



**Ruby Textile Mills Limited**

**Annual Report**  
**2013**

**VISION/MISSION STATEMENT**

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

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**BOARD OF DIRECTORS**

Chairman and Chief Executive:  
MR. NOOR ELAHI

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

**COMPANY SECRETARY**

MR. ASIF PERVAIZ KHAWAJA

**AUDIT COMMITTEE**

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

**BANKERS**

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

**AUDITORS**

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

**LEGAL ADVISOR**

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

**HEAD OFFICE**

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

**REGISTERED OFFICE**

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

**MILLS**

Raiwind-Manga Road,  
Raiwind, District Kasur-55050, Pakistan.  
Phone: (+92-42) 3539-1031, 3539-2651-2  
Fax: (+92-42) 3539-1032  
Email: info@rubytexile.com.pk

**SHARE REGISTRAR**

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

**NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that the 33rd Annual General Meeting of the share holders of MILLS TEXTILE MILLS LIMITED will be held at Registered Office at 203-Faiyaz Centre, 3-A S.M.C.H.Society, Shahrah-e-Faisal Karachi on Thursday 31st October 2013 at 04:00 pm to transact the following business.

**ORDINARY BUSINESS:**

1. To consider minutes of Annual General Meeting held on 25th October 2012
2. To receive, consider and adopt the Audited Accounts together with Director's and Auditor's report thereon for the period ended 30th June 2013
3. To appoint Auditors for the next financial year and fix their remuneration. The present Auditors M/s. Mushtaq & Company Chartered Accountants retire and being eligible, after themselves for re-appointment.
4. To transact any other business with the permission of the Chair.

LAHORE  
09<sup>th</sup> October 2013

ASIF P.KHAWAJA  
COMPANY SECRETARY

1. The share transfer Books of the Company will remain closed from 24<sup>th</sup> October 2013 to 31<sup>st</sup> October 2013 (both days inclusive)
2. A member entitled to attend and vote may appoint another member of his/her proxy to attend the meeting and vote on his/her behalf. Proxy in order to be effected must be received at Registered Office of the Company at least 48 hours before the meeting
3. CDC share holder are requested to bring with them their original C.N.I.C or passport along with Participant's ID number and their account number at the time of Annual General Meeting in order to facilitate Identification and in case of proxy must enclose an attest copy of CNIC or Passport along with CDC account number. Representative of corporate members should bring the usual documents required for this purpose.
4. Share holders are requested to immediate notify any change in their address to Company's Share Registrar M/s.Corplink (Private) Limited, Wings Arcade, 1-K Commercial Model Town, Lahore



## DIRECTOR'S REPORT

The Directors of your company are pleased to present their 33rd Annual Report together with the Company's Audited Accounts for the year ended 30<sup>th</sup> June, 2013.

### General Market Conditions and Company's Business

The financial year 2013 was as other difficult year for spinning sector of Pakistan. Both internal and external factors created adverse affect specially on spinning sector. Adverse internal security situation is hampered our trade activities in the International Markets as our foreign buyers avoided visiting Pakistan and shifted their sourcing to other competitive countries. Another major reason for adverse situation was electricity and gas curtailments. Through out the year textile industry faced severe gas shutdowns during the year. As you are aware, dear members, that uninterrupted power supply is the backbone for any industry. Our main source is self generation through Gas as Wapda is most unreliable, being subject to fluctuations, shut downs, low voltage, jerks etc. Shut downs spreading to over 12 hours daily has been devastating for the Industrial Sector. Supply of Gas remained suspended for 5 days of week. Our downstream sector like power looms, sizing and finishing, suffered heavily and closed their units. No industry can survive in such case but since our survival was at risk, we endeavored hard to maintain our continuity. However, we had to live in all circumstances, but at a very high cost. If and when available, power from wapda is much more expensive. Lower productivity of yarn, higher cost of production and higher prices of raw cotton brought negative effects on us.

We are always trying to find new products and markets for our products. During the year we produced "SIRO" yarn for exports. It is an special yarn and we had positive response from international market which and we were able to increase our exports considerably during the period .Our domestic customers, weavers and knitters lost their overseas orders firstly because of irregular shipments caused by power supply curtailments and secondly due to higher cost of production.

The following conditions have prevailed since the start of current fiscal year causing an adverse impact on your Company's performance.

- High prices of raw materials without appropriate increase in yarn prices
- Flood and heavy rains damaged cotton crop consecutively in year 2012 in Punjab and Sindh.
- Power and Gas crises caused in low production of yarn through out during the year which caused our cost of production at high ratio.
- Increase in Electricity and Gas prices and different surcharges during the year.
- Adverse internal security situation which restrict foreign customers and investors to visit Pakistan territory which resulted less export business during the year

### Future Outlook

At the time of writing, global marketing is responding positively to our textile sector and it is expected that this year will be better year for textile industry. We do appreciate the efforts of leadership of APTMA, which was able to regulate Gas supply and Wapda supplies in a manner that we can now operate our industry without any power interruption. We hope that during the period yarn selling prices in both local and international market will increase.



During the year Directors of the Company waived off loan of Rs. 450 Million through a Gift Deed to the company create a healthy outlook, and improve Company's financial health. The gift has been made in consideration of their association and for the best interest of Ruby Textile Mills Limited.

### Operating Results

The financial results are summarized here under

	2013 Rupees	2012 Rupees
Sales	1,113,205,806	855,372,353
Gross Profit	(65,817,441)	(89,089,392)
Administration Charges	(27,266,818)	(28,745,466)
Distribution Charges	(15,723,909)	(2,484,709)
Financial Charges	(43,791,350)	(62,645,988)
Profit/ (Loss) Before Tax	(155,472,534)	(181,904,994)
Provision for Taxation	(42,626,384)	(5,637,436)
Profit/ (Loss) after Taxation	251,901,082	(76,267,558)

Net Sales value of the company increased to Rs. 1,113.21 million from Rs. 855.37 million showing increase by 30 % from last year. It's due to increase in our exports during the year and appreciation of Dollar. Company had Gross loss of Rs. 65.82 million as compared to last year's Gross loss of Rs. 89.09 million. It's mainly due to decline in production of yarn and high costs of power and other manufacturing over heads during the year. Administrative expenses have decreased by Rs. 1.48 million whereas distribution cost of the company is increased by Rs. 13.24 million because of higher exports. This increase is due to increase in our exports sales during the period which caused our export expenses to increase. Financial cost is decreased materially from Rs. 62.65 million to Rs. 43.79 million showing reduction of Rs. 18.85 million which is positive sign for the company's future. Company suffered loss before tax Rs. 155.47 million during the year as compared to loss before tax amounting Rs. 181.90 million in last financial year. Profit after tax of Rs. 251.90 million is due to adjustment of Directors Loan amounting Rs. 450 million waived off due the period under gift deed.

### Auditors Report

The auditors have expressed unqualified opinion in their report.

### Earning/(Loss) Per Share

Earning/ (Loss) per share for the year amounted to Rs. 4.82 as against Loss per share of Rs. (1.46) for the corresponding year.

### Related Parties

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

For and on behalf of the Board of Directors

(NOOR ELAHI)

CHAIRMAN/CHIEF EXECUTIVE

LAHORE

October 09, 2013

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

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

Proper Books of Accounts have been maintained.

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

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

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

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

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

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

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

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

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

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

Mr. Noor Elahi	4
Mrs. Parveen Elahi	4
Mrs. Naheed Javed	4
Mr. Javed Usman	4
Mr. Matiubbin Siddiqui	1
Mr. Nabeel Javed	4
Mr. Faizan Javed	1

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



**Audit Committee**

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

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

**Auditors**

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

**Pattern of Shareholding**

Statement showing pattern of holding of shares as on 30th June, 2012 on prescribed format is annexed to this report.

**Acknowledgments**

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

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

For and on behalf of the Board of Director s

LAHORE  
October 09, 2013

  
(NOOR ELAHI)  
CHAIRMAN/CHIEF EXECUTIVE

**FORM 34****Pattern of holding of the shares held by the shareholders as at 30th June, 2013**

No. of Shareholders	-----Shareholding-----		Total Shares Held
	From	To	
56	1	100	3,140
728	101	500	350,799
51	501	1,000	47,836
39	1,001	5,000	101,618
4	5,001	10,000	32,400
3	10,001	15,000	39,200
1	35,001	40,000	39,000
1	55,001	60,000	55,829
1	85,001	90,000	88,300
1	95,001	100,000	100,000
1	130,001	135,000	130,668
1	135,001	140,000	139,179
1	295,001	300,000	300,33
1	310,001	315,000	311,132
1	610,001	615,000	610,664
1	3,870,001	3,875,000	3,873,500
1	6,495,001	6,500,000	6,500,000
1	8,655,001	8,660,000	8,655,900
1	13,170,001	13,175,000	13,173,834
1	17,660,001	17,665,000	17,661,400
895	TOTAL		52,214,400

5. Categories of shareholders	Share Held	Percentage
5.1 Directors, Chief Executive Officers, and their spouse and minor children	43,606,813	83.5149%
5.2 Associated Companies, undertaking and related parties.	6,900,500	13.2157%
5.3 NIT and ICP	613,864	1.1757%
5.4 Bankers Development Financial Institutions, Non Banking Financial Institutions.	442,144	0.8468%
5.5 Insurance Companies	0	0.0000%
5.6 Modarabas and Mutual Funds	0	0.0000%
5.7 Share holders holding 10%	50,104,313	95.9588%
5.8 General Public		
a. Local	580,194	1.1112%
b. Foreign		
5.9 Others (to be specified)		
1. Joint Stock Companies	13,097	0.0251%
2. Pension Hands	55,829	0.1069%
3. Others	1,959	0.0038%



**Catagories of Shareholding required under Code of Corporate Governance (CCG)  
As on June 30, 2013**

Sr. No.	Name	No. of Shares Hold	Percentage
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**Associated Companies, Undertakings and Related Parties (Name Wise Detail):**

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

**Mutual Funds (Name Wise Detail)**

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

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

**Executives:**

- -

**Public Sector Companies & Corporations:**

- -

**Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:**

497,973 0.9537%

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

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

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

Sr. No.	NAME	SALE	SALE	PURCHASE
1	MRS. PARVEEN ELAHI (CDC)		--	88,300



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

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of listing regulations of Karachi Stock Exchange (Guarantee) Ltd., for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

Category Names	Name
Independent Directors	MATIUDDIN SIDDIQUI (NIT NOMINEE)
Executive Directors	MR. NOOR ELAHI MR. NABEEL JAVED
Non-Executive Directors	MRS. PARVEEN ELAHI MR. JAVED USMAN MRS. NAHEED JAVED MR. FAIZAN JAVED

- 2- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
- 3- All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
- 4- No casual vacancy occurred in the board of directors of the company during the year.
- 5- The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
- 6- The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- 7- All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
- 8- The meetings of the board were presided over by the chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
- 9- The board arranged one training program for its directors during the year.
- 10- There was new appointment of CFO and Company Secretary, however, their appointment including remuneration and terms and condition of employment are approved by the board of directors. During the year new head of Internal audit has been appointed he is duly qualified and meet the requirements for the appointment according to Code of Corporate Governance, and his remuneration and terms and condition of employment has been approved by the board of directors.



- 11- The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
- 12- The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
- 13- The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
- 14- The company has complied with all the corporate and financial reporting requirements of the CCG.
- 15- The board has formed an Audit Committee. It comprises three (03) members, of whom all are non-executive directors and the chairman of the committee is a non-executive director.
- 16- The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
- 17- The board has formed an HR and remuneration committee. It comprises three (03) members, of whom two (02) are non-executive directors and the chairman of the committee is a non-executive director.
- 18- 17. The board has set up an effective internal audit function for which staffs appointed who are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
- 19- The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
- 20- The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 21- The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
- 22- Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
- 23- We confirm that all other material principles enshrined in the CCG have been complied with.

Lahore  
Date: October 09, 2013

For and on behalf of the Board

Noor Elahi  
Chairman/CEO

**REVIEW REPORT TO THE MEMBERS**

*On the Statement of Compliance with Best Practices of the Code of Corporate Governance*

We have reviewed the statement of compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Ruby Textile Mills Limited** to comply with the Listing Regulation No. 35 (previously Regulation No. 37) of the Karachi Stock Exchange (Guarantee) Limited and Listing Regulations No. 35 of Lahore Stock Exchange (Guarantee) Limited, where the company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of compliance reflects the status of the company's compliance with the provisions of the Code of Corporate Governance and report if it does not. 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 system sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Sub- Regulation (xiii a) of Listing Regulation No. 35 (previously Regulation No. 37) notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the Company to place before the Board of Directors for their consideration and approval 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 under taken at arm's length price.

Based on our review, nothing has come to our attention which causes us to believe that the statement of compliance does not appropriately reflect the company's compliance, in all material respect, with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended June 30, 2012.

KARACHI:  
October 09, 2013



*Mushtaq & Co.*  
**MUSHTAQ & COMPANY**  
Chartered Accountants  
Engagement Partner:  
Shahabuddin A. Siddiqui  
F.C.A

**AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed Balance Sheet of **Ruby Textile Mills Limited** as at June 30, 2012 and the related profit and loss account, statement of comprehensive income, cash flow statement, and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

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

- (A) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion;
  - (i) the Balance Sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2012 and of the loss, comprehensive loss, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, no Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

KARACHI:  
October 09, 2013



*Mushtaq & Co.*  
**MUSHTAQ & COMPANY**  
Chartered Accountants  
Engagement Partner:  
Shahabuddin A. Siddiqui  
F.C.A

**BALANCE SHEET**

EQUITY AND LIABILITIES	Note	2013 Rupees	2012 Rupees
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized Capital 70,000,000 (June 30,2012 : 60,000,000) Ordinary shares of Rs. 10 each		700,000,000	600,000,000
Issued, subscribed and paid up capital	5	522,144,000	522,144,000
Capital reserves	6	3,240,000	3,240,000
Accumulated loss		(144,776,921)	(409,042,493)
		380,607,079	116,341,507
Share application money	7	99,363,000	99,363,000
Surplus on revaluation of property, plant and equipment	8	478,758,991	375,063,756
Long term financing from banking companies	9	68,666,400	78,416,400
Long term financing from directors and associates	10	83,162,022	430,714,673
Deferred liabilities	11	129,217,075	7,601,469
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	297,392,649	310,681,773
Accrued mark up / interest	13	43,844,652	18,920,288
Short term borrowings	14	199,811,665	264,285,387
Current portion of long term financing from banking companies	9	10,712,500	10,975,000
Provision for taxation	15	6,718,677	4,106,958
		558,480,144	608,969,406
<b>CONTINGENCIES AND COMMITMENTS</b>			
	16		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,798,254,711</b>	<b>1,716,470,210</b>

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

  
CHIEF EXECUTIVE

**AS AT JUNE 30, 2013**

ASSETS	Note	2013 Rupees	2012 Rupees
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	17	1,124,937,239	974,053,202
Long term deposits	18	4,179,700	8,613,700
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	19	109,520,965	100,751,482
Stock in trade	20	490,633,075	538,190,291
Trade debts	21	18,647,668	10,625,915
Loans and advances	22	25,746,607	70,083,132
Other receivables	23	6,950,220	6,379,038
Tax refunds due from Government	24	16,855,048	6,892,832
Cash and bank balances	25	784,190	880,619
		669,137,772	733,803,308
<b>TOTAL ASSETS</b>		<b>1,798,254,711</b>	<b>1,716,470,210</b>

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

*Mahesh Jaiswal*  
DIRECTOR



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013 Rupees	2012 Rupees
Sales	26	1,113,205,816	855,372,353
Cost of sales	27	(1,179,023,257)	(944,461,745)
Gross (loss)		(65,817,441)	(89,089,392)
Other income	28	5,596,281	1,060,562
Distribution cost	29	(15,723,909)	(2,484,709)
Administrative expenses	30	(27,266,818)	(28,745,466)
Other operating expenses	31	(8,469,296)	-
Finance cost	32	(43,791,350)	(62,645,988)
<b>(Loss) before taxation</b>		(155,472,534)	(181,904,994)
Loan waived off during the year	10.1	450,000,000	100,000,000
Taxation	33	(42,626,384)	5,637,436
<b>Profit / (loss) for the year</b>		251,901,082	(76,267,558)
<b>Earnings / (loss) per share - basic and diluted</b>	34	4.82	(1.46)

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

  
CHIEF EXECUTIVE

  
DIRECTOR



## CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013 Rupees	2012 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used in operations	35	(6,978,993)	(16,945,754)
Finance cost paid		(18,866,986)	(113,531,617)
Income tax paid		(8,871,520)	(4,543,932)
Staff retirement benefits - gratuity paid		(1,775,101)	(2,781,149)
<b>Net cash used in operating activities</b>		<b>(36,492,600)</b>	<b>(137,802,451)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(3,010,736)	(3,434,144)
Proceeds from sale of property, plant and equipment		7,000,000	-
Long term deposits		4,434,000	(219,318)
<b>Net cash generated from / (used in) investing activities</b>		<b>8,423,264</b>	<b>(3,653,462)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term financing from banking companies - net		(10,012,500)	(336,358,600)
Long term financing from directors and associates		102,447,349	351,131,127
Long term financing from other		-	(33,125,884)
Share application money		-	99,363,000
Issued, subscribed and paid up capital		-	130,144,000
<b>Net cash generated from financing activities</b>		<b>92,434,849</b>	<b>211,153,643</b>
Net increase / (decrease) in cash and cash equivalents		64,365,513	69,697,730
Cash and cash equivalents at the beginning of the year		(263,404,768)	(333,119,462)
Exchange gain on foreign currency accounts		11,779	16,964
Cash and cash equivalents at the end of the year		(199,027,475)	(263,404,768)
<b>Cash and cash equivalents</b>			
Cash and bank balances	25	784,190	880,619
Short term borrowings	14	(199,811,665)	(264,285,387)
		(199,027,475)	(263,404,768)

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

  
CHIEF EXECUTIVE

  
DIRECTOR



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2013

	Share capital	Capital reserves	Accumulated loss	Total
	-----Rupees-----			
Balance as at June 30, 2011	392,000,000	3,240,000	(344,241,133)	50,998,867
Issue of 13,014,400 ordinary shares of Rs. 10 each fully paid in cash	130,144,000	-	-	130,144,000
Total comprehensive loss for the year	-	-	(76,267,558)	(76,267,558)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred taxation	-	-	11,466,198	11,466,198
<b>Balance as at June 30, 2012</b>	<b>522,144,000</b>	<b>3,240,000</b>	<b>(409,042,493)</b>	<b>116,341,507</b>
Total comprehensive income for the year	-	-	251,901,082	251,901,082
Surplus realized on disposal of property, plant and equipment - net of tax	-	-	1,549,056	1,549,056
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred taxation	-	-	10,815,435	10,815,435
<b>Balance as at June 30, 2013</b>	<b>522,144,000</b>	<b>3,240,000</b>	<b>(144,776,921)</b>	<b>380,607,079</b>

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013 Rupees	2012 Rupees
Earnings / (loss) per share - basic and diluted		251,901,082	(76,267,558)
Other comprehensive income / (loss)		-	-
Total comprehensive income / (loss) for the year		251,901,082	(76,267,558)

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

  
CHIEF EXECUTIVE

  
DIRECTOR



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### 1 LEGAL STATUS AND NATURE OF BUSINESS

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

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

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

#### 2.2 Functional and presentation currency

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

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

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

Following are the amendments that are applicable for accounting periods beginning on or after January 1, 2012:

- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after 1 July 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments have no impact on financial statements of the company.
- IAS 12, 'Income Taxes' (Amendments). These are applicable on accounting periods beginning on or after January 01, 2012. IAS 12, 'Income taxes', currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40, 'Investment Property'. This amendment therefore introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, 'Income taxes ? recovery of revalued non-depreciable assets', will no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn.

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

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



- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognized immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognized in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The Company's policy was to account for actuarial gains and losses using the corridor method and with the change unrecognized actuarial losses amounting to Rs. 1.649 million at 30 June 2013 would need to be recognized in other comprehensive income in next financial year.
- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Company.
- IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Company.
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) - (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.
- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) - (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.
- IAS 39 Financial Instruments: Recognition and Measurement- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (effective for annual periods beginning on or after 1 January 2014). The narrow-scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one). The amendments have no impact on financial statements of the Company.
- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The Interpretation has no impact on financial statements of the Company
- IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after 1 January 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on financial statements of the Company.



- Amendment to IAS 36 “Impairment of Assets” Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendments have no impact on financial statements of the Company.
  - Annual Improvements 2009-2011 (effective for annual periods beginning on or after 1 January 2013. The new cycle of improvements contains amendments to the following standards, with consequential amendments to other standards and interpretations.
  - IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the ‘third statement of financial position’, when required, is only required if the effect of restatement is material to statement of financial position.
  - IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of ‘property, plant and equipment’ in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories.
  - IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.
  - IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.
  - There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the company.
- 2.3.3 Standards, interpretations and amendments to published standards that are effective but are not yet notified by the SECP:
- IFRS 9, ‘Financial Instruments’, addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until January 01, 2013 but is available for early adoption. This is the first part of a new standard on classification and measurement of financial assets and financial liabilities that will replace IAS 39, ‘Financial Instruments’ Recognition and measurement’. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortized-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change will mainly affect financial institutions. There will be no impact on the company’s accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss, and the company does not have any such liabilities.
  - IFRS 10, ‘Consolidated Financial Statements’, applicable from January 01, 2013, build on existing principles by identifying the concept of control as the determine factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.



- IFRS 11, 'Joint Arrangements', applicable from January 01, 2013, is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement; joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The company will apply this standard from April 01, 2013.
  - IFRS12, 'Disclosures of interests in other entities', this standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The standard is not applicable until April 01, 2013 but is available for early adoption.
  - IFRS 13, 'Fair value measurement', this standard provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The standard is not applicable until April 01, 2013 but is available for early adoption.
- 2.3.4 Standards, interpretations and amendments to published standards that are effective but not relevant to the company
- The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2012 are considered not to be relevant or to have any significant impact on the company's financial reporting and operations.

### 3 BASIS OF MEASUREMENT

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

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

#### 3.1 Provision for taxation

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

#### 3.2 Staff retirement benefits - gratuity

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

#### 3.3 Financial instruments

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



### 3.4 Property, plant and equipment

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

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

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

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

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

## 4 SIGNIFICANT ACCOUNTING POLICIES

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

### 4.1 Staff retirement benefits

#### Defined benefit plan

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

Provision is made annually to cover the obligation on the basis of actuarial valuation and charged to income currently. The most recent actuarial valuation was carried on June 30, 2013 using the Projected Unit Credit Method.

Net cumulative unrecognized actuarial gains / losses relating to previous reporting periods in excess of the higher of 10 percent of present value of defined benefit obligation or 10 percent of the fair value of plan assets are recognized as income or expense over the estimated remaining working lives of the employees.

### 4.2 Taxation

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

#### 4.2.1 Current

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

#### 4.2.2 Deferred

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



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

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

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

#### **4.3 Trade and other payable**

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

#### **4.4 Provisions**

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

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

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

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

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

##### **Recognition**

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

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

##### **Depreciation**

Depreciation on all items of property, plant and equipment except for freehold land is charged to income applying the reducing balance method using the rates specified in note 17.1. An amount equal to incremental depreciation (net of deferred tax) charged during the year on revalued amounts of property, plant and equipment has been transferred from surplus on revaluation of property, plant and equipment to accumulated profit / (loss) through statement of changes in equity.

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

**Depreciation**

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

**Deferred income**

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

**Derecognizing**

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

**4.7 Capital work in progress**

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

**4.8 Accounting for leases and assets subject to finance lease****4.8.1 Finance lease****Recognition**

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

**Financial charges**

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

**Depreciation**

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

**Deferred income**

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

**4.8.2 Operating lease**

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



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

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

**4.10 Stock in trade**

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

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

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

**4.11 Trade debts and other receivables**

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

**4.12 Cash and cash equivalents**

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

**4.13 Foreign currency transactions**

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

**4.14 Revenue recognition**

Sales are recorded on dispatch of goods to the customers.

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

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

**4.15 Financial instruments**

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



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

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

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

#### **4.17 Impairment**

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

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

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

#### **4.18 Related party transactions**

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

#### **4.19 Dividend**

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

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

2013 Number of shares	2012 Number of shares		2013 .....Rupees.....	2012 .....Rupees.....
52,214,400	52,214,400	Ordinary shares of Rs. 10 each allotted for consideration fully paid in cash	522,144,000	522,144,000
<u>52,214,400</u>	<u>52,214,400</u>		<u>522,144,000</u>	<u>522,144,000</u>

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

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

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

	Number of shares	
At the beginning of the year	52,214,400	39,200,000
Issued during the year	-	13,014,400
At the end of the year	<u>52,214,400</u>	<u>52,214,400</u>

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

**6 CAPITAL RESERVES**

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

**7 SHARE APPLICATION MONEY**

During the year ended June 30, 2012, the company has received an amount of Rs. 99,363,000 for issue of shares in future subject to the compliance of all legal requirements. However, shares have not been issued against share deposit money as at the year end.

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

Surplus on revaluation at the beginning of the year	492,372,317	510,012,621
Addition during the year	191,249,358	-
Transfer to unappropriated profit in respect of:		
Incremental depreciation	10,815,435	11,466,198
Disposal of property plant and equipment	1,549,056	-
Related deferred tax liability	6,657,803	6,174,106
	<u>19,022,294</u>	<u>17,640,304</u>
Surplus on revaluation at the end of the year	664,599,380	492,372,317
Related deferred tax liabilities on:		
Revaluation at the beginning of the year	117,308,561	123,482,667
Provided during the year	78,351,082	-
Effect of change in tax rate	(3,161,450)	-
Incremental depreciation on revalued assets	(5,823,696)	(6,174,106)
Disposal of property, plant and equipment	(834,107)	-
	<u>185,840,389</u>	<u>117,308,561</u>
	<u>478,758,991</u>	<u>375,063,756</u>



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

## 9 LONG TERM FINANCING FROM BANKING COMPANIES

### Secured - from banking companies

	Note	2013 .....Rupees.....	2012
Bank Al Habib Limited			
Term finance	9.1	15,587,500	25,600,000
Habib Metropolitan Bank Limited			
Commercial loan	9.2	63,791,400	63,791,400
		79,378,900	89,391,400
Current portion		(9,750,000)	(9,750,000)
Over due portion		(962,500)	(1,225,000)
		(10,712,500)	(10,975,000)
		<u>68,666,400</u>	<u>78,416,400</u>

- 9.1 The loan was obtained for retirement of import documents of machinery and company had its term finance facility rescheduled during the year ended on June 30, 2010. The loan is repayable in 48 equal monthly installments of Rs. 812,500 commenced from January 2011 with one year grace period. The loan is secured against registered hypothecation charge over stocks for Rs. 100 million (first pari passu charge up to Rs. 50 million), pari passu charge over book debts of Rs. 50 million, first mortgage charge over industrial land measuring 56 kanals situated at Manga Raiwind road Lahore, ranking registered hypothecation charge over plant and machinery for Rs. 160 million, lien over export LCs and documents of equivalent amount and counter guarantee. The loan is subject to markup at the rate of three months KIBOR plus one percent (June 30, 2012: three months KIBOR plus one percent) per annum.
- 9.2 Term finance was obtained for restructuring and rescheduling of existing outstanding term loans. The term finance is secured against legal mortgage of Rs. 5.5 million and equitable mortgage on fixed assets of the company including land (measuring 74 Kanals and 13 marlas), building and plant and machinery (valuing Rs. 645 millions), charge over stocks, receivable, lien over export documents, L/C and personal guarantees of sponsoring directors. The loan is repayable in 10 years with 2 years grace period commenced from September 2011. It carries mark up rate 7.5% per annum for first year after first year three months KIBOR plus 1%.

In the previous year the company has paid off Rs. 326.209 million against long term financing from Habib Metropolitan Bank Limited to reduce the high borrowing cost.

## 10. LONG TERM FINANCING FROM DIRECTORS AND OTHERS

### Unsecured - from related parties

From directors	10.1	42,981,250	391,122,446
From associated companies		40,180,772	39,592,227
	10.2	<u>83,162,022</u>	<u>430,714,673</u>

10.1 During the period Mr. Noor Elahi (Chief executive), Mrs. Parveen Elahi (director) and Mrs. Javaid Elahi (director) have waived off Rupees 200,000,000, Rupees 150,000,000 and Rupees 100,000,000 respectively out of total amount of Rs. 492,981,250 of long term financing from directors in the best interest of the company by way of gift to Ruby Textile Mills Limited. The above directors have acknowledged in gift deed that they have forgone all rights in the gift, the amount is irrevocable and the company may utilize the gift amount in any manner. In previous year Mrs. Parveen Elahi have waived of Rupees 100,000,000

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



11 DEFERRED LIABILITIES		Note	2013 Rupees	2012 Rupees			
	Staff retirement benefits - gratuity	11.1	14,012,779	7,601,469			
	Deferred taxation	11.2	115,204,296	-			
			<u>129,217,075</u>	<u>7,601,469</u>			
<b>11.1</b>	<b>Staff retirement benefits - gratuity</b>						
<b>11.1.1</b>	<b>Movement in the net liability recognized in the balance sheet</b>						
	Opening net liability		7,601,469	3,667,811			
	Expense for the year	11.1.5	8,186,411	6,714,807			
			<u>15,787,880</u>	<u>10,382,618</u>			
	Benefits paid		(1,775,101)	(2,781,149)			
	Closing net liability		<u>14,012,779</u>	<u>7,601,469</u>			
<b>11.1.2</b>	<b>Movement in present value of defined benefit obligation</b>						
	Present value of defined benefit obligation - opening		12,488,261	9,215,459			
	Current service cost		6,947,429	5,368,043			
	Interest cost		828,055	819,140			
	Actuarial loss / (gain)		(2,826,918)	(133,232)			
	Benefits paid		(1,775,101)	(2,781,149)			
	Present value of defined benefit obligation - closing		<u>15,661,726</u>	<u>12,488,261</u>			
<b>11.1.3</b>	<b>Historical information</b>		2013	2012	2011	2010	2009
			-----Rupees-----				
	Present value of defined benefit obligation		15,661,726	12,488,261	9,215,459	7,446,061	6,552,023
	Experience adjustments on plan liabilities		<u>2,826,918</u>	<u>133,232</u>	<u>(1,580,398)</u>	<u>343,359</u>	<u>214,028</u>
<b>11.1.4</b>	<b>Reconciliation</b>	Note	2013 Rupees	2012 Rupees			
	Present value of obligation		15,661,726	12,488,261			
	Unrecognized actuarial loss		(1,648,947)	(4,886,792)			
			<u>14,012,779</u>	<u>7,601,469</u>			
<b>11.1.5</b>	<b>Expense recognized in profit and loss account</b>						
	Service cost		6,947,429	5,368,043			
	Interest cost		828,055	819,140			
	Net actuarial loss recognized		410,927	527,624			
			<u>8,186,411</u>	<u>6,714,807</u>			
<b>11.1.6</b>	<b>Principle actuarial assumptions</b>						
	Discount factor used		10.5%	13%			
	Expected rate of salary increases		10%	10%			
<b>11.1.7</b>	<b>General description</b>						
	The scheme provides for terminal benefits for all of its permanent employees who attain the minimum qualifying period. Annual charge is made on the basis of actuarial valuation carried on using Projected Unit Credit Method.						
<b>11.1.8</b>	Expected gratuity expense for the year ending June 30, 2014 works out to Rs. 8,483,873						



	Note	2013	2012
		-----Rupees-----	
<b>11.2 Deferred taxation</b>			
The net liability for deferred taxation comprises of temporary differences.			
<b>Taxable temporary difference</b>			
Accelerated tax depreciation allowance - own assets		245,991,482	195,461,309
		245,991,482	195,461,309
<b>Deductible temporary differences</b>			
Provision for doubtful debts		(419,227)	(359,599)
Staff retirement benefits - gratuity		(4,206,006)	(2,463,204)
Tax losses		(126,161,953)	(214,093,604)
		(130,787,186)	(216,916,407)
		115,204,296	(21,455,098)
11.2.1 During the last year net deferred tax asset for the carry forward of unused tax losses amounting to Rs. 21,455,098 has not been recognized because it was not probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized.			
<b>12 TRADE AND OTHER PAYABLES</b>			
Creditors		184,695,266	214,136,498
Accrued liabilities		41,282,057	30,022,016
Advance from customers		40,862,038	40,584,419
Unclaimed dividend		402,570	402,570
Other liabilities		30,150,719	23,030,354
Workers' profit participation fund payable	12.1	-	2,505,917
		297,392,649	310,681,773
<b>12.1 Workers' profit participation fund payable</b>			
Opening balance		2,505,917	2,164,191
Interest on funds utilized in the company's business		365,774	341,726
Provided during the year		-	-
		2,871,692	2,505,917
Paid during the year		(2,871,692)	-
Closing balance		-	2,505,917
12.1.1 Interest on workers' profit participation fund has been provided at the rate 14.60% (2012: 15.79%) per annum.			
<b>13 ACCRUED MARK UP/INTEREST</b>			
<b>Mark up/interest accrued on secured loans</b>			
Long term financing		11,623,032	4,962,510
Short term borrowings		32,221,620	13,957,778
		43,844,652	18,920,288
<b>14 SHORT TERM BORROWINGS</b>			
<b>Secured - from banking companies</b>			
Running finance	14.1	121,320,040	144,600,615
Cash finance	14.1	76,428,618	119,684,772
Book overdrafts	14.2	2,063,007	-
		199,811,665	264,285,387



- 14.1 Short term running finances are available from commercial banks under mark up arrangements amounting Rs. 497 million (2012 : Rs. 495 million). These are secured against pledge / hypothecation of raw material and cotton yarn, lien on export bills sent for collection against confirmed LCs, current assets, receivables and personal guarantees of chief executive and sponsoring directors. These carries mark up ranging from 10.96% to 15.27% per annum (2012 : 12.90% to 15.27% per annum). The facilities will expire on various dates by September 2013.
- 14.2 This represents cheques issued by the company in excess of balance at banks which remained unrepresented till June 30, 2013.

	Note	2013 ----- Rupees-----	2012
<b>15 PROVISION FOR TAXATION</b>			
Opening balance		4,106,958	15,697,190
Provision for the year	33	2,611,720	(1,012,236)
Adjusted during the year		-	(10,577,996)
		6,718,677	4,106,958

16 CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

16.1.1 Letter of guarantee issued by bank on behalf of company amounting to Rs. 24.38 million (June 30, 2012 : Rs. 24.38 million).

16.1.2 Bills discounted with resource amounted to Rs. 37.032 million (June 30, 2012: Nil)

16.2 Commitments

16.2.1 Commitments for other than capital expenditure of amounting Rs. Nil (June 30, 2012 : Rs. Nil) at balance sheet date.



17 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment

17.1 1,124,937,239 974,053,202  
1,124,937,239 974,053,202

17.1 Property plant and equipment

Cost	Owned assets											Total
	Freehold land	Building on freehold land	Plant and machinery	Electric installation	Fire fighting equipment	Tube well	Office equipment	Furniture and fixture	Vehicle	Weight bridge	Sub total	
Balance as at July 01, 2011	163,312,500	178,487,558	800,939,906	16,141,875	834,897	1,026,623	4,382,500	865,607	8,306,112	1,602,508	1,175,900,086	1,175,900,086
Additions during the year	-	-	3,390,144	-	-	-	44,000	-	-	-	3,434,144	3,434,144
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2012	163,312,500	178,487,558	804,330,050	16,141,875	834,897	1,026,623	4,426,500	865,607	8,306,112	1,602,508	1,179,334,230	1,179,334,230
Balance as at July 01, 2012	163,312,500	178,487,558	804,330,050	16,141,875	834,897	1,026,623	4,426,500	865,607	8,306,112	1,602,508	1,179,334,230	1,179,334,230
Additions during the year	-	-	2,262,036	-	-	-	748,700	-	-	-	3,010,736	3,010,736
Disposals	-	-	(2,651,909)	-	-	-	-	-	-	-	(2,651,909)	(2,651,909)
Revaluation surplus / (deficit)	(39,195,000)	65,162,382	1,652,81,975	-	-	-	-	-	-	-	191,249,358	191,249,358
Adjustment	-	(40,163,882)	(180,066,502)	-	-	-	-	-	-	-	(220,230,385)	(220,230,385)
Balance as at June 30, 2013	124,117,500	203,486,058	789,155,650	16,141,875	834,897	1,026,623	5,175,200	865,607	8,306,112	1,602,508	1,150,712,030	1,150,712,030

Depreciation

Balance as at July 01, 2011	-	25,220,327	113,229,497	12,316,228	510,597	597,104	2,324,052	627,925	5,764,940	1,277,125	161,867,797	161,867,797
Charge for the year	-	7,663,362	34,518,861	382,565	32,430	42,952	208,520	23,768	508,234	32,538	43,413,230	43,413,230
Depreciation on disposal	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2012	-	32,883,689	147,748,359	12,698,793	543,027	640,056	2,532,572	651,694	6,273,174	1,309,664	205,281,027	205,281,027
Balance as at July 01, 2012	-	32,883,689	147,748,359	12,698,793	543,027	640,056	2,532,572	651,694	6,273,174	1,309,664	205,281,027	205,281,027
Charge for the year	-	7,280,193	32,810,056	344,308	29,187	38,657	256,396	21,391	406,588	29,284	41,216,061	41,216,061
Depreciation on disposal	-	-	(491,912)	-	-	-	-	-	-	-	(491,912)	(491,912)
Adjustment	-	(40,163,882)	(180,066,502)	-	-	-	-	-	-	-	(220,230,385)	(220,230,385)
Balance as at June 30, 2013	-	-	-	13,043,101	572,214	678,713	2,788,968	673,085	6,679,762	1,338,948	25,774,791	25,774,791

Written down value as at June 30, 2012

Written down value as at June 30, 2013

Rate of depreciation

0%	5%	5%	10%	10%	10%	10%	10%	10%	20%	10%
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17.1.1 Disposal of property, plant and equipment

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

Description	Revalued amount	Accumulated depreciation	Book value	Sale proceeds	gain / (Loss)	Mode of disposal	Particulars of buyers	
							Particulars of buyers	Particulars of buyers
Plant and machinery	2,651,909	491,912	2,159,996	7,000,000	4,840,004	Negotiation	Interloop Limited NTN No.0688555-1	Al-Sadiq Plaza P - 157 Railway Road, Faisalabad
	2,651,909	491,912	2,159,996	7,000,000	4,840,004			



	Note	2013 -----Rupees-----	2012
<b>17.1.2 Depreciation has been allocated as follows.</b>			
Cost of sales	27.1	40,531,686	42,672,708
Administrative expenses	30	684,375	740,522
		<u>41,216,061</u>	<u>43,413,230</u>

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

Had there been no revaluation the original cost and accumulated depreciation of revalued assets would have been as follows as on June 30, 2013.

Particulars	Cost	Accumulated depreciation	Book value
	-----Rupees-----		
Freehold land	6,106,500	-	6,106,500
Factory building	190,249,857	56,533,358	133,716,499
Plant and machinery	722,206,798	438,016,342	284,190,455
Total (2013)	<u>918,563,155</u>	<u>494,549,701</u>	<u>424,013,454</u>
Total (2012)	<u>912,910,975</u>	<u>308,370,575</u>	<u>604,540,400</u>

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

	Note	2013 -----Rupees-----	2012
<b>18 LONG TERM DEPOSITS</b>			
Bank guarantees		4,000,000	8,434,000
Security deposits		179,700	179,700
		<u>4,179,700</u>	<u>8,613,700</u>
<b>19 STORES, SPARE PARTS AND LOOSE TOOLS</b>			
Stores		60,235,843	58,588,679
Spare parts		49,283,872	42,161,553
Loose tools		1,250	1,250
		<u>109,520,965</u>	<u>100,751,482</u>
<b>20 STOCK IN TRADE</b>			
Raw material	20.1	417,297,566	472,556,630
Work in process		35,285,691	32,891,295
Finished goods and waste		38,049,818	32,742,366
		<u>490,633,075</u>	<u>538,190,291</u>

20.1 The carrying value of pledged stock is Rs. 82,055,065 (June 30, 2012: Rs. 149,313,106).



	Note	2013 .....Rupees.....	2012
<b>21 TRADE DEBTS</b>			
Secured - considered good			
Export debtors		5,341,278	-
Unsecured			
Considered good			
Local yarn debtors		519,251	6,689,545
Local waste debtors		12,787,139	3,936,370
		<u>18,647,668</u>	<u>10,625,915</u>
Considered doubtful		-	1,109,727
Less : Provision for doubtful debts		-	(1,109,727)
		<u>18,647,668</u>	<u>10,625,915</u>
<b>22 LOANS AND ADVANCES</b>			
Considered good			
Advances to :			
Suppliers		24,775,621	43,155,966
Purchaser		219,061	293,967
Employees against salaries and wages		751,925	704,464
Letters of credit		-	25,928,735
		<u>25,746,607</u>	<u>70,083,132</u>
<b>23 OTHER RECEIVABLES</b>			
<b>Considered good</b>			
Export rebate receivable		-	379,001
Others	23.1	6,950,220	6,000,037
		<u>6,950,220</u>	<u>6,379,038</u>
<b>Considered doubtful</b>			
Karachi Metropolitan Corporation		1,396,700	1,396,700
Provision for doubtful receivables		(1,396,700)	(1,396,700)
		<u>-</u>	<u>-</u>
		<u>6,950,220</u>	<u>6,379,038</u>
3.1 This includes the balance from associated companies amounting to Rs. 6,505,923 (June 30, 2012 :Rs. 3,080,522)			
<b>24 TAX REFUNDS DUE FROM GOVERNMENT</b>			
Sales tax receivable		3,439,595	2,348,900
Advance income tax		13,415,452	4,543,932
		<u>16,855,048</u>	<u>6,892,832</u>



	Note	2013 .....Rupees.....	2012
<b>25 CASH AND BANK BALANCES</b>			
Cash in hand		232,458	402,957
Cash with banks in:			
Local currency current account		414,120	346,483
Foreign currency current account		137,612	131,179
		<u>784,190</u>	<u>880,619</u>
<b>26 SALES - NET</b>			
Yarn			
Local sales		822,818,758	801,105,950
Export sales		266,513,230	28,247,942
		<u>1,089,331,988</u>	<u>829,353,892</u>
Waste		30,728,152	26,018,461
		<u>1,120,060,140</u>	<u>855,372,353</u>
Sales tax		(6,854,324)	-
		<u>1,113,205,816</u>	<u>855,372,353</u>
<b>27 COST OF SALES</b>			
Cost of goods manufactured	27.1	1,186,808,710	942,551,188
Finished goods and waste			
Opening stock		32,742,366	34,652,923
Insurance claim yarn		(2,478,000)	-
Closing stock		(38,049,818)	(32,742,366)
		<u>(7,785,453)</u>	<u>1,910,558</u>
		<u>1,179,023,257</u>	<u>944,461,745</u>
<b>27.1 Cost of goods manufactured</b>			
Raw material consumed	27.1.1	925,220,359	678,888,349
Stores, spare parts and loose tools consumed		14,040,815	20,134,154
Packing materials consumed		16,074,962	11,558,176
Salaries, wages and other benefits	27.1.2	85,939,682	79,262,977
Fuel and power		94,875,178	102,653,762
Vehicle running and maintenance		1,135,856	869,691
Repair and maintenance		6,164,193	2,061,085
Telephone, postage and telegram		246,044	176,301
Traveling and conveyance		458,455	516,383
Printing and stationery		104,042	187,329
Entertainment		350,104	179,586
Insurance		2,662,737	4,853,847
Depreciation	17.1.2	40,531,686	42,672,708
Others		1,398,994	1,026,414
		<u>1,189,203,106</u>	<u>945,040,762</u>
Work in process			
Opening stock		32,891,295	30,401,721
Closing stock		(35,285,691)	(32,891,295)
		<u>(2,394,396)</u>	<u>(2,489,574)</u>
		<u>1,186,808,710</u>	<u>942,551,188</u>



	Note	2013 .....Rupees.....	2012
<b>27.1.1 Raw material consumed</b>			
Opening stock		472,556,630	431,759,317
Purchases		860,995,915	712,468,363
Purchase expenses		8,965,380	7,217,299
		869,961,295	719,685,662
Closing stock		1,342,517,925 (417,297,566)	1,151,444,979 (472,556,630)
		925,220,359	678,888,349

27.1.2 This includes Rs. 6,764,403 (June 30, 2012 : Rs. 4,176,305) on account of staff retirement benefits - gratuity.

## 28 OTHER INCOME

From financial assets			
Profit on bank deposits		144,498	335,702
Gain on translation of foreign currency		11,779	16,964
From non financial assets			
Gain on sale of property, plant and equipment		4,840,004	-
Weigh bridge income and other income		600,000	503,600
Scrap sales		-	204,296
		5,440,004	707,896
		5,596,281	1,060,562

## 29 DISTRIBUTION COST

Commission on :			
Export sales		4,422,332	240,835
Local sales		998,173	639,755
		5,420,505	880,590
Freight and carriage on :			
Export sales		6,017,181	435,239
Local sales		140,996	227,480
		6,158,177	662,719
Other expenses on :			
Export sales		2,904,548	478,422
Local sales		1,240,679	462,978
		4,145,226	941,400
		15,723,909	2,484,709



	Note	2013 .....Rupees.....	2012
<b>30 ADMINISTRATIVE EXPENSES</b>			
Salaries, allowances and other benefits	30.1	14,147,981	13,697,621
Fees and subscription		565,376	814,912
Traveling and conveyance		508,757	806,558
Vehicle running		1,691,564	1,589,074
Telephone, postage and telegram		909,491	693,549
Printing and stationery		247,957	382,991
Repair and maintenance		853,144	480,818
Electricity, gas and water		120,039	64,158
Insurance		670,407	694,910
Rent, rates and taxes		86,304	135,702
Entertainment		121,793	114,043
Legal and professional charges	30.2	2,600,117	3,302,026
Auditors' remuneration	30.3	685,000	630,000
Depreciation	17.1.2	684,375	740,522
Advertisement		58,885	108,020
Others		3,315,628	4,490,563
		<u>27,266,818</u>	<u>28,745,466</u>

30.1 This includes Rs. 1,422,008 (June 30, 2012: Rs. 2,538,502) on account of staff retirement benefits - gratuity.

30.2 It includes Rupees 300,000 (June 30, 2012: Rupees 1,800,000) paid against consultancy to manage operations.

30.3 Auditors' remuneration

Statutory audit fee	550,000	500,000
Half yearly review and other certifications	95,000	90,000
Review of code of corporate governance	40,000	40,000
	<u>685,000</u>	<u>630,000</u>

### 31 OTHER OPERATING EXPENSES

Custom duty paid	3,400,000	-
Sale tax expense - paid under amnesty scheme	5,069,296	-
	<u>8,469,296</u>	<u>-</u>

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

### 32 FINANCE COST

Interest / mark up on:		
Long term financing	9,540,405	20,303,356
Short term borrowings	31,753,369	40,947,855
Bank charges and commission	1,373,261	1,025,051
Guarantee commission fee	758,541	28,000
Interest on W.P.P.F	365,774	341,726
	<u>43,791,350</u>	<u>62,645,988</u>



	Note	2013 .....Rupees.....	2012
<b>33 TAXATION</b>			
<b>Current</b>			
Current year		2,611,720	282,479
Prior year		-	(1,294,716)
		<u>2,611,720</u>	<u>(1,012,236)</u>
<b>Deferred</b>			
Current year		36,853,214	(4,625,200)
Prior year - effect of change in tax rate		3,161,450	-
		<u>42,626,384</u>	<u>(5,637,436)</u>
<b>33.1</b>	Minimum tax has not been provided in view of the provision of Section 113. The assessment of the company will be finalized in respect of export proceeds under presumptive tax regime under section 169. Other than export income, assessment will be finalized under the provisions of Income Tax Ordinance, 2001. During the year company has declared gross loss before set off of depreciation and other inadmissible expenses under the Income Tax Ordinance, 2001. Therefore, entire provision for current taxation is calculated under section 169 of the Income Tax Ordinance 2001.		
<b>33.2</b>	The numerical reconciliation between the average tax rate and the applicable tax rate has not been presented in these financial statements, as the total income of the company (accounting loss) falls under presumptive tax regime of the Income Tax Ordinance, 2001.		
<b>34 EARNINGS/(LOSS) PER SHARE - BASIC AND DILUTED</b>			
<b>34.1 Earning/ (loss) earnings per share</b>			
Profit / (loss) for the year	Rupees	251,901,082	(76,267,558)
Weighted average number of ordinary shares outstanding during the year	Numbers	52,214,400	52,214,400
Earnings / (loss) per share	Rupees	4.82	(1.46)
<b>34.2</b>	<b>There is no dilutive effect on the basic earnings/(loss) per share.</b>		
<b>35 CASH GENERATED FROM OPERATIONS</b>			
Profit / (loss) before taxation		(155,472,534)	(181,904,994)
Adjustments for:			
Depreciation		41,216,061	43,413,230
Provision for staff retirement benefits - gratuity		8,186,411	6,714,807
Finance cost		43,791,35	62,645,988
Exchange gain on foreign currency accounts		(11,779)	(16,964)
Gain on disposal of property, plant and equipment		(4,840,004)	-
Loan waived off during the year		-	-
		<u>88,342,039</u>	<u>112,757,061</u>
<b>Loss before working capital changes</b>		<u>(67,130,495)</u>	<u>(69,147,932)</u>



	Note	2013 .....Rupees.....	2012
<b>Effect on cash flow due to working capital changes</b>			
(Increase) / decrease in current assets			
Stores, spares and loose tools		(8,769,483)	(7,113,382)
Stock in trade		47,557,215	(41,376,330)
Trade debts		(8,021,753)	15,962,196
Loans and advances		44,336,525	(19,882,153)
Trade deposits and short term prepayments		-	67,501
Other receivables		(1,661,878)	(2,964,327)
		73,440,627	(55,306,495)
Increase / (decrease) in current liabilities			
Trade and other payables		(13,289,124)	107,508,673
		<u>(6,978,993)</u>	<u>(16,945,754)</u>

### 36 TRANSACTIONS WITH RELATED PARTIES

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

#### Balances with related parties

Long term financing from directors	10	42,981,250	391,122,446
Long term financing from associated companies	10	40,180,772	39,592,227
Other receivable - considered good	23	6,505,923	3,080,522

There are no transactions with key management personnel.

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

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

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

**37 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**

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

- 37.1 Credit risk  
37.2 Liquidity risk  
37.3 Market risk

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

- 37.1 Credit risk  
37.1.1 Exposure to credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, loans and advances, trade deposits and short term prepayments and cash and bank balances. Out of total financial assets of Rs. 31,313 million (June 30, 2012: Rs. 27,204 million), financial assets which are subject to credit risk aggregate to Rs. 30,529 million (June 30, 2012: Rs. 26,323 million). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows

	Note	2013	2012
		.....Rupees.....	
Long term deposits		4,179,700	8,613,700
Trade debts		18,647,668	10,625,915
Loans and advances		751,925	704,464
Other receivables		6,950,220	6,379,038
Cash and bank balances		784,190	880,619
		31,313,703	27,203,735

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

Foreign	5,341,278	-
Domestic	13,306,390	10,625,915
	18,647,668	10,625,915

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

Yarn	5,860,529	6,689,545
Waste	12,787,139	3,936,370
	18,647,668	10,625,915

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

	Gross debtors	
	2013	2012
	.....Rupees.....	
Not past due	5,341,278	-
Past due 0 - 30 days	10,645,112	6,906,845
Past due 31 - 90 days	1,862,895	2,018,924
More than one year	798,383	1,700,146
	18,647,668	10,625,915

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

**37.2 Liquidity risk**

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



**Non - derivative  
Financial liabilities**

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

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

**Non - derivative  
Financial liabilities**

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

2012					
Carrying Amount	Contractual Cash Flows	Six months or less	Six to twelve months	Two to five years	More than five years
Rupees					
89,391,400	171,378,530	9,834,500	6,943,625	19,010,625	135,589,780
430,714,673	530,714,673	-	-	-	530,714,673
267,591,437	268,547,111	268,547,111	-	-	-
18,920,288	18,920,288	18,920,288	-	-	-
264,285,387	282,150,833	282,150,833	-	-	-
<b>1,070,903,185</b>	<b>1,271,711,435</b>	<b>579,452,732</b>	<b>6,943,625</b>	<b>19,010,625</b>	<b>666,304,453</b>

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

37.3 Market risk

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

37.3.1 Currency risk

Exposure to currency risk

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

Trade debts 2013

US Dollar	Euro	Others	Rupees
54,171	-	-	5,341,278
-	-	-	-

Trade debts 2012

The following significant exchange rates applied during the year

Average rates		Reporting date rates	
2013	2012	2013	2012
95.44	88.14	98.60	92.28

US Dollar to Rupees



## Sensitivity analysis

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

	2013	2012
	-----Rupees-----	
US Dollar	267,064	-
Euro	-	-

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

## 37.3.2 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 the interest rate exposures arises from short and long term borrowings from bank and term deposits and deposits in PLS saving accounts with banks. At the balance sheet date the interest rate profile of the company's interest bearing financial instrument is as follows.

	2013	2012
	-----Rupees-----	
Fixed rate instruments	-	-
Financial assets	-	-
Financial liabilities	-	-
Variable rate instruments	-	-
Financial assets	279,190,565	353,676,787
Financial liabilities	-	-

**Fair value sensitivity analysis for fixed rate instruments**

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

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

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for June 30, 2013.

	Profit & loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	-----Rupees-----			
Cash flow sensitivity - variable rate instruments 2013	(412,938)	412,938	-	-
Cash flow sensitivity - variable rate instruments 2012	(612,512)	612,512	-	-

## 37.4 Fair value of financial assets and liabilities

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

	2013	2012
	-----In millions-----	
Bank guarantees	24.38	28.25
Letters of credit	-	2.99

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

## 38 CAPITAL RISK MANAGEMENT

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



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

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

		2013	2012
Borrowings	Rupees	279,190,565	342,701,787
Total equity	Rupees	380,607,079	116,341,507
Total capital employed	Rupees	659,797,645	459,043,294
Gearing ratio	Percentage	42.31	74.66

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

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

	2013	2012
	<b>Executive</b>	
Managerial remuneration	3,888,436	3,534,942
Number of persons	3,888,436	3,534,942
	4	4

**40 CORRESPONDING FIGURES**

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

**41 NUMBER OF EMPLOYEES**

	2013	2012
Employees as at year end	405	398
Average employees during the year	418	402

**42 CAPACITY AND PRODUCTION**

Spindles installed (numbers)	33,072	33,072
Spindles worked (numbers)	17,440	20,635
Installed capacity converted in to 20/s (Kgs.)	10,266,624	10,266,624
Actual production of yarn converted in to 20/s (Kgs.)	2,954,153	4,834,985
Number of shifts worked per day	3	3

42.1 It is difficult to determine precisely described production capacity and the resultant production converted into single count in the textile industry, since it fluctuates widely depending on various factors such as type of yarn produced and raw material used etc. It would also vary according to the trend of production adopted in a particular period. There was shortage of gas supply during winter season which resulted in reduced production during the year 2012.

**43 DATE OF AUTHORIZATION FOR ISSUE**

The financial statements were authorized for issue on October 09, 2013 by the board of directors of the company.

**44 GENERAL**

Figures have been rounded off to the nearest of Rupee.

**45 EVENTS AFTER THE BALANCE SHEET DATE**

There are no subsequent events occurring after balance sheet date.

  
CHIEF EXECUTIVE

  
DIRECTOR



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

PARTICULARS	2013	2012	2011	2010	2009	2008
<b>BALANCE SHEET SUMMARY</b>						
Paid up Capital	522,144	522,144	392,000	392,000	392,000	392,000
Reserves & Accumulated Losses	(141,537)	(405,802)	(341,001)	(259,041)	(281,322)	(190,927)
Surplus on Revaluation of Fixed Assets	478,759	375,064	386,530	402,080	414,969	424,514
Long Term Liabilities	151,828	509,131	578,334	606,345	583,935	360,310
Deferred Liabilities	129,217	7,601	8,293	36,591	17,525	27,868
Current Liabilities	558,480	608,969	682,734	366,221	343,619	494,953
	<b>1,698,892</b>	<b>1,617,107</b>	<b>1,706,890</b>	<b>1,544,196</b>	<b>1,470,727</b>	<b>1,508,718</b>
<b>REPRESENTED BY</b>						
Fixed Assets	1,124,937	974,053	1,014,032	1,059,407	1,103,327	1,148,843
Long Term Deposit	4,180	8,614	8,394	7,794	404	404
Current Assets	669,138	733,803	684,464	476,995	366,995	359,470
	<b>1,798,255</b>	<b>1,716,470</b>	<b>1,706,890</b>	<b>1,544,196</b>	<b>1,470,727</b>	<b>1,508,717</b>
<b>PROFIT AND LOSS - SUMMARY</b>						
Sales	1,113,206	855,372	1,625,000	1,379,194	856,602	1,081,060
Cost of Sales	(1,179,023)	(944,462)	(1,232,460)	(1,232,460)	(830,094)	(1,029,102)
<b>Gross Profit</b>	<b>(65,817)</b>	<b>(89,090)</b>	<b>392,540</b>	<b>146,734</b>	<b>26,508</b>	<b>51,958</b>
Other Operating Expenses	(51,460)	(31,230)	47,251	(43,975)	(31,544)	(30,190)
Financial Charges	(43,791)	(62,646)	(110,339)	(69,889)	(104,720)	(78,852)
Other Income	5,596	101,061	990	1,432	2,764	3,105
<b>Profit / Loss Before Taxation</b>	<b>(155,473)</b>	<b>(81,905)</b>	<b>235,940</b>	<b>34,303</b>	<b>(106,992)</b>	<b>(53,979)</b>
Provision for Taxation	(42,626)	5,637	11,901	(24,908)	7,051	(2,119)
<b>Profit / Loss After Taxation</b>	<b>(198,099)</b>	<b>(76,267)</b>	<b>247,841</b>	<b>9,394</b>	<b>(99,941)</b>	<b>(56,098)</b>
Earning Per Share	4.82	(1.46)	(2.49)	0.24	(2.55)	(2.76)
<b>Dividend</b>						



FORM OF PROXY

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

PLEASE QUOTE:

Table with 2 columns: Folio No., No. of Shares held

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

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

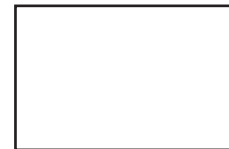
of \_\_\_\_\_

who is also member of Company vide Registered Folio No.....as my / our proxy to attend, act and vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held at 203-Faiyaz Centre, 2nd Floor, 3-A, S.M.C. Housing Society, Shahrah-e-Faisal, Karachi-74400 on Thursday October 31st, 2013 at 4:00 p.m.

In witness whereof I have set my hand this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

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

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



Member's Signature:

Notes:

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

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