Allied Bank Limited to finance the retirement of letters of credit opened through Allied Bank Limited for import of textile plant and machinery for establishment of spinning unit of the Group. This finance is repayable within the period of eight years inclusive of two years grace period in 12 equal half yearly installments of principal amount. It carries mark up at the rate of 6 months KIBOR + 1.25% per annum. During the year mark up was charged at the rates ranging from 10.88% per annum to 11.42% per annum (2014: 10.57% per annum to 11.20% per annum). This finance is secured against 1st Joint Pari Passu charge / mortgage of Rs. 1,333.34 million over all present and future fixed assets of the Subsidiary Company, personal guarantees of sponsoring directors and corporate guarantee of the Holding Company.

19.43 MCB Bank Limited - Demand finance

During the year 2014, a demand finance amounting to Rs. 550 million has been obtained from MCB Bank Limited to finance the retirement of letters of credit opened through MCB Bank Limited for import of textile machinery for setting up of a new spinning unit of the Group. This is repayable within the period of eight years inclusive of two years grace period in 12 half yearly equal installments of principal amount. It carries mark up at the rate of 6 months KIBOR+1.25% per annum. During the year mark up was charged at the rates ranging from 10.86% per annum to 11.43% per annum (2014:10.73% per annum to 11.36% per annum). This finance is secured against 1st Joint Pari Passu Charge/mortgage of Rs. 800.00 million over all present and future fixed assets of the Subsidiary Company, personal guarantees of sponsoring directors and corporate guarantee of the Holding Company.

19.44 United Bank Limited - Term Loan

During the current year, a term loan amounting Rs. 5.87 million has been obtained from United Bank Limited to finance the textile machinery / equipment / accessories / parts / generators and retirement of letters of credit opened for expansion / BMR / Capex in the mills of the Group. Sanctioned limit of this facility is for Rs. 200.00 million. This finance is repayable in seven years inclusive of one year grace period in 12 equal half yearly installments of principal amount. It carries mark up at the rate of 6 Month KIBOR + 1.00% per annum. During the year mark up was charged at the rate of 7.81% per annum. This finance is secured against first Joint Pari Passu charge/ mortgage of Rs. 266.67 million over the fixed assets of the Group, personal guarantees of sponsoring directors and corporate guarantee of the Subsidiary Company.

	Note	2015 Rupees	2014 Rupees
20 Long term musharika - secured			
Meezan Bank Limited			
- Diminishing musharika - II	20.1	125,000,000	175,000,000
- Diminishing musharika - III	20.2	150,000,000	150,000,000
- Diminishing musharika - III	20.3	18,735,894	18,735,894
		293,735,894	343,735,894
Less: Current portion grouped under current liabilities		81,561,325	50,000,000
		212,174,569	293,735,894



20.1 Meezan Bank Limited - *Diminishing Musharika - II*

Diminishing Musharika-II finance amounting to Rs. 250.00 million has been obtained during the year 2011 from Meezan Bank Ltd for repayment of cost of imported plant and machinery. It is repayable within seven years inclusive of two years grace period in ten equal half yearly instalments of principal amount. Last instalment is falling due on November 24, 2017. It carries mark up at the rate of six months KIBOR + 1.25% per annum which was reduced during the current year from six months KIBOR + 2.00% per annum. During the year, bank has charged mark up at the rates ranging from 8.33% per annum to 12.21% per annum (2014: 11.61% per annum to 11.89% per annum). This finance is secured against exclusive charge of Rs. 334.00 million over machinery imported through Meezan Bank Ltd and personal guarantees of the sponsoring directors of the Holding Company.

20.2 Meezan Bank Limited - *Diminishing Musharika - III*

During the year 2013, a Diminishing Musharika finance of Rs. 150.00 million has been obtained from Meezan Bank Ltd to finance the retirement of letters of credits opened for import of textile machinery. It is repayable within the period of seven years inclusive of two years grace period in ten half yearly equal instalments of principal amount. Last instalment is falling due on January 20, 2020. It carries mark up at the rate of six months KIBOR + 1.25% per annum which is reduced during the current year from six months KIBOR + 1.75%. During the year mark up was charged at the rates ranging from 10.00% per annum to 11.93% per annum (2014: 10.83% per annum to 11.90% per annum). This finance is secured against exclusive charge of Rs. 200.00 million over machinery imported through Meezan Bank Ltd and personal guarantees of the sponsoring directors of the Holding Company.

20.3 Meezan Bank Limited - *Diminishing Musharika*

During the year 2014, a Diminishing Musharika facility of Rs. 18.736 million has been obtained from Meezan Bank Limited to finance the retirement of letters of credit opened for import of textile spinning machinery. This finance is repayable within the period of 8 years inclusive of two year grace period in 12 half yearly equal installments of principal amount. Last installment is falling due on August 07, 2021. It carries markup at the rate of 6 months KIBOR+ 1.25% per annum. During the year markup was charged at the rates ranging from 8.64% per annum to 11.43% per annum (2014: 10.82% per annum to 11.44% per annum). This finance is secured against 1st Joint Parri Passu charge / mortgage of Rs. 93.334 million on all present and future fixed assets of the Subsidiary Company, personal guarantees of sponsoring directors and corporate guarantee of the Holding Company.

		2015 Rupees	2014 Rupees
21	Deferred liabilities		
	Staff gratuity	21.1 220,481,472	159,336,498
	Deferred taxation	21.2 1,862,752,475	1,257,811,423
		<u>2,083,233,947</u>	<u>1,417,147,921</u>



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21.1 Staff gratuity

The latest actuarial valuation of the Company's defined benefit plan, was conducted at June 30, 2015 using projected unit credit method. Detail of obligation for defined benefit plan is as follows:

	Note	2015 Rupees	2014 Rupees <i>Restated</i>
21.1.1 The amounts recognized in the balance sheet are as follows:			
Present value of defined benefit obligation	21.1.5	220,481,472	159,336,498
Liability at end of the year		<u>220,481,472</u>	<u>159,336,498</u>
21.1.2 The amounts recognized in the profit and loss account against defined benefit plan are as follows:			
Current service cost		74,096,439	59,992,076
Interest cost		18,044,912	11,389,250
Charge to profit and loss		<u>92,141,351</u>	<u>71,381,326</u>
21.1.3 Included in other comprehensive income			
Remeasurement of defined benefit obligation from:			
Experience adjustment on obligation		15,300,588	1,470,301
Charge to other comprehensive income		<u>15,300,588</u>	<u>1,470,301</u>
21.1.4 Movement in the liability recognized in the balance sheet is as follows:			
Liability at beginning of the year		159,336,498	130,453,221
Charge for the year	21.1.2	92,141,351	71,381,326
Actuarial loss charged to OCI	21.1.3	15,300,588	1,470,301
Benefits paid during the year		(46,296,965)	(43,968,350)
Liability at end of the year		<u>220,481,472</u>	<u>159,336,498</u>
21.1.5 Movement in the present value of defined benefit obligation is as follows:			
Present value of defined benefit obligation at beginning of the year		159,336,498	130,453,221
Current service cost		74,096,439	59,992,076
Interest cost		18,044,912	11,389,250
Benefits paid		(46,296,965)	(43,968,350)
Actuarial loss		15,300,588	1,470,301
Present value of defined benefit obligation at end of the year		<u>220,481,472</u>	<u>159,336,498</u>
21.1.6 Actuarial assumptions:			
The following are the principal actuarial assumptions at balance sheet date:			
		2015	2014
Discount rate		9.75%	13.25%
Expected rate of growth per annum in future salaries		8.75%	12.25%
Expected mortality rate		SLIC (2001-05)	SLIC (2001-05)
Retirement assumption		Age 60	Age 60



21.1.7 Sensitivity analysis

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

	Impact on defined benefit obligation		
	Change in assumption Percentage	Increase in assumption Rupees	Decrease in assumption Rupees
Discount rate	1.0%	(203,453,009)	240,812,030
Salary growth rate	1.0%	241,354,075	(202,679,699)

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

Historical Information:

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

	2015	2014	2013	2012	2011
	Rupees				
Present value of defined benefit obligation	220,481,472	159,336,498	130,453,221	84,624,574	76,716,019

21.1.8 The Plan exposes the Company to the actuarial risks such as:

Salary risks

The risk that the final salary at the time of cessation of service is higher than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Mortality / withdrawal risks

The risks that the actual mortality / withdrawal experiences is different. The effect depends upon beneficiaries' service / age distribution and the benefit.

21.1.9 In this unfunded plan, it is ensured that the long-term investments are in line with the obligation under the retirement benefit plan. Duration and the expected yield of the investments are matched with the expected cash outflows arising from the retirement benefit plan obligations. The process used to manage its risks has not been changed from previous periods. Investments are well diversified and large portion plans' assets in 2014 consist of cash and / or deposits.

21.1.10 Gratuity scheme entitles the members to gratuity on resignation, termination, retirement, early retirement, retrenchment, death and dismissal based on the Company's Service rules. Gratuity is based on the last month basic salary for each year of service.



21.2 Deferred taxation

	2015			
	Opening balance	Addition Surplus	Effect of change of rate	Closing balance
			Charge to / (reversal from)	
			Profit or loss	Other comprehensive income
			----- Rupees -----	
<u><i>Taxable temporary difference</i></u>				
Surplus on revaluation of operating assets	610,668,486	875,250,093	(297,438,623)	(38,774,768)
Tax on specie dividend	62,994,031	-	-	-
Tax depreciation allowance	1,246,566,427	-	(182,725,112)	28,386,940
	1,920,228,944	875,250,093	(480,163,735)	(10,387,828)
				2,304,327,612
<u><i>Deductible temporary difference</i></u>				
Provision for gratuity	(32,255,874)	-	7,844,144	(10,500,744)
Minimum tax carried forward	(257,151,245)	-	-	(2,610,067)
Tax credit on investments	(266,185,529)	-	-	-
Effect of group taxation	(105,337,691)	-	120,273,577	-
Provision for slow moving items	(391,965)	-	105,337,691	-
Precommencement Expenditure	(1,095,217)	-	89,974	(301,991)
	(662,417,521)	-	72,402	(687,409)
		-	8,006,520	(2,610,067)
				(441,575,137)
Deferred tax liability	1,257,811,423	875,250,093	(472,157,215)	205,058,102
				1,862,752,475



The management expects that future taxable profits will be available for set-off of minimum tax and unused tax credits.

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	Note	2015 Rupees	2014 Rupees
22 Trade and other payables			
Trade creditors		238,357,903	199,139,097
Accrued liabilities		1,183,987,145	1,010,211,500
Advance from customers		68,254,205	175,319,895
Un-claimed dividend		1,952,634	1,493,057
Due to associated undertakings	22.1	81,216,487	100,229,263
Tax deducted at source		2,825,902	497,833
Infrastructure cess	22.2	170,181,742	141,216,628
Workers' profit participation fund	22.3	36,431,957	47,778,006
Workers' welfare fund	22.4	115,359,423	101,515,279
Due to employees		758,839	616,798
Loan from Director		299,693	299,693
		1,899,625,930	1,778,317,049

22.1 Due to associated undertaking

Hussain Ginneries Limited	9,406,308	8,459,657
Fatima Sugar Mills Limited	4,835	4,835
Ahmed Fine Textile Mills Limited	71,764,843	91,724,270
Pakarab Fertilizer Limited	40,501	40,501
	81,216,487	100,229,263

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

	Note	2015 Rupees	2014 Rupees
22.3 Workers' profit participation fund			
Balance as at July 01,		47,778,006	82,023,554
Add: Interest on funds utilized by the Holding Company		3,638,075	6,394,713
Provision for the year	31	36,431,957	44,541,636
		87,848,038	132,959,903
Less: Payment made during the year		(51,399,305)	(85,152,307)
Deposited in government treasury		(16,776)	(29,590)
Balance as at June 30,		36,431,957	47,778,006



22.4 Workers' welfare fund

Balance as at July 01,	101,515,279	84,589,457
Add: allocation for the year	13,844,144	16,925,822
Balance as at June 30,	<u>115,359,423</u>	<u>101,515,279</u>

	2015 Rupees	2014 Rupees
23 Accrued profit / interest / mark-up		
<i>Profit / interest / mark-up accrued on:</i>		
Long term financing - secured	230,873,701	260,162,629
Short term borrowings - secured	109,571,222	88,430,707
	<u>340,444,923</u>	<u>348,593,336</u>

24 Short term borrowings - secured

Banking Companies

Nominal
interest rate
%

Secured

Cash finance	7.56 - 11.73	413,956,186	778,328,610
Running finance	7.83 - 11.93	528,595,948	915,686,432
Foreign currency export finance (cash and running finance)	1.50 - 3.86	4,086,666,056	3,136,632,297
Finance against imported merchandise	7.09 - 10.79	743,556,771	741,568,949
Money market loan - (cash finance and running Finance)	8.11 - 11.73	942,500,000	1,323,000,000
		<u>6,715,274,961</u>	<u>6,895,216,288</u>

- 24.1 The Group has short term finance borrowing facilities including funded and non-funded available from various commercial banks under mark-up arrangements having aggregate sanctioned limits of Rs.23,431 million (2014: Rs.18,980 million). These facilities are secured against different securities including pledge of stocks in trade, hypothecation on stocks, stores & spares, charge on current assets, lien on debtors, lien on imports & exports documents and personal guarantees of the sponsoring directors. The pledge based outstanding borrowings out of the above outstanding borrowings are secured against pledge of stock-in-trade amounting to Rs.3,608 million. Short term borrowing facilities which remained unutilized at year end were Rs.15,427 million (2014: Rs. 12,065 million).

These facilities are expiring on various dates latest by April 30, 2016.



25	Current portion of non-current liabilities	Note	2015 Rupees	2014 Rupees
	Long term financing - <i>secured</i>	19	1,450,502,775	1,026,908,631
	Long term musharika - <i>secured</i>	20	81,561,325	50,000,000
			<u>1,532,064,100</u>	<u>1,076,908,631</u>

26 Contingencies and commitments

26.1 Contingencies

The Holding Company

- 26.1.1** The Additional Commissioner Inland Revenue through separate notices proceeded for an amendment under section 122(5A) of the Income Tax Ordinance, 2001 of income tax assessment for tax year 2012 and also initiated proceedings under section 161 for verification of income tax withholding compliance by the Holding Company during the tax years 2011 and 2012. The Holding Company has explained its position to the relevant officials and such proceedings are pending.
- 26.1.2** Consequent to amendment of income tax assessments for tax years 2006 to 2009 & 2011, the Holding Company has been extended significant relief by the Commissioner (Appeals). The issues in respect whereof Commissioner (Appeals) did not allow relief have been assailed in appeal before the Tribunal and such appeals are pending.
- 26.1.3** The Additional Commissioner Inland Revenue has amended income tax assessments for tax year 2010 and raised a demand of Rs 97.5 million. the Holding Company has filed an appeal against the amendment before the Commissioner (Appeals) which has not been taken up for hearing so-far.
- 26.1.4** Admissibility of 'payments to preference shareholders' has been disputed in income tax amendment orders for tax years 2007 to 2011 by relevant officials. Departmental stance has been maintained by the Commissioner (Appeals) against the Holding Company's appeals in respect of tax years 2007 to 2009 and 2011 similar decision is expected for tax year 2010. The Holding Company has been exercising the right of appeal by way of contesting the matter in appeals before Tribunal inter-alia with other issues. Due to the nature of issue relief in second appeals is dependent on the view to be formed by the higher Appellate Authority. Hearing of these appeals is awaited. Aggregate amount involved is Rs 181.00 million (2014: Rs 143.70 million).
- 26.1.5** For the current year, the Holding Company has not accrued expense relating to Gas Infrastructure Development Cess ("GIDC") amounting to Rs. 123.20 million. This practice was followed by the Company, in lieu of stay orders granted by Honorable High Court of Lahore against GIDC arrears in SNGPL bills. Also, as per legal advisor, the Company prima facie has arguable case and a favourable decision is expected.



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

26.1.6 Export documents negotiated with banks under Foreign bill purchase ("FBP") facility aggregating to \$ 0.33 million (2014: \$ 4.18 million).

26.2 Commitments

	<i>Note</i>	2015 Rupees	2014 Rupees
26.2.1 Guarantees issued by various commercial banks, in respect of financial and operational obligations of the Company, to various institutions and corporate bodies.			
- The Holding Company		377,750,000	343,250,000
- The Subsidiary Company		22,500,600	20,006,000
26.2.2 Commitments against irrevocable letters of credit:			
<u><i>The Holding Company</i></u>			
- capital expenditure		13,512,446	-
- raw material and stores and spares		425,895,998	491,394,832
- others	26.2.3	785,786,510	2,030,563,000
		1,225,194,954	2,521,957,832
<u><i>The Subsidiary Company</i></u>			
- capital expenditure		621,796,758	-
		621,796,758	-



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26.2.3 As at balance sheet date, Stand by Letters of Credit (SBLCs) amounting to Rs. 2,160 million (2014: 2,660 million) are outstanding which were issued by the National Bank of Pakistan, United Bank Limited and Barclays Bank PLC, Pakistan on behalf of the Holding Company favoring the lenders of FEL, confirming that in case of failure of the Holding Company to make payment of the committed amount of equity during the period of two years, the lenders of FEL can draw on the SBLCs to cover the amount not paid by the Holding Company. An amount of Rs. 1,374 million (2014: 629.437million) has been paid by the Holding Company to FEL till June 30, 2015.

	2015 Rupees	2014 Rupees
27 Sales - net		
<i>Local:</i>		
Yarn	11,790,539,757	11,783,535,160
Comber noil	40,300,406	24,145,323
Fabric	3,878,010,953	3,365,830,728
Waste	151,772,744	125,275,093
	15,860,623,860	15,298,786,304
Cotton and other products	241,010,669	299,703,267
	16,101,634,529	15,598,489,571
Less:		
Sales return	69,121,062	41,229,983
Sales tax	448,281,671	386,253,306
Commission	25,880,120	84,428,020
	543,282,853	511,911,309
Net local sales	15,558,351,676	15,086,578,262
<i>Export:</i>		
Yarn - net	9,799,803,146	7,247,645,849
Fabric	1,870,855,271	1,322,793,033
Comber noil	260,935,929	367,518,181
Waste	7,730,577	15,307,980
	11,939,324,923	8,953,265,043
Less:		
Commission	133,834,994	89,134,374
Sales return	6,382,466	-
	140,217,460	89,134,374
Net export sales	11,799,107,463	8,864,130,669
	27,357,459,139	23,950,708,931



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		2015	2014
		Rupees	Rupees
28 Cost of sales	<i>Note</i>		
Raw material consumed	28.1	14,448,751,020	16,167,689,470
Packing material consumed		377,923,033	333,184,451
Salaries, wages and benefits	28.2	1,678,158,000	1,501,552,056
Traveling and conveyance		6,768,296	5,845,772
Power and fuel		2,817,254,183	2,606,568,473
Stores and spares consumed		541,675,732	423,701,052
Repair and maintenance		34,860,515	22,354,855
Insurance		68,117,251	60,725,890
Depreciation	5.3	750,258,556	593,280,399
Rates and taxes		14,456,093	18,285,984
Others		1,311,011	1,179,736
		20,739,533,690	21,734,368,138
<u>Adjustment of work-in-process</u>			
Opening stock		307,431,153	226,595,505
Closing stock		(279,186,451)	(307,431,153)
		28,244,702	(80,835,648)
Cost of goods manufactured		20,767,778,392	21,653,532,490
<u>Adjustment of finished goods:</u>			
Opening stock		2,330,404,105	1,122,302,108
Finished goods purchased		2,591,421,184	787,101,554
Closing stock		(1,302,776,842)	(2,330,404,105)
		3,619,048,447	(421,000,443)
Cost of goods sold		24,386,826,839	21,232,532,047
Cost of raw material sold		226,808,736	263,877,385
		24,613,635,575	21,496,409,432
28.1 Raw material consumed			
Opening stock		3,911,781,544	6,102,824,837
Purchases and expenses		14,174,595,922	13,752,649,202
Transfer from ginning unit	28.1.1	213,977,837	223,996,975
		14,388,573,758	13,976,646,177
		18,300,355,302	20,079,471,014
Less:			
Closing stock		3,619,474,971	3,628,949,647
Stock-in-transit		232,129,312	282,831,897
		3,851,604,283	3,911,781,544
		14,448,751,020	16,167,689,470



	Note	2015 Rupees	2014 Rupees
28.1.1 Production cost of ginning unit - net			
Raw material purchased and consumed		276,351,642	267,841,591
Lease charges		1,250,000	1,250,000
Salaries, wages and benefits		5,865,733	5,103,910
Traveling and conveyance		598,480	660,928
Repair and maintenance		640,628	378,308
Store consumption		346,541	244,463
Utilities		85,200	201,441
Entertainment		141,525	144,054
Legal and professional		58,070	71,011
Printing and stationery		28,393	29,365
Communication		29,760	50,550
Insurance		134,438	134,438
Others		184,138	156,233
		<u>285,714,548</u>	<u>276,266,292</u>
Less: Sale of cotton seed		<u>(71,736,711)</u>	<u>(52,269,317)</u>
Transferred to raw material consumed		<u>213,977,837</u>	<u>223,996,975</u>

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

28.2 These include Rs. 80.44 million (2014: Rs. 61.9 million) in respect of staff retirement benefits.

	Note	2015 Rupees	2014 Rupees
29 Distribution cost			
<i>Export sales:</i>			
Export development surcharge		25,727,104	23,069,724
Freight, shipment and handling charges		283,508,433	210,293,180
Insurance		3,658,391	3,675,998
<i>Local sales:</i>			
Freight, shipment, handling and other charges		22,236,820	23,151,789
Insurance		2,728,677	2,103,032
Salaries and benefits - marketing staff		4,798,363	3,818,621
		<u>342,657,788</u>	<u>266,112,344</u>



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		2015 Rupees	2014 Rupees
30	Administrative expenses		
	Salaries and benefits	30.1 131,214,394	142,258,508
	Traveling and conveyance	30.2 8,593,575	7,507,291
	Vehicle running and maintenance	19,046,130	18,436,874
	Rent, rates, taxes and fees	9,887,189	8,953,837
	Electricity, gas and water	3,978,805	3,323,589
	Entertainment / guest house expenses	10,376,228	7,955,554
	Communication	10,587,998	10,616,216
	Printing and stationery	6,034,811	5,404,124
	Insurance	5,124,874	3,267,036
	Repair and maintenance	12,503,756	8,542,574
	Subscription / advertisement	2,033,585	2,210,284
	Auditors' remuneration	30.3 1,770,000	1,500,000
	Legal and professional charges	8,740,928	5,265,083
	Directors' meeting fee	108,750	120,000
	Depreciation	4.3 27,222,475	23,131,807
	Amortization	5 181,950	2,440,389
	Others	2,451,350	1,787,600
		259,856,798	252,720,766

30.1 These include Rs. 11.94 million (2014: Rs. 9.57 million) in respect of staff retirement benefits.

30.2 These include directors' traveling expense of Rs. 2.6 million (2014: Rs. 2.9 million).

		2015 Rupees	2014 Rupees
30.3	Auditors' remuneration		
	Fee for statutory audit	1,500,000	1,350,000
	Out of pocket expenses	270,000	150,000
		1,770,000	1,500,000

31 Other expenses

	Workers' profit participation fund	22.3 36,431,957	44,541,636
	Workers' welfare fund	22.4 13,844,144	16,925,822
	Donations	31.1 23,866,554	20,195,119
	Bad debts written off	-	18,183
		74,142,655	81,680,760

31.1 Donations include Rs. 3.16 million (2014: Rs. 2.87 million) paid to Fazal-ur-Rehman Foundation, 487-A, Mumtazabad, Vehari Road, Multan. Sheikh Naseem Ahmad (Chief Executive Officer) is amongst the trustees of the Foundation.

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32 Other income

2015
Rupees

2014
Rupees

From financial assets

Dividend income		982,080	174,365,398
Liabilities written back		4,467,598	-
Unrealized gain on re-measurement of short term investments to fair value	14	65,355,883	36,773,055
Mark-up on advance to associated undertakings	32.1	15,472,348	27,251,710
Profit on shares trading by associates	32.2	378,370	-
		86,656,279	238,390,163

From non-financial assets

Gain on disposal of property, plant and equipment		25,609,450	437,938
Scrap sales		1,371,525	1,331,808
		26,980,975	1,769,746
		113,637,254	240,159,909

32.1 It represents mark-up charged at weighted average borrowing cost of the Holding Company. During the year mark up charged at the rates ranging from 10.02% to 11.44% per annum.

32.2 It represents gain tendered to the Holding Company by Amir Fine Exports (Private) Limited, an associated company as per order passed by SECP dated September 05, 2014 under section 224 of the Companies Ordinance, 1984

33 Finance cost

Note

2015
Rupees

2014
Rupees

Profit / interest / mark up on:

- Long term financing - secured		870,522,158	726,008,458
- Musharika - secured		95,062,686	40,672,531
- Short term borrowings - secured		464,084,457	456,572,732
Bank charges		81,423,747	96,098,898
Dividend on redeemable preference shares		-	6,816,250
Interest on Workers' Profit Participation Fund	22.3	3,638,075	6,394,713
		1,514,731,123	1,332,563,582



34 Taxation

Current

- for the year	253,349,676	254,639,352
- prior year	(120,273,577)	-

Deferred

- group taxation	105,337,691	-
- effect of change of rate of tax	(174,718,592)	-
- others	99,720,411	(422,370,201)
	30,339,510	(422,370,201)
	163,415,609	(167,730,849)

The tax provision is charged by considering the provision of section 113, 65B and other tax credits available under the Income Tax Ordinance, 2001. In addition to this, it also includes tax on exports and imports and income from other sources which is full and final discharge of Group's tax liability in respect of income arising from such source.

34.1 The numerical reconciliation between the average tax rate and the applicable tax rate is as follows:

	2015	2014
Applicable tax rate	33%	34%
<i>Tax effect of amounts that are:</i>		
- Effect of final tax regime	-6%	-7%
- Tax effects of temporary differences	21%	-48%
- Effect of group taxation	16%	0%
- Tax effect of prior year adjustment	-18%	0%
- Effect of change in tax rate	-26%	0%
- Tax effect of minimum tax	5%	-1%
Average effective tax rate charged to profit and loss account	25%	-22%

34.2 The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 on every public company other than a scheduled bank or modaraba, that derives profits for tax year and does not distribute cash dividend within six months of the end of said tax year or distribute dividends to such an extent that its reserves, after such distribution, are in excess of 100% of its paid up capital. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40 percent of its after tax profits or 50% of its paid up capital, whichever is less, within six months of the end of the tax year.

34.3 As explained in note 43 to the consolidated financial statements, the Board of Directors in their



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meeting held on October, 09 2015 has recommended a cash dividend of Rs. 5 per ordinary share for the year ended June 30, 2015 which complies with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been recognized in these financial statements for the year ended June 30, 2015.

		2015 Rupees	2014 Rupees
35 Earnings per share - basic and diluted			
35.1 Basic earnings per share			
Profit after taxation	<i>Rupees</i>	<u>498,005,204</u>	<u>929,017,806</u>
Weighted average number of ordinary shares	<i>No. of shares</i>	<u>30,000,000</u>	<u>30,000,000</u>
Earnings per share	<i>Rupees</i>	<u>16.60</u>	<u>30.97</u>

35.2 Diluted earnings per share

There is no dilution effect on the basic earnings per share of the current year as the Group has no such commitments.

36 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

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

36.1 Risk management framework

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

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



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

36.2 Credit risk

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

Total financial assets of Rs. 8,892.5 million (2014: Rs. 6,884.5 million) are subject to credit risk.

Exposure to credit risk

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

	2015 Rupees	2014 Rupees
The Holding Company		
- <i>Available for sale</i>		
Long term investments	3,657,165,531	2,329,793,605
- <i>Held for trading</i>		
Short term investments	545,590,770	227,268,181

The Group

Loans and receivables

Deposits	34,418,530	34,091,810
Loans and advances	531,136,342	754,925,954
Trade debts	4,048,617,303	3,104,020,993
Mark-up accrued	12,219,779	15,014,044
Other receivables	134,025,479	329,094,883
Bank balances	171,913,957	352,813,686
	4,932,331,390	4,589,961,370



Fazal Cloth Mills Limited

Credit quality of financial assets

(a) Trade debts

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

	2015 Rupees	2014 Rupees
Export - <i>secured</i>	1,875,691,240	1,213,351,315
Local - <i>unsecured, considered good</i>	2,171,114,955	1,890,669,678
	4,046,806,195	3,104,020,993

The aging of trade receivables at the reporting date is:

Related parties	Others	Total
2015	2015	2015
Rupees	Rupees	Rupees
177,787,538	2,559,218,329	2,737,005,867
45,651,646	1,247,101,344	1,292,752,990
1,959,291	16,320,993	18,280,284
225,398,475	3,822,640,666	4,048,039,141

The aging of trade receivables at the reporting date is:

1 to 30 days	177,787,538	2,559,218,329	2,737,005,867
30 to 150 days	45,651,646	1,247,101,344	1,292,752,990
150 days and above	1,959,291	16,320,993	18,280,284
	225,398,475	3,822,640,666	4,048,039,141

Related Parties	Others	Total
2014	2014	2014
Rupees	Rupees	Rupees

The aging of trade receivables at the reporting date is:

1 to 30 days	131,175,670	1,377,588,006	1,508,763,676
30 to 150 days	24,205,549	1,563,168,146	1,587,373,695
150 days and above	8,400	7,875,222	7,883,622
	155,389,619	3,104,020,993	3,104,020,993

Out of total trade debts, 46.35% comprise of foreign debtors that are secured against letters of credit. Local trade debts include companies with very good credit history and are regular in their payments. The management continuously monitors the repayment capacity and intention of their debtors and extends the credit periods to their customers according to their credit history. Therefore, no impairment is necessary.

(b) Other financial assets

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

Name	Rating	2015 Rupees	2014 Rupees
<u>Long term investment</u>			
Fatima Fertilizers Company Limited	A+	2,461,176,791	1,826,826,899
Pak Arab Fertilizers Limited	AA-	-	252,966,706
Fatima Energy Limited	N/A	919,561,849	-
Fatima Transmission Company Limited	N/A	131,250	-
Multan Real Estate (Private) Limited	N/A	21,644,000	-



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Name	Rating	2015 Rupees	2014 Rupees
Short term investment			
Pakarab Fertilizers Limited	AA-	252,966,706	-
Fatima Fertilizers Company Limited	A1	254,736,400	189,080,000
Pakistan State Oil Company Limited	A1+	37,887,664	38,188,181
		3,948,104,660	2,307,061,786

(c) Bank balances

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

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

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

	Rating		Rating agency	2015	2014
	Short term	Long term		Rupees	Rupees
Allied Bank Limited	A1+	AA+	PACRA	1,029,602	104,094,111
National Bank of Pakistan	A1+	AAA	JCR-VIS	4,627,246	41,759,865
MCB Bank Limited	A1+	AAA	PACRA	9,236,482	12,848,904
Meezan Bank Limited	A1+	AA	JCR-VIS	69,083,459	66,016,924
UBL Bank Limited	A1+	AA+	JCR-VIS	11,122,480	59,795,571
Standard Chartered Bank Pakistan Limited	A1+	AAA	PACRA	17,053,526	8,851
Habib Bank Limited	A1+	AAA	JCR-VIS	7,081,967	1,480,223
Soneri Bank Limited	A1+	AA-	PACRA	2,422,492	923,403
NIB Bank Limited	A1+	AA-	PACRA	186,169	283,797
Bank Al Falah Limited	A1+	AA	PACRA	33,777,156	50,169,245
Askari Bank Limited	A1+	AA	JCR-VIS	3,190,595	8,427,788
The Bank of Punjab	A1+	AA-	PACRA	2,657,491	238,673
The Bank of Khyber	A1	A	PACRA	172,888	232,121
Bank Al Habib Limited	A1+	AA+	PACRA	3,289,776	2,432,913
Bank Islamic Limited	A1	A	PACRA	79,930	79,920
Dubai Islamic Bank Pakistan Limited	A-1	A+	JCR-VIS	1,266,114	2,361,419
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	4,921,054	555,644
Faysal Bank Limited	A1+	AA	PACRA	6,357	6,357
KASB Bank Limited	A3	BBB	PACRA	918	224,918
Samba Bank Limited	A1	AA-	JCR-VIS	-	159,820
Silk Bank Limited	A-2	A-	JCR-VIS	81,295	83,925
Summit Bank Limited	A-3	A-	JCR-VIS	626,961	629,295
				171,913,957	352,813,686

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

36.3 Concentration of credit risk

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

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

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

	Weighted Average effective rate of interest	2014							
		Carrying value	Contractual cash flows	Less than one month	One to three months	Three months to one year	One to five years	Above five years	Total
----- Rupees -----									
Financial liabilities									
Long term financing - including markup	7.00% to 12.93%	8,586,320,502	10,208,273,011	224,643,766	185,069,754	1,144,042,333	6,897,218,126	1,757,299,032	10,208,273,011
Short term borrowings - including markup	0.80% to 12.21%	6,895,216,288	7,428,606,510	2,761,409,809	835,537,430	3,831,659,271	-	-	7,428,606,510
Trade and other payables		1,778,317,049	1,778,317,049	447,687,380	1,038,626,699	292,002,970	-	-	1,778,317,049
		17,259,853,839	19,415,196,570	3,433,740,955	2,059,233,883	5,267,704,574	6,897,218,126	1,757,299,032	19,415,196,570

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



36.5 Market risk

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

36.5.1 Currency risk

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

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

The potential currency exposures are discussed below:

Transactional exposure in respect of non - functional currency monetary items

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

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

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

Exposure to currency risk

	2015 Rupees	2014 Rupees
Balance sheet items		
Export finances	4,086,666,056	3,136,632,297
Foreign debtors	(1,875,691,240)	(1,213,351,315)
Gross balance sheet exposure	2,210,974,816	1,923,280,982
Off balance sheet items		
Outstanding letters of credit	439,408,444	491,394,832
Net exposure	2,650,383,260	2,414,675,814

The following significant exchange rate has been applied:

Average and spot rate

	Average rate		Spot rate	
	2015	2014	2015	2014
	----- Rupees -----		----- Rupees -----	
USD to Rupee	101.29	98.63	101.70	98.55



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Sensitivity analysis:

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

	2015 Rupees	2014 Rupees
<u>Effect on profit and loss</u>		
USD to Rupee	<u>265,038,326.04</u>	<u>241,467,581</u>

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

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

36.5.2 Interest rate risk

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

	2015	2014	2015	2014
	Effective rate (in Percentage)		Carrying amount (Rupees)	
<u>Financial liabilities</u>				
<i>Fixed rate instruments:</i>				
Long term loan	7.00 to 12.70	7.00 to 12.93	<u>30,824,399</u>	<u>1,743,470,521</u>
<i>Variable rate instruments:</i>				
Long term loan	7.00 to 12.70	7.00 to 12.93	<u>8,414,485,083</u>	<u>6,842,849,981</u>
Short term running finance	7.09 to 11.73	9.29 to 12.21	<u>2,628,608,905</u>	<u>3,758,583,991</u>
Export finances	1.50 to 3.83	0.80 to 2.85	<u>4,086,666,056</u>	<u>3,136,632,297</u>

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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



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	Profit or loss	
	100 bps Increase	100 bps Decrease
	----- Rupees -----	
As at June 30, 2015	151,297,600	137,380,663
As at 30 June 2014	- 1,016,881,293	1,016,881,293

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

36.5.3 Fair value of financial instruments

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

a) Fair values versus carrying amounts

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

	2015		2014	
	Carrying amount	Fair value	Carrying amount	Fair value
	----- Rupees -----			
<u>Financial assets</u>				
Long term investments	3,402,513,890	3,402,513,890	2,079,793,605	2,079,793,605
Long term deposits	34,418,530	34,418,530	34,091,810	34,091,810
Trade debts	4,048,617,303	4,048,617,303	3,104,020,993	3,104,020,993
Loans and advances	531,136,342	531,136,342	754,925,954	754,925,954
Trade deposits	7,385,469	7,385,469	3,431,538	3,431,538
Mark-up accrued	12,219,779	12,219,779	15,014,044	15,014,044
Other receivables	134,025,479	134,025,479	329,094,883	329,094,883
Short term investments	545,590,770	545,590,770	227,268,181	227,268,181
Cash and bank balance	177,228,341	177,228,341	360,063,071	360,063,071
	8,893,135,903	8,893,135,903	6,907,704,079	6,907,704,079
<u>Financial liabilities</u>				
Long term finance	8,445,309,482	8,445,309,482	8,586,320,502	8,586,320,502
Short term borrowings	6,715,274,961	6,715,274,961	6,895,216,288	6,895,216,288
Trade and other payables	1,899,625,930	1,899,625,930	1,778,317,049	1,778,317,049
	17,060,210,373	17,060,210,373	17,259,853,839	17,259,853,839



b) Valuation of financial instruments

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

Level 1: Quoted market price (unadjusted) in an active market.

Level 2: Valuation techniques based on observable inputs.

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

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

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

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

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

2015				
	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
Financial assets at fair value through profit or loss	292,624,064	-	-	292,624,064
Financial assets at fair value at available for sale	3,655,480,596	-	-	3,655,480,596
	<u>3,948,104,660</u>	<u>-</u>	<u>-</u>	<u>3,948,104,660</u>
2014				
	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
Financial assets at fair value through profit or loss	227,268,181	-	-	227,268,181
Financial assets at fair value at available for sale	1,826,826,899	-	-	1,826,826,899
	<u>2,054,095,080</u>	<u>-</u>	<u>-</u>	<u>2,054,095,080</u>



36.5.4 Other price risk

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

Sensitivity analysis

The table below summarizes the Group's equity price risk as of June 30, 2015 and June 30, 2014 and shows the effects of a hypothetical 10% increase and 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of equity markets and the aforementioned concentrations existing in the equity investment portfolio.

2015				
	Fair value		Estimated fair value after hypothetical	increase (decrease) in profit or (loss) /
-----Rupees-----				
Financial assets at fair value through profit or loss	292,624,064	10% increase	321,886,470	29,262,406
		10% decrease	263,361,658	(29,262,406)
Financial assets at fair value at available for sale	3,655,480,596	10% increase	4,021,028,656	365,548,060
		10% decrease	3,289,932,536	(365,548,060)
	<u>3,948,104,660</u>			
2014				
	Fair value		Estimated fair value after hypothetical	increase (decrease) in profit or (loss)/
-----Rupees-----				
Financial assets at fair value through profit or loss	227,268,181	10% increase	249,994,999	22,726,818
		10% decrease	204,541,363	(22,726,818)
Financial assets at fair value at available for sale	1,826,826,899	10% increase	2,009,509,589	182,682,690
		10% decrease	1,644,144,209	(182,682,690)
	<u>2,054,095,080</u>			



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36.5.5 Operational risk

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

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

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

- requirements for appropriate segregation of duties, including the independent authorization of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective

37 Capital management

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

The Group's objectives when managing capital are:

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

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



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The Group monitors capital on the basis of the gearing ratio - calculated as a ratio of total gearing.

The gearing ratios as at June 30, 2015 and as at June 30, 2014 were as follows:

	2015 Rupees	2014 Rupees
Total debt	15,160,584,443	15,481,536,790
Total equity including revaluation surplus	15,795,758,030	10,930,432,432
Total capital employed	30,956,342,473	26,411,969,222
Gearing	49%	59%

There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements, except those, related to maintenance of debt covenants including restriction on dividend declaration, commonly imposed by the providers of debt finance. Decrease in gearing ratio is mainly due to repayments of debts.

37.1 Financial instruments by categories	2015 Rupees	2014 Rupees
<u>Loans and receivables - Group</u>		
Long term deposits	34,418,530	34,091,810
Trade debts	4,048,617,303	3,104,020,993
Loans and advances	531,136,342	754,925,954
Other receivables and deposits	134,025,479	329,094,883
Cash and bank balances	177,228,341	360,063,071
	4,925,425,995	4,582,196,711
<u>Available for sale - the Holding Company</u>		
Long term investments	2,482,820,791	2,079,793,605
	2,482,820,791	2,079,793,605
<u>Held for trading - Holding Company</u>		
Short term investments	545,590,770	227,268,181
	545,590,770	227,268,181
	Financial liabilities	
<u>Group</u>	2015 Rupees	2014 Rupees
Long term finances - <i>secured</i>	8,445,309,482	8,586,320,502
Short term borrowings - <i>secured</i>	6,715,274,961	6,895,216,288
Trade and other payables	1,899,625,930	1,778,317,049
Accrued markup	340,444,923	348,593,336
	17,400,655,296	17,608,447,175



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

The aggregate amounts charged in the accounts for the year for remuneration, including all benefits to the Chairman and Managing Director, Directors and Executives of the Holding Company are as follows:

	2015					2014				
	Chief Executive Officer	Non-Executive Director	Executive Director	Executives	Total	Chief Executive Officer	Non-Executive Director	Executive Director	Executives	Total
	Rupees					Rupees				
Managerial remuneration	3,078,624	6,157,248	3,078,624	41,005,520	53,320,016	3,078,624	6,157,248	3,078,624	23,690,860	36,005,356
House rent and utilities	3,289,916	3,364,232	1,197,240	9,041,743	16,893,131	3,075,749	3,373,921	1,251,356	6,473,841	14,174,867
Medical	123,093	-	-	3,824,570	3,947,663	-	106,518	-	2,684,110	2,790,628
Conveyance / petrol	-	-	-	149,003	149,003	-	-	-	130,200	130,200
Insurance	5,393	-	-	-	5,393	-	-	-	-	-
	6,497,026	9,521,480	4,275,864	54,020,836	74,315,206	6,154,373	9,637,687	4,329,980	32,979,011	53,101,051
Numbers	1	5	1	70	77	1	5	1	43	50

38.1 In addition to above, non executive directors were only paid Rs. 0.11 million (2014: 0.12million) as meeting fee.

38.2 Chief Executive Officer, Executive Directors and some of the executives are also provided with the Holding Company maintained cars and telephones at their residences for the Holding Company's business purposes.

38.3 In case of the Subsidiary Company no remuneration was paid to Chief Executive Officer, any Director or Executives of the Company except for the managerial remuneration paid amounting to Rs. 2.76 million to three executives of the Company.

38.4 These include Rs. 4.32 million (2014: Rs. 3.89 million) in respect of staff retirement benefits.

39 Number of employees

Total number of employees as at 30 June

Average number of employees during the year

	2015	2014
	6,073	5,594
	5,834	5,129



40 Segment reporting

40.1 Reportable segments

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

The Group's reportable segments are as follows:

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

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

40.2 Information about reportable segments

	Spinning		Weaving		Total	
	2015	2014	2015	2014	2015	2014
----- Rupees -----						
External revenues	21,718,149,292	19,353,541,020	5,639,309,846	4,597,167,911	31,372,972,553	23,950,708,931
Intersegment revenues	4,004,961,813	4,060,895,600	10,551,602	9,325,869	(4,015,513,415)	(4,070,221,469)
Cost of sales	(23,326,028,590)	(20,837,502,821)	(1,287,921,981)	(658,906,611)	(28,629,463,986)	(21,496,409,432)
Intersegment cost of sales	(10,551,602)	(9,325,869)	(4,004,961,812)	(4,060,895,600)	4,015,513,414	4,070,221,469
Distribution and marketing expense	(294,691,752)	(233,263,388)	(47,966,037)	(32,848,956)	(342,657,789)	(266,112,343)
Administrative expenses	(235,029,744)	(230,445,658)	(24,512,054)	(22,370,108)	(259,541,798)	(252,815,766)
Other operating expense	(77,406,472)	(91,871,051)	3,263,817	10,190,291	(74,142,655)	(81,680,760)
Finance cost	(1,182,929,869)	(1,037,200,014)	(331,801,255)	(295,363,568)	(1,514,731,124)	(1,332,563,582)
Other operating income	113,637,254	240,159,909	-	-	113,637,254	240,159,909
Share of loss of associate	-	-	-	-	(4,651,641)	-
Profit before tax	710,110,330	1,214,987,728	(44,037,874)	(453,700,772)	661,420,813	761,286,957

40.2.1 The accounting policies for disclosure of the reportable segments are the same as the Group's accounting policies described in note 3.23 to the financial statements. Expenditures are allocated on the basis of actual amounts incurred for the segments. This is the measure reported to management for the purposes of resource allocation and assessment of segment performance.



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	2015 Rupees	2014 Rupees
40.3 Reconciliation of reportable segment revenues and profits		
Total revenue from reportable segments	31,372,972,553	23,950,708,931
Elimination of inter segment revenue	(4,015,513,415)	(4,070,221,469)
	<u>27,357,459,138</u>	<u>19,880,487,462</u>
Profit and loss		
Total profit of reportable segments excluding share of loss of associate	666,072,454	761,286,957
Tax for the year	(163,415,609)	167,730,849
	<u>502,656,845</u>	<u>929,017,806</u>
Consolidated profits		

40.4 Segment assets and liabilities

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

	Spinning	Weaving	Total
	----- Rupees -----		
For the year ended June 30, 2015:			
Segment assets for reportable segment	26,810,568,367	4,434,504,107	31,245,072,474
Unallocated corporate assets			4,034,574,799
Total assets as per balance sheet			<u>35,279,647,273</u>
Segment liabilities for reportable segment	13,765,805,012	3,638,047,843	17,403,852,855
Unallocated corporate liabilities			2,083,233,947
Total liabilities as per balance sheet			<u>19,487,086,802</u>
For the year ended June 30, 2014:			
Segment assets for reportable segment	25,182,636,329	4,254,077,158	29,436,713,487
Unallocated corporate assets			519,314,040
Total assets as per balance sheet			<u>29,956,027,527</u>
Segment liabilities for reportable segment	13,496,071,656	4,112,375,519	17,608,447,175
Unallocated corporate liabilities			1,417,147,921
Total liabilities as per balance sheet			<u>19,025,595,096</u>



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

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

40.5 Geographical information

40.5.1 The Group's gross revenue from external customers by geographical location is detailed below:

	2015 Rupees	2014 Rupees
Pakistan	15,584,231,796	15,929,835,233
Asia	9,289,422,584	5,646,966,458
Europe	1,526,375,306	1,725,042,468
America	1,304,718,699	1,531,038,568
Australia	5,418,110	3,394,784
Africa	330,792,957	46,823,267
	<u>28,040,959,452</u>	<u>24,883,100,778</u>

40.5.2 All non-current assets of the Group as at June 30, 2015 are located and operating in Pakistan.

40.6 Other segment information

	Spinning	Weaving	Total
	----- Rupees -----		
For the year ended June 30, 2015:			
Capital expenditure	<u>647,861,507</u>	<u>88,255,666</u>	<u>736,117,173</u>
<u>Depreciation / amortisation</u>			
Cost of sales	599,352,213	150,906,343	750,258,556
Administrative expenses	<u>23,505,513</u>	<u>3,716,962</u>	<u>27,222,475</u>
	<u>622,857,726</u>	<u>154,623,305</u>	<u>777,481,031</u>
For the year ended June 30, 2014:			
Capital expenditure	<u>2,439,025,412</u>	<u>1,290,916,432</u>	<u>3,729,941,844</u>
<u>Depreciation / amortisation</u>			
Cost of sales	431,391,050	83,417,019	514,808,069
Administrative expenses	<u>17,354,985</u>	<u>3,578,521</u>	<u>20,933,506</u>
	<u>448,746,035</u>	<u>86,995,540</u>	<u>535,741,575</u>



Fazal Cloth Mills Limited

41 Transactions with related parties

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

Description of transaction	Nature of relationship	2015 Rupees	2014 Rupees
<u>The Holding Company</u>			
Fazal Rehman Fabrics Limited	Associate		
Sale of goods and services		1,673,681,795	1,569,685,122
Purchase of goods and services		89,623,609	24,415,003
Fatima Fertilizer Company Limited	Associate		
Dividend Income		-	177,653,670
Purchase of goods and services		-	10,180,872
Fatima Energy Limited	Associate		
Purchase of shares		924,213,490	-
Advance for issue of shares		450,000,000	617,200,000
Mark-up accrued on issue of shares		12,219,779	27,251,710
Reliance Weaving Mills Limited	Associate		
Sale of goods and services		19,640,162	26,934,953
Purchase of goods and services		499,546	8,527,645
Ahmed Fine Textile Mills Limited	Associate		
Sale of goods and services		40,265,252	62,801,475
Purchase of goods and services		390,366,016	387,237,852
Fazal-ur-Rehman Foundation, Multan	Associate		
Donations		3,163,300	2,872,382
Amir Fine Exports (Private) Limited	Associate		
Receipts from associate		386,770	-
<u>The Subsidiary Company</u>			
Fazal Rehman Fabrics Limited	Associate	195,411,850	171,272,150
Sale of goods and services			
Fatima Fertilizer Company Limited	Associate	-	7,595,786
Purchase of goods and services			

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



42 Capacity and production

		2015	2014
Spinning:			
Number of spindles installed		216,792	216,792
Number of rotors installed		2,220	1,740
<i>Number of shifts worked</i>			
Unit I, II & IV		1,093	999
Unit III		1,094	998
Subsidiary		1,027	420
Number of spindles - shifts worked		235,324,276	203,692,804
Capacity at 20's count	Kgs.	81,051,794	80,566,185
Actual production of all counts	Kgs.	74,609,966	68,933,370
Actual production converted into 20's count	Kgs.	80,014,663	67,645,324
Weaving:			
		2015	2014
Number of looms installed		224	224
Number of looms worked		224	224
Number of shifts worked		1,095	1,042
Standard cloth production	LM	49,259,519	36,831,112
Actual cloth production	LM	43,848,377	33,101,353

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

43 Non adjusting event after balance sheet date

The Board of Directors of the Group in their meeting held on October 09, 2015 has proposed a final cash dividend of Rs. 5 per share (2014: Rs. 2.5 per share) for the year ended June 30, 2015 held for approval of the members in the Annual General Meeting to be held on October 31, 2015. These financial statements do not include the effect of this proposed final cash dividend and will be accounted for subsequent to year end.



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

45 Date of authorization of financial statements

These financial statements were authorized for issue on October 09, 2015 by the board of directors of the Group.

46 General

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

Sd/-
(SHEIKH NASEEM AHMAD)
CHIEF EXECUTIVE OFFICER

Sd/-
(REHMAN NASEEM)
DIRECTOR

Sd/-
(FAIZAN-UL-HAQ)
CHIEF FINANCIAL OFFICER



Pattern of Shareholding for Fazal Cloth Mills Limited

As on: June 30, 2015

Number of ShareHolders	Categories of Share Holding		Total Number of Share Held	Percentage (%)
	From	To		
752	1	100	16,527	0.06
355	101	500	96,190	0.32
125	501	1000	93,448	0.31
110	1001	5000	228,260	0.76
25	5001	10000	162,325	0.54
8	10001	15000	90,628	0.30
3	15001	20000	51,235	0.17
1	25001	30000	25,299	0.08
2	35001	40000	73,161	0.24
4	40001	45000	172,719	0.58
1	55001	60000	59,804	0.20
1	65001	70000	69,834	0.23
1	130001	135000	131,191	0.44
1	160001	165000	161,680	0.54
1	265001	270000	270,000	0.90
1	1045001	1050000	1,091,683	3.64
1	1305001	1310000	1,306,976	4.36
2	1420001	1425000	2,843,277	9.48
1	1765001	1770000	1,768,488	5.89
2	1995001	2000000	3,993,810	13.31
1	2415001	2420000	2,415,422	8.05
1	3185001	3190000	3,186,984	10.62
1	5650001	5655000	5,651,494	18.84
1	6035001	6040000	6,039,565	20.13
1,401			30,000,000	100.00

SR #	Category	No Of Share Holders	Shares Held	Percentage (%)
1	Directors, Spouses & Minor Children	11	10,180,058	33.934
2	Associated Companies, Undertakings & Related Parties	6	16,574,974	55.250
3	Investment Banks/Co., NIT & ICP, Financial Institutions	5	3,731	0.012
4	Joint Stock Companies	13	20,498	0.068
5	Mudarba & Funds	4	1,787,167	5.957
6	Trust	1	379	0.001
7	Pension Fund	1	161,680	0.539
8	Others (Holding of Ex-East Pakistanies)	3	48,208	0.161
9	Individual	1,357	1,223,305	4.078
Grand Total:		1,401	30,000,000	100.000



PATTERN OF SHARE HOLDING AS PER REQUIREMENTS OF CODE OF CORPORATE GOVERNANCE

CATEGORIES OF SHAREHOLDERS		Shares Held	PERCENTAGE (%)
<u>DIRECTORS, SPOUSES & MINOR CHILDREN</u>			
SHEIKH NASEEM AHMAD	(CEO / DIRECTOR)	8,820	0.029
REHMAN NASEEM	(CHAIRMAN / DIRECTOR)	3,186,984	10.623
MR. FAZAL AHMED SHEIKH	(DIRECTOR)	2,041,611	6.805
MR. FAISAL AHMED MUKHTAR	(DIRECTOR)	2,039,865	6.800
MR. FAHAD MUKHTAR	(DIRECTOR)	43,507	0.145
MRS. MAHNAZ AMIR SHEIKH	(DIRECTOR)	3,000	0.010
AMIR NASEEM SHEIKH		12,994	0.043
ABDULLAH AMIR FAZAL		1,421,639	4.739
MUHAMMAD YOUSAF AMIR		1,421,638	4.739
AYESHA AMIR FAZAL		-	-
AMIN REHMAN FAZAL		-	-
SADEK REHMAN FAZAL		-	-
MAHA REHMAN FAZAL		-	-
<u>ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES</u>			
AMIR FINE EXPORTS (PVT) LTD.		7,346,541	24.488
RELIANCE COMMODITIES (PVT) LTD		1,091,683	3.639
MST. FARRUKH MUKHTAR		5,651,494	18.838
FAWAD AHMED MUKHTAR		2,415,422	8.051
AMBREEN FAWAD		69,834	0.233
<u>SHARE HOLDERS FIVE PERCENT (5% OR ABOVE)</u>			
AMIR FINE EXPORTS (PVT) LTD.		-	-
TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST		-	-
REHMAN NASEEM		-	-
MR. FAZAL AHMED SHEIKH		-	-
MR. FAISAL AHMED MUKHTAR		-	-
MST. FARRUKH MUKHTAR		-	-
FAWAD AHMED MUKHTAR		-	-
<u>INVESTMENT BANKS/CO., NIT & ICP, FINANCIAL INSTITUTIONS</u>			
INDUSTRIAL DEVELOPMENT BANK OF PAKISTAN (IDBP)		613	0.002
M/S. UNITED BANK LIMITED		788	0.003
IDBL (ICP UNIT)		1,141	0.004
NATIONAL BANK OF PAKISTAN		993	0.003
ESCORTS INVESTMENT BANK LIMITED		196	0.001
<u>JOINT STOCK COMPANIES</u>			
M/S. FREEDOM ENTERPRISES (PVT) LTD		6,309	0.021
FAZAL VEGETABLE GHEE MILLS LTD		7,689	0.026
M/S. FATEH TEXTILE MILLS LIMITED		258	0.001
MOLASSES TRADING & EXPORT CO. LTD.		135	0.000
M/S. NAEEMS SECURITIES LIMITED		763	0.003
FIRST CAPITAL EQUITIES LIMITED		19	0.000
SARFRAZ MAHMOOD (PRIVATE) LTD		72	0.000
H M INVESTMENTS (PVT) LIMITED		45	0.000
AKRAM COTTON MILLS LIMITED		6	0.000
FAIRTRADE CAPITAL SECURITIES (PVT.) LIMITED		33	0.000
FIKREES (SMC-PVT) LTD.		1,668	0.006
MAPLE LEAF CAPITAL LIMITED		1	0.000
M. MUNIR M. AHMED KHANANI SECURITIES (PVT.) LTD.		3,500	0.012
<u>MUDARABA & FUNDS</u>			
TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST		5,673	0.019
GOLDEN ARROW SELECTED STOCKS FUND LIMITED		12,406	0.041
TRUSTEE AKD OPPORTUNITY FUND		600	0.002
TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST		1,768,488	5.895
<u>TRUSTS</u>			
THE TRUSTEE, GHULAMAN-E-ABBAS EDUCATIONAL & MEDICAL TRUST		379	0.001
<u>PENSION FUNDS</u>			
TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND		161,680	0.539
<u>OTHERS (HOLDING OF EX-EAST PAKISTANIES)</u>			
THE DEPUTY ADMINISTRATOR (APO)		48,208	0.161
<u>INDIVIDUALS (Other than above)</u>			
		1,223,305	4.078
TOTAL		30,000,000	100.000



FORM OF PROXY

I/WE _____

Of _____

Being a member of FAZAL CLOTH MILLS LIMITED, hereby appoint _____

(NAME)

Of _____ another member of the Company or failing _____

Him _____

(NAME)

Of _____

(being a member of the Company) as my/our Proxy to attend, act and vote for me/us and on my/our behalf, at the 50th Annual General Meeting of the Company to be held on Saturday, the 31st October, 2015 at 129/1 Old Bahawalpur Road, Multan at 11:00 am or at any adjournment thereof.

As witness my hand this _____ day of October, 2015

Affix
Revenue
Stamp
Rs. 5.00

(Witness Signature)

(Witness Signature)

Name: _____

Folio # _____

Address: _____

CDC A/C # _____

CNIC No. _____

CNIC # _____

NOTES:

1. This form of proxy duly completed must be deposited at the Company's Shares Department at 129/1 Old Bahawalpur Road, Multan or Company's Shares Registrar VISION CONSULTING LIMITED, 3-C LDA Flats, Lawrence Road, LAHORE not later than 48 hours before the time of meeting.
2. Any individual beneficial owner of CDC, entitled to attend and vote at this meeting, must bring his/her CNIC or Passport, to prove his/her identity, and in case of Proxy must enclose an attested copy of his/her CNIC or Passport, Representatives of corporate members should bring the usual documents required for such purpose.



Fazal Cloth Mills Limited



Fazal Cloth Mills Limited

Head Office / Shares Department:

129/1, Old Bahawalpur Road, Multan.
Phone: (92) 61-4579001-7, 4781637

Registered Office:

69/7, Abid Majeed Road, Survey # 248/7
Lahore Cantt, Lahore.+92 (42) 36684909