Zahidjee Textile Mills Limited
June 30, 2015
Company Information

Board of Directors

Mr. Muhammad Sharif
Chairman
Mr. Muhammad Zahid
Chief Executive

Mst.Huma Zahid
Mst. Aleeza Zahid
Mr. Muhammad Amjad
Mr. Muhammad Jamshaid
Mr.Qamar Aftab

Bankers of the Company

The Bank of Punjab
United Bank Limited
National Bank of Pakistan
Askari Commercial Bank Limited
Meezan Bank Limited
Summit Bank Limited
Bank Al-Falah Limited
Faysal Bank Limited
Allied Bank Limited

Auditors

Avais Hyder Liaquat Nauman
Chartered Accountants

Audit Committee

Mr. Qamar Aftab
(Chairman)
Mst. Huma Zahid
Mr. Muhammad Amjad

HR & Remuneration Committee

Mr. Muhammad Amjad
(Chairman)
Mr. Muhammad Jamshaid
Mst. Aleeza Zahid

Company Secretary/ Chief Financial Officer

Mr. Shahab-Ud-Din Khan

Registered Office

20, Bilal Road, Civil Lines,
Faisalabad
Tel: + 92-41-2649340 / 2409223-24
Fax: + 92-41-2615421

Share Registrar

Consulting One (Private) Limited
478-D, Peoples Colony No. 1,
Faisalabad
Tel: + 92-41-8541165 / 8541965
Fax: + 92-41-8542765

Mills

- 28-KM, Sheikhupura Road, Faisalabad
- 32-KM, Tandlianwala Road, Faisalabad
- M-3, Industrial City, Sahianwala, Faisalabad

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 26th Annual General Meeting (AGM) of the shareholders of ZAHIDJEE TEXTILE MILLS LIMITED ("the Company") will be held at 11:00 A.M on Saturday, the 31st October, 2015 at Mills located 28-KM, Sheikhupura Road, Faisalabad, to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the last meeting of shareholders.
2. To consider, approve and adopt the annual audited financial statements of the Company for the year ended June 30, 2015 together with the Directors and Auditors reports thereon.
3. To appoint auditors for the year 2015-16 and to fix their remuneration. The retiring auditor M/S Avais Hyder Liaquat Nauman, Chartered Accountants being eligible offer themselves for reappointment.
4. To approve the issue of bonus shares in the proportion of three shares for every ten shares held i.e. 30% for the year ended June 30, 2015 as recommended by the Board of Directors.
5. Any other business with the permission of the chair.

SPECIAL BUSINESS:

6. To consider and approve the fixation / increase in gross remuneration of the whole time working directors including Chief Executive of the Company.

7. To consider and if thought fit pass the following special resolution in respect of increase in authorized capital of the Company.

   Resolved that the figures and words "Rs. 1,350,000,000 (Rupees one billion three hundred fifty million) divided into 135 Million ordinary shares of Rs. 10/- each" appearing in clause V of the Memorandum of Association and in Article 5 of the Articles of Association of the Company be and are hereby substituted by the figures and words of "Rs. 2,200,000,000 (Rupees Two billion two hundred thousands) divided into 220 Million ordinary shares of Rs. 10/- each."

8. To pass the following resolution, with or without modification, as Special Resolution under Section 208 of the Companies Ordinance, 1984:-

   Resolved that consent and approval of the company be and is hereby accorded under section 208 of the companies ordinance, 1984 to invest in a proposed subsidiary company namely "Zahidjee Towers (Private) Limited".

   Further Resolved that consent and approval of the company be and is hereby accorded for making equity investment upto Rs. 360 million (Rupees Three hundred sixty million) in the shares of M/S Zahidjee Towers (Private) Limited (a proposed subsidiary) by subscribing 36 million (Thirty six million) shares of the face value of Rs. 10/- each.

   Further Resolved that Mr. Muhammad Zahid, Chief Executive of the company be and is hereby authorized singly to sign, execute all documents pertaining to the investment in M/S Zahidjee Towers (Private) Limited and execute all documents relating to transactions with associated company.

By order of the Board

Faisalabad
Dated: October 9, 2015

SHAHAB UD DIN KHAN
Company Secretary

NOTES:

i. The share transfer books of the Company shall remain closed from October 24, 2015 to October 31, 2015 (both days inclusive). Transfers received in order at Company's registrar, M/S Consulting One (Private) Limited, 478-D, Peoples Colony No.1, Faisalabad up to close of business on October 23, 2015 will be considered in time.

ii. A Member entitled to attend and vote at the General Meeting of members is entitled to appoint a proxy to attend and vote on his / her behalf.

iii. The instrument appointing proxy and the power of attorney or other authority, under which it is signed or a notarially certified copy of the power of attorney must be deposited at the office of the share registrar of the company not less than 48 hours before the time of meeting.

iv. The CDC account holder will further have to follow the under mentioned guidelines:

A. For attending meetings:

i. In case of individuals, the account holders or sub-account holders and / or the persons whose shares are in group accounts and their registration details are uploaded as per CDC regulations shell authenticate their identity by showing their original Computerized National Identity Cards (CNICs) or original passports at the time of attending meeting.

ii. In case of corporate entities, the Board of Directors resolution / power of attorney with specimen signature of the nominees shall be produced (unless it has been provided earlier) at the time of meeting.

B. For appointing proxies:

i. In case of individual, the account holders or sub-account holders and /or the persons whose share in group accounts and their registration detail are uploaded as per CDC regulations shall submit the proxy forms accordingly.

ii. The proxy shall witness by two persons whose name, addresses and CNIC numbers shall be mentioned on the form.

iii. The proxy shall produce their original CNIC or original passport at the time of the meeting.

iv. In case of corporate entities, the Board of Directors resolution / power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

STATEMENT UNDER SECTION 160 (1) (b) OF THE COMPANIES ORDINANCE, 1984

PERTAINING TO ITEM NO. 6 – APPROVAL OF REMUNERATION OF DIRECTORS

Presently the Chief Executive of the Company is drawing an amount of Rs. 50,000. No other director is being paid any remuneration or meeting fee. The Board of Directors in their Meeting held on June 29, 2015 has recommended payment of the following remuneration to Chief Executive and full time Director of the Company with effect from July 2015 without any change in the other prevailing term and conditions of service.

Approval of shareholders is sought to pass with or without modification the following resolution.

"Resolved that the gross salaries of the whole time working Director and Chief Executive be and hereby revised with effect from July 2015 as follows:

	Designation	Current salary	Revised Salary
Muhammad Zahid	Chief Executive	50,000	100,000
Aleeza Zahid	Directos	Nil	65,000

While other prevailing terms and conditions of service will remain unchanged".

The above Directors have interest in the aforesaid business to the extent of their remuneration and perquisites as shown above.

PERTAINING TO ITEM NO. 7 – INCREASE IN AUTHORIZED CAPITAL

With the issuance of 30% Bonus Shares as proposed, the paid up share capital of the Company will increase to 1,657,325,540. Therefore the present Authorised Share Capital of the Company needs to be increased to facilitate the issuance of proposed bonus shares. Accordingly, the Board of Directors, in their meeting held on October 9, 2015 has recommended to increase the Authorized Share Capital from Rs. 1,350,000,000 (Rupees One billion three hundred fifty million) to Rs. 2,200,000,000 (Rupees Two billion two hundred million) divided into 220 million (Two hundred twenty million) ordinary shares of Rs. 10/- each. Increase in Authorised Share Capital will also necessitate amendments in Clause V of the Memorandum of Association and article 5 of the Articles of the Association of the Company.

The Directors are interested in this business to the extent of their shareholding.

PERTAINING TO ITEM NO. 8 - <u>INVESTMENT IN SECURITIES OF PROPOSED SUBSIDIARY</u>

The Board of Directors considers to make investment in a proposed subsidiary. Details of such investment are given below:

(i)	Name of Associated Company and Criteria based on which the associated relationship is established.	- Zahidjee Towers (Private) Limited - Directors of Zahidjee Textile Mills Limited are also the Directors of Zahidjee Towers (Pvt.) Limited.
(ii)	Purpose, benefits and period of investment.	To earn by profits on investment in hotel business 10 Years
(iii)	Maximum amount of investment.	Rupees 360.00 Million
(iv)	Maximum amount at which securities will be acquired.	At face value of Rs. 10/- each

(v)	Maximum number of securities to be acquired.	36 Million
(vi)	Number of securities and percentage thereof held before and after the proposed investment	Before investment : NIL After investment : 79.61 %
(vii)	Sources of fund from which securities will be acquired.	Company's available in house generation of funds
(viii)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration.	The Directors of Zahidjee Textile Mills Limited have no vested interest in the above said investment except the Directors of Zahidjee Textile Mills Limited are also the Directors of Zahidjee Towers (Pvt.) Limited .

Proposed subsidiary in which the company is going to make investment has not commenced operations. In this regard further information is as under:

(I)	Description of the project and its history since conceptualization.	Company is in textile business having spinning, weaving and export activities, therefore management intends diversification. Due to economic corridor business activities are expected to manifold so hoteling business is expected to flourish. Management decided to establish a four star hotel in some posh area of metropolitan city of Lahore initially starting with 100 rooms. Hoteling business has good future prospects so management decided to enter in this business line.
(II)	Starting and expected date of completion of work.	Starting 2016 Completion 2018
(III)	Time by which such project shall become commercially operational.	2 years
(IV)	Expected time by which the project shall start paying return on investment.	3 years

The Directors of Zahidjee Textile Mills Limited have no vested interest in the above said investment, the Directors of Zahidjee Textile Mills Limited are also the Directors of Zahidjee Towers (Pvt.) Limited .

DIRECTORS' REPORT TO THE MEMBERS

With grace of almighty Allah I have privilege to place before you, on behalf of the Board of Directors, the audited Financial Statements of the company for the year ended June 30, 2015.

Operating Results

Operating results for the year under review are as under:	**2015** **Rupees**	2014 Rupees
Profit before taxation	**144,631,240**	443,795,068
Provision for taxation	**(98,688,789)**	91,051,435
Profit for the year	**243,320,029**	352,743,633
Earnings per share – Basic and diluted	**1.91**	4.25

Your company's sales recorded a rise from Rs. 5,985 million last year to Rs. 6,676 million in the year under review. Company earned net profit for the year Rs. 243.32 million as compared to net profit of Rs. 352.74 million last year. Increase in sales is mainly attributable to the increase in production due to installation of new spinning unit consiting of 24,912 spindles. The new spinning unit with standby power generation of 6.4 MW is located at M - 3 Industrial city Sahianwala, Faisalabad. It started production in the month of October 2014. This unit based on cotton has attained popularity in air jet yarn market and we will reap the benefit in current as well as coming years.To reduce per unit cost, we are adding equal number of spindles to this unit for which we have all infrastructural facilities.

You are well conversant that the premier industry of Pakistan is in deep trouble since last two years. The depression is prevailing all around the globe. key indicators of the loss of competitiveness of textile industry are summarized below

- Import of cotton yarn for the first time from India.
- Fall in export to China of cotton yarn by 20%.
- No, devaluation of Rupee as compared to India, Vietnam, China & Thailand.
- Persistent energy shortage and frequent outages have limited the effective capacity.Rise in cost due to resort to some self generation.
- Introduction of various surcharges on electricity especially the so called Tariff rationalization surcharge.
- Gas infra structure development cess (GIDC) @ Rs 200 per MM BTU.

Even the GSP + status granted by EU could not bring fruitful results & industry appears to be languishing due to benign neglect & lack of implementation of policies. Despite breathing space provided by fall in petroleum prices still there is an acute threat to the survival of textile industry.

Despite all the above mentioned factors the financial result for the year under review reflect a figure of net profit after tax to the tune of Rs 243 Millions.There is major decline in the profit of last quarter which is due to provision of expense of Rs.70 Million for claim by OLAM International against cotton supply contract,which we could not fullfill due to sudden huge decline in international cotton prices in 2011.Similarly major repair in building and machinery of weaving unit have been recorded.

Dividend and bonus shares

Keeping in view the huge investment in new unit from internal cash flows the Directors have decided not to pay cash dividend. However, your directors have reccomended 30% bonus shares.

Board of Directors

No casual vacancy occurred during the year.As result of Elections three new directors Mr.Muhammad Sharif, Mr.Qamar Aftab and Miss Aleeza Zahid replaced Mst Shaista Balquees, Mst Fouzia Shahani and Mr. Muhammad Nawaz.

Board meetings

During the year under review Eight Board meetings were held. Attendance by each director is appended below:-

S.NO.	NAME OF DIRECTOR	NO. OF MEETINGS ATTENDED
1	Mr. Muhammad Sharif	2
2	Mr. Muhammad Zahid	8
3	Mst. Huma Zahid	7
4	Mst. Aleeza Zahid	2
5	Mr. Muhammad Amjad	5
6	Mr. Muhammad Jamshaid	2
7	Mr. Qamar Aftab	2

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

Audit committee

The Board of Directors in compliance to the Code of Corporate Governance has established an Audit Committee, and the following Directors are the members of the Audit Committee:

The meetings of the Audit committee were held at least once every quarter prior to approval of interim and final results of the Company. The meeting was also attended by the CFO, Head of Internal Audit and External Auditors as and when it was required.

			NO. OF MEETINGS ATTENDED
Mr. Qamar Aftab	Chairman	Non-Executive Director	2
Mrs. Huma Zahid	Member	Non-Executive Director	5
Mr. Muhammad Amjad	Member	Non-Executive Director	5

HR & Remuneration Committee

In compliance with the COCG 2012, the Board of Directors of your Company has established a HR&R committee. Composition of HR & R committee is as follows.

			NO. OF MEETINGS ATTENDED
Mr. Muhammad Amjad	Chairman	Non-Executive Director	2
Mr. Muhammad Jamshaid	Member	Non-Executive Director	2
Mst. Aleeza Zahid	Member	Non-Executive Director	1

Safety and Environment

The company strictly complies with the standards of the safety rules and regulations. It also follows environmental friendly policies.

Trading in Company's share

Directors, Chief executive officer, Chief financial officer, Company secretary and their spouses and minor children have not carried out any transaction of Company's shares.

Directors, Chief executive officer, Chief financial officer and executives do not hold any interest in the Company other than that disclosed in the patteren of share holding.

Corporate social responsibility

Your company understands its corporate responsibility towards the society and fulfils its obligations by providing support to under privileged members of the society. Special persons are regularly employed in the company.
Your company is providing healthy, safe and learning work environment to its employees and sends them to attend training courses, seminars, workshops and conferences.

The company has installed an environment friendly gas based power plant with a view to reduce power cost and pollution.

Code of Corporate Governance

The Directors of the Company are pleased to confirm that the company has made compliance of the provisions set out by the Securities and Exchange Commission of Pakistan through the listing regulations of the Stock Exchanges as prescribed in the Code of Corporate Governance and there is no material departure from the best practices as detailed in the listing regulations:

1. The financial statements prepared by the management of the company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
2. Proper books of accounts of the company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Accounting/Financial Reporting Standards, as applicable in Pakistan have been followed in preparation of financial statements and there is no departure there from.
5. The system of internal control is sound and has been effectively implemented and monitored.
6. There is no significant doubt upon the company's ability to continue as a going concern.
7. Financial Highlights for the last six years are annexed.

Pattern of share holding

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

Auditors

The external Auditors, M/s Avais Hyder Liaquat Nauman, Chartered Accountants, retire and offer themselves for their reappointment. The Audit Committee has also recommended the reappointment of M/S Avais Hyder Liaquat Nauman, Chartered Accountants, as external auditors for the year 2014 - 2015.

Future Outlook

With the on going capacity expansion and our various efforts to expand our market share we expect our company to progress in coming year. On the whole, the future of the company looks encouraging. The company is well placed to achieve further success and build shareholder value in the years ahead.

Acknowledgments

The Directors of your Company would like to place on record their deep appreciation for the support of the customers, banks, financial institutions, regulators and shareholders during the year and hope that this cooperation and support will also continue in the future.

The Directors of your Company would also like to express their appreciation for the services, devotion, loyalty and efforts being continuously rendered by the executives, staff members and workers of the Company and hope that they will continue with these efforts in future also.

For and on behalf of
the Board

Dated: October 09, 2015
Faisalabad

MUHAMMAD ZAHID
Chief Executive Officer

FINANCIAL HIGHLIGHTS

	2015	2014	2013	2012	2011	2010
	(Rupees in Thousand)					
Net Assets Employed						
Fixed assets	4,147,639	3,864,008	1,945,242	1,834,405	1,030,361	1,104,596
Intangible assets	3,354	4,795	5,782	4,552	-	-
Investment in associate	-	-	-	-	-	20,400
Long term deposits	4,450	4,344	4,255	3,282	3,282	3,282
Current assets	2,050,816	1,925,251	2,321,387	1,359,089	1,538,835	1,370,026
Current liabilities	(2,200,559)	(1,745,107)	(1,916,868)	(1,172,185)	(1,347,127)	(1,500,751)
	(149,742)	180,145	404,519	186,905	191,708	(130,725)
Long term liabilities	(372,313)	(665,297)	(112,734)	(131,026)	(106,117)	(320,024)
Net Assets	3,633,388	3,387,994	2,247,064	1,898,117	1,119,234	677,529
Represented By						
Paid up capital	1,274,866	1,274,866	408,611	340,509	340,509	340,509
Reserves	1,635,886	1,374,957	1,085,367	786,903	723,033	266,783
Revaluation surplus	722,636	738,171	753,087	770,706	55,691	70,236
	3,633,388	3,387,994	2,247,064	1,898,117	1,119,234	677,529
Operating Results						
Sales	6,676,002	5,985,119	4,611,797	3,792,121	5,241,845	3,162,511
Gross profit	565,855	763,233	685,014	390,888	894,683	519,122
Operating profit	577,861	844,790	699,092	413,298	979,955	519,645
Profit / (loss) before taxation	144,631	443,795	365,028	62,879	437,172	71,482
Financial Ratios						
Gross profit %	8.48	12.75	14.85	10.31	17.07	16.41
Operating profit %	8.66	14.11	15.16	10.90	18.69	16.43
Profit/(loss) before taxation %	2.17	7.41	7.92	1.66	8.34	2.26
Earning / (Loss) per share (Rs.)	1.91	4.25	5.03	0.30	10.14	1.58
Current ratio	0.93	1.10	1.21	1.16	1.14	0.91
Fixed assets turnover (times)	1.61	1.55	2.37	2.07	5.09	2.86
Debt equity ratio	0.10:1	0.16:1	00:1	00:1	05:95	31:69
Book value per share (Rs.)	22.83	20.79	43.87	33.11	31.23	17.83
Plant capacity and production						
Spinning						
Spindles installed/worked (Nos)	67,104	42,192	42,192	42,192	42,192	42,192
Actual production converted into 20/s count (Kgs. In million)	21.58	15.71	13.78	11.50	15.22	14.74
Weaving						
Number of looms installed/worked(Nos)	280	280	280	280	280	280
Actual production converted into 60 picks (Square Meters)	36,238,488	36,275,978	31,920,341	28,748,245	29,349,365	29,228,474

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

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

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

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

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

As per clause (xi) of the Code, it is mandatory for all the directors of the company (excluding the director who is exempt under the Code) to have certification under any director’s training program by institutions (local or foreign) that met the criteria specified by SECP. A minumum of one director is required to acquire the said certification every year from June 30, 2012 to June 30, 2016. Two out of seven directors are exempt from requirement of certification under the directors training program. The remaining directors were required to complete their

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

AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS

Dated: October 09, 2015
FAISALABAD

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2015

This statement is being presented to comply with Code of Corporate Governance (CCG) contained in the listing regulations of Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices for good Corporate Governance.

ntained in the Code in the following manner:

1 The Company encourages representation of independent non-executive directors and directors representing minority interest on the Board of the Company. However, at present, the Board includes:

Category	Names
Independent Director	Qamar Aftab
Executive Directors	Muhammad Zahid
	Aleeza Zahid
Non-Executive Directors	Muhammad Amjad
	Muhammad Jamshaid
	Muhammad Sharif
	Mst. Huma Zahid

The independent director meets the criteria of independence under clause i(b) of the Code of Corporate Governance

2 The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this company.

3 All the directors of the Company are registered tax payers and none of them has defaulted in payment of any loan to any banking company, development financial institution or a non-banking financial institution.

4 During the year no casual vacancy occurred in the Board.

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 mission, vision and values statement, overall corporate strategy and significant policies of the Company. A complete record of the 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 and other Executive Directors have been taken by the Board.

8 The meetings of the Board were presided over by the Chairman. 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. The Company secretary and CEO attended the meeting of the Board of Directors.

9 The Directors are aware of their duties and responsibilities under the relevant laws and regulations and they are regularly appraised with the amendments in the corporate and other laws if any. Two out of seven directors are exempt from the directors' training program and remaining directors will acquire the required training till June 30,2016.

10 The
The Board

11 The directors' reports for this has been prepared in compliance with the requirements of the code and fully describes the salient matters required to be disclosed.

12 The financial statements of the Company were duly endorsed by CEO and CFO before approval by the Board.

13 The CEO, Directors and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14 The Company has complied with all the corporate and financial reporting requirements of the Code.

15 The Board has formed an Audit Committee. It comprises of three members of whom, two are non executive directors and one is an independent director who is the Chairman of the Committee.

16 The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the Committee have been defined and communicated to the committee for compliance.

17 The Board has formed a Human Resource and Remuneration Committee. It comprises of three members, all of whom are non-executive directors.

18 The Board has set-up an effective internal audit function with employees who are considered 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 Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses or minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.

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 of Karachi and Lahore Stock Exchanges and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21 The related party transactions have been placed before the Audit Committee and approved by the Board of Directors. The transactions were made on terms equivalent to those that prevail in arm’s length transactions.

22 The ‘closed period’, prior to the announcement of interim and final results, and business decisions, which may materially affect the market prices of Company’s shares was determined and intimated to directors, employees and the stock exchanges.

23 Material / Price sensitive information has been disseminated among all market participants at once through the stock exchanges.

24 We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of
Board of Directors

MUHAMMAD ZAHID
Chief Executive Officer

Faisalabad
Dated: October 9, 2015

AUDITORS' REPORT TO THE MEMBERS

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

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

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

(a) (a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

(b) in our opinion:

   i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   ii. the expenditure incurred during the year was for the purpose of the company's business; and

   iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2015 and of the profit, its comprehensive income, 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.

AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS
Engagement Partner: - Hamid Masood

Dated: October 09, 2015
Place: Faisalabad

ZAHIDJEE TEXTILE MILLS LIMITED
BALANCE SHEET
AS AT JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
NON - CURRENT ASSETS			
Property, plant and equipment	3	4,147,639,067	3,864,008,401
Intangible assets	4	3,354,216	4,794,609
Long term security deposits		4,450,142	4,344,062
		4,155,443,425	3,873,147,072
CURRENT ASSETS			
Stores, spares and loose tools	5	136,217,722	146,615,728
Stock in trade	6	876,898,908	888,846,636
Trade debts	7	698,024,070	587,836,930
Loans, advances and deposit	8	146,190,823	137,232,379
Prepayments		1,050,582	579,529
Other receivables	9	20,150,675	20,602,816
Short term investment	10	60,685,620	65,115,670
Tax refunds due from Government	11	104,488,064	73,921,940
Cash and bank balances	12	7,109,869	4,499,708
		2,050,816,333	1,925,251,336
CURRENT LIABILITIES			
Trade and other payables	13	527,108,242	371,298,659
Interest / mark up payable	14	35,854,591	42,521,835
Short term borrowings	15	1,450,095,799	1,198,797,196
Current portion of long term finance	16	187,500,000	75,000,000
Provision for taxation - income tax	29	-	57,488,883
		2,200,558,632	1,745,106,573
		4,005,701,126	4,053,291,835
NON - CURRENT LIABILITIES			
Long term finance	16	330,678,754	517,719,644
Deferred liability			
Deferred taxation	17	41,634,106	147,577,726
		372,312,860	665,297,370
CONTINGENCIES AND COMMITMENTS	18	-	-
Net worth		3,633,388,266	3,387,994,465
Represented by :			
Share capital	19	1,274,865,800	1,274,865,800
Capital reserve			
Merger reserve		366,258,513	366,258,513
Revenue reserves		1,269,627,629	1,008,698,666
		2,910,751,942	2,649,822,979
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	20	722,636,324	738,171,486
		3,633,388,266	3,387,994,465

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

CHIEF EXECUTIVE OFFICER **DIRECTOR**

ZAHIDJEE TEXTILE MILLS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
Sales	21	6,676,002,137	5,985,118,939
Cost of goods sold	22	6,110,146,824	5,221,886,109
Gross profit		565,855,313	763,232,830
Trading (loss)	23	(690,307)	(33,708)
Other income	24	12,696,172	81,591,008
		577,861,178	844,790,130
Distribution cost	25	135,365,161	119,907,694
Administrative expenses	26	90,771,005	89,123,163
Other operating expenses	27	12,817,305	27,430,587
Finance cost	28	194,276,467	164,533,618
		433,229,938	400,995,062
Profit before taxation		144,631,240	443,795,068
Provision for taxation	29	(98,688,789)	91,051,435
Profit for the year		243,320,029	352,743,633
Earnings per share - Basic and diluted	30	1.91	4.25

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

CHIEF EXECUTIVE OFFICER **DIRECTOR**

ZAHIDJEE TEXTILE MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2015

	2015 Rupees	2014 Rupees
Profit for the year	243,320,029	352,743,633
Other comprehensive income for the year		
Item that will not be subsequently reclassified to profit or loss :		
Incremental depreciation on revalued assets for the year	17,608,934	18,569,159
Total comprehensive income for the year	260,928,963	371,312,792

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

CHIEF EXECUTIVE OFFICER **DIRECTOR**

ZAHIDJEE TEXTILE MILLS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015

	2015 Rupees	2014 Rupees
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	144,631,240	443,795,068
Adjustment for:		
Depreciation of property, plant and equipment	140,368,464	69,759,068
Amortisation of intangible assets	1,440,393	1,387,060
Provision for doubtful debts	24,011,725	19,621,234
Net loss / (gain) on disposal of operating assets	514,828	(771,206)
Dividend income	(5,057,135)	(4,045,708)
Impairment loss / (reversal) of impairment loss on short	4,430,050	(30,201,210)
Finance cost	194,276,467	164,533,618
Operating cash flows before working capital changes	504,616,032	664,077,924
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	10,398,006	(28,745,233)
Stock in trade	11,947,728	165,165,551
Trade debts	(134,198,865)	(166,599,339)
Loans, advances and deposit	(18,873,348)	22,357,241
Prepayments	(471,053)	(324,141)
Other receivables	452,141	(888,486)
Tax refunds due from Government	(27,280,938)	(19,538,314)
Increase in current liabilities		
Trade and other payables	159,395,833	9,673,495
	1,369,504	(18,899,226)
Cash generated from operating activities	505,985,536	645,178,698
Finance cost paid	(200,943,711)	(154,188,032)
Income tax paid	(59,626,474)	(67,086,478)
Net cash generated from operating activities	245,415,351	423,904,188

	2015 Rupees	2014 Rupees
(b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in:		
Property, plant and equipment	(424,513,958)	(1,989,653,776)
Intangible assets	-	(400,000)
Proceeds from disposal of operating assets	-	1,899,960
Long term security deposits paid	(106,080)	(89,277)
Dividend received	5,057,135	4,045,708
Net cash (used in) investing activities	(419,562,903)	(1,984,197,385)
(c) CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	-	784,532,800
Long term finance obtained	6,159,110	592,719,644
Repayment of long term finance	(80,700,000)	-
Increase / (decrease) in short term borrowings - net	251,298,603	(287,587,436)
Dividend paid	-	(369)
Net cash generated from financing activities	176,757,713	1,089,664,639
Net increase / (decrease) in cash and cash equivalents (a+b+c)	2,610,161	(470,628,558)
Cash and cash equivalents at the beginning of the year	4,499,708	475,128,266
Cash and cash equivalents at the end of the year	7,109,869	4,499,708

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

CHIEF EXECUTIVE OFFICER **DIRECTOR**

ZAHIDJEE TEXTILE MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2015

	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	CAPITAL RESERVE	REVENUE RESERVES			Total
		Merger reserve	General reserve	Unappropriated profit	Sub total	
	----------	----------	----------	R u p e e s	----------	----------
Balance as at July 01, 2013	408,610,840	366,258,513	300,000,000	419,108,034	719,108,034	1,493,977,387
Transaction with owners						
Bonus shares issued (one share for each five shares held)	81,722,160	-	-	(81,722,160)	(81,722,160)	-
Ordinary shares issued during the year (Eight shares for each five shares held)	784,532,800	-	-	-	-	784,532,800
Total comprehensive income for the year						
Profit for the year	-	-	-	352,743,633	352,743,633	352,743,633
Other comprehensive income						
Items that will not be subsequently reclassified to profit or loss : Incremental depreciation on revalued assets for the year	-	-	-	18,569,159	18,569,159	18,569,159
Balance as at June 30, 2014	1,274,865,800	366,258,513	300,000,000	708,698,666	1,008,698,666	2,649,822,979
Total comprehensive income for the year						
Profit for the year	-	-	-	6,676,002,137	6,676,002,137	6,676,002,137
Other comprehensive income						
Item that will not be subsequently reclassified to profit or loss : Incremental depreciation on revalued assets for the year	-	-	-	-	-	-
Balance as at June 30, 2015	1,274,865,800	366,258,513	300,000,000	7,384,700,803	7,684,700,803	9,325,825,116

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

CHIEF EXECUTIVE OFFICER **DIRECTOR**

ZAHIDJEE TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1. GENERAL INFORMATION

1.1 Zahidjee Textile Mills Limited (the Company) is incorporated in Pakistan on July 17, 1990 as a public limited company under the Companies Ordinance, 1984. The registered office of the Company is situated at 20 Bilal Road, Civil Lines, Faisalabad in the province of Punjab. The Company is currently listed on Karachi and Lahore stock exchanges. The principal business of the Company is export of all kinds of value added fabrics and textile made-ups. The Company is also engaged in the business of manufacturing and sale of yarn. The weaving unit is located at Satyana, District Faisalabad and spinning units are located at Tehsil Jaranwala, District Faisalabad, in the province of Punjab.

1.2 The Company's project of balancing, modernization, replacement (BMR) and expansion of spinning comprising 24,912 spindles has commenced. production from October 2014.

1.3 Pursuant to scheme of arrangement approved by the Honorable Lahore High Court, Lahore, assets, liabilities and reserves of Zahidjee Fabrics Limited were merged with the assets, liabilities and reserves of Zahidjee Textile Mills Limited with effect from July 01, 2006.

1.4 The financial statements are presented in Pakistani Rupee, which is the Company's functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

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

2.2 Application of new and revised International Financial Reporting Standards (IFRSs)

2.2.1 Standards, amendments to standards and interpretations becoming effective in current year

The following standards, amendments to standards and interpretations have been effective and are mandatory for financial statements of the Company for the periods beginning on or after July 01, 2014 and therefore, have been applied in preparing these financial statements.

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The management of the Company do not anticipate that the application of these amendments will have a significant impact on the company's financial statements.

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities.

The application of the amendments is not expected to have any material impact on the Company's financial statements.

Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The amendments remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal.

The application of these amendments has no material impact on the disclosures in the company's financial statements.

- **IFRIC 21 Levies**

IFRIC 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for.

The application do not expected to have material impact on the Company's financial statements.

Annual Improvements to IFRSs 2010-2012 Cycle

The Annual Improvements to IFRSs 2010-2012 Cycle include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to IFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to IFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit or loss. The amendments to IFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to the basis for conclusions of IFRS 13 clarify that the issue of IFRS 13 and consequential amendments to IAS 39 and IFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective date, they are considered to be immediately effective.

The amendments to IAS 16 and IAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/ amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the company's financial statements.

Annual Improvements to IFRSs 2011-2013 Cycle

The Annual Improvements to IFRSs 2011-2013 Cycle include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the company's financial statements.

2.2.2 Standards, amendments to standards and interpretations becoming effective in current year but not relevant

There are certain amendments to standards that became effective during the year and are mandatory for accounting periods of the Company beginning on or after July 01, 2014 but are considered not to be relevant to the Company's operations and are, therefore, not disclosed in these financial statements.

2.2.3 Standards, amendments to standards and interpretations becoming effective in future periods

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

- **IFRS 9 Financial Instruments (2014)**:

  IFRS 9 contains accounting requirements for financial instruments in the areas of classification and measurement, impairments, hedge accounting, de-recognition:

  All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at Fair Value Through Other Comprehensive Income. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods.

  With regard to the measurement of financial liabilities designated as at fair value through profit or loss, standard requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

  In relation to the impairment of financial assets, standard requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39.

  The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

  The standard is effective for accounting period beginning on or after January 01, 2018. The management of the company is reviewing the changes to evaluate the impact of application of standard on the financial statements.

IFRS 13 Fair Value Measurement

The standard replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard and requires certain additional disclosures about fair value measurement. The standard is effective for annual reporting periods beginning on or after January 01, 2015. The standard is not expected to have any significant impact on the company's financial statements.

- **IFRS 15 Revenue from Contracts with Customers:** IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

  Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The standard is effective for accounting periods beginning on or after January 01, 2017. The Management is in the process of evaluating the impact of application of the standard on the Company's financial statements.

- **Amendments to IAS 1 Disclosure Initiative:**

  These amendments are intended to assist entities in applying judgment when meeting the presentation and disclosure requirements in IFRS, and do not affect recognition and measurement.

  These amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports. The amendments are effective for annual periods beginning on or after 1 January 2016, The management of the company is reviewing the impact on the disclosure requirements of financial statements.

Amendment to IAS 16 "Property Plant and Equipment" and IAS 38 "Intangible Assets":

- In this amendment it is clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The amendment is effective for accounting periods beginning on or after January 01, 2016. The application of amendment is not expected to have any material impact on the Company's financial statements.

Annual improvements 2014

These set of amendments impacts 3 standards:

- IFRS 7, 'Financial instruments: Disclosures', (with consequential amendments to IFRS 1) regarding servicing contracts.

- IAS 19, 'Employee benefits' regarding discount rates.

  The application of amendments is not expected to have any material impact on the Company's financial statements.

2.2.4 Standards, amendments to standards and interpretations becoming effective in future period but not relevant.

There are certain new standards, amendments to standards and interpretations that are effective from different future periods but are considered not to be relevant to the Company's operations, therefore, not disclosed in these financial statements.

2.3 Basis of preparation

The financial statements have been prepared under the historical cost convention except: -

- Certain property, plant and equipment carried at valuation.
- Short term investments measured at fair value.

2.4 Property, plant and equipment

Property, plant and equipment except freehold land and capital work-in-progress are stated at cost / valuation less accumulated depreciation and impairment in value, if any. Freehold land and capital work in progress are stated at valuation, cost less accumulated impairment in value, if any.

Depreciation is charged to income applying the reducing balance method at the rates specified in property, plant and equipment note 3.

Assets' residual values, if significant and their useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. In respect of additions and disposals during the year, depreciation is charged from the month of acquisition or capitalisation and upto the month preceding the disposal respectively.

When parts of an item of property, plant and equipment have different useful lives, they are recognised as a separate item of property, plant and equipment.

Normal repair and maintenance costs are charged to income during the period in which they are incurred. Major renewals and improvements are capitalised.

Gains or losses on disposal of assets, if any, are recognised as and when incurred.

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when these assets are available for use.

Surplus arising on revaluation of an item of property, plant and equipment is credited to surplus on revaluation of property, plant and equipment, except to the extent of reversal of deficit previously charged to income, in which case that portion of the surplus is recognised in income. Deficit on revaluation of an item of property, plant and equipment is charged to surplus on revaluation of that asset to the extent of surplus and any excess deficit is charged to income. On subsequent sale or retirement of revalued item of property, plant and equipment, the attributable balance of surplus is transferred to unappropriated profit through statement of comprehensive income. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related assets is transferred to unappropriated profit through statement of comprehensive income.

2.5 Intangible assets

These are stated at cost less accumulated amortisation and impairment in value, if any. Intangible assets are amortised over a period of five years using straight line method.

Amortisation on additions during the year is charged from the month in which an asset is acquired or captalised.

All costs / expenditure connected with software implementation are collected in computer softwares under implementation. These are carried at cost less impairment in value, if any and are transferred to specific assets as and when assets are available for intended use.

2.6 Investments

Investments are initially recognised / derecognised on trade date at cost being the fair value of consideration given including cash transaction. Trade date is the date that the Company commits to purchase or sell the investment. After initial recognition these are recognised and accounted for as follows:

Available for sale investments

Investment securities intended to be held for an indefinite period of time which may be sold in response to needs for liquidity or changes in interest rates or equity prices are classified as available for sale. These investments are initially recognised at fair value plus transaction cost and subsequently re-measured at fair value. The investments for which quoted market price is not available, are measured at costs as it is not possible to apply any other valuation methodology. Gains and losses arising from re-measurement at fair value are recognised in equity, through statement of comprehensive income, under fair value reserve until sold or otherwise disposed off at which time, the cumulative gain or loss previously recognised in equity is included in profit and loss account.

Derecognition

All investments are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Gain / loss on sale of investments is taken to income in the period in which it arises.

2.7 Impairment

The Company assesses at each balance sheet date whether there is any indication that assets except deferred tax assets may be impaired. If such indications exist, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in profit and loss account, unless the relevant assets are carried at revalued amounts, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

Where impairment loss subsequently reverses, the carrying amounts of the assets are increased to the revised recoverable amounts but limited to the carrying amounts that would have been determined had no impairment loss been recognised for the assets in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant assets are carried at revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.8 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.9 Stores, spares and loose tools

These are valued at moving average cost less allowance for obsolete and slow moving items. Items in transit are valued at invoice value plus other charges incurred thereon.

2.10 Stock in trade

Stock in trade except wastes are valued at the lower of cost and net realisable value. Cost is determined as follows:

Raw material	Weighted average cost except items in transit which are valued at cost accumulated upto the balance sheet date.
Work in process	Average manufacturing cost.
Finished goods	Average manufacturing cost.

Wastes are valued at net realisable value.

Net realisable value represents the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sales. Average manufacturing cost represents cost of direct materials, labour and appropriate manufacturing overheads.

2.11 Trade debts and other receivables

Trade debts are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified. Other receivables are carried at nominal amount which is the fair value of the consideration to be received in future.

2.12 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks, highly liquid short-term investments that are convertible to known amounts of cash and are subject to insignificant risk of change in value.

2.13 Trade and other payables

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

2.14 Provisions

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

2.15 Provision for taxation

Current taxation

Provision for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemption available under the law.

Deferred taxation

Deferred tax is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release – 27 of the Institute of Chartered Accountants of Pakistan.

Deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized.

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

Deferred tax is charged or credited in the income statement, except in case of items charged or credited to equity in which case it is included in equity.

2.16 Dividend and other appropriations

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

2.17 Foreign currency translation

Transactions in currencies other than Pakistani Rupee are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date except where forward exchange contracts have been entered into for repayment of liabilities, in that case, the rates contracted for are used.

Gains and losses arising on retranslation are included in net profit or loss for the period.

2.18 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and de-recognised when the Company loses control of the 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.

Other particular recognition methods adopted by the Company are disclosed in the individual policy statements associated with each item of financial instruments.

2.19 Offsetting of financial asset and financial liability

A financial asset and a financial liability is offset and the net amount reported in the balance sheet, if the Company has a legal enforceable right to offset the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.20 Derivative financial instruments

The Company uses derivative financial instruments such as interest rate swaps and cross currency swaps to hedge its risk associated with interest and exchange rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses from change in fair value of derivatives that do not qualify for hedge accounting are taken directly to profit and loss account.

2.21 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

Sales of goods are recognised when goods are delivered and title has passed.

Interest income is recognised on time proportionate basis.

Dividend income from investments is recognised when the Company's right to receive payment has been established except dividend from associate accounted for using equity method which is recognised as a reduction of the carrying value of investment when the Company's right to receive payment has been established.

2.22 Related party transactions

Transactions with related parties are priced on arm's length basis. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller.

2.23 Critical accounting estimates and judgments

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets, provision for doubtful receivables and slow moving inventory and taxation. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

	Note	2015 Rupees	2014 Rupees
3. Property, plant and equipment			
Operating assets	3.1	3,722,656,213	1,846,040,695
Capital work in progress	3.5	415,529,806	1,901,798,133
Advances against purchase of land		3,998,000	33,248,000
Advances to contractors		5,455,048	82,921,573
		4,147,639,067	3,864,008,401

3.1 Operating assets

	Freehold land	Building on freehold land	Plant and machinery	Electric installations	Factory equipment	Office equipment	Electric appliances	Furniture and fittings	Vehicles	Total
					Rupees					
At July 01, 2013										
Cost \ valuation	525,487,750	399,140,481	888,718,739	64,384,613	5,462,330	10,742,745	2,071,900	4,536,555	44,702,133	1,945,247,246
Accumulated depreciation	-	(19,957,024)	(42,316,301)	(43,048,083)	(2,992,357)	(5,240,082)	(1,036,549)	(2,193,158)	(24,983,833)	(141,767,387)
Net book value	525,487,750	379,183,457	846,402,438	21,336,530	2,469,973	5,502,663	1,035,351	2,343,397	19,718,300	1,803,479,859
Year ended June 30, 2014										
Opening net book value	525,487,750	379,183,457	846,402,438	21,336,530	2,469,973	5,502,663	1,035,351	2,343,397	19,718,300	1,803,479,859
Additions	70,996,614	-	34,943,384	-	44,079	529,307	631,550	462,300	5,841,425	113,448,659
Disposals:										
Cost \ valuation	-	-	-	-	(154,510)	-	-	-	(3,690,238)	(3,844,748)
Accumulated depreciation	-	-	-	-	72,397	-	-	-	2,643,597	2,715,994
	-	-	-	-	(82,113)	-	-	-	(1,046,641)	(1,128,754)
Depreciation charge	-	(18,959,173)	(43,023,494)	(2,133,653)	(240,550)	(579,338)	(141,397)	(257,901)	(4,423,563)	(69,759,069)
Closing net book value	596,484,364	360,224,284	838,322,328	19,202,877	2,191,389	5,452,632	1,525,504	2,547,796	20,089,521	1,846,040,695
At July 01, 2014										
Cost \ valuation	596,484,364	399,140,481	923,662,123	64,384,613	5,351,899	11,272,052	2,703,450	4,998,855	46,853,320	2,054,851,157
Accumulated depreciation	-	(38,916,197)	(85,339,795)	(45,181,736)	(3,160,510)	(5,819,420)	(1,177,946)	(2,451,059)	(26,763,799)	(208,810,462)
Net book value	596,484,364	360,224,284	838,322,328	19,202,877	2,191,389	5,452,632	1,525,504	2,547,796	20,089,521	1,846,040,695
Year ended June 30, 2015										
Opening net book value	596,484,364	360,224,284	838,322,328	19,202,877	2,191,389	5,452,632	1,525,504	2,547,796	20,089,521	1,846,040,695
Additions	-	-	65,521,833	68,708,546	27,006,503	512,293	2,279,779	732,606	83,440	164,845,000
Transfer from capital work in progress	-	600,581,477	1,252,072,333	-	-	-	-	-	-	1,852,653,810
Disposals:										
Cost	-	-	(510,000)	(19,000)	(70,432)	(1,700)	(8,000)	-	-	(609,132)
Accumulated depreciation	-	-	27,254	15,894	46,324	218	4,614	-	-	94,304
	-	-	(482,746)	(3,106)	(24,108)	(1,482)	(3,386)	-	-	(514,828)
Depreciation charge	-	(36,843,940)	(89,830,726)	(6,916,981)	(1,642,656)	(563,323)	(268,575)	(273,234)	(4,029,029)	(140,368,464)
Closing net book value	596,484,364	923,961,821	2,065,603,022	80,991,336	27,531,128	5,400,120	3,533,322	3,007,168	16,143,932	3,722,656,213
At June 30, 2015										
Cost \ valuation	596,484,364	999,721,958	2,240,746,289	133,074,159	32,287,970	11,782,645	4,975,229	5,731,461	46,936,760	4,071,740,835
Accumulated depreciation	-	(75,760,137)	(175,143,267)	(52,082,823)	(4,756,842)	(6,382,525)	(1,441,907)	(2,724,293)	(30,792,828)	(349,084,622)
Net book value	596,484,364	923,961,821	2,065,603,022	80,991,336	27,531,128	5,400,120	3,533,322	3,007,168	16,143,932	3,722,656,213
Annual rate of depreciation (%)	-	5	5	10	10	10	10	10	20	

	Note	2015 Rupees	2014 Rupees

3.2 Depreciation for the year has been allocated as under:

	Note	2015 Rupees	2014 Rupees
Cost of goods sold	22.1	135,502,878	64,441,860
Administrative expenses	26	4,865,586	5,317,209
		140,368,464	69,759,069

3.3 Had there been no revaluation, the carrying values of freehold land, building on freehold land and plant and machinery at June 30, 2015 and 2014 would have been as follows:

	Carrying value 2015 Rupees	2014 Rupees
Freehold land	144,296,863	144,296,863
Building on freehold land	881,197,679	315,209,398
Plant and machinery	1,773,162,082	530,523,198
	2,798,656,624	990,029,459

3.4 Detail of disposal of operating assets

Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Particulars of buyers
	---- Rupees ----				
Plant and machinery (Scrapped under Company policy)	510,000	27,254	482,746	-	Scrapped under Company policy
Electric Installation (Scrapped under Company policy)	19,000	15,894	3,106	-	
Office equipment (Scrapped under Company policy)	1,700	218	1,482	-	
Electric Appliances (Scrapped under Company policy)	8,000	4,614	3,386	-	
Factory equipment (Scrapped under Company policy)	70,432	46,324	24,108	-	
2015	609,132	94,304	514,828	-	
2014	3,844,748	2,715,994	1,128,754	1,899,960	

3.5 Capital work in progress

	Note	Civil work	Plant and machinery	Total
		Rupees		
Balance as at July 1, 2013		113,059,801	16,702,787	129,762,588
Additions		526,143,318	1,245,892,227	1,772,035,545
Balance as at June 30, 2014		639,203,119	1,262,595,014	1,901,798,133
Additions	3.5.1	337,764,448	28,621,035	366,385,483
Transfer to operating assets		(600,581,477)	(1,252,072,333)	(1,852,653,810)
Balance as at June 30, 2015		376,386,090	39,143,716	415,529,806

3.5.1 Additions in plant and machinery include finance cost of Rs. 17.86 million (2014: Rs. 13.50 million) directly attributable to acquisition / installation of plant and machinery.

4. Intangible assets

	Note	2015 Rupees	2014 Rupees
Computer software and license			
Cost		7,201,963	7,201,963
Accumulated amortisation		(3,847,747)	(2,407,354)
Written down value		3,354,216	4,794,609

4.1 Reconciliation of written down value

	Note	2015 Rupees	2014 Rupees
Opening written down value		4,794,609	5,781,669
Additions		-	400,000
Amortisation for the year	26	(1,440,393)	(1,387,060)
Closing balance		3,354,216	4,794,609

4.1.1 Amortisation rate is 20% per annum.

5. Stores, spares and loose tools

	Note	2015 Rupees	2014 Rupees
Stores			
In hand		58,028,303	61,258,679
In transit		-	3,505,307
		58,028,303	64,763,986
Spares	5.1	77,724,516	81,186,218
Loose tools		464,903	665,524
		136,217,722	146,615,728

5.1 Spares include items that may result in fixed capital expenditure but are not distinguishable.

6. Stock in trade

	Note	2015 Rupees	2014 Rupees
Raw materials			
In hand	6.1	657,633,216	733,521,025
In transit		-	2,151,870
		657,633,216	735,672,895
Work in process		81,150,955	61,362,805
Finished goods	6.1	132,119,230	86,518,160
Waste		5,995,507	5,292,776
		876,898,908	888,846,636

6.1 Stock in trade amounting to Rs. 574.02 million (2014: Rs. 618.59 million) was pledged as security with the banking companies.

	Note	2015 Rupees	2014 Rupees
7. Trade debts			
Considered good			
Secured			
Foreign		81,122,148	93,020,016
Unsecured			
Foreign		167,615,425	150,581,281
Local		449,286,497	344,235,633
		616,901,922	494,816,914
Considered doubtful			
Unsecured			
Local		61,632,959	37,621,234
Less: Provision for doubtful debts		(61,632,959)	(37,621,234)
		-	-
		698,024,070	587,836,930
8. Loans, advances and deposit			
Considered good			
Advances			
Employees		584,324	932,693
Suppliers		49,536,828	45,010,032
For purchases and expenses		34,865,162	23,811,659
Income tax		57,171,574	67,086,478
Letters of credit fee and expenses		4,032,935	63,717
Deposit			
Guarantee margin		-	327,800
		146,190,823	137,232,379
9. Other receivables			
Considered good			
Export rebate / duty drawback		17,156,420	18,259,349
Other		2,994,255	2,343,467
		20,150,675	20,602,816
10. Short term investment			
Available for sale at fair value			
Quoted securities			
Habib Metropolitan Bank Limited			
2,022,854 (2014: 2,022,854)			
Ordinary shares of Rs.10/- each		65,115,670	34,914,460
(Impairment loss) / reversal of impairment loss		(4,430,050)	30,201,210
		60,685,620	65,115,670
11. Tax refunds due from Government			
Income tax		3,285,186	2,454,900
Sales tax		101,202,878	71,467,040
		104,488,064	73,921,940
12. Cash and bank balances			
Cash in hand		362,077	2,717,350
Cash at banks			
In current accounts		5,524,699	1,593,439
In PLS accounts	12.1	1,223,093	188,919
		7,109,869	4,499,708

12.1 Effective profit rate in respect of PLS accounts was 4.5% to 7% per annum (2014 : 7% to 9% per annum).

	Note	2015 Rupees	2014 Rupees

13. Trade and other payables

	Note	2015 Rupees	2014 Rupees
Creditors		341,815,470	203,008,210
Accrued liabilities		91,233,887	69,384,858
Advance from customers		41,940,877	29,592,384
Payable to provident fund		5,519,853	1,117,542
Workers' profit participation fund	13.1	7,872,427	23,561,283
Workers' welfare fund		-	3,586,250
Unclaimed dividend		1,763,009	1,763,009
Withholding taxes		5,272,020	5,594,046
Others	13.2	31,690,699	33,691,077
		527,108,242	371,298,659

13.1 Workers' profit participation fund

	2015 Rupees	2014 Rupees
Opening balance	23,561,283	19,318,588
Interest on funds utilised in the Company's business	735,499	646,871
	24,296,782	19,965,459
Paid to workers on behalf of the fund	(24,296,782)	(19,965,459)
	-	-
Allocation for the year	7,872,427	23,561,283
	7,872,427	23,561,283

13.2 It includes exchange loss of Rs. 22,967,873/- (2014: Rs. 22,967,873/-) and early termination charges of Rs. 8,630,367/- (2014: 8,630,367/-) on cross currency swap. The Company has filed a suit against these charges and the case is pending before the Honourable Lahore High Court.

14. Interest / mark up payable

	Note	2015 Rupees	2014 Rupees
Interest / mark up payable on:			
Short term borrowings		23,809,458	31,782,389
Long term finance		12,045,133	10,739,446
		35,854,591	42,521,835

15. Short term borrowings

	Note	2015 Rupees	2014 Rupees
Secured			
From banking companies			
Export finances	15.2	579,100,000	507,600,000
Running finances	15.2	199,942,055	187,262,567
Cash finances	15.3	534,610,628	479,540,655
Un-secured			
From directors and associates	15.4	136,443,116	24,393,974
		1,450,095,799	1,198,797,196

15.1 The aggregate unavailed short term borrowing facilities available to the Company are Rs. 2,611.52 million (2014 : Rs. 1,701 million).

15.2 These are secured against first joint parri passu charge and ranking charge over present and future current assets of the Company, ranking charge over fixed assets of spinning and weaving unit, lien on export documents and by personal guarantee of directors of the Company. These are subject to mark up at the rates of one month KIBOR plus 1% per annum, three months KIBOR plus 1.25% to 1.5% per annum (2014: one month KIBOR plus 1% per annum, three months KIBOR plus 1% to 1.5% per annum) and SBP rate plus1% per annum (2014: SBP rate plus1% per annum).

The effective rate of mark up charged during the year ranges from 6% to 11.53% per annum (2014: 9.4% to 13.10% per annum).

15.3 These are secured against pledge of cotton, polyester, yarn and grey cloth. These are further secured by personal guarantee of directors of the Company. These are subject to mark up at the rates of one month KIBOR plus 1% per annum and three months KIBOR plus 1% to 1.25% per annum (2014: one month KIBOR plus 1% per annum and three months KIBOR plus 1% to 1.5% per annum).

The effective rate of mark up charged during the year ranges from 7.83% to 11.41% per annum (2014: 10.01% to 11.42% per annum).

15.4 These are interest free.

	Note	2015 Rupees	2014 Rupees
16. Long term finance			
Secured			
From banking company			
Under mark up arrangements	16.1	518,178,754	592,719,644
Less : Current portion		(187,500,000)	(75,000,000)
		330,678,754	517,719,644

16.1 It is repayable in 16 equal quarterly installments commencing from March 31, 2015 and ending on December 31, 2018. It is secured against first charge over fixed assets of spinning and weaving unit of the Company. It is further secured by the personal guarantee of directors of the Company. It is subject to markup at three months KIBOR plus 1.5% to 1.75% per annum (2014: three month KIBOR plus 1.5% to 1.75% per annum) payable quarterly in arrears. The aggregate unavailed facility available to the Company is 300 million (2014: Rs. 7.28 million.)

Effective markup rates charged during the year ranges from 9.5% to 11.96% per annum (2014: 11.55% to 11.92% per annum) .

	2015 Rupees	2014 Rupees
17. Deferred taxation		
Opening balance	147,577,726	112,734,263
(Reversal) of deferred tax related to:		
Incremental depreciation on revalued assets	(3,145,378)	(3,524,204)
Provision / (reversal) of deferred tax on surplus	1,071,606	(129,835)
(Reversed) / provided during the year	(103,869,848)	38,497,502
	41,634,106	147,577,726

17.1 It represents the following:

Deferred tax liability:		
Difference between accounting and tax bases of assets	256,025,019	154,764,742
Deferred tax asset:		
Carry forward tax credits	(214,390,913)	(7,187,016)
	41,634,106	147,577,726

	2015 Rupees	2014 Rupees
18. CONTINGENCIES AND COMMITMENTS		
Contingencies		
Bank guarantees issued in favour of :		
Sui Northern Gas Pipelines Limited for supply of gas.	30,560,500	30,560,500
Faisalabad Electric Supply Company Limited for supply of electricity.	15,531,760	8,379,760
Indemnity bonds issued in favour of collector of customs / sales tax, Faisalabad to avail exemption of sales tax and custom duty on imported raw material / machinery.	137,804,924	137,804,924
Demand of social security contribution regarding prior years by Punjab Social Security Institute. Matter is pending in the Honourable Civil Court, Faisalabad.	2,780,528	2,780,528
Income tax demand not acknowledged due to pending appeals	42,196,824	28,918,094
Liability of workers' welfare fund not acknowledged. The Company is claiming exemption from the levy.	23,260,683	20,327,818
Commitments		
Under letters of credit for raw material and spare parts	18,212,614	22,377,639
Under contracts for purchase of land	351,472,255	439,222,255

19. Share capital

19.1 Authorised capital

2014 Number of shares	2015 Number of shares		2015 Rupees	2014 Rupees
135,000,000	135,000,000	Ordinary shares of Rs. 10/- each.	1,350,000,000	1,350,000,000

19.2 Issued, subscribed and paid up capital

2014 Number of shares	2015 Number of shares		2015 Rupees	2014 Rupees
11,009,300	11,009,300	Ordinary shares of Rs. 10/- each fully paid in cash.	110,093,000	110,093,000
23,041,604	23,041,604	Ordinary shares of Rs.10/- each issued as fully paid shares as per scheme of arrangement for amalgamation sanctioned by the Court.	230,416,040	230,416,040
14,982,396	14,982,396	Ordinary shares of Rs.10/- each issued as fully paid bonus shares.	149,823,960	149,823,960
78,453,280	78,453,280	Ordinary shares of Rs. 10/- each issued as fully paid in cash.	784,532,800	784,532,800
127,486,580	127,486,580		1,274,865,800	1,274,865,800

	2015 Rupees	2014 Rupees

20. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	2015 Rupees	2014 Rupees
Surplus on revaluation of property, plant and equipment at the beginning of the year	805,001,517	823,570,676
Transferred to unappropriated profit in respect of :		
Incremental depreciation	(17,608,934)	(18,569,159)
Surplus on revaluation of property, plant and equipment as at June 30,	787,392,583	805,001,517
Related deferred tax liability on:		
Revaluation at the beginning of the year	66,830,031	70,484,070
Deferred tax relating to:		
Incremental depreciation	(3,145,378)	(3,524,204)
Deferred tax provided / (reversed) during the year	1,071,606	(129,835)
	64,756,259	66,830,031
	722,636,324	738,171,486

20.1 Latest revaluation of freehold land, building on freehold land and plant and machinery was carried out by independent valuers M/S Empire Enterprises Pakistan as at June 30, 2012. Freehold land was revalued on market value basis and building on freehold land and plant and machinery were revalued on depreciated replacement cost basis.

21. Sales

	Note	2015 Rupees	2014 Rupees
Export			
Cloth / made ups		2,306,271,836	2,478,322,083
Local			
Yarn		4,202,393,828	3,325,093,973
Cloth		7,428,681	25,511,895
Waste and left over		184,374,341	171,162,326
Conversion receipts		20,919,495	29,478,568
		4,415,116,345	3,551,246,762
		6,721,388,181	6,029,568,845
Add: Export rebate / duty drawback		4,576,933	2,192,656
		6,725,965,114	6,031,761,501
Less: Commission and claims		49,962,977	46,642,562
		6,676,002,137	5,985,118,939

22. Cost of goods sold

	Note	2015 Rupees	2014 Rupees
Cost of goods manufactured	22.1	6,156,450,625	5,173,985,208
Finished goods			
Opening stock		91,810,936	139,711,837
Closing stock		(138,114,737)	(91,810,936)
		(46,303,801)	47,900,901
		6,110,146,824	5,221,886,109

	Note	2015 Rupees	2014 Rupees
22.1 Cost of goods manufactured			
Raw material consumed	22.1.1	4,608,112,907	4,046,453,715
Packing material consumed		57,146,655	40,429,969
Salaries, wages and benefits		453,325,512	330,083,730
Retirement benefits		14,543,468	9,733,601
Stores and spares consumed		352,620,732	172,922,641
Fuel and power		525,703,986	486,492,331
Repairs and maintenance		12,763,650	13,362,805
Insurance		9,858,994	8,089,867
Depreciation	3.2	135,502,878	64,441,860
Other		6,659,993	4,598,409
		6,176,238,775	5,176,608,928
Work in process			
Opening stock		61,362,805	58,739,085
Closing stock		(81,150,955)	(61,362,805)
		(19,788,150)	(2,623,720)
		6,156,450,625	5,173,985,208

	2015 Rupees	2014 Rupees
22.1.1 Raw material consumed		
Opening stock	733,521,025	855,561,265
Purchases including purchase expenses and claims	4,532,225,098	3,924,413,475
	5,265,746,123	4,779,974,740
Closing stock	(657,633,216)	(733,521,025)
	4,608,112,907	4,046,453,715

23. Trading (loss)

	2015 Rupees	2014 Rupees
Sale of polyester	22,663,719	6,279,120
Cost of sales	23,354,026	6,312,828
	(690,307)	(33,708)

24. Other income

	2015 Rupees	2014 Rupees
Income from financial assets:		
Profit on deposits	237,796	44,492,648
Dividend	5,057,135	4,045,708
Reversal of impairment loss	-	30,201,210
Income from assets other than financial assets:		
Scrap sales	7,401,241	2,080,236
Gain on disposal of operating assets	-	771,206
	12,696,172	81,591,008

25. Distribution cost

	2015 Rupees	2014 Rupees
Ocean freight	76,360,547	70,348,981
Local freight	13,814,004	14,416,464
Clearing and forwarding	35,667,994	27,116,264
Export development surcharge	5,230,381	6,523,850
Insurance	1,084,026	1,188,424
Other	3,208,209	313,711
	135,365,161	119,907,694

	Note	2015 Rupees	2014 Rupees

26. Administrative expenses

	Note	2015 Rupees	2014 Rupees
Director's remuneration		600,000	600,000
Staff salaries and benefits		26,016,913	23,848,891
Retirement benefits		2,352,174	1,724,733
Postage and telecommunication		3,368,997	4,160,609
Vehicles running and maintenance		12,012,310	12,497,034
Travelling and conveyance		2,062,315	4,291,782
Printing and stationery		716,721	874,842
Electricity and gas		1,861,240	2,320,913
Fees, subscriptions and periodicals		3,135,177	4,574,657
Advertisement		34,400	149,600
Insurance		957,029	752,363
Auditors' remuneration	26.1	1,277,000	1,277,000
Legal and professional		1,245,005	1,855,132
Rent, rates and taxes		909,180	497,256
Entertainment		384,288	742,513
Provision for doubtful debts		24,011,725	19,621,234
Depreciation	3.2	4,865,586	5,317,209
Amortisation of intangible assets	4.1	1,440,393	1,387,060
Other		3,520,552	2,630,335
		90,771,005	89,123,163

26.1 Auditors' remuneration

		2015 Rupees	2014 Rupees
Audit fee		1,000,000	1,000,000
Sundry services		277,000	277,000
		1,277,000	1,277,000

27. Other operating expenses

		2015 Rupees	2014 Rupees
Workers' profit participation fund		7,872,427	23,561,283
Workers' welfare fund		-	3,869,304
Impairment loss on short term investment		4,430,050	-
Loss on disposal of property, plant and equipment		514,828	-
		12,817,305	27,430,587

28. Finance cost

		2015 Rupees	2014 Rupees
Interest / mark up on:			
Short term borrowings		145,111,172	161,106,400
Long term finance		44,799,598	-
Workers' profit participation fund		735,499	646,871
Bank charges and commission		3,630,198	2,780,347
		194,276,467	164,533,618

29. Provision for taxation

		2015 Rupees	2014 Rupees
Current			
for the year		-	57,488,883
for prior year		5,181,059	(4,934,950)
Deferred		(103,869,848)	38,497,502
		(98,688,789)	91,051,435

29.1 Relationship between tax expense and accounting profit

The relationship between tax expense and accounting profit has not been presented in these financial statements as the income from local sales excluding conversion receipts is subject to minimum tax under section 113 and income from export sales and conversion receipts is subject to final tax under section 153, 154 and 169 of the Income Tax Ordinance, 2001.

30. Earnings per share - Basic and diluted

	2015	2014
Profit for the year (Rupees)	243,320,029	352,743,633
Weighted average number of ordinary shares outstanding during the year	127,486,580	82,976,779
Earnings per share - Basic and diluted (Rupees)	1.91	4.25

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

31. REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2015		2014	
	Chief Executive Officer	Executives	Chief Executive Officer	Executives
Remuneration	384,000	25,144,320	384,000	12,588,160
House rent allowance	172,800	11,314,944	172,800	5,664,672
Medical allowance	38,400	2,514,432	38,400	1,258,816
Utilities allowance	4,800	314,304	4,800	157,352
	600,000	39,288,000	600,000	19,669,000
Number of persons	1	33	1	20

31.1 Chief Executive Officer is entitled to free use of the Company maintained vehicle. The monetary value of running and maintenance is Rs. 1,354,778/- (2014: Rs. 1,270,541/-). The Directors have waived off their meeting fee.

32. AGGREGATE TRANSACTIONS WITH RELATED PARTIES

The Company in the normal course of business carries out transactions with various related parties which comprise of associated undertakings and key management personnel. Amounts due to related parties are shown under the relevant notes to the financial statements. Remuneration to Chief Executive Officer, Directors and Executives is disclosed in Note 31. There are no other significant transactions with related parties.

33. DISCLOSURE WITH REGARD TO PROVIDENT FUND

		2015	2014
Size of the fund	(Rupees)	63,470,046	32,734,415
Cost of investment made	(Rupees)	-	-
Percentage of investment made	(Percentage)	0.00%	0.00%
Fair value of investment	(Rupees)	-	-

33.1 These figures are based on the un-audited financial statements of the provident fund.

34. NUMBER OF EMPLOYEES

	2015	2014
Total number of employees as at June 30	1085	891
Average number of employees during the year	1069	913

35. PLANT CAPACITY AND ACTUAL PRODUCTION

	2015	2014
Spinning		
Number of spindles installed	67,104	42,192
Number of spindles worked	67,104	42,192
Number of shifts per day	3	3
Installed capacity after conversion into 20/s count (Kgs)	24,806,624	15,700,624
Actual production of yarn after conversion into 20/s count (Kgs)	21,575,189	15,707,174
Weaving		
Number of looms installed	280	280
Number of looms worked	280	280
Number of shifts per day	3	3
Annual production capacity converted into 60 picks (Square Meters)	42,536,384	42,536,384
Actual production converted into 60 picks (Square Meters)	36,238,488	36,275,978

35.1 Reasons for shortfall:

- It is difficult to determine precisely the production / related capacity since it fluctuates widely depending on various factors such as speed, width and quality etc.

- The actual production is planned to meet the market demand.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company finances its operations through the mix of equity, debt and working capital management with a view to maintain an appropriate mix between various sources of finance to minimise risk. The overall risk management is carried out by the finance department under the oversight of Board of Directors in line with the policies approved by the Board.

36.1 FINANCIAL INSTRUMENTS BY CATEGORY

	2015 Rupees	2014 Rupees
Financial assets at amortised cost:		
Long term deposits	4,450,142	4,344,062
Trade debts	698,024,070	587,836,930
Loans, advances and deposit	584,324	1,260,493
Other receivables	2,994,255	2,343,467
Short term investments	60,685,620	65,115,670
Cash and bank balances	7,109,869	4,499,708
	773,848,280	665,400,330

	2015 Rupees	2014 Rupees
Financial liabilities at amortised cost:		
Trade and other payables	472,022,918	312,550,946
Interest / mark up payable	35,854,591	42,521,835
Short term borrowings	1,450,095,799	1,198,797,196
Long term finance	518,178,754	592,719,644
	2,476,152,062	2,146,589,621

36.2 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Company's activities expose it to a variety of financial risks (credit risk, liquidity risk and market risk). Risks measured and managed by the Company are explained below:

36.2.1 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The maximum exposure to credit risk at the reporting date is as follows:

	2015 Rupees	2014 Rupees
Long term deposits	4,450,142	4,344,062
Trade debts	698,024,070	587,836,930
Loans, advances and deposit	584,324	1,260,493
Other receivables	2,994,255	2,343,467
Bank balances	5,524,699	1,593,439
	711,577,490	597,378,391

Due to Company's long standing relations with counterparties and after giving due consideration to their financial standing, the management does not expect non performance by these counter parties on their obligations to the Company except trade debts considered doubtful.

For trade debts credit quality of the customer is assessed, taking into consideration its financial position and previous dealings. Individual credit limits are set. The management regularly monitor and review customers credit exposure. The aging of trade debts as at balance sheet date is as under:

	2015 Rupees	2014 Rupees
Not past due	683,675,626	535,685,808
Past due	75,981,403	89,772,356
Less: Provision for doubtful debts	(61,632,959)	(37,621,234)
	14,348,444	52,151,122
	698,024,070	587,836,930

Appropriate provision has been made in respect of past due trade debts considered doubtful. The credit risk exposure is limited in respect of bank balances as these are placed with local banks having good credit rating from international and local credit rating agencies.

36.2.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to manage liquidity risk is to maintain sufficient level of liquidity by holding highly liquid assets and maintaining adequate reserve borrowing facilities. This includes maintenance of balance sheet liquidity ratios through working capital management. Following are the contractual maturities of financial liabilities including interest payments as at June 30, 2015 and June 30, 2014.

	2015				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years
	---Rupees in thousand---				
Financial liabilities:					
Trade and other payables	472,023	472,023	472,023	-	-
Interest / mark up payable	35,855	35,855	35,855	-	-
Short term borrowings	1,450,096	1,535,363	1,535,363	-	-
Long term finance	518,179	588,893	132,155	91,464	365,274
	2,476,153	2,632,134	2,175,396	91,464	365,274

	2014				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years
	---Rupees in thousand---				
Financial liabilities:					
Trade and other payables	308,965	308,965	308,965	-	-
Interest / mark up payable	42,522	42,522	42,522	-	-
Short term borrowings	1,198,797	1,296,951	1,296,951	-	-
Long term finance	592,720	777,915	28,259	108,874	640,782
	2,143,004	2,426,353	1,676,697	108,874	640,782

The contractual cash flows relating to mark up have been determined on the basis of weighted average mark up rates on borrowings. The Company will manage the liquidity risk from its own source through working capital management. As at the year end, the Company has liquid assets of 826.50 million (2014: Rs. 703.77 million) and unavailed borrowing facilities of Rs. 2,611.52 million (2014: Rs. 1,700.60 million).

36.2.3 Market risk

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

i) Interest rate risk

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

Majority of interest rate risk arises from borrowings from banks. The interest rate profile of the Company's interest bearing financial instruments is presented in relevant notes to the financial statements.

Sensitivity analysis

Sensitivity to interest rate risk arises from mismatches of financial assets and financial liabilities that mature or reprice in a given period.

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 effect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

Had the interest rate been increased / decreased by 1% at the reporting date with all other variables held constant, profit for the year and equity would have been lower / higher by Rs. 9.5 million (2014: Rs. 15.09 million).

ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. The Company is exposed to currency risk on foreign debtors. The total foreign currency risk exposure on reporting date amounted to Rs. 245.20 million (2014: Rs. 234.21 million).

At June 30, 2015, had the currency been weakened / strengthened by 5% against the U.S dollar, with all other variables held constant, profit for the year and equity would have been higher / lower by Rs. 11.77 million (2014: Rs. 11.71 million).

iii) Equity price risk

Trading and investing in quoted equity securities give rise to equity price risk. At the balance sheet date the Company is exposed to equity price risk in respect short term investments. The total equity price risk exposure on reporting date amounted to Rs. 60.69 million (2014: Rs. 65.11 million).

At June 30, 2015, had the quoted securities prices been increased / decreased by 5%, with all other variables held constant, short term investments and equity would have been higher / lower by Rs. 3.03 million (2014: Rs. 3.26 million).

36.3 Fair values of financial instruments

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

36.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders 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 obtain / repay financing from / to financial institutions.

Consistent with others in the industry, the Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectations of the shareholders. Debt is calculated as total of long term finance and short term borrowings. Total capital comprises shareholders' equity as shown in the balance sheet under 'share capital and reserves' and net debt (net of cash and cash equivalent).

The salient information relating to capital risk management of the company as of June 30, 2015 and 2014 were as follows:

	Note	2015 Rupees	2014 Rupees
Total Debt	15 & 16	1,968,274,553	1,791,516,840
Less: Cash and bank balances		7,109,869	4,499,708
Net Debt		1,961,164,684	1,787,017,132
Total equity		2,910,751,942	2,649,822,979
Total capital		4,871,916,626	4,436,840,111
Gearing ratio		40.25%	40.28%

37. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on October 9, 2015 by the Board of Directors of the Company.

38. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The board of directors in its meeting held on October 9, 2015 proposed bonus shares at the rate of 30% subject to the approval of members at the forthcoming Annual General Meeting to be held on October 31, 2015.

39. GENERAL

Figures have been rounded off to the nearest Rupee except where mentioned rounding off in Rupees in thousands.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

Pattern of Shareholding

AS ON 30-06-2015

No. of Shareholders	Shareholding From	Shareholding To	Total Shares held
126	1	100	6,092
1049	101	500	285,953
1755	501	1000	1,250,859
294	1001	5000	637,762
40	5001	10000	308,900
14	10001	15000	178,934
9	15001	20000	155,716
2	20001	25000	48,400
3	25001	30000	84,468
3	35001	40000	115,408
2	40001	45000	83,011
1	45001	50000	46,000
2	55001	60000	118,500
2	70001	75000	148,296
2	90001	95000	183,500
1	95001	100000	98,500
1	125001	130000	127,100
1	165001	170000	166,220
4	285001	290000	1,149,840
1	14830001	14835000	14,832,000
1	107460001	107465000	107,461,121
3313			**127,486,580**

Categories of shareholders
as at June 30, 2015

Categories of Shareholders	Number	Shares held	Percentage
Directors, Chief Executive and their spouse and minor children			
Mr. Muhammad Zahid	1	107,461,121	84.29
Mr. Muhammad Sharif	1	720	0.00
Mrs. Huma Zahid	1	1,872	0.00
Miss Aleeza Zahid	1	288,000	0.23
Mr. Muhammad Jamshaid	1	1,872	0.00
Mr. Muhammad Amjad	1	1,872	0.00
Mr. Qamar Aftab	1	1,872	0.00
Mr. Ahmad Zahid	1	14,832,000	11.63
Associated Companies, undertakings and related parties	-	-	0.00
NIT AND ICP			
I.C.P	1	4,032	0.00
Banks, Development Financial Institutions, Non Banking Financial Institutions	-	-	0.00
Insurance Companies	-	-	0.00
Modarabas and Mutual Funds	-	-	0.00
Joint Stock Companies	5	18,541	0.01
Ind. / General Public			
a. Local	3,299	4,874,678	3.82
b. Foregin	-	-	-
Total	**3,313**	**127,486,580**	**100.00**
Shareholders holding 10% (or more)	2	122,293,121	95.93