



**Ruby Textile Mills  
Limited**

**Annual Report  
2014**

**VISION/MISSION STATEMENT**

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

| <b>Sr. #</b> | <b>CONTENTS</b>                                                                    | <b>Page #</b> |
|--------------|------------------------------------------------------------------------------------|---------------|
| 1.           | COMPANY PROFILE                                                                    | 2             |
| 2.           | NOTICE OF ANNUAL GENERAL MEETING                                                   | 3             |
| 3.           | DIRECTOR'S REPORT                                                                  | 4             |
| 4.           | PATTERN OF SHAREHOLDING FORM 34                                                    | 8             |
| 5.           | STATEMENT OF COMPLIANCE WITH BEST PRACTICES<br>OF THE CODE OF CORPORATE GOVERNANCE | 10            |
| 6.           | REVIEW REPORT TO THE MEMBERS                                                       | 12            |
| 7.           | AUDITOR'S REPORT                                                                   | 13            |
| 8.           | BALANCE SHEET                                                                      | 14            |
| 9.           | PROFIT AND LOSS ACCOUNT                                                            | 16            |
| 10.          | CASH FLOW STATEMENT                                                                | 17            |
| 11.          | STATEMENT OF CHANGES IN EQUITY                                                     | 18            |
| 12.          | NOTES TO THE FINANCIAL STATEMENTS                                                  | 19            |
| 13.          | KEY OPERATING AND FINANCIAL DATA                                                   | 45            |
| 14.          | PROXY FORM                                                                         | 46            |

**BOARD OF DIRECTORS**

Chairman and Chief Executive:  
MR. NOOR ELAHI

Directors:  
MRS. PARVEEN ELAHI  
MRS. NAHEED JAVED  
MR. NABEEL JAVED  
MR. JAVED USMAN  
MR. FAIZAN JAVED  
MR. MATI UDDIN SIDDIQUI (NIT NOMINEE)

**COMPANY SECRETARY**

MR. ASIF PERVAIZ KHAWAJA

**AUDIT COMMITTEE**

MR. JAVED USMAN -CHAIRMAN  
MR. NABEEL JAVED -MEMBER  
MR. FAIZAN JAVED -MEMBER

**BANKERS**

M/S. STANDARD CHARTERED BANK LTD.  
M/S. BANK AL-HABIB LIMITED  
M/S. HABIB METROPOLITAN BANK LTD.  
M/S. NATIONAL BANK OF PAKISTAN  
M/S. SONERI BANK LTD.  
M/S. SILK BANK LTD.  
M/S. FAYSAL BANK LTD.  
M/S. MUSLIM COMMERCIAL BANK LTD.

**AUDITORS**

M/S. MUSHTAQ & CO.,  
Chartered Accountants,  
Room # 407-Commerce Centre,  
4th Floor, Hasrat Mohani Road,  
Karachi-74200

**LEGAL ADVISOR**

M/S. MOHSIN LAW ASSOCIATES  
1-TURNER ROAD, LAHORE-54000

**HEAD OFFICE**

35-Industrial Area, Gulberg-III, Lahore-54660, Pakistan.  
Phone: (+92-42) 3571-4601, 3576-1243-4  
Fax: (+92-42) 3571-1400, 3576-1222  
Email: info@rubytexile.com.pk

**REGISTERED OFFICE**

Room # 203-Faiyaz Centre, 2nd Floor, 3-A,  
S.M.C.H.S., Shahrah-e-Faisal, Karachi-74400.  
Phone: (+92-21) 34396600, 34387700  
Fax: (+92-21) 34398800  
Email: aslamd9@yahoo.com

**MILLS**

Raiwind-Manga Road,  
Raiwind, District Kasur-55050, Pakistan.  
Phone: (+92-42) 3539-1031, 3539-2651-2  
Fax: (+92-42) 3539-1032

**SHARE REGISTRAR**

M/S. CORPLINK (PVT) LTD.,  
1-K, (Commercial) Wings Arcade,  
Model Town, Lahore-54700, Pakistan.  
Phone: (+92-42) 3583-9182, 3588-7262  
Fax: (+92-42) 3586-9037  
Email: corplink786@yahoo.com



**NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that the 34th Annual General Meeting of the share holders of RUBY TEXTILE MILLS LIMITED will be held at Registered Office at 203-Faiyaz Centre, 3-A S.M.C.H Society, Shahrah-e-Faisal Karachi on Thursday 30th October 2014 at 04:30 pm to transact the following business.

**ORDINARY BUSINESS:**

1. To consider minutes of Extra Ordinary General Meeting held on 11th April, 2014.
2. To receive, consider and adopt the Audited Accounts together with Director's and Auditor's report thereon for the period ended 30th June 2014
3. To appoint Auditors for the next financial year and fix their remuneration. The present Auditors M/s. Mushtaq & Company Chartered Accountants retire and being eligible, offer themselves for re-appointment.
4. To transact any other business with the permission of the Chair.

LAHORE  
04<sup>th</sup> October 2014

ASIF P.KHAWAJA  
COMPANY SECRETARY

1. The share transfer Books of the Company will remain closed from 23rd October 2014 to 30th October 2014 (both days inclusive)
2. A member entitled to attend and vote may appoint another member of his/her proxy to attend the meeting and vote on his/her behalf. Proxy in order to be effected must be received at Registered Office of the Company at least 48 hours before the meeting.
3. CDC share holder are requested to bring with them their original C.N.I.C or passport along with Participant's ID number and their account number at the time of Annual General Meeting in order to facilitate Identification and in case of proxy must enclose an attest copy of CNIC or Passport along with CDC account number. Representative or corporate members should bring the usual documents required for this purpose.  
Share holders are requested to immediate notify any change in their address to Company's Share Registrar M/s. Corplink (Private) Limited, Wings Arcade, 1-K Commercial Model Town, Lahore.



## **DIRECTOR'S REPORT**

The Directors of your company are pleased to present their 34th Annual Report together with the Company's Audited Accounts for the year ended 30th June, 2014.

### **General Market Conditions and Company's Business**

The financial year 2014 was very challenging period for the whole textile industry of the Pakistan. Again this year major problems for textile industry was crises of Electricity and Gas supply to textile sector. Our main source of electricity is through self generation by usage of Natural Gas. Through out the year textile industry in Punjab province suffered continuous load shedding in Gas supplies. We had to face curtailment in production of yarn during the year. In addition, WAPDA power is more expensive as compared to our self generation through gas. Lower productivity of yarn and higher rates of Fuel and Power led to increase in production costs, whereas we had no control over International competition. We are always trying to find new products and markets for our products. Unfortunately, we suffered a severe set-back during Eid ul Azha holidays in October 2013 when we closed our plant on the pressure of workers Eid holidays, most important and critical electronic parts from Ring and Winding equipments were stolen costing almost Rs. 30 million. The matter was reported to police and aggressive efforts through police and other investigating agencies were made, but unfortunately, unsuccessful. Even detective dogs from Army were deployed, but no body could be pinpointed. The unit faced complete closure for more than a month to restart the plant as we had to purchase parts from local market and import from abroad. During this period we suffered heavy production losses.

The following are the major conditions which have prevailed during the current fiscal year causing an adverse impact on your Company's performance.

- Sharp fluctuation in exchange rates especially during last quarter of the financial year also affected adversely for the company as the company suffered losses on exports receipts during that period.
- Theft of parts amounting almost of Rs. 30 Million which caused production and financial loss to the company.
- Power and Gas crises caused in low production of yarn through out during the year which caused our cost of production at high ratio.
- Increase in Electricity and Gas prices and different surcharges during the year.

### **Future Outlook**

Pakistan secured the long awaited duty-free access to European markets, through the EU Generalized System of Preferences (GSP) Plus status few months back. The country is all set to send 20% of their exports to Europe duty free and the rest 80% at a preferential rate. Country's export is expected be increase by at least \$2 billion with this facility. Availability of gas and power to manufacturing units should be the primary initiative of the government to help exporters set their future export targets to the EU under the duty-free facility. Government is trying hard to overcome the problems of Power shortage. China is ready to help us in regards and Government is taking appropriate measures to provide favorable environment for all the industries to run their operations smoothly. Raw cotton prices are expected to stay at low price as compared to last few years which might help textile sector to recover from heavy losses of the past.



**Operating Results**

The financial results are summarized here under

|                               | <b>2014</b>   | <b>2013</b>   |
|-------------------------------|---------------|---------------|
|                               | <b>Rupees</b> | <b>Rupees</b> |
| Sales                         | 927,881,198   | 1,113,205,806 |
| Gross Profit/ (Loss)          | (145,791,867) | (65,501,700)  |
| Administration Charges        | (24,906,243)  | (27,171,633)  |
| Distribution Charges          | (20,541,206)  | (15,723,909)  |
| Financial Charges             | (42,626,040)  | (43,791,350)  |
| Profit/ (Loss) Before Tax     | (232,364,972) | (155,061,608) |
| Provision for Taxation        | 71,264,671    | (41,176,469)  |
| Profit/ (Loss) after Taxation | (161,100,301) | 253,761,924   |

Net Sales of the company decreased to Rs. 927.88 million from Rs. 1,113.21 million showing decrease by 16 % from last year. It's mainly due to less production of yarn during the year. Company had Gross loss of Rs. 145.79 million as compared to last year's Gross loss of Rs. 65.50 million. It's mainly due to decline in production capacity of yarn and high costs of power and other manufacturing over heads during the year. Administrative expenses have decreased by Rs. 2.26 million whereas distribution cost of the company is increased by Rs. 4.82 million. Financial cost is decreased Rs. 1.16 Million from proceeding financial year. Company suffered loss before tax Rs. 232.36 million during the year as compared to loss before tax amounting Rs. 155.06 million in last financial year. Loss after tax is Rs. 161.10 million for the financial year. Last year profit was Rs. 253.76 million which was due to the adjustment of Directors Loan amounting Rs. 450 million waived off under gift deed.

**Auditors Report**

The auditors have expressed unqualified opinion in their report.

**Earning/ (Loss) Per Share**

(Loss) per share for the year amounted to Rs. (3.09) as against Earning per share of Rs. 4.82 for the corresponding year.

**Related Parties**

The Board of Directors has approved the policy for transaction/contract between Company and its related parties on an arms length basis and relevant rates are to be determined as per the comparable un-controlled price method.

For and on behalf of the Board of Directors

LAHORE  
October 04, 2014

(NOOR ELAHI)  
CHAIRMAN/CHIEF EXECUTIVE

**Corporate And Financial Reporting Framework**  
(Code of Corporate Governance)

The Financial Statements prepared by the management of the Company present fairly state of affairs of the Company, the result of its operations, cash flows and change in equity.

Proper Books of Accounts have been maintained.

Appropriate Accounting Policies have been consistently applied in preparation of financial statements and accounting estimates are based in reasonable and product judgement.

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

The system of Internal Control is sound in design and has been effectively implemented and monitored.

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

There has been no material departure from the best practice of Corporate Governance, as detailed in listing regulations.

Significant deviations from last year in operating results of the results of the Company and reasons thereof have been explained. The key operating and financial data for last 6 years is attached in summarized form.

There are not outstanding statutory payments on accounts of taxes, duties, levies and charges except as shown in notes to the accounts. The amounts appearing in the accounts are of routine nature and some of these have been paid in next year while others are adjustable against receivables in the subsequent period subject to approval by authorities.

There are no significant plans for corporate restructuring, business expansion and discontinuation of operation except for improvement in the normal business activities to increase the business.

The Company is operating an unfunded Gratuity Scheme funds of which are retained for business of the Company.

Five meeting of the Board of Directors of the company during the year under review were held and were attended as follows:

|                        |   |
|------------------------|---|
| Mr. Noor Elahi         | 5 |
| Mrs. Parveen Elahi     | 5 |
| Mrs. Naheed Javed      | 4 |
| Mr. Javed Usman        | 5 |
| Mr. Matiubbin Siddiqui | 2 |
| Mr. Nabeel Javed       | 5 |
| Mr. Faizan Javed       | 5 |

The leave of absence was granted to the members not attending the Board Meeting.

**Audit Committee**

The Board of Directors in compliance with the Code of Corporate Governance has established an Audit Committee. The name of its members is given in the Company's profile.

The term of reference of the Audit Committee is based on the scope as defined by the Securities and Exchange Commission of Pakistan (SECP) and the guidelines given by the Board of Directors from time to time to improve the system and procedures.

**Auditors**

The present auditors, M/S. Mushtaq & Co, Chartered Accountants retire and being eligible has offered themselves for re-appointment.

**Pattern of Shareholding**

Statement showing pattern of holding of shares as on 30th June, 2014 on prescribed format is annexed to this report.

**Acknowledgments**

We record our admiration of the services of our employees and workers of the Company who have contributed their best possible talents and believe that the same spirit of devotion will continue in future. We wish to thank our banks and shareholders for their continued support and confidence on the Company.

The key operating and financial data for the last six year is annexed.

For and on behalf of the Board of Directors

LAHORE  
October 04, 2014

(NOOR ELAHI)  
CHAIRMAN/CHIEF EXECUTIVE



**FORM 34**

Pattern of holding of the shares held by the shareholders as at 30th June, 2014

| No. of Shareholders | -----Shareholding----- |            | Total Shares Held |
|---------------------|------------------------|------------|-------------------|
|                     | From                   | To         |                   |
| 56                  | 1                      | 100        | 2,949             |
| 710                 | 101                    | 500        | 343,121           |
| 75                  | 501                    | 1,000      | 70,449            |
| 77                  | 1,001                  | 5,000      | 214,043           |
| 13                  | 5,001                  | 10,000     | 97,400            |
| 5                   | 10,001                 | 15,000     | 68,200            |
| 3                   | 15,001                 | 20,000     | 53,500            |
| 1                   | 20,001                 | 25,000     | 23,500            |
| 1                   | 25,001                 | 60,000     | 55,829            |
| 1                   | 85,001                 | 90,000     | 88,300            |
| 1                   | 95,001                 | 100,000    | 100,000           |
| 1                   | 135,001                | 140,000    | 139,179           |
| 1                   | 295,001                | 300,000    | 300,000           |
| 1                   | 310,001                | 315,000    | 311,132           |
| 1                   | 480,001                | 485,000    | 482,164           |
| 1                   | 3,870,001              | 3,875,000  | 3,873,500         |
| 1                   | 6,495,001              | 6,500,000  | 6,500,000         |
| 1                   | 8,655,001              | 8,660,000  | 8,655,900         |
| 1                   | 13,170,001             | 13,175,000 | 13,173,834        |
| 1                   | 17,660,001             | 17,665,000 | 17,661,400        |
| 952                 | TOTAL                  |            | 52,214,400        |

**5. Categories of shareholders**

|                                                                                 | Share Held | Percentage |
|---------------------------------------------------------------------------------|------------|------------|
| 5.1 Directors, chief Executive Officers and their spouse and minor children     | 43,606,813 | 83.5149%   |
| 5.2 Associated Companies, undertaking and related parties                       | 6,900,500  | 13.2157%   |
| 5.3 NIT and ICP                                                                 | 3,200      | 0.0061%    |
| 5.4 Banks Development Financial Institution, Non Banking Financial Institutions | 311,644    | 0.5969%    |
| 5.5 Insurance Companies                                                         | 0          | 0.0000%    |
| 5.6 Modarabas and Mutual Funds                                                  | 482,164    | 0.9234%    |
| 5.7 Share holders holding 10%                                                   | 50,104,313 | 95.9588%   |
| 5.8 General Public                                                              |            |            |
| a. Local                                                                        | 846,069    | 1.6204%    |
| b. Foreign                                                                      |            |            |
| 5.9 Others (to be specified)                                                    |            |            |
| 1. Joint Stock Companies                                                        | 6,222      | 0.0119%    |
| 2. Pension funds                                                                | 55,829     | 0.1069%    |
| 3. Others                                                                       | 1,959      | 0.0038%    |



**Catagories of Shareholding required under Code of Corporate Governance (CCG)  
As on June 30, 2014**

| Sr. No. | Name | No. of Shares Hold | Percentage |
|---------|------|--------------------|------------|
|---------|------|--------------------|------------|

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

|   |                                 |           |          |
|---|---------------------------------|-----------|----------|
| 1 | NAHEED NOOR ENTERPRISES LTD.    | 300,000   | 0.5746%  |
| 2 | NAHEED NOOR (PVT) LTD.          | 100,500   | 0.1925%  |
| 3 | SUNRISE BOTTLING CO. (PVT) LTD. | 6,500,000 | 12.4487% |

**Mutual Funds (Name Wise Detail)**

|   |                                                     |         |         |
|---|-----------------------------------------------------|---------|---------|
| 1 | CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST(CDC) | 482,164 | 0.9234% |
|---|-----------------------------------------------------|---------|---------|

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

|   |                                       |            |          |
|---|---------------------------------------|------------|----------|
| 1 | MR. NOOR ELAHI                        | 17,800,579 | 34.0913% |
| 2 | MRS. PARVEEN ELAHI                    | 8,756,400  | 16.7701% |
| 3 | MRS. NAHEED JAVED                     | 17,047,334 | 32.6487% |
| 4 | MR. NABEEL JAVED                      | 1,000      | 0.0019%  |
| 5 | MR. FAIZAN JAVED (CDC)                | 1,000      | 0.0019%  |
| 6 | MR. JAVED USMAN                       | 500        | 0.0010%  |
| 7 | MR. MATI UDDIN SIDDIQUI (NIT NOMINEE) | -          | 0.0000%  |

**Executives:**

- -

**Public Sector Companies & Corporations:**

- -

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

|                                                                              |         |         |
|------------------------------------------------------------------------------|---------|---------|
| <b>Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:</b> | 367,473 | 0.7038% |
|------------------------------------------------------------------------------|---------|---------|

**Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)**

|   |                                 |            |          |
|---|---------------------------------|------------|----------|
| 1 | MR. NOOR ELAHI                  | 17,800,579 | 34.0913% |
| 2 | MRS. PARVEEN ELAHI              | 8,756,400  | 16.7701% |
| 3 | MRS. NAHEED JAVED               | 17,047,334 | 32.6487% |
| 4 | SUNRISE BOTTLING CO. (PVT) LTD. | 6,500,000  | 12.4487% |

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

| Sr. No. | NAME | SALE | SALE | PURCHASE |
|---------|------|------|------|----------|
|---------|------|------|------|----------|



**STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE  
YEAR ENDED JUNE 30, 2013**

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of listing regulations of Karachi Stock Exchange (Guarantee) Ltd., 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          | Name                             |
|-------------------------|----------------------------------|
| Independent Directors   | MATIUDDIN SIDDIQUI (NIT NOMINEE) |
| Executive Directors     | MR. NOOR ELAHI                   |
| Non-Executive Directors | MR. NABEEL JAVED                 |
|                         | MRS. PARVEEN ELAHI               |
|                         | MR. JAVED USMAN                  |
|                         | MRS. NAHEED JAVED                |
|                         | MR. FAIZAN JAVED                 |

- 2- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
- 3- All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
- 4- No casual vacancy occurred in the board of directors of the company 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 and non-executive directors, have been taken by the board / shareholders.
- 8- The meetings of the board were presided over by the chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
- 9- The board arranged one training program for its directors during the year.
- 10- There was new appointment of CFO and Company Secretary, however, their appointment including remuneration and terms and condition of employment are approved by the board of directors. During the year new head of Internal audit has been appointed he is duly qualified and meet the requirements for the appointment according to Code of Corporate Governance, and his remuneration and terms and condition of employment has been approved by the board of directors.





- 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 an Audit Committee. It comprises three (03) members, of whom all are non-executive directors and the chairman of the committee is a non-executive director. Presently company doesn't have independent director as required by the Code of Corporate Governance. The company is taking measures to constitute in accordance with the requirements of Code of Corporate Governance.
- 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 an HR and remuneration committee. It comprises three (03) members, of whom two (02) are non-executive directors and the chairman of the committee is a non-executive director.
- 18- The board has set up an effective internal audit function for which staffs appointed who are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
- 19- The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the 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 company's securities, was determined and intimated to directors, employees and stock exchange(s).
- 22- Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
- 23- We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board

Lahore  
Date: October 04, 2014

Noor Elahi  
Chairman/CEO

**REVIEW REPORT TO THE MEMBERS**

*On the Statement of Compliance with Best Practices of 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 Ruby Textile Mills Limited for the year ended June 30, 2014 to comply with the requirements of Listing Regulation No. 35 of the Karachi Stock Exchange Limited, and Lahore Stock Exchange Limited where the company is listed.

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

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

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

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

Further, we highlight below instances of non compliance with the requirements of the Code as reflected in the paragraph reference where these are stated in the statement of Compliance:

| <b>Paragraph Reference</b> | <b>Description</b>                                                                       |
|----------------------------|------------------------------------------------------------------------------------------|
| 15                         | Audit committee does not have independent director as specified in clause (XXV) of Code. |

LAHORE:  
Dated: October 04, 2014

**MUSHTAQ & COMPANY**  
Chartered Accountants  
**Engagement Partner:**  
Abdul Qadoos, ACA



**AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed Balance Sheet of **Ruby Textile Mills Limited** as at June 30, 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement, and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

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

- (a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion;
  - (i) the Balance Sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied, except for change in accounting policies as stated in note 4.1 to the accompanying financial statements with which we concur;
  - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2014 and of the loss, comprehensive loss, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).
- (e) Without qualifying our opinion, we draw attention to note 1.1 in the financial statements which indicates that the company incurred a net loss of Rupees 161,100,301 during the year ended June 30, 2014. These conditions, along with other matters as explained in note 1.1 indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. These financial statements, however, have been prepared on the going concern basis on the assumptions as detailed in aforesaid note.

LAHORE:  
Date: October 04, 2014

**MUSHTAQ & COMPANY**  
Chartered Accountants  
**Engagement Partner:**  
Abdul Qadoos, ACA



**BALANCE SHEET****EQUITY AND LIABILITIES**

|                                                                        | Note | 2014<br>Rupees       | 2013<br>Rupees       | 2012<br>Rupees       |
|------------------------------------------------------------------------|------|----------------------|----------------------|----------------------|
|                                                                        |      |                      | Restated             |                      |
| <b>SHARE CAPITAL AND RESERVES</b>                                      |      |                      |                      |                      |
| Authorized Capital                                                     |      |                      |                      |                      |
| 70,000,000 (June 30, 2013 : 70,000,000) Ordinary shares of Rs. 10 each |      | 700,000,000          | 700,000,000          | 600,000,000          |
| Issued, subscribed and paid up capital                                 | 5    | 522,144,000          | 522,144,000          | 522,144,000          |
| Capital reserves                                                       | 6    | 3,240,000            | 3,240,000            | 3,240,000            |
| Accumulated loss                                                       |      | (285,185,326)        | (145,824,458)        | (413,929,285)        |
|                                                                        |      | 240,198,674          | 379,559,542          | 111,454,715          |
| Share application money                                                | 7    | -                    | 99,363,000           | 99,363,000           |
| Surplus on revaluation of property, plant and equipment                | 8    | 465,914,192          | 478,758,991          | 375,063,756          |
| Long term financing from banking companies                             | 9    | 64,188,775           | 68,666,400           | 78,416,400           |
| Long term financing from others                                        | 10   | 108,724,000          | -                    | -                    |
| Long term financing from directors and associates                      | 11   | 272,830,514          | 83,162,022           | 430,714,673          |
| Deferred liabilities                                                   | 12   | 53,668,866           | 130,264,612          | 12,488,261           |
| <b>CURRENT LIABILITIES</b>                                             |      |                      |                      |                      |
| Trade and other payables                                               | 13   | 284,691,210          | 297,392,649          | 310,681,773          |
| Accrued mark up / interest                                             | 14   | 66,969,861           | 43,844,652           | 18,920,288           |
| Short term borrowings                                                  | 15   | 162,512,205          | 199,811,665          | 264,285,387          |
| Current portion of long term financing from banking companies          | 9    | 7,383,892            | 10,712,500           | 10,975,000           |
| Provision for taxation                                                 | 16   | 9,401,673            | 6,718,677            | 4,106,958            |
|                                                                        |      | 530,958,842          | 558,480,144          | 608,969,406          |
| <b>CONTINGENCIES AND COMMITMENTS</b>                                   |      |                      |                      |                      |
|                                                                        | 17   |                      |                      |                      |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                    |      | <b>1,736,483,862</b> | <b>1,798,254,711</b> | <b>1,716,470,210</b> |

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

CHIEF EXECUTIVE

**AS AT JUNE 30, 2014**

| ASSETS                        |      | 2014          | 2013          | 2012        |
|-------------------------------|------|---------------|---------------|-------------|
|                               | Note | Rupees        | Rupees        | Rupees      |
|                               |      |               | Restated      |             |
| NON CURRENT ASSETS            |      |               |               |             |
| Property, plant and equipment | 18   | 1,086,328,323 | 1,124,937,239 | 974,053,202 |
| Long term deposits            | 19   | 5,463,700     | 4,179,700     | 8,613,700   |
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The annexed notes from 1 to 46 form an integral part of these financial statements.

DIRECTOR



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2014

|                                                 | Note | 2014<br>Rupees  | 2013<br>Rupees<br>Restated |
|-------------------------------------------------|------|-----------------|----------------------------|
| Sales                                           | 27   | 927,881,198     | 1,113,205,816              |
| Cost of sales                                   | 28   | (1,073,673,066) | (1,178,707,516)            |
| Gross loss                                      |      | (145,791,867)   | (65,501,700)               |
| Other income                                    | 29   | 1,502,883       | 5,596,281                  |
| Distribution cost                               | 30   | (20,541,206)    | (15,723,909)               |
| Administrative expenses                         | 31   | (24,906,243)    | (27,171,633)               |
| Other operating expenses                        | 32   | (2,499)         | (8,469,296)                |
| Finance cost                                    | 33   | (42,626,040)    | (43,791,350)               |
| Loss before taxation                            |      | (232,364,972)   | (155,061,608)              |
| Loan waived off during the year                 | 11.1 | -               | 450,000,000                |
| Taxation                                        | 34   | 71,264,671      | (41,176,469)               |
| (Loss) / profit for the year                    |      | (161,100,301)   | 253,761,924                |
| (Loss) / earnings per share - basic and diluted | 35   | (3.09)          | 4.86                       |

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

CHIEF EXECUTIVE

DIRECTOR





## CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2014

|                                                                 | Note | 2014<br>Rupees       | 2013<br>Rupees<br>Restate |
|-----------------------------------------------------------------|------|----------------------|---------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |      |                      |                           |
| Cash used in operations                                         | 36   | (110,809,379)        | (6,978,993)               |
| Finance cost paid                                               |      | (10,139,831)         | (18,866,986)              |
| Income tax paid                                                 |      | (8,404,241)          | (8,871,520)               |
| Staff retirement benefits - gratuity paid                       |      | (977,633)            | (1,775,101)               |
| <b>Net cash used in operating activities</b>                    |      | <b>(130,331,083)</b> | <b>(36,492,600)</b>       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |      |                      |                           |
| Purchase of property, plant and equipment                       |      | (12,452,790)         | (3,010,736)               |
| Proceeds from sale of property, plant and equipment             |      | 600,000              | 7,000,000                 |
| Long term deposits                                              |      | (1,284,000)          | 4,434,000                 |
| <b>Net cash generated from / (used in) investing activities</b> |      | <b>(13,136,790)</b>  | <b>8,423,264</b>          |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                     |      |                      |                           |
| Long term financing from banking companies - net                |      | (7,806,233)          | (10,012,500)              |
| Long term financing from directors and associates               |      | 189,668,492          | 102,447,349               |
| <b>Net cash generated from financing activities</b>             |      | <b>181,862,259</b>   | <b>92,434,849</b>         |
| <b>Net increase in cash and cash equivalents</b>                |      | <b>38,394,385</b>    | <b>64,365,513</b>         |
| Cash and cash equivalents at the beginning of the year          |      | (199,027,475)        | (263,404,768)             |
| Exchange gain on foreign currency accounts                      |      | -                    | 11,779                    |
| <b>Cash and cash equivalents at the end of the year</b>         |      | <b>(160,633,090)</b> | <b>(199,027,475)</b>      |
| <b>Cash and cash equivalents</b>                                |      |                      |                           |
| Cash and bank balances                                          | 26   | 1,879,115            | 784,190                   |
| Short term borrowings                                           | 15   | (162,512,205)        | (199,811,665)             |
|                                                                 |      | <b>(160,633,090)</b> | <b>(199,027,475)</b>      |

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

CHIEF EXECUTIVE

DIRECTOR



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2014

| Share capital | Capital reserves | Accumulated loss | Total |
|---------------|------------------|------------------|-------|
| Rupees        |                  |                  |       |

|                                                                                                                                            |                    |                  |                      |                    |
|--------------------------------------------------------------------------------------------------------------------------------------------|--------------------|------------------|----------------------|--------------------|
| Balance as at July 01, 2012 - as previously reported                                                                                       | 522,144,000        | 3,240,000        | (409,042,493)        | 116,341,507        |
| Effect of retrospective application of change in an accounting policy referred in note 4.1                                                 | -                  | -                | (4,886,792)          | (4,886,792)        |
| <b>Balance as at July 01, 2012 - restated</b>                                                                                              | <b>522,144,000</b> | <b>3,240,000</b> | <b>(413,929,285)</b> | <b>111,454,715</b> |
| Total comprehensive Income for the year                                                                                                    | -                  | -                | 255,740,337          | 255,740,337        |
| Surplus realized on disposal of property, plant and equipment-net of tax                                                                   | -                  | -                | 1,549,056            | 1,549,056          |
| Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred taxation | -                  | -                | 10,815,435           | 10,815,435         |
| <b>Balance as at June 30, 2013 - restated</b>                                                                                              | <b>522,144,000</b> | <b>3,240,000</b> | <b>(145,824,458)</b> | <b>379,559,543</b> |
| Total comprehensive income for the year                                                                                                    | -                  | -                | (157,398,267)        | (157,398,267)      |
| Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred taxation | -                  | -                | 18,037,400           | 18,037,400         |
| <b>Balance as at June 30, 2014</b>                                                                                                         | <b>522,144,000</b> | <b>3,240,000</b> | <b>(285,185,326)</b> | <b>240,198,675</b> |

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2014

|                                                                       | Note | 2014<br>Rupees       | 2013<br>Rupees<br>Restated |
|-----------------------------------------------------------------------|------|----------------------|----------------------------|
| (Loss) / profit for the year                                          |      | (161,100,301)        | 253,761,924                |
| Other comprehensive income                                            |      |                      |                            |
| <b>Item that will not be reclassified to profit and loss account:</b> |      |                      |                            |
| Remeasurement of staff retirement benefits                            |      | 5,046,228            | 2,826,918                  |
| Deferred tax on remeasurement of staff retirement benefits            |      | (1,344,194)          | (848,505)                  |
| Total other comprehensive income - net of tax                         |      | 3,702,034            | 1,978,413                  |
| <b>Total comprehensive (loss) / income for the year</b>               |      | <b>(157,398,267)</b> | <b>255,740,337</b>         |

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



## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014**

### **1 LEGAL STATUS AND NATURE OF BUSINESS**

The company was incorporated in Pakistan on October 18, 1980 as a private limited company and was subsequently converted into public limited company. The registered office of the company is located at 3-A, SMC Housing Society, Shahra-e-Faisal, Karachi. The shares of the company are quoted on the Karachi and Lahore stock exchanges. The principal business of the company is manufacturing and sale of yarn. The manufacturing units are located at Manga Road, Raiwind in the province of Punjab.

#### **1.1 Going concern assumption**

Company has been incurring gross losses for the last three years because of under utilization of production capacity. During the year ended June 30, 2014 the company has incurred a net loss after tax of Rs. 161,100,301. During the year one unit of the company was not fully operative due to power crises. Production of yarn is considerably less than as compared with the installed capacity. Due to heavy load shedding of gas, company is unable to produce electricity from its self generation plant. Available load of electricity from LESCO is not enough to run the entire machinery of the mills. These conditions indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. These financial statements, however, have been prepared under the going concern assumptions based on the following mitigating factors:

- (a) Company has applied to the LESCO for enhancement of sanction load of electricity so that management could able to run the mill upto maximum available capacity in the absence of Gas from SNGPL.
- (b) During the year directors have injected further funds amounting Rs.180,783,492. It shows their commitment that they will provide funds to company as required.
- (c) The management has prepared five years future plan showing profitability.
- (d) the management has also undertaken adequate steps towards the reduction of fixed cost and expenses which are at various stages of implementation. Such steps include, but not limited to, rightsizing of the man power, resource conservation, close monitoring of other fixed cost etc. The management is certain to generate sufficient savings as consequences of adopting all such measures.

### **2 BASIS OF PREPARATION**

#### **2.1 Statement of compliance**

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

#### **2.2 Functional and presentation currency**

These financial statements are presented in Pak Rupee, which is the company's functional currency.

#### **2.3 Standards, interpretations and amendments to published approved accounting standards**

##### **2.3.1 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year**

Following are the amendments that are applicable for accounting periods beginning on or after January 1, 2013:





- IAS 19, 'Employee Benefits'. With effect from 01 January 2013, the revised IAS 19 'Employee Benefits' became effective. The revised IAS 19 requires actuarial gains and losses to be recognized immediately in other comprehensive income. Previously, actuarial gains and losses over and above the corridor limit were amortized over the expected average remaining working lives of employees as allowed under the relevant provision of previous IAS 19. Further, any past service cost is now recognized immediately in profit and loss account as soon as any change in benefit plan is made, previously only vested past service cost was recognized immediately in profit and loss account and non-vested cost was amortized to profit and loss account over the vesting period. The standard also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit assets or liability and the discount rate, measured at the beginning of the year. Refer note 4.1 for revised accounting policy and impact of the change in accounting policy on financial statements.
- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement. The amendment does not have any effect on the company.
- IFRIC 20 - Stripping cost in the production phase of a surface mining. The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on financial statements of the company.

**2.3.2 Standards, interpretations and amendments to existing standards that are applicable to the company but are not yet effective:**

The following amendments and interpretations to existing standards have been published and are mandatory for the company's accounting periods beginning on or after their respective effective dates:

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) - (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.
- IAS 39 Financial Instruments: Recognition and Measurement- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (effective for annual periods beginning on or after 1 January 2014). The narrow-scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one). The amendments have no impact on financial statements of the company.
- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The Interpretation has no impact on financial statements of the company.
- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendments have no impact on financial statements of the Company.
- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2015). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10- Consolidated Financial Statements, IFRS 11- Joint



Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2015. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Company.

- IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2015). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Company.
- IFRS 10, 'Consolidated Financial Statements', applicable from January 01, 2015, build on existing principles by identifying the concept of control as the determine factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.
- IFRS 11, 'Joint Arrangements', applicable from January 01, 2015, is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement; joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.
- IFRS 12, 'Disclosures of interests in other entities', applicable from January 01, 2015, this standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.
- IFRS 13, 'Fair value measurement', applicable from January 01, 2015, this standard provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or USGAAP.

2.3.3 Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:

- IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.
- IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further, IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.
- IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision-maker. This change aligns the disclosure requirements with those for segment liabilities.
- Amendments to IAS 16 'Property, Plant and Equipment' and IAS 38 'Intangible Assets'. The amendments clarify the





requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.

- IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.
- IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.
- There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the company.

#### **2.3.4 Standards, interpretations issued by the IASB that are applicable to the company but are not yet notified by the SECP:**

- IFRS 9, 'Financial Instruments', addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until January 01, 2013 but is available for early adoption. This is the first part of a new standard on classification and measurement of financial assets and financial liabilities that will replace IAS 39, 'Financial Instruments' Recognition and measurement'. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortized-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change will mainly affect financial institutions.

**2.3.5** There are a number of other minor amendments and interpretations to other approved accounting standards that are not yet effective and are also not relevant to the Company and therefore have not been presented here.

### **3 BASIS OF MEASUREMENT**

These financial statements have been prepared under the historical cost convention except to the extent that certain items of property, plant and equipment have been stated at revalued amount, staff retirement benefits are recognized at present value and revaluation of certain financial instruments are stated at fair value.

The company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows.

#### **3.1 Provision for taxation**

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

#### **3.2 Staff retirement benefits - gratuity**





Certain actuarial assumptions have been adopted as disclosed in relevant note to the financial statements for valuation of present value of defined benefit obligation. Any changes in these assumptions in future year might affect recognized gains and losses in those years.

### **3.3 Financial instruments**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on assumptions that are dependent on market conditions existing at balance sheet date.

### **4 Property, plant and equipment**

The company reviews recoverable amount, useful life, residual value and possible impairment on an annual basis. Any changes, if material in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

### **3.5 Stocks in trade and stores, spares and loose tools**

The Company reviews the net realizable value of stock-in-trade and stores and spares to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock-in-trade and stores and spares with a corresponding affect on the amortization charge and impairment.

### **3.6 Other areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows.**

- 3.6.1 Provision for doubtful debts
- 3.6.2 Computation of deferred taxation
- 3.6.3 Disclosure of contingencies

## **4 SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

### **4.1 Staff retirement benefits**

#### **Defined benefit plan**

The company operates an unfunded gratuity scheme covering for all its permanent employees who have attained the minimum qualifying period for entitlement to the gratuity.

Provision is made annually to cover the obligation on the basis of actuarial valuation and charged to income currently. The most recent actuarial valuation was carried on June 30, 2014 using the Projected Unit Credit Method.

During the period, the company has adopted IAS 19, (Revised) 'Employee Benefits'. The amendments in the revised standard require the company to eliminate the corridor approach and recognize all actuarial gains and losses (now called 'remeasurements', that result from the remeasurement of defined benefits obligations and fair value of plan assets at the balance sheet date) in other comprehensive income as they occur, immediately recognize all past service costs and replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefits liability / asset.

This change in accounting policy has been accounted for retrospectively as required under International Accounting Standard - 8 'Accounting Policies, Changes in Accounting Estimates and Errors', and the comparative financial statements have been restated.



Effects of the change in the accounting policy have been summarized below:

|                                                      | 30-Jun-13        | As at<br>30-Jun-12 |
|------------------------------------------------------|------------------|--------------------|
|                                                      | -----Rupees----- |                    |
| <b>Impact on Balance Sheet</b>                       |                  |                    |
| Increase in the retirement benefits obligation       | 1,648,947        | 4,886,792          |
| Decrease in deferred tax liability                   | 494,935          | -                  |
| Decrease in accumulated profits                      | <u>1,154,012</u> | <u>4,886,792</u>   |
|                                                      | Year ended       |                    |
|                                                      | 30-Jun-13        | 30-Jun-12          |
|                                                      | -----Rupees----- |                    |
| <b>Impact on profit and loss account</b>             |                  |                    |
| Increase in profit and loss account                  | 410,927          | -                  |
| Decrease in deferred taxation expense - current year | 494,935          | -                  |
| Increase in other comprehensive income-net of tax    | <u>1,978,413</u> |                    |

## 4.2 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the profit and loss account, except to the extent that it relates to items recognized directly in equity or below equity, in which case it is recognized in equity or below equity respectively.

### 4.2.1 Current

Provision for current taxation is based on taxability of certain income streams of the company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credit and tax rebates available, if any. The charge for current tax includes any adjustment to past years liabilities.

### 4.2.2 Deferred

Deferred tax is provided, using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses and tax credits to the extent that it is probable that future taxable profits will be available against which deferred tax asset can be utilized, except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability that, at the time of transaction, affects neither the accounting nor taxable profits.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax asset and liability is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

## 4.3 Trade and other payable

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

## 4.4 Provisions

Provisions are recognized when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a





reliable estimate of the amount can be made of the amount of obligation.

#### **4.5 Borrowings and borrowing costs**

Borrowings are recorded at the proceeds received. Finance costs are accounted for on an accrual basis and are included in current liabilities to the extent of the amount remaining unpaid.

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of the borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalized as part of the cost of that asset up to the date of its commissioning.

#### **4.6 Property, plant and equipment - owned**

##### **Recognition**

Property, plant and equipment except for freehold land are stated at cost / revaluation less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount. Cost of tangible assets consists of historical cost pertaining to erection / construction period and other directly attributable cost of bringing the asset to working condition.

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

##### **Depreciation**

Depreciation on all items of property, plant and equipment except for freehold land is charged to income applying the reducing balance method using the rates specified in note 18.1. An amount equal to incremental depreciation (net of deferred tax) charged during the year on revalued amounts of property, plant and equipment has been transferred from surplus on revaluation of property, plant and equipment to accumulated profit / (loss) through statement of changes in equity.

Depreciation on additions is charged from the month in which the asset become available for uses while no depreciation is charged in the month of disposal.

##### **Derecognizing**

An item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognizing of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

#### **4.7 Capital work in progress**

Capital work in progress is stated at cost less any identified impairment loss. Transfers are made to relevant fixed assets category as and when assets are available for use.

#### **4.8 Accounting for leases and assets subject to finance lease**

##### **4.8.1 Finance lease**

##### **Recognition**

Leases where the company has substantially all the risks and rewards of ownership are classified as finance lease. Assets subject to finance lease are initially recognized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss. The related rental obligations, net off finance cost, are included in liabilities





against assets subject to finance lease. The liabilities are classified as current and non current depending upon the timing of payments.

#### **Financial charges**

Lease payments are allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to income over the lease term.

#### **Depreciation**

Assets acquired under a finance lease are depreciated in the same manner and at the same rates used for similar owned assets, so as to depreciate these assets over their estimated useful lives in view of certainty of ownership of these assets at the end of lease term. Depreciation of the leased assets is charged to income.

#### **Deferred income**

Income arising from sale and lease back transaction, if any, which results in finance lease, is deferred and amortized equally over the lease period.

### **4.8.2 Operating lease**

Leases where significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income on a straight-line basis over the period of lease.

### **4.9 Stores, spare parts and loose tools**

These are valued at lower of cost and net realizable value. Cost is determined by moving average method. Items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

### **4.10 Stock in trade**

These are valued at lower of cost and net realizable value except stock in transit which are valued at cost comprising invoice values plus other charges incurred up to the balance sheet date. Cost is determined as under.

|                                    |                                                            |
|------------------------------------|------------------------------------------------------------|
| Raw material                       | Weighted average cost                                      |
| Packing material                   | Moving average cost                                        |
| Work in process and finished goods | Raw material cost plus appropriate manufacturing overheads |
| Waste                              | Net realizable value                                       |

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

### **4.11 Trade debts and other receivables**

Trade debts originated by the company are recognized and carried at original invoice value less any allowance for uncollectible amounts. An estimated provision for doubtful debts is made when there is objective evidence that collection of the full amount is no longer probable. The amount of provision is charged to income. Bad debts are written off as incurred. Other receivables are stated at amortized cost. Known impaired receivables are written off, while receivables considered doubtful are provided for.

### **4.12 Cash and cash equivalents**

For the purpose of cash flow statements, cash and cash equivalent comprise cash in hand, with banks on current and saving accounts and short term borrowings.

**4.13 Foreign currency transactions**

Monetary assets and liabilities in foreign currencies are translated into Pak Rupee at the rate of exchange prevailing at the balance sheet date, except those covered by forward contracts, which are stated at contracted rates. Foreign currency transactions are translated into Pak Rupees at the rates prevailing at the date of transaction except for those covered by forward contracts, which are translated at contracted rates. Non monetary items are translated into Pak Rupee on the date of transaction or on the date when fair values are determined. Exchange differences are included in income currently.

**4.14 Revenue recognition**

Sales are recorded on dispatch of goods to the customers

Return on deposits with banks is recognized on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

Dividend is recognized as income when the right to receive dividend is established.

**4.15 Financial instruments**

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

All financial assets and financial liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

**4.16 Off setting of financial assets and liabilities**

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

**4.17 Impairment**

At each balance sheet date, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the greater of net selling price and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

**4.18 Related party transactions**

All transactions with related parties are carried out by the company at arms' length price using the method prescribed under the Companies Ordinance, 1984 with the exception of loan taken from related parties which is interest / mark up free.

**4.19 Dividend**

The dividend is recognized as a liability in the period in which it is approved by the shareholders.



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

| 2014              | 2013              |                                                                              | 2014               | 2013               |
|-------------------|-------------------|------------------------------------------------------------------------------|--------------------|--------------------|
| Number of shares  |                   |                                                                              | ....Rupees...      |                    |
| 52,214,400        | 52,214,400        | Ordinary shares of Rs. 10 each allotted for consideration fully paid in cash | 522,144,000        | 522,144,000        |
| <u>52,214,400</u> | <u>52,214,400</u> |                                                                              | <u>522,144,000</u> | <u>522,144,000</u> |

**5.1 Ordinary shares of the company held by the associated companies at the year end are as follows.**

| Associated companies                    | 2014             | 2013             |
|-----------------------------------------|------------------|------------------|
|                                         | Number of shares |                  |
| Naheed Noor Enterprises Limited         | 300,000          | 300,000          |
| Naheed Noor (Pvt.) Limited              | 100,500          | 100,500          |
| Sunrise Bottling Company (Pvt.) Limited | 6,500,000        | 6,500,000        |
|                                         | <u>6,900,500</u> | <u>6,900,500</u> |

**5.2 Reconciliation of number of ordinary shares of Rs. 10 each fully paid in cash**

|                              |                   |                   |
|------------------------------|-------------------|-------------------|
| At the beginning of the year | 52,214,400        | 52,214,400        |
| Issued during the year       | -                 | -                 |
| At the end of the year       | <u>52,214,400</u> | <u>52,214,400</u> |

5.3 The shareholders are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the company. All shares carry 'one vote' per share without restriction.

**6 CAPITAL RESERVES**

6.1 The balance on this account represents reserves created on acquisition of special national fund bonds.

**7 SHARE APPLICATION MONEY**

During the year ended June 30, 2012, the company has received an amount of Rs. 99,363,000 from Queenberg Venture Limited for issue of shares in future subject to the compliance of all legal requirements. However, shares have not been issued against share deposit money and during the year this amount is converted into Foreign Currency Loan (At foreign currency amount originally received for issue of shares) disclosed in Note 10.

**8 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT**

|                                                                                  | Note | 2014               | 2013               |
|----------------------------------------------------------------------------------|------|--------------------|--------------------|
|                                                                                  |      | ....Rupees...      |                    |
| Surplus on revaluation at the beginning of the year                              |      | 664,599,380        | 492,372,317        |
| Addition during the year                                                         |      | -                  | 191,249,358        |
| Transfer to unappropriated profit in respect of :<br>Incremental depreciation    |      | 18,037,400         | 10,815,435         |
| Disposal of property plant and equipment                                         |      | -                  | 1,549,056          |
| Related deferred tax liability                                                   |      | 9,291,994          | 6,657,803          |
|                                                                                  |      | <u>27,329,393</u>  | <u>19,022,294</u>  |
| Surplus on revaluation at the end of the year                                    |      | 637,269,987        | 664,599,380        |
| Related deferred tax liabilities on:<br>Revaluation at the beginning of the year |      | 185,840,389        | 117,308,561        |
| Provided during the year                                                         |      | -                  | 78,351,082         |
| Effect of change in tax rate                                                     |      | (5,192,600)        | (3,161,450)        |
| Incremental depreciation on revalued assets                                      |      | (9,291,994)        | (5,823,696)        |
| Disposal of property, plant and equipment                                        |      | -                  | (834,107)          |
|                                                                                  |      | <u>171,355,796</u> | <u>185,840,389</u> |
|                                                                                  |      | <u>465,914,192</u> | <u>478,758,991</u> |



- 8.1 This represents surplus over book values resulting from revaluation of property, plant and equipment carried out on June 30, 2013 (previously these were revalued on September 30, 2001, September 30, 2004 and June 30, 2008), adjusted by surplus realized on disposal of revalued assets, incremental depreciation arising out of revaluation and deferred taxation.
- 8.2 Depreciation attributable to incremental value arising due to revaluation of property, plant and equipment is adjusted against the surplus arising due to revaluation of property, plant and equipment and charged to accumulated profit / (loss) through statement of changes in equity.

| 9                                | LONG TERM FINANCING FROM BANKING COMPANIES |      | 2014             | 2013         |
|----------------------------------|--------------------------------------------|------|------------------|--------------|
|                                  |                                            | Note | .....Rupees..... |              |
| Secured - from banking companies |                                            |      |                  |              |
| Bank Al Habib Limited            |                                            |      |                  |              |
| Term finance                     | 9.1                                        |      | 7,039,500        | 15,587,500   |
| Term finance                     | 9.2                                        |      | 741,767          | -            |
| Habib Metropolitan Bank Limited  |                                            |      |                  |              |
| Commercial loan                  | 9.3                                        |      | 63,791,400       | 63,791,400   |
|                                  |                                            |      | 71,572,667       | 79,378,900   |
| Current portion                  |                                            |      | (5,192,900)      | (9,750,000)  |
| Over due portion                 |                                            |      | (2,190,992)      | (962,500)    |
|                                  |                                            |      | (7,383,892)      | (10,712,500) |
|                                  |                                            |      | 64,188,775       | 68,666,400   |

- 9.1 The loan was obtained for retirement of import documents of machinery and company had its term finance facility rescheduled during the year ended on June 30, 2010. The loan is repayable in 48 equal monthly installments of Rs. 812,500 commenced from January 2011 with one year grace period. The loan is secured against registered hypothecation charge over stocks for Rs. 100 million (first pari passu charge up to Rs. 50 million), pari passu charge over book debts of Rs. 50 million, first mortgage charge over industrial land measuring 56 kanals situated at Manga Raiwind road Lahore, ranking registered hypothecation charge over plant and machinery for Rs. 160 million, lien over export LCs and documents of equivalent amount and counter guarantee. The loan is subject to markup at the rate of three months KIBOR plus one percent (June 30, 2013: three months KIBOR plus one percent) per annum.
- 9.2 The loan was obtained for purchase of vehicle during the year ended June 30, 2013. The loan is repayable in 36 equal monthly instalments of Rs. 26,492 commenced from September 2013. The loan is subject to markup at the rate of 6 months KIBOR plus 3.5% per annum. The loan is secured by way of charge over the amounting to Rs. 1 million over all present and future vehicles including equipment, stores and spare and accessories installed at the company premises and vehicle is registered jointly in the name of the company and the bank.
- 9.3 Commercial loan was obtained for restructuring and rescheduling of existing outstanding term loans. The term finance is secured against legal mortgage of Rs. 5.5 million and equitable mortgage on fixed assets of the company including land (measuring 74 Kanals and 13 marlas), building and plant and machinery (valuing Rs. 646.53 millions), charge over stocks and receivable for 90 million, lien over export documents, L/C and personal guarantees of sponsoring directors. The loan is repayable in 10 years with 2 years grace period commenced from September 2011. It carries mark up rate 7.5% per annum for first year after first year three months KIBOR plus 2% with floor of 11%.

During the year ended June 30, 2012, the company has paid off Rs. 326.209 million (Installments due up to December 2017) against long term financing from Habib Metropolitan bank to reduce high borrowing cost.

#### 10 LONG TERM FINANCING FROM OTHERS

|                                          |      |                    |          |
|------------------------------------------|------|--------------------|----------|
| Unsecured - from Queenberg Venture Ltd   |      |                    |          |
| Transferred from share application money | 10.1 | 99,363,000         | -        |
| Exchange loss on foreign loan            |      | 9,361,000          | -        |
|                                          |      | 108,724,000        | -        |
| Current portion                          |      |                    |          |
|                                          |      | -                  | -        |
|                                          |      | <u>108,724,000</u> | <u>-</u> |





10.1 Share deposit money referred in note-7 was received from Queenberg Venture Limited (a company incorporated under British Virgin Island Business companies Act, 2004, Singapore) as advance payment towards "Share Application Money" on 8th February 2012 for participation in the share equity of the company at agreed number of shares at the time of deposit of money. Shares had not issued by the company against the share deposit money, investor decided to convert their investment (at originally disbursed foreign currency amount i.e. US. \$ 1,100,000) into repatriable foreign currency loans on basis in term of paragraph 17 (ii) of Chapter XIX of foreign Exchange Manual 2002 of State Bank of Pakistan and through negotiations, party agreed to convert their "Equity Participation Fund" into Long term financing for a period of 10 years. The loan is repayable in 32 equal quarterly installments of \$ 34,375 which commencing from June 2016 including grace period of two years. The loan is subject to markup at 1.8494% (applicable 6 month LIBOR plus 1.5% at the time of signing agreement) to be payable six monthly.

| 11 LONG TERM FINANCING FROM DIRECTORS AND OTHERS | 2014               | 2013              |
|--------------------------------------------------|--------------------|-------------------|
|                                                  | Note               | .....Rupees.....  |
| Unsecured - from related parties                 |                    |                   |
| From directors                                   | 223,764,742        | 42,981,250        |
| From associated companies                        | 49,065,772         | 40,180,772        |
| 11.1                                             | <u>272,830,514</u> | <u>83,162,022</u> |

11.1 These are unsecured, interest free loans and not repayable in next twelve months.

| 12 DEFERRED LIABILITIES              | 2014              | 2013               |
|--------------------------------------|-------------------|--------------------|
|                                      | Note              | .....Rupees.....   |
|                                      |                   | Restated           |
| Staff retirement benefits - gratuity | 12.1              | 16,862,053         |
| Deferred taxation                    | 12.2              | 36,806,813         |
|                                      | <u>53,668,866</u> | <u>130,264,612</u> |

#### 12.1 Staff retirement benefits - gratuity

##### 12.1.1 Movement in the net liability recognized in the balance sheet

|                                               |                    |                    |
|-----------------------------------------------|--------------------|--------------------|
| Opening net liability                         | 15,661,726         | 12,488,261         |
| Expense recognized in profit and loss account | 12.1.5 7,224,188   | 7,775,484          |
| Remeasurements recognized                     | <u>(5,046,228)</u> | <u>(2,826,918)</u> |
|                                               | 17,839,686         | 17,436,827         |
| Benefits paid                                 | <u>(977,633)</u>   | <u>(1,775,101)</u> |
| Closing net liability                         | <u>16,862,053</u>  | <u>15,661,726</u>  |

##### 12.1.2 Movement in present value of defined benefit obligation

|                                                       |                    |                    |
|-------------------------------------------------------|--------------------|--------------------|
| Present value of defined benefit obligation - opening | 15,661,726         | 12,488,261         |
| Current service cost                                  | 5,947,171          | 6,947,429          |
| Interest cost                                         | 1,277,017          | 828,055            |
| Remeasurements gain                                   | <u>(5,046,228)</u> | <u>(2,826,918)</u> |
| Benefits paid                                         | <u>(977,633)</u>   | <u>(1,775,101)</u> |
| Present value of defined benefit obligation - closing | <u>16,862,053</u>  | <u>15,661,726</u>  |

##### 12.1.3 Historical information

|                                             | 2014              | 2013              | 2012              | 2011             | 2010             |
|---------------------------------------------|-------------------|-------------------|-------------------|------------------|------------------|
|                                             | -----Rupees-----  |                   |                   |                  |                  |
| Present value of defined benefit obligation | <u>16,862,053</u> | <u>15,661,726</u> | <u>12,488,261</u> | <u>9,215,459</u> | <u>7,446,061</u> |


**12.1.4 Liability recognized in Balance Sheet**

Note      2014      2013  
                                  Rupees.....  
                                  Restated

|                             |                   |                   |
|-----------------------------|-------------------|-------------------|
| Present value of obligation | 16,862,053        | 15,661,726        |
|                             | <u>16,862,053</u> | <u>15,661,726</u> |

**12.1.5 Expense recognized**

In Profit & Loss Account

|               |                  |                  |
|---------------|------------------|------------------|
| Service cost  | 5,947,171        | 6,947,429        |
| Interest cost | 1,277,017        | 828,055          |
|               | <u>7,224,188</u> | <u>7,775,484</u> |

In Other Comprehensive Income

|                            |                    |                    |
|----------------------------|--------------------|--------------------|
| Remeasurements in the year | (5,046,228)        | (2,826,918)        |
|                            | <u>(5,046,228)</u> | <u>(2,826,918)</u> |

**12.1.6 Principle actuarial assumptions**

|                                  |        |        |
|----------------------------------|--------|--------|
| Discount factor used             | 13.25% | 10.50% |
| Expected rate of salary increase | 12.25% | 10%    |

**12.1.7 General description**

The scheme provides for terminal benefits for all of its permanent employees who attain the minimum qualifying period. Annual charge is made on the basis of actuarial valuation carried on using Projected Unit Credit Method.

**12.1.8 Expected gratuity expense for the year ending June 30, 2015 works out to Rs. 7,990,551**
**12.2 Deferred taxation**

The net liability for deferred taxation comprises of temporary differences.

**Taxable temporary difference**

|                                        |                    |                    |
|----------------------------------------|--------------------|--------------------|
| Accelerated tax depreciation allowance | 211,266,235        | 245,991,482        |
|                                        | <u>211,266,235</u> | <u>245,991,482</u> |

**Deductible temporary differences**

|                                      |                      |                      |
|--------------------------------------|----------------------|----------------------|
| Provision for doubtful debts         | (372,056)            | (419,227)            |
| Staff retirement benefits - gratuity | (4,491,752)          | (4,700,946)          |
| Tax losses                           | (169,595,614)        | (126,268,423)        |
|                                      | <u>(174,459,422)</u> | <u>(131,388,596)</u> |
|                                      | <u>36,806,813</u>    | <u>114,602,886</u>   |

**13 TRADE AND OTHER PAYABLES**

Note      2014      2013  
                                  Rupees.....

|                                            |                    |                    |
|--------------------------------------------|--------------------|--------------------|
| Creditors                                  | 170,003,328        | 184,695,266        |
| Accrued liabilities                        | 47,630,046         | 41,282,057         |
| Advance from customers                     | 32,766,229         | 40,862,038         |
| Unclaimed dividend                         | 402,570            | 402,570            |
| Other liabilities                          | 33,889,037         | 30,150,719         |
| Workers' profit participation fund payable | 13.1      -        | -                  |
|                                            | <u>284,691,210</u> | <u>297,392,649</u> |





|                                                        | 2014             | 2013        |
|--------------------------------------------------------|------------------|-------------|
|                                                        | .....Rupees..... |             |
| <b>13.1 Workers' profit participation fund payable</b> | Note             |             |
| Opening balance                                        | -                | 2,505,917   |
| Interest on funds utilized in the company's business   | -                | 365,774     |
| Provided during the year                               | -                | -           |
|                                                        | -                | 2,871,692   |
| Paid during the year                                   | -                | (2,871,692) |
| Closing balance                                        | -                | -           |

**13.1.1 Interest on workers' profit participation fund has been provided at the rate 14.60% per annum in 2013.**

#### **14 ACCRUED MARK UP / INTEREST**

##### **Mark up / interest accrued on secured loans**

|                       |                   |                   |
|-----------------------|-------------------|-------------------|
| Long term financing   | 19,820,905        | 11,623,032        |
| Short term borrowings | 47,148,956        | 32,221,620        |
|                       | <u>66,969,861</u> | <u>43,844,652</u> |

#### **15 SHORT TERM BORROWINGS**

##### **Secured - from banking companies**

|                 |      |                    |                    |
|-----------------|------|--------------------|--------------------|
| Running finance | 15.1 | 119,963,639        | 121,320,040        |
| Cash finance    | 15.1 | 39,981,376         | 76,428,618         |
| Book overdrafts | 15.2 | 2,567,190          | 2,063,007          |
|                 |      | <u>162,512,205</u> | <u>199,811,665</u> |

**15.1** Short term running finances are available from commercial banks under mark up arrangements amounting Rs. 430 million (2013 : Rs. 497 million). These are secured against pledge / hypothecation of raw material and cotton yarn, lien on export bills sent for collection against confirmed LCs, current assets, receivables and personal guarantees of chief executive and sponsoring directors. These carries mark up ranging from 10.66% to 15.27% per annum (2013 : 10.96% to 15.27% per annum). Facilities against outstanding amount of Rs. 102.896 million has been expired without further renewal. Remainig facilities will expire on various dates by September 2014.

**15.2** This represents cheques issued by the company in excess of balance at banks which remained unrepresented till June 30, 2014.

#### **16 PROVISION FOR TAXATION**

|                          |                  |                  |
|--------------------------|------------------|------------------|
| Opening balance          | 6,718,677        | 4,106,958        |
| Provision for the year   | 34 2,682,996     | 2,611,720        |
| Adjusted during the year | -                | -                |
|                          | <u>9,401,673</u> | <u>6,718,677</u> |

#### **17 CONTINGENCIES AND COMMITMENTS**

##### **17.1 Contingencies**

**17.1.1** Letter of guarantee issued by bank on behalf of company amounting to Rs. 24.38 million (2013 : Rs. 24.38 million).

**17.1.2** Bills discounted with resource amounted to Rs. 9.51 million (June 30, 2013: Rs. 37.032 million)

##### **17.2 Commitments**

**17.2.1** Commitments for other than capital expenditure of amounting Rs. Nil (2013 : Rs. Nil) at balance sheet date.



## 18 PROPERTY, PLANT AND EQUIPMENT

### Property, plant and equipment

#### Capital work in progress

| Note | 2014                 | 2013                 |
|------|----------------------|----------------------|
|      | Rupees-----          |                      |
| 18.1 | 1,085,108,323        | 1,124,937,239        |
| 18.2 | 1,220,000            | -                    |
|      | <u>1,086,328,323</u> | <u>1,124,937,239</u> |

### 17.1 Property plant and equipment

| Cost                                   | Owned assets  |                           |                     |                       |                         |           |                  |                       |           |               | Total         |
|----------------------------------------|---------------|---------------------------|---------------------|-----------------------|-------------------------|-----------|------------------|-----------------------|-----------|---------------|---------------|
|                                        | Freehold land | Building on freehold land | Plant and machinery | Electric installation | Fire fighting equipment | Tube well | Office equipment | Furniture and fixture | Vehicle   | Weight bridge | Sub total     |
|                                        |               |                           |                     |                       |                         |           |                  |                       |           |               | Rupees        |
| Balance as at July 01, 2012            | 163,312,500   | 178,487,558               | 803,330,050         | 16,141,875            | 834,897                 | 1,026,623 | 4,426,500        | 865,607               | 8,306,112 | 1,602,508     | 1,179,334,230 |
| Additions during the year              | -             | -                         | 2,262,036           | -                     | -                       | -         | 748,700          | -                     | -         | -             | 3,010,736     |
| Disposals                              | -             | -                         | (2,651,909)         | -                     | -                       | -         | -                | -                     | -         | -             | (2,651,909)   |
| Revaluation surplus / (deficit)        | (39,195,000)  | 65,162,382                | 165,281,975         | -                     | -                       | -         | -                | -                     | -         | -             | 191,249,358   |
| Adjustment                             | -             | (40,163,882)              | (180,066,502)       | -                     | -                       | -         | -                | -                     | -         | -             | (220,230,385) |
| Balance as at June 30, 2013            | 124,117,500   | 203,486,058               | 789,155,650         | 16,141,875            | 834,897                 | 1,026,623 | 5,175,200        | 865,607               | 8,306,112 | 1,602,508     | 1,150,712,030 |
| Balance as at July 01, 2013            | 124,117,500   | 203,486,058               | 789,155,650         | 16,141,875            | 834,897                 | 1,026,623 | 5,175,200        | 865,607               | 8,306,112 | 1,602,508     | 1,150,712,030 |
| Additions during the year              | 8,160,000     | -                         | 690,000             | -                     | -                       | -         | 578,290          | -                     | 1,804,500 | -             | 11,232,790    |
| Disposals                              | -             | -                         | -                   | -                     | -                       | -         | -                | -                     | (992,500) | -             | (992,500)     |
| Balance as at June 30, 2014            | 132,277,500   | 203,486,058               | 789,845,650         | 16,141,875            | 834,897                 | 1,026,623 | 5,753,490        | 865,607               | 9,118,112 | 1,602,508     | 1,160,952,320 |
| <b>Depreciation</b>                    |               |                           |                     |                       |                         |           |                  |                       |           |               |               |
| Balance as at July 01, 2012            | -             | 32,883,689                | 147,748,359         | 12,698,293            | 543,027                 | 640,056   | 2,532,572        | 651,694               | 6,273,174 | 1,309,664     | 205,281,027   |
| Charge for the year                    | -             | 7,280,193                 | 32,810,056          | 344,308               | 29,187                  | 38,657    | 256,396          | 21,391                | 466,588   | 29,284        | 41,216,061    |
| Depreciation on disposal               | -             | -                         | (491,912)           | -                     | -                       | -         | -                | -                     | -         | -             | (491,912)     |
| Adjustment                             | -             | (40,163,882)              | (180,066,502)       | -                     | -                       | -         | -                | -                     | -         | -             | (220,230,385) |
| Balance as at June 30, 2013            | -             | -                         | 13,043,101          | 572,214               | 572,214                 | 678,713   | 2,788,968        | 673,085               | 6,679,762 | 1,338,948     | 25,774,791    |
| Balance as at July 01, 2013            | -             | -                         | 13,043,101          | 572,214               | 572,214                 | 678,713   | 2,788,968        | 673,085               | 6,679,762 | 1,338,948     | 25,774,791    |
| Charge for the year                    | -             | 10,174,303                | 39,469,283          | 309,877               | 26,268                  | 34,791    | 256,339          | 19,252                | 570,542   | 26,356        | 50,887,012    |
| Depreciation on disposal               | -             | -                         | -                   | -                     | -                       | -         | -                | -                     | (817,806) | -             | (817,806)     |
| Balance as at June 30, 2014            | -             | 10,174,303                | 39,469,283          | 13,352,978            | 598,483                 | 713,504   | 3,045,308        | 692,337               | 6,432,498 | 1,365,304     | 75,843,997    |
| Written down value as at June 30, 2013 | 124,117,500   | 203,486,058               | 789,155,650         | 3,098,774             | 262,683                 | 347,910   | 2,386,232        | 192,522               | 1,626,350 | 263,560       | 1,124,937,239 |
| Written down value as at June 30, 2014 | 132,277,500   | 193,311,755               | 750,376,368         | 2,788,897             | 236,414                 | 313,119   | 2,708,182        | 173,270               | 2,685,614 | 217,204       | 1,085,108,323 |
| Rate of depreciation                   | 0%            | 5%                        | 5%                  | 10%                   | 10%                     | 10%       | 10%              | 10%                   | 20%       | 10%           |               |

### 17.1.1 Disposal of property, plant and equipment

Detail of property, plant and equipment disposed off during the year is as follows:

| Description | Rupees          |                          |            |               |               |                  | Particulars of buyers             |
|-------------|-----------------|--------------------------|------------|---------------|---------------|------------------|-----------------------------------|
|             | Revalued amount | Accumulated depreciation | Book value | Sale proceeds | gain / (Loss) | Mode of disposal |                                   |
| Vehicle     | 992,500         | 817,806                  | 174,694    | 600,000       | 425,306       | Negotiation      | Mr. Yaqo Rauf s/o Muhammad Yousaf |
|             | 992,500         | 817,806                  | 174,694    | 600,000       | 425,306       |                  |                                   |





|                                                           | Note | 2014<br>-----Rupees----- | 2013              |
|-----------------------------------------------------------|------|--------------------------|-------------------|
| <b>18.1.2 Depreciation has been allocated as follows.</b> |      |                          |                   |
| Cost of sales                                             | 28.1 | 50,040,878               | 40,531,686        |
| Administrative expenses                                   | 31   | 846,134                  | 684,375           |
|                                                           |      | <u>50,887,012</u>        | <u>41,216,061</u> |

**18.1.3 Revaluation of property, plant and equipment**

Had there been no revaluation the original cost and accumulated depreciation of revalued assets would have been as follows as on June 30, 2014.

| Particulars         | Cost               | Accumulated<br>depreciation | Book value         |
|---------------------|--------------------|-----------------------------|--------------------|
|                     | -----Rupees-----   |                             |                    |
| Freehold land       | 14,266,500         | -                           | 14,266,500         |
| Factory building    | 190,249,857        | 63,219,183                  | 127,030,674        |
| Plant and machinery | 722,896,798        | 303,953,838                 | 418,942,960        |
| Total (2014)        | <u>927,413,155</u> | <u>367,173,021</u>          | <u>560,240,134</u> |
| Total (2013)        | <u>918,563,155</u> | <u>338,461,778</u>          | <u>580,101,377</u> |

Freehold land, building, plant and machinery were revalued as on June 30, 2013 (previously these were valued on June 30, 2008 and September 30, 2004) by independent valuers "M/S. Harvester services (Pvt.) Limited, Valuers and Engineers, Lahore". This valuation resulted in surplus on revaluation of property, plant and equipment amounting to Rs. 191,249,358 which was credited to surplus on revaluation of property, plant and equipment to comply with the requirements of section 235 of Companies Ordinance, 1984. The valuation was based on fair value determined on present depreciated value method.

**18.2 Capital work in progress**

|                                 |                  |          |
|---------------------------------|------------------|----------|
| Civil works (office renovation) | 1,220,000        | -        |
|                                 | <u>1,220,000</u> | <u>-</u> |

**19 LONG TERM DEPOSITS**

|                                 |                  |                  |
|---------------------------------|------------------|------------------|
| Deposit against bank guarantees | 5,284,000        | 4,000,000        |
| Security deposits               | 179,700          | 179,700          |
|                                 | <u>5,463,700</u> | <u>4,179,700</u> |

**20 STORES, SPARE PARTS AND LOOSE TOOLS**

|             |                    |                    |
|-------------|--------------------|--------------------|
| Stores      | 61,410,109         | 60,235,843         |
| Spare parts | 50,244,634         | 49,283,872         |
| Loose tools | 1,250              | 1,250              |
|             | <u>111,655,993</u> | <u>109,520,965</u> |

**21 STOCK IN TRADE**

|                          |      |                    |                    |
|--------------------------|------|--------------------|--------------------|
| Raw material             | 21.1 | 376,536,777        | 417,297,566        |
| Work in process          |      | 32,234,015         | 35,285,691         |
| Finished goods and waste |      | 28,706,222         | 38,049,818         |
|                          |      | <u>437,477,014</u> | <u>490,633,075</u> |

**21.1** The carrying value of pledged stock is Rs. 30,683,453 (June 30, 2013: Rs. 82,055,065)

**21.2** Raw material amounting to Rs. 363,499,077 million (June 30, 2013: Rs. Nil), Finished goods amounting to Rs. 28,483,181 million (June 30, 2013: Rs. Nil) stated at their net realizable value aggregating Rs. 331,753,582 (June 30, 2013: Rs. Nil) and Rs. 23,773,082 (June 30, 2013: Rs. Nil) respectively. The amount charged to profit and loss in respect of stocks written down to their net realizable value is Rs. 36,455,594 (June 30, 2013: Rs. Nil). Finished stock includes waste stock amounting to Rs. 4,933,140 carried at net realizable value.



|                                            | Note | 2014<br>.....Rupees..... | 2013              |
|--------------------------------------------|------|--------------------------|-------------------|
| <b>22 TRADE DEBTS</b>                      |      |                          |                   |
| Secured - considered good                  |      |                          |                   |
| Export debtors                             |      | -                        | 5,341,278         |
| Unsecured Considered good                  |      |                          |                   |
| Local yarn debtors                         |      | 8,023,339                | 519,251           |
| Local waste debtors                        |      | 13,213,226               | 12,787,139        |
|                                            |      | <u>21,236,565</u>        | <u>18,647,668</u> |
| <b>23 LOANS ADVANCES &amp; PREPAYMENTS</b> |      |                          |                   |
| Considered good                            |      |                          |                   |
| Advances to :                              |      |                          |                   |
| Suppliers                                  |      | 37,804,083               | 24,775,621        |
| Purchaser                                  |      | 564,040                  | 219,061           |
| Employees against salaries and wages       |      | 725,050                  | 751,925           |
| Prepaid expenses                           |      | 74,412                   | -                 |
|                                            |      | <u>39,167,585</u>        | <u>25,746,607</u> |
| <b>24 OTHER RECEIVABLES</b>                |      |                          |                   |
| Considered good                            |      |                          |                   |
| Receivable from associated companies       | 24.1 | 8,211,205                | 6,505,923         |
| Cotton claim receivable                    |      | 1,672,302                | 444,297           |
|                                            |      | 9,883,507                | 6,950,220         |
| Considered doubtful                        |      |                          |                   |
| Karachi Metropolitan Corporation           |      | 1,396,700                | 1,396,700         |
| Provision for doubtful receivables         |      | (1,396,700)              | (1,396,700)       |
|                                            |      | -                        | -                 |
|                                            |      | <u>9,883,507</u>         | <u>6,950,220</u>  |
| <b>25 TAX REFUNDS DUE FROM GOVERNMENT</b>  |      |                          |                   |
| Sales tax receivable                       |      | 1,572,367                | 3,439,595         |
| Advance income tax                         |      | 21,819,693               | 13,415,452        |
|                                            |      | <u>23,392,060</u>        | <u>16,855,048</u> |
| <b>26 CASH AND BANK BALANCES</b>           |      |                          |                   |
| Cash in hand                               |      | 928,833                  | 232,458           |
| Cash with banks in:                        |      | -                        | -                 |
| Local currency current account             |      | 950,282                  | 414,120           |
| Foreign currency current account           |      | -                        | 137,612           |
|                                            |      | <u>1,879,115</u>         | <u>784,190</u>    |





|                                              | Note   | 2014                 | 2013                 |
|----------------------------------------------|--------|----------------------|----------------------|
|                                              |        | .....Rupees.....     |                      |
| <b>27 SALES - NET</b>                        |        |                      | Restated             |
| Yarn                                         |        |                      |                      |
| Local sales                                  |        | 649,781,461          | 822,818,758          |
| Export sales                                 |        | 263,621,332          | 266,513,230          |
|                                              |        | <u>913,402,793</u>   | <u>1,089,331,988</u> |
| Waste                                        |        | 27,730,987           | 30,728,152           |
|                                              |        | <u>941,133,780</u>   | <u>1,120,060,140</u> |
| Sales tax                                    |        | (13,252,582)         | (6,854,324)          |
|                                              |        | <u>927,881,198</u>   | <u>1,113,205,816</u> |
| <b>28 COST OF SALES</b>                      |        |                      |                      |
| Cost of goods manufactured                   | 28.1   | 1,064,329,470        | 1,186,492,969        |
| Finished goods and waste                     |        |                      |                      |
| Opening stock                                |        | 38,049,818           | 32,742,366           |
| Insurance claim yarn                         |        | -                    | (2,478,000)          |
| Closing stock                                |        | (28,706,222)         | (38,049,818)         |
|                                              |        | <u>9,343,596</u>     | <u>(7,785,453)</u>   |
|                                              |        | <u>1,073,673,066</u> | <u>1,178,707,516</u> |
| <b>28.1 Cost of goods manufactured</b>       |        |                      |                      |
| Raw material consumed                        | 28.1.1 | 766,705,374          | 925,220,359          |
| Stores, spare parts and loose tools consumed |        | 14,726,310           | 14,040,815           |
| Packing materials consumed                   |        | 8,219,069            | 16,074,962           |
| Salaries, wages and other benefits           | 28.1.2 | 92,651,147           | 85,623,941           |
| Fuel and power                               |        | 117,613,786          | 94,875,178           |
| Vehicle running and maintenance              |        | 1,090,964            | 1,135,856            |
| Repair and maintenance                       |        | 5,337,097            | 6,164,193            |
| Telephone, postage and telegram              |        | 287,332              | 246,044              |
| Traveling and conveyance                     |        | 284,937              | 458,455              |
| Printing and stationery                      |        | 16,041               | 104,042              |
| Entertainment                                |        | 458,233              | 350,104              |
| Insurance                                    |        | 2,826,034            | 2,662,737            |
| Depreciation                                 | 18.1.2 | 50,040,878           | 40,531,686           |
| Others                                       |        | 1,020,592            | 1,398,994            |
|                                              |        | <u>1,061,277,794</u> | <u>1,188,887,365</u> |
| Work in process                              |        |                      |                      |
| Opening stock                                |        | 35,285,691           | 32,891,295           |
| Closing stock                                |        | (32,234,015)         | (35,285,691)         |
|                                              |        | <u>3,051,676</u>     | <u>(2,394,396)</u>   |
|                                              |        | <u>1,064,329,470</u> | <u>1,186,492,969</u> |



|                                     | Note | 2014               | 2013               |
|-------------------------------------|------|--------------------|--------------------|
|                                     |      | .....Rupees.....   |                    |
| <b>28.1.1 Raw material consumed</b> |      |                    |                    |
| Opening stock                       |      | 417,297,566        | 472,556,630        |
| Purchases                           |      | 718,173,481        | 860,995,915        |
| Purchase expenses                   |      | 7,771,104          | 8,965,380          |
|                                     |      | 725,944,585        | 869,961,295        |
|                                     |      | 1,143,242,151      | 1,342,517,925      |
| Closing stock                       |      | (376,536,777)      | (417,297,566)      |
|                                     |      | <u>766,705,374</u> | <u>925,220,359</u> |

28.1.2 This includes Rs. 5,611,284 (June 30, 2013: Rs. 6,448,662) on account of staff retirement benefits - gratuity.

## 29 OTHER INCOME

|                                               |      |                  |                  |
|-----------------------------------------------|------|------------------|------------------|
| From financial assets                         |      |                  |                  |
| Profit on bank deposits                       | 29.1 | 274,944          | 144,498          |
| Gain on translation of foreign currency       |      | -                | 11,779           |
| From non financial assets                     |      |                  |                  |
| Gain on sale of property, plant and equipment |      | 425,306          | 4,840,004        |
| Weigh bridge income and other income          |      | 685,000          | 600,000          |
| Scrap sales                                   |      | 117,633          | -                |
|                                               |      | 1,227,939        | 5,440,004        |
|                                               |      | <u>1,502,883</u> | <u>5,596,281</u> |

29.1 Profit on bank deposits ranges from 5% to 7% (June 30, 2014: 3% to 7%)

## 30 DISTRIBUTION COST

|                           |  |                   |                   |
|---------------------------|--|-------------------|-------------------|
| Commission on :           |  |                   |                   |
| Export sales              |  | 5,732,533         | 4,422,332         |
| Local sales               |  | 837,786           | 998,173           |
|                           |  | 6,570,319         | 5,420,505         |
| Freight and carriage on : |  |                   |                   |
| Export sales              |  | 7,384,589         | 6,017,181         |
| Local sales               |  | 69,590            | 140,996           |
|                           |  | 7,454,179         | 6,158,177         |
| Other expenses on :       |  |                   |                   |
| Export sales              |  | 5,523,400         | 2,904,548         |
| Local sales               |  | 993,308           | 1,240,679         |
|                           |  | 6,516,708         | 4,145,226         |
|                           |  | <u>20,541,206</u> | <u>15,723,909</u> |



|                                         | Note   | 2014              | 2013              |
|-----------------------------------------|--------|-------------------|-------------------|
|                                         |        | .....Rupees.....  |                   |
| 31 ADMINISTRATIVE EXPENSES              |        |                   | Restated          |
| Salaries, allowances and other benefits | 31.1   | 14,151,941        | 14,052,796        |
| Fees and subscription                   |        | 1,034,380         | 565,376           |
| Traveling and conveyance                |        | 455,319           | 508,757           |
| Vehicle running                         |        | 1,716,343         | 1,691,564         |
| Telephone, postage and telegram         |        | 623,242           | 909,491           |
| Printing and stationery                 |        | 379,121           | 247,957           |
| Director Remuneration                   |        | 1,200,000         | -                 |
| Repair and maintenance                  |        | 427,720           | 853,144           |
| Electricity, gas and water              |        | 109,039           | 120,039           |
| Insurance                               |        | 562,268           | 670,407           |
| Rent, rates and taxes                   |        | 86,304            | 86,304            |
| Entertainment                           |        | 192,412           | 121,793           |
| Legal and professional charges          | 31.2   | 352,146           | 2,600,117         |
| Auditors' remuneration                  | 31.3   | 745,000           | 685,000           |
| Depreciation                            | 18.1.2 | 846,134           | 684,375           |
| Advertisement                           |        | 92,195            | 58,885            |
| Others                                  |        | 1,932,680         | 3,315,628         |
|                                         |        | <u>24,906,243</u> | <u>27,171,633</u> |

31.1 This includes Rs. 1,612,904 (2013 : Rs. 1,326,823) on account of staff retirement benefits - gratuity.

31.2 It includes Rupees Nil (June 30, 2013: Rupees 300,000) paid against consultancy to manage operations.

|                                                  | Note | 2014             | 2013             |
|--------------------------------------------------|------|------------------|------------------|
|                                                  |      | .....Rupees..... |                  |
| 31.3 Auditors' remuneration                      |      |                  |                  |
| Statutory audit fee                              |      | 600,000          | 550,000          |
| Half yearly review and other certifications      |      | 100,000          | 95,000           |
| Review of code of corporate governance           |      | 45,000           | 40,000           |
|                                                  |      | <u>745,000</u>   | <u>685,000</u>   |
| 32 OTHER OPERATING EXPENSES                      |      |                  |                  |
| Custom duty paid                                 | 32.1 | -                | 3,400,000        |
| Sale tax expense - paid under amnesty scheme     |      | -                | 5,069,296        |
| Exchange loss on translation of foreign currency |      | 2,499            | -                |
|                                                  |      | <u>2,499</u>     | <u>8,469,296</u> |

32.1 It represents custom duty paid / adjusted against bank guarantee (previously clubbed in long term deposit) on decision of case against the company by the Honorable High Court, Lahore in the year ended June, 2013.

|                                        |  |                   |                   |
|----------------------------------------|--|-------------------|-------------------|
| 33 FINANCE COST                        |  |                   |                   |
| Interest / mark up on:                 |  |                   |                   |
| Long term financing                    |  | 9,550,091         | 9,540,405         |
| Short term borrowings                  |  | 22,519,523        | 31,753,369        |
| Bank charges and commission            |  | 1,148,946         | 1,373,261         |
| Guarantee commission fee               |  | 46,480            | 758,541           |
| Exchange loss on foreign currency loan |  | 9,361,000         | -                 |
| Interest on W.P.P.F                    |  | -                 | 365,774           |
|                                        |  | <u>42,626,040</u> | <u>43,791,350</u> |





|                                           | Note | 2014<br>.....Rupees..... | 2013<br>Restated  |
|-------------------------------------------|------|--------------------------|-------------------|
| <b>34 TAXATION</b>                        |      |                          |                   |
| <b>Current</b>                            |      |                          |                   |
| Current year                              |      | 2,682,726                | 2,611,720         |
| Prior year                                |      | 270                      | -                 |
|                                           |      | <u>2,682,996</u>         | <u>2,611,720</u>  |
| <b>Deferred</b>                           |      |                          |                   |
| Current year                              |      | (70,576,994)             | 38,564,749        |
| Prior year - effect of change in tax rate |      | (3,370,673)              | -                 |
|                                           |      | <u>(71,264,671)</u>      | <u>41,176,469</u> |

**34.1** Minimum tax has not been provided in view of the provision of Section 113. The assessment of the company will be finalized in respect of export proceeds under presumptive tax regime under section 169. Other than export income, assessment will be finalized under the provisions of Income Tax Ordinance, 2001. During the year company has declared gross loss before set off of depreciation and other inadmissible expenses under the Income Tax Ordinance, 2001. Therefore, entire provision for current taxation is calculated under section 169 of the Income Tax Ordinance 2001.

**34.2** The numerical reconciliation between the average tax rate and the applicable tax rate has not been presented in these financial statements, as the total income of the company (accounting loss) falls under presumptive tax regime of the Income Tax Ordinance, 2001.

### **35 (LOSS)/EARNINGS PER SHARE - BASIC AND DILUTED**

#### **35.1 (Loss) / earnings per share**

|                                                                        |         |                   |                   |
|------------------------------------------------------------------------|---------|-------------------|-------------------|
| (Loss) / profit for the year                                           | Rupees  | (161,100,301)     | 253,761,924       |
| Weighted average number of ordinary shares outstanding during the year | Numbers | <u>52,214,400</u> | <u>52,214,400</u> |
| (Loss) / earnings per share                                            | Rupees  | <u>(3.09)</u>     | <u>4.86</u>       |

**35.2** There is no dilutive effect on the basic (loss) / earnings per share.

### **36 CASH GENERATED FROM OPERATIONS**

|                                                    |                      |                     |
|----------------------------------------------------|----------------------|---------------------|
| (loss) / profit before taxation                    | (232,364,972)        | (155,061,608)       |
| Adjustments for :                                  |                      |                     |
| Depreciation                                       | 50,887,012           | 41,216,061          |
| Provision for staff retirement benefits - gratuity | 7,224,188            | 7,775,484           |
| Finance cost                                       | 42,626,040           | 43,791,350          |
| Exchange gain on foreign currency accounts         | -                    | (11,779)            |
| Gain on disposal of property, plant and equipment  | (425,306)            | (4,840,004)         |
|                                                    | <u>100,311,933</u>   | <u>87,931,112</u>   |
| Loss before working capital changes                | <u>(132,053,039)</u> | <u>(67,130,496)</u> |



|                                                                                               | Note | 2014                 | 2013               |
|-----------------------------------------------------------------------------------------------|------|----------------------|--------------------|
|                                                                                               |      | .....Rupees.....     |                    |
| Effect on cash flow due to working capital changes<br>(Increase) / decrease in current assets |      |                      |                    |
| Stores, spares and loose tools                                                                |      | (2,135,028)          | (8,769,483)        |
| Stock in trade                                                                                |      | 53,156,061           | 47,557,215         |
| Trade debts                                                                                   |      | (2,588,897)          | (8,021,753)        |
| Loans and advances                                                                            |      | (13,420,978)         | 44,336,525         |
| Other receivables                                                                             |      | (1,066,059)          | (1,661,878)        |
|                                                                                               |      | 33,945,099           | 73,440,627         |
| Increase / (decrease) in current liabilities                                                  |      |                      |                    |
| Trade and other payables                                                                      |      | (12,701,439)         | (13,289,124)       |
|                                                                                               |      | <u>(110,809,379)</u> | <u>(6,978,993)</u> |

**37 TRANSACTIONS WITH RELATED PARTIES**

The related parties comprises associated companies, directors and key management personnel. Amounts due to related parties are shown in the relevant notes to the financial statements.

**Balances with related parties**

|                                               |    |             |            |
|-----------------------------------------------|----|-------------|------------|
| Long term financing from directors            | 11 | 223,764,742 | 42,981,250 |
| Long term financing from associated companies | 11 | 49,065,772  | 40,180,772 |
| Other receivable - considered good            | 24 | 8,211,205   | 6,505,923  |

There are no transactions with key management personnel.

The company has related party relationship with its associated undertakings, its directors and executive officers. Transactions with related parties essentially entail sale and purchase of goods and / or services from the aforementioned concerns. All transactions are carried out on commercial basis.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The company considers all members of their management team, including the chief executive officer and directors to be its key management personnel. There are no transactions with key management personnel.

There are no transactions with key management personnel other than under their terms of employments / entitlements. Balance outstanding from related parties are unsecured and repayable on demand or as contracted. Amounts due to related parties are shown in the relevant notes to the financial statements.


**38 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**

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

- 38.1 Credit risk
- 38.2 Liquidity risk
- 38.3 Market risk

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

**38.1 Credit risk**
**38.1.1 Exposure to credit risk**

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, loans and advances, trade deposits and short term prepayments and cash and bank balances. Out of total financial assets of Rs. 37.516 million (2013 : Rs. 31,313 million), financial assets which are subject to credit risk aggregate to Rs. 35.637 million (2013 : Rs. 30.529 million). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows.

|                        | 2014              | 2013              |
|------------------------|-------------------|-------------------|
|                        | .....Rupees.....  |                   |
| Long term deposits     | 5,463,700         | 4,179,700         |
| Trade debts            | 21,236,565        | 18,647,668        |
| Loans and advances     | 725,050           | 751,925           |
| Other receivables      | 8,211,205         | 6,950,220         |
| Cash and bank balances | 1,879,115         | 784,190           |
|                        | <u>37,515,635</u> | <u>31,313,703</u> |

38.1.2 The maximum exposure to credit risk for trade debts at the balance sheet date by geographical region is as follows.

|          |                   |                   |
|----------|-------------------|-------------------|
| Foreign  | -                 | 5,341,278         |
| Domestic | 21,236,565        | 13,306,390        |
|          | <u>21,236,565</u> | <u>18,647,668</u> |

38.1.3 The maximum exposure to credit risk for trade debts at the balance sheet date by type of customer is as follows.

|       |                   |                   |
|-------|-------------------|-------------------|
| Yarn  | 8,023,339         | 5,860,529         |
| Waste | 13,213,226        | 12,787,139        |
|       | <u>21,236,565</u> | <u>18,647,668</u> |

38.1.4 The aging of trade debtors at the balance sheet is as follows.

|                       | Gross debtors     |                   |
|-----------------------|-------------------|-------------------|
|                       | 2014              | 2013              |
|                       | .....Rupees.....  |                   |
| Not past due          | -                 | -                 |
| Past due 0 - 30 days  | 16,989,252        | 12,120,984        |
| Past due 31 - 90 days | 2,973,119         | 3,543,057         |
| More than one year    | 1,274,194         | 2,983,627         |
|                       | <u>21,236,565</u> | <u>18,647,668</u> |

Based on the past experience, sales volume, consideration of financial position, past track records and recoveries and economic conditions, the company believes that there is no need for provision of balance outstanding more than one year.

**38.2 Liquidity risk**

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.




**Non - derivative  
Financial liabilities**

Long term financings from banking companies  
Long term financings from directors  
Long term financings from others  
Trade and other payables  
Accrued mark up / interest  
Short term borrowings

| 2014               |                        |                    |                      |                    |                      |
|--------------------|------------------------|--------------------|----------------------|--------------------|----------------------|
| Carrying Amount    | Contractual Cash Flows | Six months or less | Six to twelve months | Two to five years  | More than five years |
| Rupees             |                        |                    |                      |                    |                      |
| 71,572,667         | 111,851,023            | 8,586,997          | 191,208              | 103,072,818        | -                    |
| 272,830,514        | 272,830,514            | -                  | -                    | -                  | 272,830,514          |
| 108,724,000        | 120,537,159            | 1,005,400          | 1,005,400            | 50,986,812         | 67,539,645           |
| 284,691,210        | 284,691,210            | 284,691,210        | -                    | -                  | -                    |
| 66,969,861         | 66,969,861             | 66,969,861         | -                    | -                  | -                    |
| 162,512,205        | 173,549,672            | 173,549,672        | -                    | -                  | -                    |
| <b>967,300,457</b> | <b>1,030,429,440</b>   | <b>534,803,141</b> | <b>1,196,608</b>     | <b>154,059,630</b> | <b>340,370,159</b>   |

**Non - derivative  
Financial liabilities**

Long term financing from banking companies  
Long term financing from directors  
Trade and other payables  
Accrued mark up / interest  
Short term borrowings

| 2013               |                        |                    |                      |                   |                      |
|--------------------|------------------------|--------------------|----------------------|-------------------|----------------------|
| Carrying Amount    | Contractual Cash Flows | Six months or less | Six to twelve months | Two to five years | More than five years |
| Rupees             |                        |                    |                      |                   |                      |
| 79,378,900         | 110,241,481            | 5,643,219          | 5,345,844            | 5,048,469         | 94,203,950           |
| 83,162,022         | 83,162,022             | -                  | -                    | -                 | 83,162,022           |
| 297,392,649        | 297,392,649            | 297,392,649        | -                    | -                 | -                    |
| 43,844,652         | 43,844,652             | 43,844,652         | -                    | -                 | -                    |
| 199,811,665        | 210,849,132            | 210,849,132        | -                    | -                 | -                    |
| <b>703,589,889</b> | <b>745,489,937</b>     | <b>557,729,652</b> | <b>5,345,844</b>     | <b>5,048,469</b>  | <b>177,365,972</b>   |

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

**38.3 Market risk**

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. The company is exposed to currency risk and interest rate risk only.

**38.3.1 Currency risk**

Exposure to currency risk

The company is exposed to currency risk on trade debts, borrowing and import of raw material and stores that are denominated in a currency other than the respective functional currency of the company, primarily in US Dollar and Euro. The currencies in which these transactions primarily are denominated is US Dollar and Euro.

Financial assets  
Trade debts 2014  
Trade debts 2013  
Financial liabilities Foreign currency loan 2014  
Foreign currency loan 2013

| US Dollar | Euro | Others | Rupees      |
|-----------|------|--------|-------------|
| -         | -    | -      | -           |
| 54,171    | -    | -      | 5,341,278   |
| 1,100,000 | -    | -      | 108,724,000 |
| -         | -    | -      | -           |

The following significant exchange rate applied during the year.

Financial assets  
US Dollar to Rupee  
Financial liabilities  
US Dollar to Rupee

| Average rates |       | Reporting date rates |       |
|---------------|-------|----------------------|-------|
| 2014          | 2013  | 2014                 | 2013  |
| 98.62         | 95.44 | 98.64                | 98.60 |
| 2014          | 2013  | 2014                 | 2013  |
| 98.82         | -     | 98.84                | 98.80 |



## Sensitivity analysis

5% strengthening of Pak Rupee against the following currencies at June 30, would have increased / (decreased) equity and profit and loss by the amount shown below. The analysis assumes that all other variables, in particular interest rates, remain constant. 5% weakening of Pak Rupee against the above currencies at period end would have had the equal but opposite effect on the above currencies to the amount shown below, on the basis that all other variables remain constant.

|           | 2014             | 2013      |
|-----------|------------------|-----------|
|           | -----Rupees----- |           |
| US Dollar | 5,436,200        | (267,063) |
| Euro      | -                | -         |

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and liabilities of the company.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposures arises from short and long term borrowings from bank and term deposits and deposits in PLS saving accounts with banks. At the balance sheet date the interest rate profile of the company's interest bearing financial instrument is as follows.

|                           | 2014             | 2013        |
|---------------------------|------------------|-------------|
|                           | -----Rupees----- |             |
| Fixed rate instruments    |                  |             |
| Financial assets          | -                | -           |
| Financial liabilities     | 108,724,000      | -           |
| Variable rate instruments |                  |             |
| Financial assets          | -                | -           |
| Financial liabilities     | 342,808,872      | 279,190,565 |

## Fair value sensitivity analysis for fixed rate instruments

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

## Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for June 30, 2014.

|                                                        | Profit & loss    |                 | Equity          |                 |
|--------------------------------------------------------|------------------|-----------------|-----------------|-----------------|
|                                                        | 100 bp increase  | 100 bp decrease | 100 bp increase | 100 bp decrease |
|                                                        | -----Rupees----- |                 |                 |                 |
| Cash flow sensitivity - variable rate instruments 2014 | (320,696)        | 320,696         | -               | -               |
| Cash flow sensitivity - variable rate instruments 2013 | (412,938)        | 412,938         | -               | -               |

## 38.4 Fair value of financial assets and liabilities

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

## 38.5 Off balance sheet items

|                   | 2014                  | 2013  |
|-------------------|-----------------------|-------|
|                   | -----In millions----- |       |
| Bank guarantees   | 24.38                 | 24.38 |
| Letters of credit | -                     | 2.99  |

## 38.6 The effective rate of interest / mark up for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

## 39 CAPITAL RISK MANAGEMENT

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

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

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





|                        |            | 2014        | 2013        |
|------------------------|------------|-------------|-------------|
| Borrowings             | Rupees     | 451,532,872 | 279,190,565 |
| Total equity           | Rupees     | 240,198,675 | 379,559,543 |
| Total capital employed | Rupees     | 691,731,547 | 658,750,108 |
| Gearing ratio          | Percentage | 65.28       | 42.38       |

**40 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

The directors have waived their remuneration and meeting fees for the year. The chief executive is entitled to free use of company maintained car. Following is the detail of managerial remuneration paid to executive with their numbers.

|                                 | 2014      | 2013 | 2014       | 2013      |
|---------------------------------|-----------|------|------------|-----------|
|                                 | Directors |      | Executives |           |
| Remuneration and other benefits | 1,200,000 | -    | 3,140,844  | 3,888,436 |
|                                 | 1,200,000 | -    | 3,140,844  | 3,888,436 |
| Number of persons               | 1         | -    | 4          | 4         |

**41 CORRESPONDING FIGURES**

Figures have been rearranged / reclassified whenever necessary for the purpose of better presentation and comparison. However, no significant reclassifications were made in these financial statements.

**42 NUMBER OF EMPLOYEES**

|                                  | 2014 | 2013 |
|----------------------------------|------|------|
| Employees as at year end         | 327  | 405  |
| Average employee during the year | 385  | 418  |

**43 CAPACITY AND PRODUCTION**

|                                                       |            |            |
|-------------------------------------------------------|------------|------------|
| Spindles installed (numbers)                          | 33,072     | 33,072     |
| Spindles worked (numbers)                             | 17,840     | 17,440     |
| Installed capacity converted in to 20/s (Kgs.)        | 10,266,624 | 10,266,624 |
| Actual production of yarn converted in to 20/s (Kgs.) | 3,173,653  | 2,954,153  |
| Number of shifts worked per day                       | 2          | 3          |

- 43.1** It is difficult to determine precisely described production capacity and the resultant production converted into single count in the textile industry, since it fluctuates widely depending on various factors such as type of yarn produced and raw material used etc. It would also vary according to the trend of production adopted in a particular period. There was shortage of gas supply during winter season which resulted in reduced production during the year 2014.

**44 DATE OF AUTHORIZATION FOR ISSUE**

The financial statements were authorized for issue on October 04, 2014 by the board of directors of the company.

**45 GENERAL**

Figures have been rounded off to the nearest of Rupee.

**46 EVENTS AFTER THE BALANCE SHEET DATE**

There are no subsequent events occurring after balance sheet date.





**KEY OPERATION AND FINANCIAL DATA  
FOR THE LAST SIX YEARS**  
Rs. ( '000's)

| <b>PARTICULARS</b>                     | <b>2014</b>      | <b>2013</b>      | <b>2012</b>      | <b>2011</b>      | <b>2010</b>      | <b>2009</b>      |
|----------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>BALANCE SHEET SUMMARY</b>           |                  |                  |                  |                  |                  |                  |
| Paid up Capital                        | 522,144          | 522,144          | 522,144          | 392,000          | 392,000          | 392,000          |
| Reserve & Accumulated Losses           | (281,945)        | (142,584)        | (410,689)        | (341,001)        | (259,041)        | (281,322)        |
| Surplus on Revaluation of fixed Assets | 465,914          | 478,759          | 375,064          | 386,530          | 402,080          | 414,969          |
| Long Term Liabilities                  | 445,743          | 151,828          | 509,131          | 578,334          | 606,345          | 583,935          |
| Deferred Liabilities                   | 53,669           | 130,265          | 12,488           | 8,293            | 36,591           | 17,525           |
| Current Liabilities                    | 530,959          | 558,480          | 608,969          | 682,734          | 366,221          | 343,619          |
|                                        | <b>1,736,484</b> | <b>1,698,892</b> | <b>1,617,107</b> | <b>1,706,890</b> | <b>1,544,196</b> | <b>1,470,727</b> |
| <b>REPRESENTED BY</b>                  |                  |                  |                  |                  |                  |                  |
| Fixed Assets                           | 1,086,328        | 1,124,937        | 974,053          | 1,014,032        | 1,059,407        | 1,103,327        |
| Long Term Deposit                      | 5,464            | 4,180            | 8,614            | 8,394            | 7,794            | 404              |
| Current Assets                         | 644,692          | 669,138          | 733,803          | 684,464          | 476,995          | 366,995          |
|                                        | <b>1,736,484</b> | <b>1,798,255</b> | <b>1,716,470</b> | <b>1,706,890</b> | <b>1,544,196</b> | <b>1,470,727</b> |
| <b>PROFIT AND LOSS - SUMMARY</b>       |                  |                  |                  |                  |                  |                  |
| Sales                                  | 927,881          | 1,113,206        | 855,372          | 1,625,000        | 1,379,194        | 856,602          |
| Cost of Sales                          | (1,073,673)      | (1,178,708)      | (944,462)        | (1,577,812)      | (1,232,460)      | (830,094)        |
| <b>Gross Profit</b>                    | <b>(145,792)</b> | <b>(65,502)</b>  | <b>(89,090)</b>  | <b>47,187</b>    | <b>146,734</b>   | <b>26,508</b>    |
| Other Operating Expenses               | (45,450)         | (51,365)         | (31,230)         | (47,251)         | (43,975)         | (31,544)         |
| Financial Charges                      | (42,626)         | (43,791)         | (62,646)         | (110,339)        | (69,889)         | (104,720)        |
| Other Income                           | 1,503            | 5,596            | 1,061            | 990              | 1,432            | 2,764            |
| <b>Profit / loss Before Taxation</b>   | <b>(232,365)</b> | <b>(155,062)</b> | <b>(181,906)</b> | <b>(109,412)</b> | <b>34,303</b>    | <b>(106,992)</b> |
| Provision for Taxation                 | 71,265           | (41,176)         | 5,637            | 11,901           | (24,908)         | 7,051            |
| <b>Profit / loss After Taxation</b>    | <b>(161,100)</b> | <b>253,762</b>   | <b>(176,268)</b> | <b>(97,511)</b>  | <b>9,394</b>     | <b>(99,941)</b>  |
| Earning per share                      | (3.09)           | 4.86             | (1.46)           | (2.49)           | 0.24             | (2.55)           |
| Dividend                               | -                | -                | -                | -                | -                | -                |

**FORM OF PROXY**

The Company Secretary,  
**RUBY TEXTILE MILLS LIMITED,**  
203-Faiyaz Centre, 2<sup>nd</sup> Floor,  
3-A, S.M.C. Housing Society  
Shahrah-e-Faisal,  
Karachi-74400.

PLEASE QUOTE:

| Folio No. | No. of Shares held |
|-----------|--------------------|
|           |                    |

I/We of \_\_\_\_\_

being a member of Ruby Textile Mills Limited hereby appoint \_\_\_\_\_

of \_\_\_\_\_

who is also member of Company vide Registered Folio No. .... as my / our proxy to attend, act and vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held at 203-Faiyaz Centre, 2<sup>nd</sup> Floor, 3-A, S.M.C. Housing Society, Shahrah-e-Faisal, Karachi-74400 on Thursday October 30th, 2014 at 4:30 p.m.

In witness whereof I have set my hand this \_\_\_\_\_ day of \_\_\_\_\_ 2014.

Date: \_\_\_\_\_

Place: \_\_\_\_\_



\_\_\_\_\_  
Member's Signature:

Notes:

1. This proxy form must be deposited duly completed in the Company's Registered Office at least 48 hours before the meeting.
2. A proxy must be member of the Company.
3. Member's Signature should agree with the specimen registered with the Company.



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**REGISTERED OFFICE:**

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