of Companies

27th Annual Report 2014

UMER GROUP OF COMPANIES

BLESSED TEXTILES LIMITED.

Vision

A Leader Company maintaining

an excellent Level of ethical and

Professional standards

Mission Statement

To become a top quality

Manufacturer of textile products

In the International

&

Local markets

CORPORATE INFORMATION

Board of Directors	Mr. Mohammad Amin	Chief Executive / Director
	Mr. Khurrum Salim	Non Executive Director
	Mr. Bilal Sharif	Non Executive Director
	Mr. Adil Shakeel	Executive Director
	Mr. Mohammad Salim	Non Executive Director / Chairman
	Mr. Mohammad Sharif	Non Executive Director
	Mr. Mohammad Shaheen	Executive Director
	Mr. Mohammad Shakeel	Non Executive Director
	Mr. Iqbal Mehboob	Independent Director
Company Secretary	Syed Ashraf Ali, FCA	
Chief Financial Officer	Mr. Anwar Hussain, FCA	
Audit Committee	Mr. Iqbal Mehboob	Chairman
	Mr. Khurrum Salim	Member
	Mr. Bilal Sharif	Member
Human Resource and Remuneration Committee	Mr. Mohammad Shakeel	Chairman
	Mr. Khurrum Salim	Member
	Mr. Adil Shakeel	Member
Auditors	M/s Rehman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants Suite # 4, Block B 90-Canal Park, Gulberg II Lahore	
Legal Advisor	Mr. Shahid Pervaiz Jami	
Bankers	Bank Al Habib Limited Barclays Bank Plc Dubai Islamic Bank MCB Bank Limited Meezan Bank Limited Samba Bank Limited Standard Chartered Bank (Pakistan) Limited United Bank Limited	
Share Registrar	Hameed Majeed Associated (Private) Limited 5th Floor Karachi Chamber, Karachi	
Registered Office	Umer House, 23/1, Sector 23, S. M. Farooq Road, Korangi Industrial Area, Karachi, Pakistan Tel : 021 35115177 - 80 ; Fax: 021 -35063002-3 Email: khioff@umergroup.com Website: http://www.umergroup.com	
Liason / Correspondence office	9th Floor, City Towers, 6-K, Main Boulevard Gulberg - II, Lahore, Pakistan Tel : 042 111 130 130 ; Fax: 042 -35770015 Email: lhroff@umergroup.com Website: http://www.umergroup.com	
Mills At:	Spinning and weaving units are situated at Feroz Watwan, Sheikhupura, Punjab. Tel: 0496 731724	

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the 27th Annual General Meeting of the members of **Blessed Textiles Limited** will be held on Monday 27th October 2014 at 4:30 PM., at the registered office of the company i.e. Umer House, 23/1, Sector 23, S. M. Farooq Road, Korangi Industrial Area, Karachi, to transact the following business:

Ordinary Business

1. To confirm the minutes of the Annual General Meeting held on 22nd October 2013.
2. To receive, consider and adopt the audited financial statements of the company for the year ended 30th June, 2014 together with the Auditors' and Directors' Report thereon.
3. To approve the cash dividend @25% (i.e. PKR 2.5 per share) for the year ended 30th June, 2014, as recommended by the Board of Directors.
4. To appoint the auditors for the next term i.e. year 2014-2015 and fix their remuneration. The retiring auditors M/S Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, being eligible, offer themselves for reappointment.
5. To transact any other business with the permission of the chairman.

(By the order of the Board)

Karachi:
Date: 23rd September 2014

Syed Ashraf Ali, FCA
Company Secretary

NOTES:

1. The Shares Transfer Books of the Company will remain closed from 20th October 2014 to 27th October, 2014 (both days inclusive). Transfers received in order at the registered office of the company i.e. Umer House, 23/1, Sector 23, S. M. Farooq Road, Korangi Industrial Area, Karachi by 18th October 2014 will be treated in time for the purpose of entitlement of dividend in respect of the period ended 30th June, 2014.
2. A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote instead of him/her. No person other than a member shall act as proxy.
3. An instrument appointing a proxy and the power of attorney or other Authority (if any) under which it is signed or a notarially certified copy of such power or authority, in order to be valid, must be deposited at the registered office of the company at least 48 hours before the time of the meeting and must be duly stamped, signed and witnessed.
4. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her original CNIC or Passport, Account and participant's I.D. numbers, to prove his/her identity, and in case of proxy must enclose an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose. The account/ sub account holders of CDC will further have to follow the guidelines as laid down in Circular No. 1 of 2000 dated January 26, 2000 issued by Securities & Exchange Commission of Pakistan.
5. As instructed by Securities and Exchange Commission of Pakistan (SECP) vide their letter No. EMD/D-II/Misc/2009-1342 dated April 4, 2013 dividend warrants cannot be issued without insertion of CNIC Numbers; therefore, all shareholders holding physical shares were requested to submit copies of their valid CNICs as requested by our letters and also through advertisement in newspapers. All those shareholders who have not submitted their valid CNICs are once again requested to send a photocopy of their valid CNIC/National Tax numbers alongwith the folio numbers to the Company's Share Registrar. No dividend will be payable unless the CNIC number is printed on the dividend warrants, so please let us have your CNIC numbers failing, which we will not be responsible if we are not able to pay the dividends.
6. In order to make process of payment of cash dividend more efficient, SECP vide circular No. 8(4) SM/CDC 2008 dated April 5, 2013 have issued instructions so that the shareholders can get their dividend credited in their respective bank accounts electronically without any delay. You may therefore authorize the Company to credit the dividend directly to your bank account for all future dividends declared by the Company. Accordingly all non CDC shareholders are requested to send their bank account details to the Company's Registrar at the address given above. Shareholders who hold shares with Participant/Central Depository Company of Pakistan (CDC) accounts are advised to provide the mandate to the concerned Stock Broker/ Central Depository Company of Pakistan Ltd.
7. Members are requested to immediately inform of any change in their addresses to our share Registrar, Hameed Majeed Associates (Private) Limited.
8. The financial statements of the company for the year ended 30th June 2014 has been published on the website and may be downloaded from the following link, http://www.umergroup.com/blessed-financial-reports.html.
9. Members eager of getting financial statements through email, are request to kindly visit the company website and fill the standard request form.

Directors' Report

The Directors of your Company have pleasure in submitting their report on audited statements of accounts for the year ended 30th June 2014.

Financial Highlights

Financial results of the company are summarized as under;

	2014 Rupees	2013 Rupees
Sales	7,379,595,796	5,765,769,907
Gross profit	774,305,484	819,114,901
Profit before taxation	228,790,760	444,623,717
Taxation		
Current year	-	18,405,626
Prior year	2,181,308	160,587
Deferred	(6,927,008)	26,976,180
	(4,745,700)	45,542,393
Profit after taxation	233,536,460	399,081,324
Comprehensive income		
Re-measurement of employees retirement benefits obligation – Actuarial loss	(3,986,368)	(5,030,839)
Deferred tax	413,807	563,986
	(3,572,561)	(4,466,853)
Total comprehensive income	229,963,899	394,614,471
Un-appropriated profit brought forward	56,901,463	94,446,992
Profit available for appropriation	286,865,362	489,061,463
Appropriations:		
Dividend paid	(32,160,000)	(32,160,000)
Transferred to General Reserve	(200,000,000)	(400,000,000)
Un-appropriated profit carried forward	54,705,362	56,901,463
	=============	=============
Basic and diluted earnings per share	36.31	62.05
	====	====

Turnover of the company has achieved the growth of 27.98%. The sales of the company have increased during the year ended 30th June 2014 from PKR 5.765 billion to PKR 7.379 billion. The main reason of such increase is the addition in production capacity by 12,000 spindles.

The Company earned a profit after tax of PKR. 233.536 million during the year which translated into earnings per share of PKR. 36.31 as compared to a net profit of PKR 399.081 million and earnings per share of PKR 62.05 last year. Profitability has decreased due to depression in spinning segment and increase in finance cost and deprecition. Activity in textile spinning sector in Pakistan is almost dull due to procurement policy of China. Due to lack of demand of yarn and cotton and copious supply of yarn in local and international markets the prices of yarn and cotton in local market were coming down gradually. At closing of financial year, the prices of cotton shrilly declined from 6,700 per maund to 5,500 per maund. Inventories were written down at lower of cost and net realizable value by PKR 189.831 million due to decline in cotton and yarn prices.

The provision for Workers' Welfare Fund for the year ended 30th June 2012 and 30th June 2013 have been made in financial statements amounting to PKR 15.560 million besides the provision of current year amounting to PKR 4.887 million. The Company has filed an appeal before the Honourable Supreme Court against the decision of Honorable Sindh High Court. The same has been admitted and pending for adjudication.

Current Economic Conditions and Textile Industry

Pakistan's Economic performance, during the first nine month of the fiscal year 2013-14 showed a mixed trend, though there were visible signs of improvement. The country posted a growth of 4.1% during the first half of current fiscal year against 3.4% recorded last year. The main factor behind this increased growth is the rebound in the large scale manufacturing sector. But later on the improvement has been severely affected due to shortage of energy, increase in tariff of electricity and gas, political unrest, law and order situation and depreciation of Pakistani Rupee.

Pakistan Rupee and USD parity remained unstable during the year. First Pakistani Rupee depreciated to PKR 108.50 per USD in December 2013 and then start recovering from March 2014 and appreciated to PKR 95.20 per USD in April 2014 and now from August onward it starts depreciating again and currently is around PKR 102.60 per USD. In such instability to control the foreign exchange risk is difficult task.

So far no major activity in textile was observed after getting the grant of Generalized System of Preferences (GSP) Plus status by the European Union. Significant increase in orders from EU countries was being expected followed by increases in production in textile industry.

Dividend

The board of directors is pleased to recommend a final cash dividend of 25% i.e PKR 2.5 per share (June 2013: 50% i.e. PKR 5 per share) for the approval of shareholders at the forthcoming annual general meeting.

Balance Sheet

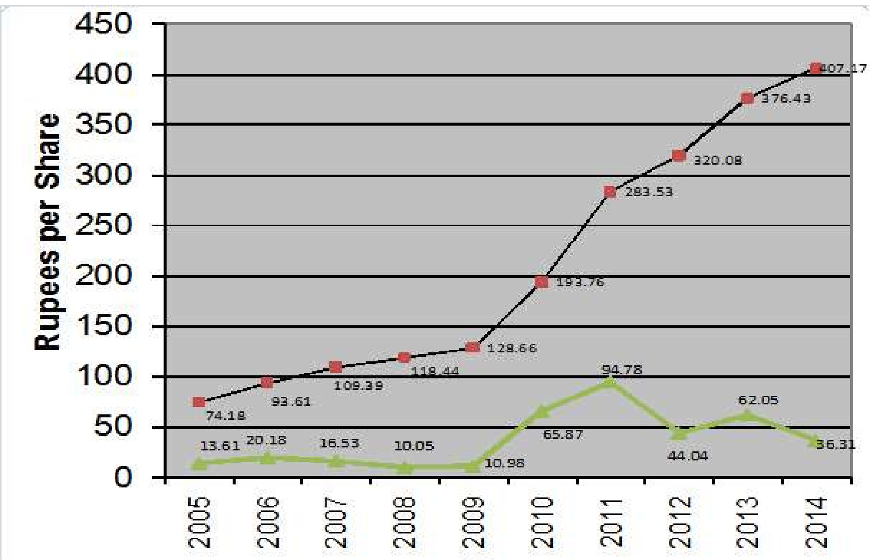
Gearing ratio is 0.87 at 30th June 2014 as compared to 0.52 at 30th June 2013. The liquidity position of the company is sound with a current ratio of 1.58 at 30th June 2014 (2013: 1.88). The total of shareholders' fund stood at PKR 2.619 billion (2013: PKR 2.421 billion). The interest cover is 1.89 times (2013: 4.22 times).

Cash Flow Management

During the year the Company posted strong operational performance and profitability which resulted in stronger cash flows which enabled it to meet operational expenditure, carry out planned capital expenditures and comfortably meet its debt obligations. During the year, the Company repaid its debt obligation of PKR 160.276 million while raising new debt of PKR 1.120 billion which was utilized for expansion of 12,000 spindles and BMR of weaving unit. Despite new long term facilities, the gearing ratio has been slightly increased from 0.52 as on 30th June 2013 to 0.87 as on 30th June 2014. The new debt will result in volumetric growth, improved plant reliability and operational efficiency.

Breakup Value and Earning per Share

The breakup value of your share as on 30th June 2014 is PKR 407.18 (30th June 2013: PKR 376.43). The Earning per Share (EPS) of your company for the year ended 30th June 2014 is PKR 36.31 (30th June 2013: PKR 62.05).



Statement on Corporate and Financial Reporting Framework
The Directors of your Company are aware of their responsibilities under the Code of Corporate Governance incorporated in the Listing Rules of the Stock Exchanges in the country under instructions from the Securities & Exchange Commission of Pakistan. We are taking all the necessary steps to ensure Good Corporate Governance in your Company as required by the Code. As a part of the compliance of the Code, we confirm the following:

- These financial statements, prepared by the management of the company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements except for change in accounting policy of retirement benefits as disclosed in detail in note 5 and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- We have prepared and circulated a Code of Conduct and business strategy among directors and employees.
- The Board of Directors has adopted a vision and mission statement and a statement of overall corporate strategy.
- As required by the Code of Corporate Governance, we have included the following information in this report:
    - o Statement of pattern of shareholding has been given separately.
    - o Statement of shares held by associated undertakings and related persons.
    - o Statement of the Board meetings held during the year and attendance by each director has been given separately.
    - o Key operating and financial statistics for last six years.
- Information about taxes and levies is given in the notes to the financial statements.

Audit Committee
The audit committee of the company is working as required by the code of corporate governance. The audit committee has established internal audit system to monitor and review the adequacy and implementation of internal control at each level. The meetings of audit committee were held in compliance of the requirements of Code of Corporate Governance. Interim and annual financial statements were reviewed by the audit committee before the approval of board of directors.

Financial statements
As required under listing regulations of stock exchanges the Chief Executive Officer and Chief Financial Officer present the financial statements, duly endorsed under their respective signatures, for consideration and approval of the board of directors and the board, after consideration and approval, authorize the signing of financial statements for issuance and circulation.

The financial statements of the company have been duly audited by the auditors of the company, Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants and the auditors have issued clean audit report on the financial statements for the year ended 30th June 2014 and clean review report on Statement of Code of Corporate Governance. These reports are attached with the financial statements.

No material changes in contingencies and commitments, affecting the financial position of your company, have occurred between the end of the financial year to which this balance sheet relates and the date of the directors' report.

Related Party transaction and Transfer Pricing

It is the policy of the company to ensure that all transactions entered with related parties must be at arms length. The company has adopted comparable uncontrolled price method for pricing of transaction with related parties.

Pattern of Shareholding

The pattern of shareholding and additional information regarding pattern of shareholding is attached separately. Apart from the following transactions, no trade in the shares of the company was carried out by Chief Executive Officer, Directors, Chief Financial Officer and Company Secretary and their spouses and minor children during the year ended 30th June 2014.

S. No	Name	Designation / Relationship	Opening Balance	Purchase	Sale	Closing balance
1	Mr. Bilal Sharif	Director	90,500	94,875	-	185,285
2	Mrs. Amna Khurrum	Spouse of Director	163,200	12,603	-	175,803

Auditors

The present auditors M/s Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants shall retire on the conclusion of the 27th annual general meeting. Being eligible, they offer themselves for re-appointment as auditor of the company to hold office from the conclusion of 27th annual general meeting until the conclusion of 28th annual general meeting. The audit committee has recommended the appointment of aforesaid M/s Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, as external auditor for the year ended 30th June 2015. The external auditors, M/s Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants have been given satisfactory rating under the quality review program of the Institute of Chartered Accountants of Pakistan and the firm and all its partner are in compliance with the International Federation of Accountants' Guidelines on the Code of Ethics as adopted by Institute of Chartered Accountants of Pakistan.

Director Education Program

Four directors have been awarded certification of Corporate Governance Leadership Skills by the Pakistan Institute of Corporate Governance. Whereas three directors are exempt from obtaining certification of Corporate Governance Leadership Skills based on their education and experience as provided in Code of Corporate Governance 2012.

Board and Audit Committee Meetings

The number of board and audit committee meetings held during the year 2013-14 was four. The attendance of the directors and members are as under:

Board Meetings			Audit Committee Meeting		
S. No.	**Director's Name**	**Attendance**	**S. No.**	**Member's Name**	**Attendance**
1	Mr. Mohammad Amin	4/4	1	Mr. Iqbal Mehboob	4/4
2	Mr. Khurrum Salim	3/4	2	Mr. Khurrum Salim	4/4
3	Mr. Bilal Sharif	3/4	3	Mr. Bilal Sharif	4/4
4	Mr. Adil Shakeel	2/4			
5	Mr. Mohammad Salim	4/4			
6	Mr. Mohammad Sharif	4/4			
7	Mr. Mohammad Shaheen	4/4			
8	Mr. Mohammad Shakeel	4/4			
9	Mr. Iqbal Mehboob	4/4			

Safety, Health and Environment
We are committed to actively managing health and safety risks associated with our business and are actively working towards improving our procedures to reduce, remove or control the risk of fire, accidents or injuries to employees and visitors. Due to these controls and with the blessing of Al-Mighty Allah no major accidents or incidents took place at the mill.

Major Judgment Areas
Main areas related to income taxes, deferred tax, retirement benefit obligations and accounting estimates and judgments are detailed in notes to the financial statements.

Accounting Standards
The accounting policies of the Company fully reflect the requirements of the Companies Ordinance 1984 and such approved International Accounting Standards and International Financial Reporting Standards as have been notified under this Ordinance as well as through directives issued by the Securities and Exchange Commission of Pakistan.

Human Resource and Remuneration Committee:
The human resource and remuneration committee of the company is working as required by the code of corporate governance and term of reference as approved by the board of directors. The human resource and remuneration committee has established sound and effective employees' development programme.

Corporate Social Responsibility
Company spent PKR 1.85 million under social commitments during the year. The company worked closely with NGO to support their programs for health and education to provide socio-economic opportunities to a multitude of individuals and households.

Expansion in Spinning Unit
By the blessing of Allah Al Mighty expansion of 12,000 spindles at Unit III has been successfully completed. The production of newly installed 12,000 spindles was started in January 2014.

Risks, Challenges and Future Outlook
The main constraints for obtaining reasonable GDP are shortage of energy, depreciation of Rupee, higher discount rate and law and order situation. Government should prepare the policies in order to removes these constraints.

Currently the price of cotton is around PKR 5,500 per maund. It is expected that the prices of cotton will be moderate in subsequent quarter. As per the estimate the local production of cotton will be around 12.0 million bales whereas the estimate of cotton consumption is around 14.0 million bales.
The results of the first quarter of the next fiscal year will depend on the direction of cotton prices. The management expects a lower profitability in subsequent period.

Acknowledgement
We would like to take advantage of this opportunity to thank our business partners and those who continue to steer the company forward. We owe special gratitude to company's bankers, shareholders and government authorities for the cooperation extended by them during this period.

For and on behalf of the Board of Directors

Mohammad Salim
Chairman

Karachi:
Date: 23rd September 2014

Pursuant to Section 241(2) of the Companies Ordinance, 1984, these financial statements have been signed by two Directors in the absence of Chief Executive who for the time being is not in the country.

Year wise Operating Data

Year Ended 30th June

	2014	2013	2012	2011	2010	2009
Spinning Unit						
Spindle installed	55,872	47,616	47,616	47,616	47,616	47,616
Spindle worked	55,872	47,616	47,616	47,616	47,616	47,616
Installed capacity after conversion in to 20/s count (Kgs)	21,015,867	20,413,000	20,413,000	20,413,000	20,413,000	20,413,000
Actual production after conversion in to 20/s count (Kgs)	18,657,200	16,220,000	18,498,000	23,832,744	18,498,000	18,689,000
Weaving Unit						
Air jet looms installed	136	136	131	131	131	131
Air jet looms worked	136	136	131	131	131	131
Installed capacity after conversion into 50 picks - (meters)	19,771,000	19,771,000	17,483,076	17,483,076	17,483,076	17,483,076
Actual production after conversion into 50 picks - (meters)	18,612,566	19,735,000	25,059,000	23,245,090	25,059,000	23,892,170

Year wise Financial Data

Year Ended 30th June

	2014	**2013**	**2012**	**2011**	**2010**	**2009**
	Rupees in Thousands					
Turnover (Net)	7,379,595	5,765,769	5,447,990	6,124,843	4,054,211	3,254,301
Gross profit	774,305	819,115	732,112	1,160,396	801,314	466,696
Operating profit	522,102	607,659	476,657	865,809	605,346	357,270
Financial expenses	257,648	138,293	137,939	192,407	175,417	257,167
Profit before tax	228,790	444,624	338,718	673,402	429,929	100,103
Profit after tax	233,536	399,081	283,282	609,605	423,522	70,593
Cash dividend	32,160	32,160	48,240	32,160	4,824	4,824
Transfer to reserves	200,000	400,000	300,000	500,000	350,000	60,000
Profit carried forward	54,705	56,901	94,446	159,404	81,959	13,261
Sales growth percentage - Year to Year basis	27.99%	5.83%	-11.05%	51.07%	24.58%	9.88%
Gross profit ratio	10.49%	14.21%	13.44%	18.95%	19.76%	14.34%
Profit before tax	3.10%	7.71%	6.22%	10.99%	10.60%	3.08%
Profit after tax	3.16%	6.92%	5.20%	9.95%	10.45%	2.17%
Fixed assets	3,237,433	1,994,405	1,734,165	1,539,364	1,623,295	1,565,526
Current assets	2,217,505	2,147,819	1,519,067	1,293,004	773,352	880,145
Shareholder equity	2,619,025	2,421,221	2,058,766	1,823,724	1,246,279	827,581
Long term liabilities	1,321,203	475,706	445,840	333,929	504,014	495,842
Short term loan	682,904	627,290	271,863	19,638	110,000	537,413
Current liabilities	1,404,997	1,144,986	688,449	625,012	514,871	962,321
Current portion of long term loans	274,746	160,272	107,836	294,837	201,172	234,752
Current ratio	1.58	1.88	2.21	2.07	1.50	0.91
Gearing ratio	0.87	0.52	0.40	0.36	0.65	1.53

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Review Report to the members

on Statement of Compliance with Best practices of Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ('the Code') prepared by the Board of Directors of **Blessed Textiles Limited** for the year ended June 30, 2014 to comply with the requirements of Listing Regulation No 35 of the Karachi Stock Exchange Limited, Islamabad Stock Exchange Limited and Lahore Stock Exchange Limited where the Company is listed.

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

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

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

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

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Date: September 23, 2014
Place: Lahore

Engagement Partner:
ZUBAIR IRFAN MALIK

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30TH JUNE, 2014

This statement is being presented to comply with the code of corporate governance contained in listing regulation of the Karachi Stock Exchange, Lahore Stock Exchange and Islamabad Stock Exchange for purpose of establishing a framework of good corporate governance, whereby a listed company is managed in compliance with best practices of corporate governance.

The company applies the principles contained in the Code in the following manner.

1. The company encourages representation of independent non executive directors and directors representing minority interest on its Board of Directors. The Board of directors of the Company has always supported implementation of the highest standards of Corporate Governance at all times. At present the includes;

Category	Name
Independent Director	Mr. Iqbal Mehboob
Executive Directors	Mr. Mohammad Amin Mr. Mohammad Shaheen Mr. Adil Shakeel
Non Executive Directors	Mr. Khurrum Salim Mr. Bilal Sharif Mr. Mohammad Salim Mr. Mohammad Sharif Mr. Mohammad Shakeel

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

3. The Company has prepared a "Code of Conduct", and has ensured that appropriate steps have been taken to disseminate it throughout the company.

4. 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.

5. There was no casual vacancy occurred in board of directors during the year.

6. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment as determined by the CEO. However, there was no new appointment made during the year.

7. 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 once in every quarter. During the year four meetings of Board of Directors was held. 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 meeting were appropriately recorded and circulated.

8. All the directors of the company are registered as taxpayers and none of them has defaulted in payments of any loan to a banking company, a DFI or an NBFI. No director in the board is a member of any Stock exchange in Pakistan.

9. The company arranged briefing for its directors to apprise them of their duties and responsibilities. An independent director also acquired certification by the Pakistan Institute of Corporate Governance (PICG).

10. The CEO and CFO duly endorsed the financial statements of the company before approval of the board.

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30TH JUNE, 2014

11. The director's report has been prepared in compliance with the requirements of the code and fully describes the salient matters required to be disclosed.

12. The meetings of the audit committee were held once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

13. The Board has formed an audit committee. It comprises three members. The Chairman of the committee is an independent director. The remaining two members are non-executive directors.

14. The Board has formed Human Resource and Remuneration Committee. It comprises of three members, majority of them including Chairman of committee are non executive directors.

15. All the powers of the Board have been duly exercised and the Board has taken decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer and other executive directors have been taken by the Board.

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

17. All material information as described in clause (Xiii) of the Code of Corporate Governance is disseminated to the Stock Exchange and Securities and Exchange Commission of Pakistan in time.

18. The Board has set up effective internal audit function with suitable qualified and experienced personnel, which are involved in the internal audit function on full time basis.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they are not aware of any instances where shares of the company are held by any of the partners of the firm, their spouses and minor children and that the firm and all its partners are compliant with International Federation of accountants (IFAC) guidelines on Code of ethics as adopted by Institute of Chartered Accountants of Pakistan (ICAP).

20. The "Closed Period", prior to the announcement of interim and 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 exchanges.

21. All transactions with related parties have been carried out on arm's length basis. Transactions with related parties have been placed before the audit committee and board of directors' meeting for their consideration and formal approval.

22. 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.

23. We confirm that all other material principles contained in the code have been complied with.

For and on behalf of the Board of Directors

Karachi: 23rd September, 2014

Muhammad Shaheen
Director

Pursuant to Section 241(2) of the Companies Ordinance, 1984, these financial statements have been signed by two Directors in the absence of Chief Executive who for the time being is not in the country.

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants
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Gulberg II, Lahore
T: +92 42 5756440, 5757022
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Auditors' Report to the Members

We have audited the annexed balance sheet of **BLESSED TEXTILES LIMITED** ("the Company") as at June 30, 2014 and the related profit and loss account, statement of profit or loss and other 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 management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that-

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

b) in our opinion-

   i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied, except for the change referred to in note 5, with which we concur;

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of profit or loss and other comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2014 and of the profit, other comprehensive loss, its cash flows and changes in equity for the year then ended; and

d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980.), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that ordinance.

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Engagement Partner:
ZUBAIR IRFAN MALIK

Date: September 23, 2014
Place: Lahore

Balance Sheet
as at June 30, 2014

	Note	2014 Rupees	2013 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
6,500,000 (2013: 6,500,000) ordinary shares of Rs. 10 each		**65,000,000**	65,000,000
Issued, subscribed and paid-up capital	7	**64,320,000**	64,320,000
General reserve	8	**2,500,000,000**	2,300,000,000
Accumulated profit		**54,705,362**	56,901,463
TOTAL EQUITY		**2,619,025,362**	2,421,221,463
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term finances - *Secured*	9	**1,321,202,715**	475,706,138
Deferred liabilities	10	**120,837,950**	107,607,678
		1,442,040,665	583,313,816
CURRENT LIABILTIES			
Trade and other payables	11	**401,350,789**	345,400,085
Accrued interest/mark-up		**45,995,403**	12,023,491
Short term borrowings - *Secured*	13	**682,904,828**	627,290,326
Current portion of non-current liabilities	12	**274,745,672**	160,272,560
		1,404,996,692	1,144,986,462
TOTAL LIABILITIES		**2,847,037,357**	1,728,300,278
CONTINGENCIES AND COMMITMENTS	14	**-**	-
TOTAL EQUITY AND LIABILITIES		**5,466,062,719**	4,149,521,741

The annexed notes 1 to 49 form an integral part of these financial statemements.

Muhammad Shaheen
Director

Karachi
Date: September 23rd, 2014

Pursuant to Section 241(2) of the Companies Ordinance, 1984, these financial statements have been signed by two Directors in the absence of Chief Executive who for the time being is not in the country.

Balance Sheet
as at June 30, 2014

	Note	2014 Rupees	2013 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	15	**3,237,432,974**	1,994,404,823
Long term deposits - *Unsecured, Considered good*	16	**11,125,095**	7,297,985
		3,248,558,069	2,001,702,808
CURRENT ASSETS			
Stores, spares and loose tools	17	**82,004,420**	82,903,666
Stock in trade	18	**1,485,039,828**	1,570,261,938
Trade debts	19	**252,948,137**	189,649,908
Advances, prepayments and other receivables	20	**64,216,928**	65,418,050
Sales tax refundable		**82,566,517**	90,399,343
Income tax refundable	21	**191,477,753**	112,207,491
Cash and bank balances	22	**59,251,067**	36,978,537
		2,217,504,650	2,147,818,933
TOTAL ASSETS		**5,466,062,719**	4,149,521,741

The annexed notes 1 to 49 form an integral part of these financial statemements.

Mohammad Salim
Director

Profit and loss account
for the year ended June 30, 2014

	Note	2014 Rupees	2013 Restated Rupees
Sales - *net*	23	**7,379,595,796**	5,765,769,907
Cost of sales	24	**6,605,290,312**	4,946,655,006
Gross profit		**774,305,484**	819,114,901
Selling and distribution expenses	25	**163,556,983**	132,149,050
Administrative and general expenses	26	**91,263,999**	85,197,438
		254,820,982	217,346,488
		519,484,502	601,768,413
Other income	27	**2,617,530**	5,891,382
Operating profit		**522,102,032**	607,659,795
Finance cost	28	**257,647,786**	138,293,246
Other charges	29	**35,663,486**	24,742,832
		293,311,272	163,036,078
Profit before taxation		**228,790,760**	444,623,717
Provision for taxation			
Current taxation	30	**2,181,308**	18,566,213
Deferred taxation	31	**(6,927,008)**	26,976,180
		(4,745,700)	45,542,393
Profit after taxation		**233,536,460**	399,081,324
Earnings per share - *basic and diluted*	32	**36.31**	62.05

The annexed notes 1 to 49 form an integral part of these financial statemements.

Muhammad Shaheen
Director

Mohammad Salim
Director

Karachi
Date: September 23rd, 2014

Pursuant to Section 241(2) of the Companies Ordinance, 1984, these financial statements have been signed by two Directors in the absence of Chief Executive who for the time being is not in the country.

Cash flow statement
for the year ended June 30, 2014

	Note	2014 Rupees	2013 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	34	**823,878,492**	251,924,440
Payments for:			
Employees retirement benefits		**(14,475,745)**	(13,603,281)
Interest/markup		**(204,095,790)**	(120,611,185)
Income tax		**(81,451,570)**	(73,778,957)
Net cash generated from operating activities		**523,855,387**	43,931,017
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		**(1,483,877,446)**	(436,197,793)
Proceeds from disposal of property, plant and equipment		**2,385,000**	7,565,690
Long term deposits		**(3,827,110)**	-
Net cash used in investing activities		**(1,485,319,556)**	(428,632,103)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term finances obtained		**1,120,246,249**	204,050,000
Repayment of long term finances		**(160,276,560)**	(108,247,000)
Repayment of liabilities against assets subject to finance lease		**-**	(13,500,694)
Net increase in short term borrowings		**55,614,502**	355,426,967
Dividend paid		**(31,847,492)**	(31,982,095)
Net cash generated from financing activities		**983,736,699**	405,747,178
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**22,272,530**	21,046,092
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**36,978,537**	15,932,445
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	35	**59,251,067**	36,978,537

The annexed notes 1 to 49 form an integral part of these financial statemements.

Muhammad Shaheen
Director

Mohammad Salim
Director

Karachi
Date: September 23rd, 2014

Pursuant to Section 241(2) of the Companies Ordinance, 1984, these financial statements have been signed by two Directors in the absence of Chief Executive who for the time being is not in the country.

Statement of profit or loss and other comprehensive income for the year ended June 30, 2014

		2014 Rupees	2013 Rupees
Items that may be reclassified subsequently to profit or loss		-	-
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit obligation	*10.1.4*	**(3,986,368)**	(5,030,839)
Other comprehensive income/(loss) before taxation		**(3,986,368)**	(5,030,839)
Taxation	*10.3.1*	**413,807**	563,986
Other comprehensive income/(loss) after taxation		**(3,572,561)**	(4,466,853)
Profit after taxation		**233,536,460**	399,081,324
Total comprehensive income		**229,963,899**	394,614,471

The annexed notes 1 to 49 form an integral part of these financial statemements.

Muhammad Shaheen
Director

Mohammad Salim
Director

Karachi
Date: September 23rd, 2014

Pursuant to Section 241(2) of the Companies Ordinance, 1984, these financial statements have been signed by two Directors in the absence of Chief Executive who for the time being is not in the country.

Statement of changes in equity
for the year ended June 30, 2014

	Issued subscribed and paid-up capital	General reserve	Accumulated profit	Total equity
	Rupees	*Rupees*	*Rupees*	*Rupees*
Balance as at July 01, 2012	64,320,000	1,900,000,000	94,446,992	2,058,766,992
Comprehensive income				
Profit after taxation *(restated)*	-	-	399,081,324	394,614,471
Other comprehensive income *(restated)*	-	-	(4,466,853)	-
Total comprehensive income	-	-	394,614,471	394,614,471
Transaction with owners				
Final dividend @ 50% i.e. Rs. 5.0 per ordinary share	-	-	(32,160,000)	(32,160,000)
Profit transferred to general reserve	-	400,000,000	(400,000,000)	-
Balance as at June 30, 2013	64,320,000	2,300,000,000	56,901,463	2,421,221,463
Comprehensive income				
Profit after taxation	**-**	**-**	**233,536,460**	**233,536,460**
Other comprehensive income	**-**	**-**	**(3,572,561)**	**(3,572,561)**
Total comprehensive income	**-**	**-**	**229,963,899**	**229,963,899**
Transaction with owners				
Final dividend @ 50% i.e. Rs. 5.0 per ordinary share	**-**	**-**	**(32,160,000)**	**(32,160,000)**
Profit transferred to general reserve	**-**	**200,000,000**	**(200,000,000)**	**-**
Balance as at June 30, 2014	**64,320,000**	**2,500,000,000**	**54,705,362**	**2,619,025,362**

The annexed notes 1 to 49 form an integral part of these financial statemements.

Muhammad Shaheen
Director

Mohammad Salim
Director

Karachi
Date: September 23rd, 2014

Pursuant to Section 241(2) of the Companies Ordinance, 1984, these financial statements have been signed by two Directors in the absence of Chief Executive who for the time being is not in the country.

Notes to and forming part of financial statements for the year ended June 30, 2014

1 REPORTING ENTITY

Blessed Textiles Limited ('the Company') is incorporated in Pakistan as a Public Limited Company under the Companies Ordinance, 1984 and is listed on Karachi Stock Exchange (Guarantee) Limited, Islamabad Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited. The Company is primarily a spinning unit engaged in the manufacture and sale of yarn and woven fabric, however, it is also engaged in the generation of electricity for self consumption. The registered office of the Company is situated at Umer House, 23/1, Sector 23, S.M. Farooq Road, Korangi Industrial Area, Karachi. The manufacturing facility is located at District Sheikhupura in the Province of Punjab.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Subsequently, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Judgements made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

2.3.1 Depreciation method, rates and useful lives of property, plant and equipment

The Company reassesses useful lives, depreciation method and rates for each item of property, plant and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from that item.

2.3.2 Recoverable amount and impairment

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

2.3.3 Taxation

The Company takes into account the current income tax law and decisions taken by appellate and other relevant legal forums while estimating its provision for current tax. Provision for deferred tax is estimated after taking into account historical and expected future turnover and profit trends and their taxability under the current tax law.

2.3.4 Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

2.3.5 Obligation under defined benefit plan

The Company's obligation under the defined benefit plan is based on assumptions of future outcomes, the principal ones being in respect of increases in remuneration, remaining working lives of employees and discount rates to be used to determine present value of defined benefit obligation. These assumptions are determined periodically by independent actuaries.

2.4 Functional currency

These financial statements have been prepared in Pak Rupees which is the Company's functional currency.

Notes to and forming part of financial statements
for the year ended June 30, 2014

3 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE DURIN THE YEAR.

3.1 The following new and revised standards, interpretations and amendments are effective during the year and are relevant to the Company.

Amendments to IAS 1 - Presentation of Financial Statements (as part of the Annual Improvements 2009-2011 Cycle)
The annual improvements to IFRS 2009-2011 have made a number of amendments to IFRSs. The amendments that are relevant to the Company are the amenments to IAS 1 - Presentation of Financial Statements regarding when a balance sheet as at the beginning of the preceding period (third balance sheet) is required to be presented. The amendments specify that a third balance sheet is required when an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements and that retrospective application, restatement or reclassification has a material effect on the information in the third balance sheet. The amendments specify that the related notes are not required to accompany the third balance sheet.

During the year, the Company has applied IAS 19 – Employee Benefits (Revised 2011), however, a third balance sheet as at June 30, 2012 has not been presented as the retrospective application has no effect on the balance sheet.

IAS 19 – Employee Benefits (Revised 2011)

The revised standard:

- Requires the recognition of changes in the net defined benefit liability/asset including immediate recognition1of defined benefit cost, disaggregation of defined benefit cost into components, recognition of re-measurements in other comprehensive income, plan amendments, curtailments and settlements, and eliminates the option that allowed entities to defer the recognition of changes in net defined benefit liability under the '10% Corridor Approach'.

- Introduces enhanced disclosures about defined benefit plans.

- Modifies accounting for termination benefits, including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination.

- Clarifies various miscellaneous issues, including the classification of employee benefits, current estimates of mortality rates, tax and administration costs and risk-sharing and conditional indexation features.

The Company has adopted and applied the revised standard which has resulted in change in accounting policy as referred to in note 5.

3.2 The following new and revised standards, interpretations and amendments are effective during the year and are either not relevant to the Company or do not have any material impact on these financial statements.

IAS 27 - Separate Financial Statements (Revised 2011)
The revised standard supersedes IAS 27 - Consolidated and Separate Financial Statements (Revised 2008). The revised standard carries forward existing accounting and disclosure requirements for separate financial statements with some minor clarifications. The revised standard is not relevant to the Company.

IAS 28 - Investments in Associates and Joint Ventures (Revised 2011)
The revised standard supersedes IAS 28 - Investments in Associates (Revised 2008) and makes amendments to apply IFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations to investment, or a portion thereof, in an associate or joint venture, that meets the criteria to be classified as held for sale. The revised standard is not relevant to the Company.

Annual Improvements 2009-2011
The 2009-2011 cycle of improvements contains amendments to the following standards, with consequential amendments to other standards and interpretations.

- **IFRS 1 – First-time Adoption of International Financial Reporting Standards**
  The amendments clarify that an entity may apply IFRS 1 if its most recent previous annual financial statements did not contain an explicit and unreserved statement of compliance with International Financial Reporting Standards even if the entity applied IFRS 1 in the past. The amendments are not relevant to the Company.

Notes to and forming part of financial statements
for the year ended June 30, 2014

- **IAS 16 - Property, Plant and Equipment**

The amendments 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. The amendments do not have any material impact on the Company's financial statements.

- **IAS 32 - Financial Instruments: Presentation**

The amendments 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 amendments remove a perceived inconsistency between IAS 32 and IAS 12. The amendments do not have any material impact on the Company's financial statements.

- **IAS 34 - Interim Financial Reporting**

The amendments 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. The amendments do not have any material impact on the Company's financial statements.

Government Loans (Amendments to IFRS 1 – First-time Adoption of International Financial Reporting Standards)
The amendments address how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to International Financial Reporting Standards. The amendments are not relevant to the Company.

Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7 - Financial Instruments:Disclosures)
The amendments contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement. The amendments do not have any material impact on the Company's financial statements.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32 - Financial Instruments: Presentation)
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. The amendments do not have any material impact on the Company's financial statements.

Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10 – Consolidated Financial Statements, IFRS 11 – Joint Arrangements and IFRS 12 – Disclosure of Interests in Other Entities)
The amendments provide transitional relief by limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Also, amendments to IFRS 11 and IFRS 12 eliminate the requirement to provide comparative information for periods prior to the immediately preceding period. The amendments are not relevant to the Company.

IFRIC 20 - Stripping Cost in the Production Phase of a Surface Mining (2011)
The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The interpretation is not relevant to the Company.

3.3 The following new standards are effective during the year but have been notified for adoption by the Securities and Exchange Commission of Pakistan under section 234 of the Companies Ordinance, 1984 for annual periods beginning on or after January 01, 2015.

IFRS 10 – Consolidated Financial Statements (2011)
The standard replaces those parts of IAS 27 - Consolidated and Separate Financial Statements, that address when and how an investor should prepare consolidated financial statements and supersedes SIC 12 - Consolidation: Special Purpose Entities.

IFRS 11 - Joint Arrangements (2011)
The standard supersedes IAS 31 - Interest in Joint Ventures and SIC 13 - Jointly Controlled Entities: Non-monetary Contributions by Venturers.

Notes to and forming part of financial statements
for the year ended June 30, 2014

IFRS 12 - Disclosure of Interests in Other Entities (2011)
The standard introduces disclosure requirements relating to interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities.

IFRS 13 - Fair Value Measurement (2011)
The standard replaces the guidance on fair value measurement in various existing standards with a single standard.

4 *NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS ISSUED BUT NOT EFFECTIVE.*
The following new and revised standards, interpretations and amendments are in issue, which are not effective as at the reporting date. These are not expected to have any significant impact on the financial statements of the Company, except for enhanced disclosures in certain cases.

IFRS 9 – Financial Instruments: Classification and Measurement (2014)
The revised standard incorporates new requirements for the classification and measurement of financial instruments and carries over existing derecognition requirements from IAS 39 - Financial Instruments: Recognition and Measurement. The standard is effective for annual periods beginning on or after January 01, 2018.

IFRS 14 – Regulatory Deferral Accounts (2014)
The standard allows first-time adoptors of IFRS to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. The standard is effective for annual periods beginning on or after January 01, 2017.

IFRS 15 – Revenue from Contracts with Customers (2014)
The standard provides a single, principles based five-step model to all contracts with customers. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The standard is effective for annual periods beginning on or after January 01, 2017.

Investment Entities (Amendments to IFRS 10 – Consolidated Financial Statements, IFRS 12 – Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements
The amendments provide exemption from consolidation of particular subsidiaries by certain entities defined as "Investment Entities" and require additional disclosures where such subsidiaries are excluded from consolidation pursuant to exemption. The amendments are effective for annual periods beginning on or after January 01, 2014

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36 – Impairment of Assets)
The amendments reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required and introduce an explicit requirement to disclose the discount rate used in determining impairment or reversals where recoverable amount is determined using a present value technique. The amendments are effective for annual periods beginning on or after January 01, 2014.

Novation of Derivative and Continuation of Hedge Accounting (Amendments to IAS 39 – Financial Instruments: Recognition and Measurement)
The amendments clarify that there is no need to discontinue hedge accounting if a hedge derivative is novated provided certain criteria are met. The amendments are effective for annual periods beginning on or after January 01, 2014.

Contributions from employees or third parties (Amendments to IAS 19 – Employee Benefits)
The amendments narrow scope amendments applicable to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The amendments are effective for annual periods beginning on or after July 01, 2014.

Offsetting financial assets and financial liabilities (Amendments to IAS 32 – Financial Instruments: Presentation)
The amendments update the application guidance in IAS 32 to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The amendments are effective for annual periods beginning on or after January 01, 2014.

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11 – Joint Arrangements)
The amendments update the application guidance in IAS 32 to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The amendments are effective for annual periods beginning on or after January 01, 2016.

Notes to and forming part of financial statements
for the year ended June 30, 2014

Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets)
The amendments clarify the use of certain acceptable methods of depreciation and amortization. The amendments are effective for annual periods beginning on or after January 01, 2016.

Bearer Plants (Amendments to IAS 16 – Property, Plant and Equipment and IAS 41 – Agriculture)
The amendments allows bearer plants; living plants that are used in the production or supply of agricultural produce, which are expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, to be accounted for under IAS 16 – Property, Plant and Equipment, and clarify that the produce growing on bearer plants remains within the scope of IAS 41 - Agriculture. The amendments are effective for annual periods beginning on or after January 01, 2016.

Annual Improvements 2010-2012 (applicable to annual periods beginning on or after July 01, 2014)
The 2010-2012 cycle of improvements contains amendments to the following standards, with consequential amendments to other standards and interpretations.

- **IFRS 2 – Share-based Payment**
The amendments amend the definition of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'.

- **IFRS 3 – Business Combinations**
The amendments require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date.

- **IFRS 8 –Operating Segments**
The amendments require disclosure of the judgements made by the management in applying the aggregation criteria to operating segments and clarify that reconciliations of segment assets are required only if segment assets are reported regularly.

- **IFRS 13 – Fair Value Measurement**
The amendments clarify that issuing IFRS 13 – Fair Value Measurement and amending IFRS 9 – Financial Instruments: Disclosures and IAS 39 – Financial Instruments: Recognition and Measurement did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis.

- **IAS 16 – Property, Plant and Equipment**
The amendments clarify that the amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount.

- **IAS 24 – Related Parties**
The amendments clarify how payments to entities providing management services are to be disclosed.

Annual Improvements 2011-2013 (applicable to annual periods beginning on or after July 01, 2014)
The 2011-2013 cycle of improvements contains amendments to the following standards, with consequential amendments to other standards and interpretations.

- **IFRS 1 – First-time Adoption of International Financial Reporting Standards**
The amendments clarify which versions of IFRSs can be used on initial adoption.

- **IFRS 3 – Business Combinations**
The amendments clarify that the standard exludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

- **IFRS 13 – Fair Value Measurement**
The amendments clarify the scope of portfolio exception.

- **IAS 40 – Investment Property**
The amendments clarifying the interrelationship of IFRS 13 – Fair Value Measurement and IAS 40 – Investment Property when classifying property as investment property or owner-occupied property.

Notes to and forming part of financial statements
for the year ended June 30, 2014

5 CHANGE IN ACCOUNTING POLICY

During the year, the Company has adopted and applied IAS 19 – Employee Benefits (Revised 2011) which has resulted in change accounting policy of the Company for Defined Benefit Plans. Earlier actuarial gains/losses were recognized in profit and loss in the period in which they occurred as allowed by the previous version of the standard. Following the application of the revised standard all remeasurements of defined benefit obligation are recognized in other comprehensive income in the period in which they occur. The change has been applied retrospectively. The impact of retrospective application is as follows:

	2014 *Rupees*	2013 *Rupees*
Impact on profit or loss		
Decrease in cost of sales	**3,098,532**	6,083,033
Decrease/(increase) in administrative expenses	**887,836**	(1,052,194)
Increase/(decrease) in deferred tax expense	**(413,807)**	(563,986)
Increase in profit after taxation	**3,572,561**	4,466,853
Impact on other comprehensive income		
Decrease in remeasurement of defined benefit obligation	**3,986,368**	5,030,839
Increase in deferred tax income on remeasurement of defined benefit obligation	**(413,807)**	(563,986)
Decrease in other comprehensive income	**3,572,561**	4,466,853
Impact on earnings per share		
Increase in earnings per share	**0.55**	0.69
Impact on liabilities	**-**	-
Impact on equity	**-**	-
Impact on assets	**-**	-

6 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, with the exception of change referred to in note 5.

6.1 Property, plant and equipment

6.1.1 Operating fixed assets

Operating fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses with the exception of freehold land, which is stated at cost less accumulated impairment losses. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation.

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

The Company recognizes depreciation in profit or loss by applying reducing balance method over the useful life of each operating fixed asset using rates specified in note 15.1 to the financial statements. Depreciation on additions to operating fixed assets is charged from the month in which the item becomes available for use. Depreciation is discontinued from the month in which it is disposed or classified as held for disposal.

An operating fixed asset is de-recognized when permanently retired from use. Any gain or loss on disposal of operating fixed assets is recognized in profit or loss.

6.1.2 Capital work in progress

Capital work in progress is stated at cost less identified impairment loss, if any, and includes the cost of material, labour and appropriate overheads directly relating to the construction, erection or installation of an item of operating fixed assets. These costs are transferred to operating fixed assets as and when related items become available for intended use.

Notes to and forming part of financial statements
for the year ended June 30, 2014

6.2 Stores, spares and loose tools

These are generally held for internal use and are valued at cost. Cost is determined on the basis of weighted average except for items in transit, which are valued at invoice price plus related cost incurred up to the reporting date. For items which are considered obsolete, the carrying amount is written down to nil. Spare parts held for capitalization are classifed as property, plant and equipment.

6.3 Stock in trade

These are valued at lower of cost and net realizable value, with the exception of stock of waste which is valued at net realizable value. Cost is determined using the following basis:

Raw materials	Weighted average cost
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Stock in transit	Invoice price plus related cost incurred up to the reporting date

Average manufacturing cost in relation to work in process and finished goods consists of direct material, labour and an appropriate proportion of manufacturing overheads.

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

6.4 Employee benefits

Short-term employee benefits

The Company recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit or loss unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the approved accounting standards. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

Post-employment benefits

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its employees who have completed the minimum qualifying service period. Liability is adjusted on each reporting date to cover the obligation and the adjustment is charged to profit or loss with the exception of remeasurements which are recognized in other comprehensive income. The amount recognized on balance sheet represents the present value of defined benefit obligation. The details of the scheme are referred to in note 10.3 to the financial statements.

6.5 Financial instruments

6.5.1 Recognition

A financial instrument is recognized when the Company becomes a party to the contractual provisions of the instrument.

6.5.2 Classification

The Company classifies its financial instruments into following classes depending on the purpose for which the financial assets and liabilities are acquired or incurred. The Company determines the classification of its financial assets and liabilities at initial recognition.

6.5.2(a) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified a loans and receivables. Assets in this category are presented as current assets except for maturities greater than twelve months from the reporting date, where these are presented as non-current assets.

6.5.2(b) Financial liabilities at amortized cost

Non-derivative financial liabilities that are not financial liabilities at fair value through profit or loss are classified as financial liabilities at amortized cost. Financial liabilities in this category are presented as current liabilities except for maturities greater than twelve months from the reporting date where these are presented as non-current liabilities.

6.5.3 Measurement

The particular measurement methods adopted are disclosed in the individual policy statements associated with each instrument.

Notes to and forming part of financial statements
for the year ended June 30, 2014

6.5.4 De-recognition
Financial assets are de-recognized if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are de-recognized if the Company's obligations specified in the contract expire or are discharged or cancelled. Any gain or loss on de-recognition of financial assets and financial liabilities is recognized in profit or loss.

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

6.6 Ordinary share capital
Ordinary share capital is recognized as equity. Transaction costs directly attributable to the issue of ordinary shares are recognized as deduction from equity.

6.7 Loans and borrowings
Loans and borrowings are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transaction costs Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the profit or loss over the period of the borrowings on an effective interest basis.

6.8 Finance leases
Leases in terms of which the Company assumes substantially all risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are classified as 'operating fixed assets'. On initial recognition, these are measured at cost, being an amount equal to the lower of its fair value and the present value of minimum lease payments. Subsequent to initial recognition, these are measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation, subsequent expenditure, de-recognition, and gains and losses on de-recognition are accounted for in accordance with the respective policies for operating fixed assets. Liabilities against assets subject to finance lease and deposits against finance lease are classified as 'financial liabilities at amortized cost' and 'loans and receivables' respectively, however, since they fall outside the scope of measurement requirements of IAS 39 'Financial Instruments - Recognition and Measurement', these are measured in accordance with the requirements of IAS 17 'Leases'. On initial recognition, these are measured at cost, being their fair value at the date of commencement of lease, less attributable transaction costs. Subsequent to initial recognition, minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Deposits against finance leases, subsequent to initial recognition are carried at cost.

6.9 Operating leases
Leases that do not transfer substantially all risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognized in profit or loss on a straight line basis over the lease term.

6.10 Trade and other payables

6.10.1 Financial liabilities
These are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being their fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

6.10.2 Non-financial liabilities
These, both on initial recognition and subsequently, are measured at cost.

6.11 Provisions and contingencies
Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provision is recognized at an amount that is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where outflow of resources embodying economic benefits is not probable, or where a reliable estimate of the amount of obligation cannot be made, a contingent liability is disclosed, unless the possibility of outflow is remote.

Notes to and forming part of financial statements for the year ended June 30, 2014

6.12 Trade and other receivables

6.12.1 Financial assets

These are classified as 'loans and receivables'. On initial recognition, these are measured at cost, being their fair value at the date of transaction, plus attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

6.12.2 Non-financial assets

These, both on initial recognition and subsequently, are measured at cost.

6.13 Revenue

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

Revenue from different sources is recognized as follows:

Revenue from sale of goods is recognized when risks and rewards incidental to the ownership of goods are transferred to the buyer. Transfer of risks and rewards vary depending on the individual terms of the contract of sale. For local sales transfer usually occurs on dispatch of goods to customers. For export sales transfer occurs upon loading the goods onto the relevant carrier.

Interest income is recognized using effective interest method.

6.14 Comprehensive income

Comprehensive income is the change in equity resulting from transactions and other events, other than changes resulting from transactions with shareholders in their capacity as shareholders. Total comprehensive income comprises all components of profit or loss and other comprehensive income. Other comprehensive income comprises items of income and expense, including reclassification adjustments, that are not recognized in profit or loss as required or permitted by approved accounting standards, and is presented in 'statement of profit or loss and other comprehensive income'.

6.15 Borrowing costs

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

6.16 Income tax

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

6.16.1 Current taxation

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

6.16.2 Deferred taxation

Deferred tax is accounted for using the balance sheet approach providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the treatment prescribed by the Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Notes to and forming part of financial statements
for the year ended June 30, 2014

6.17 Government grants

Government grants that compensate the Company for expenses or losses already incurred are recognized in profit or loss in the period in which these are received and are deducted in reporting the relevant expenses or losses.

6.18 Earnings per share ('EPS')

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

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

6.19 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at banks. These are classified as 'loans and receivables' and are carried at cost.

6.20 Foreign currency transactions and balances

Transactions in foreign currency are translated to the functional currency of the Company using exchange rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at exchange rate prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated to the functional currency at exchange rate prevailing at the date the fair value is determined. Non-monetary assets and liabilities denominated in foreign currency that are measured at historical cost are translated to functional currency at exchange rate prevailing at the date of initial recognition. Any gain or loss arising on translation of foreign currency transactions and balances is recognized in profit or loss.

6.21 Impairment

6.21.1 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset’s carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

6.21.2 Non-financial assets

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

An impairment loss is recognized if the carrying amount of the asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used in determining the recoverable amount. An impairment loss is reversed only to that extent that the asset’s carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

Notes to and forming part of financial statements
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6.22 Dividend distribution to ordinary shareholders
Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability, to the extent it is unclaimed/unpaid, in the Company's financial statements in the year in which the dividends are approved by the Company's shareholders.

	2014 *Rupees*	2013 *Rupees*
7 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
6,432,000 (2013: 6,432,000) ordinary shares of Rs. 10 each issued for cash	**64,320,000**	64,320,000

8 GENERAL RESERVE

General reserve is primarily being maintained to have adequate resources for future requirements and business operations.

9 LONG TERM FINANCES - SECURED

These represent long term finances utilized under interest/markup arrangements from banking companies

	Note	**2014** *Rupees*	2013 *Rupees*
Term Finances ('TF')			
TF - I	*9.1*	**50,000,000**	100,000,000
TF - II	*9.2*	**19,950,000**	31,350,000
TF - III	*9.3*	**26,544,000**	53,088,000
TF - IV	*9.4*	**5,697,390**	7,596,518
TF - V	*9.5*	**159,114,748**	212,153,000
TF - VI	*9.6*	**1,055,378,000**	204,050,000
TF - VII	*9.7*	**16,900,000**	-
TF - VIII	*9.8*	**18,486,195**	-
TF - IX	*9.9*	**26,053,054**	-
TF - X	*9.10*	**31,291,000**	-
		1,409,414,387	608,237,518
Long Term Finances for Facilities ('LTFF')			
LTFF - I	*9.11*	**-**	7,043,180
LTFF - II	*9.12*	**5,466,000**	10,934,000
LTFF - III	*9.13*	**4,880,000**	9,764,000
LTFF - IV	*9.14*	**32,590,000**	-
LTFF - V	*9.15*	**95,132,000**	
LTFF - VI	*9.16*	**28,887,000**	
LTFF - VII	*9.17*	**19,579,000**	-
		186,534,000	27,741,180
		1,595,948,387	635,978,698
Current maturity presented under current liabilities	*12*	**(274,745,672)**	(160,272,560)
		1,321,202,715	475,706,138

9.1 The finance has been obtained from Meezan Bank Limited for balance sheet restructuring and is secured by charge over operating fixed assets of the Company. The finance carries mark-up at three months KIBOR plus 1.1% per annum (2013: three months KIBOR plus 1.1% per annum), payable quarterly. The finance is repayable in seven quarterly installments with the first installment of Rs. 50 million due in January 2011 and thereafter six equal quarterly installments starting from April 2011.

9.2 The finance has been obtained from MCB Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries mark-up at three months KIBOR plus 2% per annum (2013: three months KIBOR plus 2% per annum), payable quarterly. The finance is repayable in twenty equal quarterly installments with the first installment due in June 2011.

9.3 The finance has been obtained from Meezan Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries mark-up at three months KIBOR plus 1.65% per annum (2013: three months KIBOR plus 1.65% per annum), payable quarterly. The finance is repayable in sixteen equal quarterly installments with the first installment due in August 2011.

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for the year ended June 30, 2014

9.4 The finance has been obtained from Meezan Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries mark-up at three months KIBOR plus 1.25% per annum (2013: three months KIBOR plus 1.25% per annum) payable quarterly. The finance is repayable in sixteen equal quarterly installments with the first installment due in September 2013.

9.5 The finance has been obtained from Meezan Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries mark-up at three months KIBOR plus 1.25% per annum (2013: three months KIBOR plus 1.25% per annum) payable quarterly. The finance is repayable in sixteen equal quarterly installments with the first installment due in July 2013.

9.6 The finance has been obtained from MCB Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries mark-up at three months KIBOR plus 0.45% per annum, payable quarterly. The finance is repayable in seventy two equal monthly installments with the first installment due in December 2014.

9.7 The finance has been obtained from MCB Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries mark-up at three months KIBOR plus 0.45% per annum, payable quarterly. The finance is repayable in seventy two equal monthly installments with the first installment due in December 2014.

9.8 The finance has been obtained from Meezan Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries mark-up at three months KIBOR plus 0.65% per annum, payable quarterly. The finance is repayable in twenty four equal quarterly installments with the first installment due in October 2015.

9.9 The finance has been obtained from Meezan Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries mark-up at three months KIBOR plus 0.65% per annum, payable quarterly. The finance is repayable in twenty four equal quarterly installments with the first installment due in October 2015.

9.10 The finance has been obtained from MCB Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries mark-up at three months KIBOR plus 0.45% per annum, payable quarterly. The finance is repayable in twenty four equal quarterly installments with the first installment due in June 2015.

9.11 The finance was obtained from MCB Bank Limited to finance capital expenditure and was secured by charge over operating fixed assets of the Company. The finance carried mark-up at 9% per annum (2013: 9% per annum), payable quarterly. The finance has been fully repaid during the year.

9.12 The finance has been obtained from MCB Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries mark-up at 10.4% per annum (2013: 10.4% per annum), payable quarterly. The finance is repayable in sixteen equal quarterly installments with the first installment due in November 2011.

9.13 The finance has been obtained from MCB Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries mark-up at 10.4% per annum (2013: 10.4% per annum), payable quarterly. The finance is repayable in eight equal semi-annual installments with the first installment due in October 2011.

9.14 The finance has been obtained from MCB Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries mark-up at 8.85% per annum, payable quarterly. The finance is repayable in twenty four equal quarterly installments with the first installment due in December 2014.

9.15 The finance has been obtained from MCB Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries mark-up at 8.85% per annum, payable quarterly. The finance is repayable in twenty four equal quarterly installments with the first installment due in November 2014.

9.16 The finance has been obtained from MCB Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries mark-up at 8.85% per annum, payable quarterly. The finance is repayable in twenty four equal quarterly installments with the first installment due in July 2015.

9.17 The finance has been obtained from MCB Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries mark-up at 8.85% per annum, payable quarterly. The finance is repayable in twenty four equal quarterly installments with the first installment due in August 2015.

9.18 For restrictions on title, and assets pledged as security, refer to note 41 to the financial statements.

Notes to and forming part of financial statements for the year ended June 30, 2014

	Note	2014 Rupees	2013 Rupees
10 DEFERRED LIABILITIES			
These include the following:			
Employees retirement benefits	10.1	**75,912,100**	65,995,267
Long term payables - *Secured*	10.2	**25,854,471**	15,200,217
Deferred taxation	10.3	**19,071,379**	26,412,194
		120,837,950	107,607,678

10.1 Employees retirement benefits

The amount recognized on balance sheet represents present value of defined benefit obligation.

	Note	2014 Rupees	2013 Rupees
10.1.1 Movement in present value of defined benefit obligation			
As at beginning of the year		**65,995,267**	56,574,327
Charged to profit or loss for the year	10.1.2	**20,406,210**	17,993,382
Benefits paid during the year		**(14,475,745)**	(13,603,281)
Actuarial loss arising during the year	10.1.4	**3,986,368**	5,030,839
As at end of the year		**75,912,100**	65,995,267
10.1.2 Charge to profit or loss			
Current service cost		**14,690,079**	12,221,055
Interest cost		**5,716,131**	5,772,327
		20,406,210	17,993,382
10.1.3 The charge to profit or loss has been allocated as follows			
Cost of sales	24.2	**15,561,911**	12,176,853
Administrative and general expenses	26.1	**4,844,299**	5,816,529
		20,406,210	17,993,382
10.1.4 Remeasurements recognized in other comprehensive income			
Actuarial loss arising from changes in:			
Demographic assumptions		**-**	-
Financial assumptions		**-**	-
Experience adjustments		**3,986,368**	5,030,839
		3,986,368	5,030,839

10.1.4 Principal actuarial assumptions

Present value of defined benefit obligation has been determined using projected unit credit method. The liability as at the reporting date has been determined by the management of the Company based on internal estimates. Last independent actuarial valuation was carried out as at June 30, 2010. The principal assumptions used in determining present value of defined benefit obligation are:

	2014	2013
Discount rate	**10%**	9%
Expected rates of increase in salary	**10%**	9%
Expected average remaining working lives of employees	**4years**	5years

Notes to and forming part of financial statements
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10.1.5 Sensitivity analysis

An analysis of sensitivity for discount rate and expected rate of increase in salary used to determine the present value of defined benefit obligation as at the reporting date showing how the defined benefit obligation would have been affected by changes in relevant actuarial assumption that were reasonably possible at that date is as follows:

	Change in actuarial assumption	Defined benefit obligation Rupees
Discount rate	+ 1%	64,172,590
	- 1%	91,105,200
Expected rate of increase in salary	+ 1%	90,949,071
	- 1%	64,077,738

A change in expected remaining working lives of employees is not expected to have a material impact on the present value of defined benefit obligation. Accordingly, the sensitivity analysis for the same has not been carried out.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of defined benefit obligation as at the reporting date has been calculated using projected unit credit method, which is the same as that applied in calculating the defined benefit obligation to be recognized inthese financial statements.

10.1.5 Risk factors

The defined benefit plan exposes the Company to the following actuarial risks:

Interest risk: The discount rate used in determination of present value of defined benefit obligation has been determined by reference to market yield at the reporting date on Pakistan Investment Bonds since there is no deep market in long term corporate bonds in Pakistan. An increase in market yield resulting in a higher discount rate will decrease in the defined benefit liability.

Longevity risk: The present value of defined benefit obligation is calculation by reference to the best estimate of the expected remaining working lives of the employees. An increase in the expected remaining working lives will increase the defined benefit obligation. However, the increase is not expected to be material.

Salary risk: The present value of defined benefit obligation is calculation by reference to fututre salaries of employees. An increase in salary of employees will increase the defined benefit obligation.

10.2 Long Term Payables - Secured

This represents infrastructure cess levied by Excise and Taxation Officer ('ETO') Government of Sindh on movement of imported goods entering the Sindh Province from outside Pakistan. The Company and others have filed a suit before the Sindh High Court ('SHC') challenging the levy. The Supreme Court of Pakistan through order has declared all levies and collections before December 26, 2008 to be invalid. During the pendency of decision on the levies and collections on or after December 26, 2008, SHC has directed the petitioners to pay 50% of liability for levies on or after December 26, 2008 to ETO and to arrange bank gaurantees for the remaining amount in favour of ETO. The liability represents 50% of levies after December 26, 2008 against which guarantees have been arranged in favour of ETO (see note 14.1.1).

	Note	**2014** *Rupees*	2013 *Rupees*
10.3 Deferred taxation			
Deferred tax liability on taxable temporary differences	*10.3.1*	**99,935,669**	33,494,366
Deferred tax asset on deductible temporary differences	*10.3.1*	**(7,880,091)**	(7,082,172)
		92,055,578	26,412,194

Notes to and forming part of financial statements
for the year ended June 30, 2014

10.3.1 Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2014			
	As at July 01	**Recognized in profit or loss**	**Recognized in equity**	**As at June 30**
	Rupees	*Rupees*	*Rupees*	*Rupees*
Deferred tax liabilities				
Operating fixed assets	**33,494,366**	**66,441,303**	**-**	**99,935,669**
	33,494,366	**66,441,303**	**-**	**99,935,669**
Deferred tax assets				
Employees retirement benefits	**(4,783,417)**	**(2,682,867)**	**(413,807)**	**(7,880,091)**
Accumulated impairment	**(2,298,755)**	**(956,516)**	**-**	**(3,255,271)**
Unused tax losses	**-**	**(69,728,928)**	**-**	**(69,728,928)**
	(7,082,172)	**(73,368,311)**	**(413,807)**	**(80,864,290)**
	26,412,194	**(6,927,008)**	**(413,807)**	**19,071,379**

	2013			
	Asat July01	Recognizedin profitorloss	Recognized inequity	Asat June30
	Rupees	*Rupees*	*Rupees*	*Rupees*
Deferred tax liabilities				
Operating fixed assets	-	33,494,366	-	33,494,366
	-	33,494,366	-	33,494,366
Employees retirement benefits	**-**	(5,347,403)	563,986	(4,783,417)
Accumulated impairment	**-**	(2,298,755)	-	(2,298,755)
	-	(7,646,158)	563,986	(7,082,172)
	-	25,848,208	563,986	26,412,194

10.3.2 Revenue from export sales of the Company is subject to taxation under the final tax regime, while the remaining portion of revenue attracts assessment under normal provisions of the Ordinance. Deferred tax is provided for only that portion of timing differences that represent income taxable under normal provisions of the Ordinance. These differences are calculated at that proportion of total timing differences that the local sales, other than the indirect exports taxable under section 154 (3) of the Ordinance, bear to the total sales revenue based on historical and future trends. Deferred tax has been calculated at 33% (2013: 35%) of the timing differences so determined based on tax rates notified by the Government of Pakistan for future tax years.

	Note	**2014**	2013
		Rupees	*Rupees*
11 TRADE AND OTHER PAYABLES			
Trade creditors - *Unsecured*		**191,344,516**	143,468,353
Accrued liabilities		**145,899,153**	158,320,826
Advances from customers - *Unsecured*		**11,731,555**	2,598,004
Workers' Profit Participation Fund	*11.1*	**13,366,463**	23,342,832
Workers' Welfare Fund	*11.2*	**33,921,297**	13,474,274
Unclaimed dividend		**2,394,201**	2,081,693
Other payables - *Unsecured*		**2,693,604**	2,114,103
		401,350,789	345,400,085

Notes to and forming part of financial statements for the year ended June 30, 2014

	Note	2014 Rupees	2013 Rupees
11.1 Workers' Profit Participation Fund			
As at beginning of the year		**23,342,832**	17,965,402
Interest on funds utilized by the Company	*11.1.1*	**1,024,992**	1,120,933
Charged to profit or loss for the year	*29*	**13,366,463**	23,342,832
Paid during the year		**(24,367,824)**	(19,086,335)
As at end of the year		**13,366,463**	23,342,832

11.1.1 **Interest is charged at 37.5% (2013: 37.50%) per annum.**

11.2 Workers' Welfare Fund

	Note	2014 Rupees	2013 Rupees
As at beginning of the year		**13,474,274**	13,474,274
Charged to profit or loss for the year	*29.0*	**20,447,023**	-
Paid/adjusted during the year		**-**	-
As at end of the year		**33,921,297**	13,474,274

12 CURRENT MATURITY OF NON-CURRENT LIABILITIES

	Note	2014 Rupees	2013 Rupees
Long term finances - *Secured*	*9*	**274,745,672**	160,272,560
		274,745,672	160,272,560

13 SHORT TERM BORROWINGS - SECURED

These represent short term finances utilized under interest/mark-up arrangements from banking companies

	2014 Rupees	2013 Rupees
Running finances	**187,904,828**	13,340,326
Term loans	**495,000,000**	613,950,000
	682,904,828	627,290,326

13.1 These facilities has been obtained from various banking companies for working capital requirements and are secured by charge over all present and future current assets of the Company and demand promissory notes.

Interest/mark-up on term loans is payable along with principal on maturity and that on running finances is payable quarterly These finances carry mark-up at rates ranging from one to three months KIBOR plus 0.1% to 2% per annum (2013: one to six months KIBOR plus 0.1% to 2.5% per annum).

The aggregate available short term funded facilities amounts to Rs. 4,215 million (2013: Rs. 3,470 million) out of which Rs. 3,532 million (2013: Rs. 2,483 million) remained unavailed as at the reporting date.

13.2 For restrictions on title, and assets pledged as security, refer to note 41 to the financial statements.

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

14.1.1 Guarantees issued by banks on behalf of the Company as at the reporting date amount to Rs. 91.364 million (2013: Rs. 74.964 million), however the Company has already recognized related liability amounting to Rs.25.8 million (2013: Rs. 15.2 million). See note 10.2.

14.1.2 Bills discounted/negotiated as at the reporting date amount to Rs. 1,314.934 million (2013: Rs. 432.583 million).

14.1.3 The Company has issued post dated cheques collectively amounting to Rs. 130.060 million (2013: Rs. 52.155 million) in favour of Sales Tax Department in lieu of levies under various statutory notifications and these are likely to be released after fulfillment of the terms of related notifications.

Notes to and forming part of financial statements
for the year ended June 30, 2014

	Note	2014 Rupees	2013 Rupees
14.2 Commitments			
14.2.1 Commitments under irrevocable letters of credit for:			
- purchase of machinery		**102,767,645**	**860,566,143**
- purchase of raw material		**19,505,200**	**8,537,981**
		122,272,845	**869,104,124**
14.2.2 Commitments for capital expenditure		**60,000,000**	**160,000,000**
15 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	15.1	**3,046,157,844**	1,560,483,230
Capital work in progress	15.2	**191,275,130**	433,921,593
		3,237,432,974	1,994,404,823

15.1 Operating fixed assets

	2014										
	COST						DEPRECIATION				Net book value
	As at July 01, 2013 *Rupees*	Additions *Rupees*	Disposals *Rupees*	Transfers *Rupees*	As at June 30, 2014 *Rupees*	Rate %	As at July 01, 2013 *Rupees*	For the year *Rupees*	Adjustment *Rupees*	As at June 30, 2014 *Rupees*	as at June 30, 2014 *Rupees*
Assets owned by the Company											
Freehold land	60,574,595	-	-	-	60,574,595	-	-	-	-	-	60,574,595
Buildings on freehold land											
Factory buildings	373,629,865	-	-	337,731,926	711,361,791	10	229,766,889	26,185,536	-	255,952,425	455,409,366
Non-factory buildings	76,225,276	-	-	-	76,225,276	5	26,307,666	2,495,880	-	28,803,546	47,421,730
	449,855,141	-	-	337,731,926	787,587,067		256,074,555	28,681,416	-	284,755,971	502,831,096
Plant and machinery	2,527,853,077	-	(13,030,920)	1,348,415,401	3,863,237,558	10	1,276,494,196	184,409,698	(11,599,066)	1,449,304,828	2,413,932,730
Equipment and other assets	86,789,738	-	-	4,768,953	91,558,691	25-35	68,267,635	18,868,439	-	87,136,074	4,422,617
Electric installations	26,816,448	3,764,247	-	-	30,580,695	10	16,129,761	1,178,846	-	17,308,607	13,272,088
Office equipment - head office	4,919,754	-	-	-	4,919,754	10	3,578,275	134,148	-	3,712,423	1,207,331
Office equipment - factory	2,773,815	-	-	-	2,773,815	10	1,248,379	152,543	-	1,400,922	1,372,893
Furniture and fixtures - head office	199,098	-	-	-	199,098	10	145,408	5,369	-	150,777	48,321
Furniture and fixtures - factory	6,971,397	-	-	-	6,971,397	10	4,373,722	259,767	-	4,633,489	2,337,908
Vehicles	42,217,767	31,843,382	(1,226,413)	-	72,834,736	20	22,175,669	5,537,393	(1,036,591)	26,676,471	46,158,265
	3,208,970,830	35,607,629	(14,257,333)	1,690,916,280	4,921,237,406		1,648,487,600	239,227,619	(12,635,657)	1,875,079,562	3,046,157,844

	2013										
	COST						DEPRECIATION				Net book value
	As at July 01, 2012 *Rupees*	Additions *Rupees*	Disposals *Rupees*	Transfers *Rupees*	As at June 30, 2013 *Rupees*	Rate %	As at July 01, 2012 *Rupees*	For the year *Rupees*	Adjustment *Rupees*	As at June 30, 2013 *Rupees*	as at June 30, 2013 *Rupees*
Assets owned by the Company											
Freehold land	48,126,891	12,447,704	-	-	60,574,595	-	-	-	-	-	60,574,595
Buildings on freehold land											
Factory buildings	371,787,979	-	-	1,841,886	373,629,865	10	213,935,605	15,831,284	-	229,766,889	143,862,976
Non-factory buildings	76,225,276	-	-	-	76,225,276	5	23,680,423	2,627,243	-	26,307,666	49,917,610
	448,013,255	-	-	1,841,886	449,855,141		237,616,028	18,458,527	-	256,074,555	193,780,586
Plant and machinery	2,151,959,502	27,866,535	(20,071,732)	368,098,772	2,527,853,077	10	1,121,380,772	134,446,568	20,666,856	1,276,494,196	1,251,358,881
Equipment and other assets	84,220,145	-	-	2,569,593	86,789,738	25-35	57,821,495	10,446,140	-	68,267,635	18,522,103
Electric installations	26,816,448	-	-	-	26,816,448	10	14,942,352	1,187,409	-	16,129,761	10,686,687
Office equipment - head office	4,919,754	-	-	-	4,919,754	10	3,414,698	163,577	-	3,578,275	1,341,479
Office equipment - factory	2,773,815	-	-	-	2,773,815	10	1,078,886	169,493	-	1,248,379	1,525,436

Notes to and forming part of financial statements for the year ended June 30, 2014

	2013										
	COST						DEPRECIATION				Net book value
	As at July 01, 2012	Additions	Disposals	Transfers	As at June 30, 2013	Rate	As at July 01, 2012	For the year	Adjustment	As at June 30, 2013	as at June 30, 2013
	Rupees	*Rupees*	*Rupees*	*Rupees*	*Rupees*	%	*Rupees*	*Rupees*	*Rupees*	*Rupees*	*Rupees*
Furniture and fixtures - head office	199,098	-	-	-	199,098	10	139,442	5,966	-	145,408	53,690
Furniture and fixtures - factory	6,971,397	-	-	-	6,971,397	10	4,085,092	288,630	-	4,373,722	2,597,675
Vehicles	34,149,935	3,181,309	(887,997)	5,774,520	42,217,767	20	16,095,502	4,465,315	1,614,852	22,175,669	20,042,098
	2,808,150,240	43,495,548	(20,959,729)	378,284,771	3,208,970,830		1,456,574,267	169,631,625	22,281,708	1,648,487,600	1,560,483,230
Assets subject to finance lease											
Plant and machinery	90,924,545	-	-	(90,924,545)	-	10	34,528,208	-	(34,528,208)	-	-
Vehicles	5,774,520	-	-	(5,774,520)	-	20	2,386,800	-	(2,386,800)	-	-
	2,904,849,305	43,495,548	(20,959,729)	281,585,706	3,208,970,830		1,493,489,275	169,631,625	(14,633,300)	1,648,487,600	1,560,483,230

	2014						
	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain on disposal	Mode of disposal	Particulars of buyer
	Rupees	*Rupees*	*Rupees*	*Rupees*	*Rupees*		
Plant and machinery - owned							
Ring Frames China FA 506	**6,311,388**	**5,612,834**	**698,554**	**1,000,000**	**301,446**	**Negotiation**	**Quetta Textile Mills Ltd.**
Ring Frames China FA 506	**6,311,388**	**5,612,835**	**698,553**	**1,000,000**	**301,447**	**Negotiation**	**Ghani & Co.**
Lea Tester	**408,144**	**373,397**	**34,747**	**35,000**	**253**	**Negotiation**	**Ghani & Co.**
	13,030,920	**11,599,066**	**1,431,854**	**2,035,000**	**603,146**		
Vehicles							
Suzuki Baleno - LRL 7975	**784,780**	**714,348**	**70,432**	**200,000**	**129,568**	**Negotiation**	**Sohail Akhtar, Lahore**
Suzuki Mehran - LEA 7737	**441,633**	**322,243**	**119,390**	**150,000**	**30,610**	**Negotiation**	**Zahoor Ahmed, Lahore**
	1,226,413	**1,036,591**	**189,822**	**350,000**	**160,178**		
	14,257,333	**12,635,657**	**1,621,676**	**2,385,000**	**763,324**		

	2013						
	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain on disposal	Mode of disposal	Particulars of buyer
	Rupees	*Rupees*	*Rupees*	*Rupees*	*Rupees*		
Plant and machinery - owned							
Blowroom machinery and cards	16,279,732	11,867,940	4,411,792	4,870,690	458,898	Negotiation	Shahbaz Ali, Lahore
Cards	3,792,000	1,993,412	1,798,588	2,380,000	581,412	Market value	Bhanero Textile Mills Limited
	20,071,732	13,861,352	6,210,380	7,250,690	1,040,310		
Vehicles							
Suzuki Cultus - LGX 1089	567,100	466,009	101,091	200,000	98,909	Negotiation	Jawasd Ahmed, Charsada
Suzuki Mehran - LXJ 9622	320,897	305,939	14,958	115,000	100,042	Negotiation	Mumtaz Ali, Borewala
	887,997	771,948	116,049	315,000	198,951		
	20,959,729	14,633,300	6,326,429	7,565,690	1,239,261		

15.1.2 Transfers represent transfers from capital work in progress on related assets becoming available for use and those from assets subject to finance lease on transfer of title to the Company at the end of lease term.

	Note	2014	2013
		Rupees	*Rupees*
15.1.3 The depreciation charge for the year has been allocated as follows:			
Cost of sales	24	**233,138,399**	164,538,644
Administrative and selling expenses	26	**6,089,220**	5,092,981
		239,227,619	169,631,625

Notes to and forming part of financial statements
for the year ended June 30, 2014

15.2 Capital work in progress

	2014			
	As at July 01 *Rupees*	**Additions** *Rupees*	**Transfers** *Rupees*	**As at June 30** *Rupees*
Buildings on freehold land	**156,032,536**	**264,148,435**	**(337,731,926)**	**82,449,045**
Plant and machinery	**259,901,243**	**1,167,309,802**	**(1,348,415,401)**	**78,795,644**
Equipment and other assets	**17,987,814**	**16,811,580**	**(4,768,953)**	**30,030,441**
	433,921,593	**1,448,269,817**	**(1,690,916,280)**	**191,275,130**

	2013			
	As at July01 *Rupees*	Additions *Rupees*	Transfers *Rupees*	As at June30 *Rupees*
Buildings on freehold land	38,392,805	119,481,617	(1,841,886)	156,032,536
Plant and machinery	284,412,249	252,663,221	(277,174,227)	259,901,243
Equipment and other assets	-	20,557,407	(2,569,593)	17,987,814
	322,805,054	392,702,245	(281,585,706)	433,921,593

16 LONG TERM DEPOSITS

These have been deposited with various utility companies and regulatory authorities. These are classified as 'loans and receivables' under IAS 39 'Financial Instruments - Recognition and Measurement' which are required to be carried at amortized cost. However, these, being held for an indefinite period with no fixed maturity date, are carried at cost as their amortized cost is impracticable to determine.

	Note	**2014** *Rupees*	2013 *Rupees*
17 STORES, SPARES AND LOOSE TOOLS			
Stores, Spares and Loose Tools		**82,004,420**	82,903,666

17.1 It is impracticable to distinguish between stores, spares and loose tools.

17.2 There are no spare parts held specifically for capitalization as at the reporting date.

		2014 *Rupees*	2013 *Rupees*
18 STOCK IN TRADE			
Raw material	*18.1*	**989,066,654**	1,317,094,984
Work in process		**100,531,563**	70,427,679
Finished goods	*18.2*	**395,441,611**	182,739,275
		1,485,039,828	1,570,261,938

18.1 This includes raw material in transit valued at Rs. nil (2013: Rs. 97,768,623).

18.1 This includes raw material in transit valued at Rs. nil (2013: Rs. 97,768,623).

18.2 As at June 30, 2014, net realizable values of raw material and finished goods were lower than their cost, which resulted in write-downs of Rs. 171,558,459 and Rs. 18,273,244 respectively, and have been charged to cost of sales. There were no write-downs as at June 30, 2013.

18.3 Stock of finished goods include stock of waste valued at Rs. 770,698 (2013: Rs.566,104). The entire stock of waste is valued at net realizable value.

Notes to and forming part of financial statements for the year ended June 30, 2014

	Note	2014 Rupees	2013 Rupees
19 TRADE DEBTS			
Local - *unsecured*			
considered good		**144,637,100**	97,612,204
considered doubtful		**31,259,752**	31,259,752
		175,896,852	128,871,956
Foreign *secured*	*19.1*	**108,311,037**	92,037,704
		284,207,889	220,909,660
Accumulated impairment	*19.2*	**(31,259,752)**	(31,259,752)
		252,948,137	189,649,908

19.1 These are secured through letters of credit

19.2 Movement in accumulated impairment is as follows:

	Note	2014 Rupees	2013 Rupees
As at beginning of the year		**31,259,752**	33,759,752
Recognized during the year	26	**-**	-
Reversed during the year on recovery		**-**	(2,500,000)
As at end of the year		**31,259,752**	31,259,752

	Note	2014 Rupees	2013 Rupees
20 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Advances to suppliers - *unsecured, considered good*		**26,767,741**	38,404,746
Advances to employees - *unsecured, considered good*		**4,214,696**	3,513,362
Prepayments		**621,078**	452,051
Security deposits	*20.1*	**27,539,555**	17,782,877
Insurance claim receivable		**-**	4,538,833
Letters of credit		**3,426,936**	-
Other receivables - *unsecured, considered good*	*20.2*	**1,646,922**	726,181
		64,216,928	65,418,050

20.1 These include Rs. 25,917,877 (2013: Rs. 16,217,877) deposited with a banking company against bank guarantees and carry a return at rates ranging from 7% to 8% (2013: 7% to 9%) per annum.

20.2 Particulars of other receivables

	Note	2014 Rupees	2013 Rupees
Considered good		**1,493,521**	726,181
Considered doubtful		**99,583**	99,583
		1,593,104	825,764
Accumulated impairment	*20.2.1*	**(99,583)**	(99,583)
		1,493,521	726,181

20.2.1 Movement in accumulated impairment is as follows:

	Note	2014 Rupees	2013 Rupees
As at beginning of the year		**99,583**	99,583
Recognized during the year		**-**	-
As at end of the year		**99,583**	99,583

	Note	2014 Rupees	2013 Rupees
21 CURRENT TAXATION			
Advance income tax/income tax refundable		**191,477,753**	130,797,788
Provision for taxation	*30*	**-**	(18,590,297)
		191,477,753	112,207,491

	Note	2014 Rupees	2013 Rupees
22 BANK BALANCES			
Cash at banks			
local currency		**55,071,993**	33,053,276
foreign currency		**4,179,074**	3,925,261
		59,251,067	36,978,537

Notes to and forming part of financial statements for the year ended June 30, 2014

23 SALES - NET

	2014 Local Rupees	2014 Export Rupees	2014 Total Rupees
Yarn	**2,194,864,514**	**2,639,850,893**	**4,834,715,407**
Fabric	**1,081,008,055**	**1,149,361,903**	**2,230,369,958**
Cotton	**334,201,099**	**-**	**334,201,099**
Waste and other	**53,850,786**	**-**	**53,850,786**
	3,663,924,454	**3,789,212,796**	**7,453,137,250**
Duty drawback on export	**-**	**453,611**	**453,611**
Trade discount	**(23,959)**	**-**	**(23,959)**
Sales tax	**(73,971,106)**	**-**	**(73,971,106)**
	3,589,929,389	**3,789,666,407**	**7,379,595,796**

	2013 Local *Rupees*	2013 Export *Rupees*	2013 Total *Rupees*
Yarn			
Fabric	1,144,075,543	2,280,208,337	3,424,283,880
Cotton	301,497,024	1,766,560,759	2,068,057,783
Waste and other	244,727,593	-	244,727,593
	46,250,919	-	46,250,919
Duty drawback on export	1,736,551,079	4,046,769,096	5,783,320,175
Trade discount	-	2,067,159	2,067,159
Sales tax	-	-	-
	(19,617,427)	-	(19,617,427)
	1,716,933,652	4,048,836,255	5,765,769,907

23.1 Export sales include indirect exports, taxable under Section 154 of the Income Tax Ordinance, 2001, amounting to Rs. nil (2013: Rs. 1,364,928,870).

24 COST OF SALES

	Note	**2014** *Rupees*	2013 *Restated* *Rupees*
Raw material consumed	*24.1*	**4,836,086,495**	3,507,703,341
Stores, spares and loose tools consumed		**209,583,107**	185,790,891
Salaries, wages and benefits	*24.2*	**360,591,602**	293,430,711
Processing charges		**-**	10,767,965
Fee and subscription		**92,645**	61,270
Fuel and power		**825,405,089**	586,085,934
Insurance		**16,242,348**	10,232,818
Vehicle running and maintenance		**9,150,073**	8,949,229
Rent, rates and taxes		**387,725**	475,440
Repair and maintenance		**16,997,664**	22,471,064
Communication		**695,270**	591,236
Traveling, conveyance and entertainment		**914,453**	798,890
Depreciation	*15.1.3*	**233,138,399**	164,538,644
Others		**2,469,374**	3,898,260
Manufacturing cost		**6,511,754,244**	4,795,795,693
Work in process			
As at beginning of the year		**70,427,679**	68,095,807
Loss of work in process		**(1,463,785)**	(4,688,333)
As at end of the year		**(100,531,563)**	(70,427,679)
		(31,567,669)	(7,020,205)
Cost of goods manufactured		**6,480,186,575**	4,788,775,488

Notes to and forming part of financial statements for the year ended June 30, 2014

	Note	2014 Rupees	2013 Rupees
Cost of cotton sold	*24.3*	**332,102,718**	247,385,010
Finished goods			
As at beginning of the year		**182,739,275**	82,851,913
Purchased during the year		**5,703,355**	10,381,870
As at end of the year		**(395,441,611)**	(182,739,275)
		(206,998,981)	(89,505,492)
		6,605,290,312	4,946,655,006

24.1 Raw material consumed

	2014 Rupees	2013 Rupees
As at beginning of the year	**1,317,094,984**	1,005,387,826
Purchased during the year	**4,815,872,830**	4,068,501,942
Sold during the year	**(307,814,665)**	(249,091,443)
As at end of the year	**(989,066,654)**	(1,317,094,984)
	4,836,086,495	3,507,703,341

24.2 These include charge in respect of employees retirement benefits amounting to Rs. 15,561,911 (2013: Rs. 12,176,853).

24.3 Cost of cotton sold

	2014 Rupees	2013 Rupees
Cost of purchase	**304,838,446**	238,709,573
Salaries, wages and benefits	**882,000**	231,360
Loading and unloading	**27,623**	27,055
Insurance	**5,064,289**	2,860,442
Commission	**1,414,110**	-
Finance cost	**19,876,250**	5,556,580
	332,102,718	247,385,010

25 SELLING AND DISTRIBUTION EXPENSES

	2014 Rupees	2013 Rupees
Export		
Ocean freight and forwarding	**83,075,033**	67,135,986
Export development surcharge	**6,918,680**	6,564,310
Export sales promotion	**2,891,086**	4,895,288
Commission	**47,437,308**	29,521,906
Others	**675,956**	706,006
	140,998,063	108,823,496
Local		
Inland transportation	**2,286,276**	1,663,462
Salaries, wages and benefits	**270,305**	-
Commission	**18,630,963**	15,805,102
Others	**1,371,376**	5,856,990
	22,558,920	23,325,554
	163,556,983	132,149,050

Notes to and forming part of financial statements for the year ended June 30, 2014

	Note	2014 Rupees	2013 Restated Rupees
26 ADMINISTRATIVE AND GENERAL EXPENSES			
Directors' remuneration		**12,400,000**	5,640,000
Salaries and benefits	*26.1*	**46,837,273**	42,898,528
Traveling, conveyance and entertainment		**1,223,694**	2,305,983
Printing and stationery		**1,820,991**	1,865,207
Communication		**1,285,448**	1,277,895
Vehicles running and maintenance		**5,671,213**	5,065,145
Legal and professional charges		**1,422,930**	854,721
Auditors' remuneration	*26.2*	**1,285,000**	1,160,000
Fee and subscription		**2,653,697**	2,238,804
Repair and maintenance		**142,835**	200,927
Depreciation	*15.1.3*	**6,089,220**	5,092,981
Rent, rates and utilities		**9,907,601**	8,473,623
Oracle license and support fee		**64,990**	7,573,842
Others		**459,107**	549,782
		91,263,999	85,197,438

26.1 These include charge in respect of employees retirement benefits amounting to Rs. 4,844,299 (2013: Rs. 5,816,529).

	Note	2014 Rupees	2013 Rupees
26.2 Auditor's remuneration			
Annual statutory audit		**1,100,000**	1,000,000
Half yearly review		**125,000**	100,000
Review report under Code of Corporate Governance		**50,000**	50,000
Out of pocket expenses		**10,000**	10,000
		1,285,000	1,160,000

	Note	2014 Rupees	2013 Rupees
27 OTHER INCOME			
Gain on financial instruments			
Reversal of impairment on trade debts on recovery	*19.2*	**-**	3,583,836
Return on bank deposits		**1,854,206**	1,068,285
		1,854,206	4,652,121
Other income			
Gain on disposal of property, plant and equipment	*15.1.1*	**763,324**	1,239,261
		2,617,530	5,891,382
28 FINANCE COST			
Interest / mark-up on borrowings:			
long term finances		**105,882,374**	54,795,975
liabilities against assets subject to finance lease		**-**	58,780
short term borrowings		**132,185,328**	62,927,232
		238,067,702	117,781,987
Interest on workers' profit participation fund	*11.1*	**1,024,992**	1,120,933
Bank charges and commission	*28.2*	**18,555,092**	19,390,326
		257,647,786	138,293,246

Notes to and forming part of financial statements for the year ended June 30, 2014

28.1 Interest/mark-up on borrowings includes interest/mark-up rate subsidy amouting to Rs. 649,543 (2013: nil) recognized as government grant. See note 33.

28.2 These include letters of credit discounting charges amounting to Rs. 16,369,870 (2013: Rs. 16,980 287).

29 OTHER CHARGES	Note	**2014** Rupees	2013 Rupees
Workers' Profit Participation Fund	*11.1*	**13,366,463**	23,342,832
Workers' Welfare Fund	*29.1*	**20,447,023**	-
Donations	*29.2*	**1,850,000**	1,400,000
		35,663,486	24,742,832

29.1 The Company has recognized provision for Workers' Welfare Fund for the year ended June 30, 2014 amounting to Rs. 4,887,911 and Rs. 15,560,007 for the tax year 2012 and 2013 in accordance requirements of order D/C no. 21/07 dated April 03, 2014 whereby Workers' Welfare Fund is charge but no proceedings for recovery are initiated as the Honourable Sindh High Court has stayed the recovery of the same.

29.2 None of the directors or their spouses had any interest in donations made by the Company.

30 CURRENT TAXATION	Note	**2014** Rupees	2013 Rupees
Current year	*30.1*	**-**	18,405,626
Prior year		**2,181,308**	160,587
		2,181,308	18,566,213

30.1 Provision for current tax has been made in accordance with section 18 and section 154 of the Income Tax Ordinance, 2001 ('the Ordinance'). Provision of income tax amounting to Rs. 79,208,264 (2013: Rs. 30,232,576) has been reduced on account of tax credit under Section 65 B of the Ordinance.

30.2 Reconciliation between average effective tax rate and applicable tax rate

Profit before taxation	*Rupees*	**228,790,760**	444,623,717
Provision for taxation	*Rupees*	**(4,745,700)**	45,542,393
Average effective tax rate	%	**(2.07)**	10.24
Tax effects of:			
Adjustments for prior years	%	**(0.95)**	(0.04)
Income chargeable to tax at different rates	%	**4.78**	17.86
Deferred taxation	%	**(2.51)**	0.06
Tax credit	%	**34.75**	6.88
Applicable tax rate		**34.00**	35.00

30.3 Assessments upto assessment year 2002-2003 have been finalized under the relevant provisions of the Repealed Income Tax Ordinance, 1979.

30.4 Assessments upto tax year 2013 have been finalized under relevant provisions of Income Tax Ordinance, 2001.

30.5 The Government of Pakistan vide Finance Act 2013 notified a reduced tax rate of 34% for tax year 2014 as compared 35% applicable to previous years for Companies.

Notes to and forming part of financial statements
for the year ended June 30, 2014

	2014 Rupees	2013 Rupees (Restated)
31 DEFERRED TAXATION		
Current year	**(5,417,740)**	26,976,180
Adjustment attributable to changes in tax rates	**(1,509,268)**	-
	(6,927,008)	26,976,180

	Unit	2014	2013 (Restated)
32 EARNINGS PER SHARE - BASIC AND DILUTED			
Profit attributable to ordinary shareholders	*Rupees*	**233,536,460**	399,081,324
Weighted average number of ordinary shares outstanding during the year	*No. of shares*	**6,432,000**	6,432,000
Earnings per share	*Rupees*	**36.31**	62.05

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

33 GOVERNMENT GRANTS

During the year, the Company recognized 649,543 (2013: nil) as mark-up rate subsidy which has been accounted for as government grant in accordance with IAS 20 'Government Grants'. The amount has been deducted in reporting interest/mark-up expenses on relevant borrowings.

	2014 Rupees	2013 Rupees
34 CASH GENERATED FROM OPERATIONS		
Profit before taxation	**228,790,760**	444,623,717
Adjustments for non-cash and other items		
Interest / markup on borrowings	**238,067,702**	117,781,987
Gain on disposal of property, plant and equipment	**(763,324)**	(1,239,261)
Provision for employees retirement benefits	**20,406,210**	17,993,382
Depreciation	**239,227,619**	169,631,625
	496,938,207	304,167,733
Operating profit before changes in working capital	**725,728,967**	748,791,450
Changes in working capital		
Stores, spares and loose tools	**899,246**	(13,803,903)
Stock in trade	**85,222,110**	(413,926,392)
Trade debts	**(63,298,229)**	(57,629,072)
Advances, prepayments and other receivables	**1,201,122**	(33,731,595)
Sales tax refundable	**7,832,826**	(33,401,653)
Trade and other payables	**55,638,196**	51,325,060
Long term payables	**10,654,254**	4,300,545
	98,149,525	(496,867,010)
Cash generated from operations	**823,878,492**	251,924,440

Notes to and forming part of financial statements for the year ended June 30, 2014

		2014 Rupees	2013 Rupees
35 CASH AND CASH EQUIVALENTS			
Cash and bank balances	*22*	**59,251,067**	36,978,537
		59,251,067	36,978,537

36 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise associated companies and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company.

Transactions with key management personnel are limited to payment of short term employee benefits only. The Company in the normal course of business carries out various transactions with associated companies and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an arm's length transaction.

There are no balances with related parties as at the reporting date. Details of transactions with related parties is as follows:

36.1 Transactions with related parties

Nature of relationship	**Nature of transactions**	**2014** *Rupees*	2013 *Rupees*
Associated companies	Sale of yarn	**704,923,049**	694,635,797
	Sale of fabric	**552,497**	127,449
	Sale of cotton	**4,935,086**	146,820,154
	Purchase of cotton	**21,259,308**	56,380,985
	Purchase of yarn	**300,016,491**	500,779,314
	Purchase of fabric	**544,499**	2,637,451
	Purchase of electricity	**313,695,897**	274,154,815
	Purchase of machinery	**-**	6,728,000
	Services received	**300,000**	6,671,172
	Dividend paid	**5,945,800**	5,945,800
Key management personnel	Short term employee benefits	**12,400,000**	8,000,000
	Post employment benefits	**-**	-

37 FINANCIAL INSTRUMENTS

37.1 Financial instruments by class and category

		2014		2013	
		Loans and receivables *Rupees*	**Financial liabilities at amortized cost** *Rupees*	Loans and receivables *Rupees*	Financial liabilities at amortized cost *Rupees*
Financial assets					
Long term deposits	*16*	**11,125,095**	**-**	7,297,985	**-**
Trade debts	*19*	**252,948,137**	**-**	189,649,908	**-**
Security deposits	*20*	**27,539,555**	**-**	17,782,877	**-**
Insurance claim receivable	*20*	**-**	**-**	4,538,833	**-**
Cash and bank balances	*22*	**59,251,067**	**-**	36,978,537	**-**
		350,863,854	**-**	256,248,140	-

Notes to and forming part of financial statements for the year ended June 30, 2014

		2014		2013	
		Loans and receivables	**Financial liabilities at amortized cost**	Loans and receivables	Financial liabilities at amortized cost
		Rupees	*Rupees*	*Rupees*	*Rupees*
Financial liabilities					
Long term finances	*9*	**-**	**1,595,948,387**	-	635,978,698
Short term borrowings	*13*	**-**	**682,904,828**	-	627,290,326
Accrued interest/mark-up		**-**	**45,995,403**	-	12,023,491
Trade creditors	*11*	**-**	**193,992,661**	-	143,468,353
Accrued liabilities	*11*	**-**	**145,899,153**	-	158,320,826
		-	**2,664,740,432**	-	1,577,081,694
		350,863,854	**2,664,740,432**	256,248,140	1,577,081,694

37.2 Fair values of financial instruments

Fair value is the amount for which an asset could be exchanged or liability be settled between knowledgeable willing parties in an arm's length transaction. As at the reporting date, fair values of all financial instruments are considered to approximate their carrying amounts.

37.2.1 Methods of determining fair values

Fair values of financial instruments for which prices are available from the active market are measured by reference to those market prices. Fair values of financial assets and liabilities with no active market are determined in accordance with generally accepted pricing models based on discounted cash flow analysis based on inputs from other than observable market.

37.2.2 Discount/interest rates used for determining fair values

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve as at the reporting date plus an adequate credit spread.

8 FINANCIAL RISK EXPOSURE AND MANAGEMENT

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). These risks affect revenues, expenses and assets and liabilities of the Company.

The Board of Directors has the overall responsibility for establishment and oversight of risk management framework. The Board of Directors has developed a risk policy that sets out fundamentals of risk management framework. The risk policy focuses on unpredictability of financial markets, the Company's exposure to risk of adverse effects thereof and objectives, policies and processes for measuring and managing such risks. The management team of the Company is responsible for administering and monitoring the financial and operational financial risk management throughout the Company in accordance with the risk management framework.

The Company's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Company and the manner in which such risks are managed is as follows:

38.1 Credit risk

Credit risk is the risk of financial loss to the Company, if the counterparty to a financial instrument fails to meet its obligations.

38.1.1 Maximum exposure to credit risk

The maximum exposure to credit risk as at the reporting date is as follows:

	Note	**2014** *Rupees*	2013 *Rupees*
Loans and receivables			
Long term deposits	*16*	**11,125,095**	7,297,985
Trade debts	*19*	**284,207,889**	220,909,660
Security deposits	*20*	**27,539,555**	17,782,877
Insurance claim receivable	*20*	**-**	4,538,833
Cash at banks	*22*	**59,251,067**	36,978,537
		382,123,606	287,507,892

Notes to and forming part of financial statements
for the year ended June 30, 2014

38.1.2 Concentration of credit risk

The Company identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

	2014 *Rupees*	2013 *Rupees*
Customers	**284,207,889**	220,909,660
Utility companies and regulatory authorities	**11,125,095**	7,297,985
Banking companies and financial institutions	**86,790,622**	59,300,247
	382,123,606	287,507,892

38.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical defaults rates and present ages.

38.1.3(a) Counterparties with external credit ratings

These include banking companies and financial institutions, which are counterparties to cash deposits, security deposits and insurance claim receivable. These counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company.

38.1.3(b) Counterparties without external credit ratings

These include customers which are counter parties to trade debts and utility companies and regulatory authorities which are counter parties to long term deposits. Credit risk in respect of long term deposits is considered to be insignificant as non-performance by these parties is not expected. The Company is exposed to credit risk in respect of trade debts. The analysis of ages of trade debts as at the reporting date is as follows:

	2014		2013	
	Gross carryingamount *Rupees*	**Accumulated Impairment** *Rupees*	Gross carryingamount *Rupees*	Accumulated Impairment *Rupees*
Neither past due nor impaired	**250,406,446**	**-**	123,039,414	-
Past due by 0 to 6 months	**-**	**-**	64,969,024	-
Past due by 6 months to 1 year	**-**	**-**	219	-
Past due by 1 to 2 years	**25,484,764**	**(22,984,764)**	24,626,015	(22,984,764)
Past due by 2 to 3 years	**-**	**-**	-	-
Past due by 3 years	**8,316,679**	**(8,274,988)**	8,274,988	(8,274,988)
	284,207,889	**(31,259,752)**	220,909,660	(31,259,752)

The Company's five (2013: two) significant customers account for Rs. 90.62 million (2013: Rs. 35.176 million) of trade debts as at the reporting date, apart from which, exposure to any single customer does not exceed 5% (2013: 5%) of trade debts. These significant customers have long standing business relationships with the Company and have a good payment record and accordingly non-performance by these customers is not expected. Further, trade debts amounting to Rs. 108.31 million (2013: Rs. 92.04 million) secured through letters of credit and thus do not carry any significant credit risk. The Company believes that impairment recognized in respect of trade debts past due is adequate and no further allowance is necessary based on historical default rates.

Notes to and forming part of financial statements for the year ended June 30, 2014

38.1.4 Collateral held

The Company does not hold any collateral to secure its financial assets with the exception of trade debts, which are partially secured through confirmed letters of credit.

38.1.5 Credit risk management

As mentioned in note 38.1.3(b) to the financial statements, the Company's financial assets do not carry significant credit risk, with the exception of trade debts, which are exposed to losses arising from any non-performance by customers. In respect of trade debts, the Company manages credit risk by limiting significant exposure to any single customer. Formal policies and procedures of credit management and administration of receivables are established and executed. In monitoring customer credit risk, the ageing profile of total receivables and individually significant balances, along with collection activities are reviewed on a regular basis. High risk customers are identified and restrictions are placed on future trading, including suspending future shipments and administering dispatches on a prepayment basis or confirmed letters of credit.

38.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

38.2.1 Exposure to liquidity risk

The followings is the analysis of contractual maturities of financial liabilities, including estimated interest payments.

	2014				
	Carrying amount *Rupees*	**Contractual cash flows** *Rupees*	**One year or less** *Rupees*	**One to five years** *Rupees*	**More than five years** *Rupees*
Long term finances	**1,595,948,387**	**2,114,900,429**	**430,405,883**	**1,333,990,734**	**350,503,812**
Short term borrowings	**682,904,828**	**686,589,005**	**686,589,005**	**-**	**-**
Accrued interest/mark-up	**45,995,403**	**45,995,403**	**45,995,403**	**-**	**-**
Trade creditors	**193,992,661**	**193,992,661**	**193,992,661**	**-**	**-**
Accrued liabilities	**145,899,153**	**145,899,153**	**145,899,153**	**-**	**-**
	2,664,740,432	**3,187,376,651**	**1,502,882,105**	**1,333,990,734**	**350,503,812**

	2013				
	Carrying amount Rupees	Contractual cash flows Rupees	One year or less Rupees	One to five years Rupees	More than five years Rupees
Long term finances	635,978,698	803,862,998	225,803,066	541,890,324	36,169,608
Short term borrowings	627,290,326	628,492,979	628,492,979	-	-
Accrued interest/mark-up	12,023,491	12,023,491	12,023,491	-	-
Trade creditors	143,468,353	143,468,353	143,468,353	-	-
Accrued liabilities	158,320,826	158,320,826	158,320,826	-	-
	1,577,081,694	1,746,168,647	1,168,108,715	541,890,324	36,169,608

38.2.2 Liquidity risk management

The Company's approach to managing liquidity risk 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 damage to the Company's reputation. The Company monitors cash flow requirements and produces cash flow projections for the short and long term. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational cash flows, including servicing of financial obligations. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customer. The Company also maintains various lines of credit with banking companies.

Notes to and forming part of financial statements
for the year ended June 30, 2014

38.3 Market risk

38.3.1 Currency risk
Currency risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises from sales, purchases and resulting balances that are denominated in a currency other than functional currency.

38.3.1(a) Exposure to currency risk
The Company's exposure to currency risk as at the reporting date is as follows:

	2014 Rupees	2013 Rupees
Financial assets		
Trade debts	**108,311,037**	92,037,704
Cash at bank	**4,179,074**	3,925,261
Total exposure	**112,490,111**	95,962,965

38.3.1(b) Exchange rates applied during the year
All foreign currency balances are denominated in United States Dollars (US $). Exchange rates applied during the year are as follows:

	2014 Rupees	2013 Rupees
Financial assets	**98.55**	98.75
Financial liabilities	**98.75**	98.95

38.3.1(c) Sensitivity analysis
A ten percent appreciation in Pak Rupee against the US $ would have decreased profit for the year by Rs. 11.01 million (2013: Rs. 9.6 million). A ten percent depreciation in Pak Rupee would have had an equal but opposite effect on profit for the year. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

38.3.1(d) Currency risk management
The Company manages its exposure to currency risk through continuous monitoring of expected/forecast committed and non-committed foreign currency payments and receipts. Reports on forecast foreign currency transactions, receipts and payments are prepared on monthly basis, exposure to currency risk is measured and appropriate steps are taken to ensure that such exposure is minimized while optimizing return. This includes matching of foreign currency liabilities/payments to assets/receipts and using source inputs in foreign currency.

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

38.3.2(a) Interest/mark-up bearing financial instruments
The effective interest/mark-up rates for interest/mark-up bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest/mark-up bearing financial instruments as at the reporting date are as follows:

	2014 Rupees	2013 Rupees
Fixed rate instruments		
Financial assets	**16,217,877**	11,067,877
Financial liabilities	**186,534,000**	27,741,180

Notes to and forming part of financial statements
for the year ended June 30, 2014

	2014 *Rupees*	2013 *Rupees*
Variable rate instruments		
Financial assets	**-**	-
Financial liabilities	**2,092,319,215**	1,235,527,844

38.3.2(c) Cash flow sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates as at the reporting date would have decreased profit for the year by Rs. 20.92 million (2013: Rs.12.35 million). A decrease of 100 basis points wound have had an equal but opposite effect on profit for the year. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

38.3.2(d) Interest rate risk management

The Company manages interest rate risk by analyzing its interest rate exposure on a dynamic basis. Cash flow interest rate risk is managed by simulating various scenarios taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Company calculates impact on profit after taxation and equity of defined interest rate shift, mostly 100 basis points.

38.3.3 Price risk

Price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments. The Company is not exposed to price risk since the fair values of the Company's financial instruments are not based on market prices.

39 CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and level of dividends to ordinary shareholders. The Company seeks to keep a balance between the higher return that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position. The Company monitors capital using the gearing ratio which is debt divided by total capital employed. Debt comprises long term finances and liabilities against assets subject to finances lease, including current maturity. Total capital employed includes total equity as shown in the balance sheet plus debt. The Company's strategy is to maintain an optimal capital structure in order to minimize cost of capital. Gearing ratio of the Company as at the reporting date is as follows:

	Unit	**2014**	2013
Total debt	*Rupees*	**1,595,948,387**	635,978,698
Total equity	*Rupees*	**2,619,025,362**	2,421,221,463
		4,214,973,749	3,057,200,161
Gearing	*%age*	**37.86%**	20.80%

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements, except those, related to maintenance of debt covenants, commonly imposed by the providers of debt finance.

40 EVENTS AFTER THE REPORTING PERIOD

The Board of Directors in their meeting held on September 23, 2014 has proposed dividend on ordinary shares at Rs. 2.5 per ordinary share of Rs. 10 each. The proposed dividend is subject to approval by the shareholders in the forthcoming annual general meeting and has not been included as a liability in the financial statements.

Notes to and forming part of financial statements for the year ended June 30, 2014

	2014 *Rupees*	2013 *Rupees*
41 RESTRICTION ON TITLE, AND ASSETS MORTGAGED/PLEDGED AS SECURITY		
Mortgages and charges		
Charge over current assets	**5,491,000,000**	6,024,666,667
Charge over fixed assets	**2,541,000,000**	2,454,000,000

42 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged to profit or loss in respect of chief executive, directors and executives on account of managerial remuneration, allowances and perquisites, post employment benefits and the number of such directors and executives is as follows:

	2014		
	Chief Executive *Rupees*	**Directors** *Rupees*	**Executives** *Rupees*
Managerial remuneration	**4,400,000**	**8,000,000**	**-**
Allowances and perquisites	**-**	**-**	**-**
Post employment benefits	**-**	**-**	**-**
	4,400,000	**8,000,000**	**-**
Number of persons	**1**	**2**	**-**

	2013		
	Chief Executive Rupees	Directors Rupees	Executives Rupees
Managerial remuneration	2,280,000	3,360,000	-
Allowances and perquisites	-	-	-
Post employment benefits	-	-	-
	2,280,000	3,360,000	-
Number of persons	1	2	-

43 SEGMENT INFORMATION

43.1 Products and services from which reportable segments derive their revenues

Information reported to the Company's chief operating decision maker for the purpose of resource allocation and assessment of segment performance is focused on type of goods supplied. The Company's reportable segments are therefore as follows:

Segment	**Product**
Spinning	Yarn
Weaving	Fabric
Power	Electricity

Information regarding Company's reportable segments is presented below.

Notes to and forming part of financial statements
for the year ended June 30, 2014

43.2 Information about reportable segment revenues, results, assets and liabilities

	2014			
	Spinning *Rupees*	**Weaving** *Rupees*	**Power** *Rupees*	**Total** *Rupees*
Revenue from external customers	**5,169,872,621**	**2,209,723,175**	**-**	**7,379,595,796**
Intersegment revenues	**-**	**-**	**69,149,725**	**69,149,725**
Depreciation	**183,402,523**	**48,003,637**	**7,821,459**	**239,227,619**
Segment results	**292,027,793**	**252,677,064**	**(22,602,825)**	**522,102,032**
Segment assets	**4,180,612,874**	**993,969,480**	**88,877,517**	**5,263,459,871**
Segment liabilities	**247,274,659**	**162,772,060**	**43,388,680**	**453,435,399**
Interest income	**1,854,206**	**-**	**-**	**1,854,206**
Additions to non-current assets	**1,384,044,883**	**98,256,397**	**1,576,166**	**1,483,877,446**
Disposals of property, plant and equipment	**1,502,286**	**119,390**	**-**	**1,621,676**

	2013			
	Spinning Rupees	Weaving Rupees	Power Rupees	Total Rupees
Revenue from external customers	3,689,176,238	2,076,593,669	-	5,765,769,907
Intersegment revenues	-	-	123,252,245	123,252,245
Depreciation	114,254,617	46,788,655	8,588,353	169,631,625
Segment results	540,038,835	72,352,532	(4,731,572)	607,659,795
Segment assets	3,108,117,258	826,657,702	95,241,305	4,030,016,265
Segment liabilities	228,252,388	126,183,117	33,261,265	387,696,770
Interest income	1,068,285	-	-	1,068,285
Additions to non-current assets	401,348,591	34,849,202	-	436,197,793
Disposals of property, plant and equipment	6,326,429	-	-	6,326,429

The accounting policies of the reportable segments are the same as the Company's accounting policies. Segment results represent operating profit earned by the segment. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

43.3 Reconciliations of reportable segment revenues, results, assets and liabilities

	2014			
	Spinning *Rupees*	**Weaving** *Rupees*	**Power** *Rupees*	**Total** *Rupees*
Total for reportable segments	**5,169,872,621**	**2,209,723,175**	**69,149,725**	**7,448,745,521**
Inter-segment revenues	**-**	**-**	**(69,149,725)**	**(69,149,725)**
Total for the Company	**5,169,872,621**	**2,209,723,175**	**-**	**7,379,595,796**

	2013			
	Spinning Rupees	Weaving Rupees	Power Rupees	Total Rupees
Total for reportable segments	3,689,176,238	2,076,593,669	123,252,245	5,889,022,152
Inter-segment revenues	-	-	(123,252,245)	(123,252,245)
Total for the Company	3,689,176,238	2,076,593,669	-	5,765,769,907

Notes to and forming part of financial statements for the year ended June 30, 2014

43.2 Information about reportable segment revenues, results, assets and liabilities

	2014			
	Spinning *Rupees*	**Weaving** *Rupees*	**Power** *Rupees*	**Total** *Rupees*
Total for reportable segments	**4,180,612,874**	**993,969,480**	**88,877,517**	**5,263,459,871**
Un-allocated assets				
Current taxation				**191,477,753**
Long term deposits				**11,125,095**
Total for the Company				**5,466,062,719**

	2013			
	Spinning Rupees	Weaving Rupees	Power Rupees	Total Rupees
Total for reportable segments	3,108,117,258	826,657,702	95,241,305	4,030,016,265
Un-allocated assets				
Current taxation				112,207,491
Long term deposits				7,297,985
Total for the Company				4,149,521,741

43.3.3 Segment liabilities

	2014			
	Spinning *Rupees*	**Weaving** *Rupees*	**Power** *Rupees*	**Total** *Rupees*
Total for reportable segments	**247,274,659**	**162,772,060**	**43,388,680**	**453,435,399**
Un-allocated liabilities				
Long term finances				**1,595,948,387**
Deferred taxation				**19,071,379**
Short term borrowings				**682,904,828**
Accrued interest/mark-up				**45,995,403**
Workers' Profit Participation Fund				**13,366,463**
Workers' Welfare Fund				**33,921,297**
Unclaimed dividend				**2,394,201**
Total for the Company				**2,847,037,357**

	2013			
	Spinning Rupees	Weaving Rupees	Power Rupees	Total Rupees
Total for reportable segments	228,252,388	126,183,117	33,261,265	387,696,770
Un-allocated liabilities				
Long term finances				635,978,698
Deferred taxation				26,412,194
Short term borrowings				627,290,326
Accrued interest/mark-up				12,023,491
Workers' Profit Participation Fund				23,342,832
Workers' Welfare Fund				13,474,274
Unclaimed dividend				2,081,693
Total for the Company				1,728,300,278

43.4 Geographical information

The Company's operations are not distributed geographically.

43.5 Information about significant customers

There is no single significant external customer to whom sales in excess of 10% of the Company's total sales were made during the year.

Notes to and forming part of financial statements
for the year ended June 30, 2014

44 SHARES IN THE COMPANY HELD BY ASSOCIATED COMPANIES

Faisal Spinning Mills Limited, an associated company, holds 1,189,160 (2013: 1,189,160) ordinary shares of Rs. 10 each in the Company.

45 PLANT CAPACITY AND ACTUAL PRODUCTION

	Unit	2014	2013
Spinning			
Number of spindles installed	No.	**55,872**	47,616
Plant capacity on the basis of utilization converted into 20s count	Kgs'000	**21,016**	20,413
Actual production converted into 20s count	Kgs'000	**14,949**	16,220
Weaving			
Number of looms installed	No.	**136**	136
Plant capacity on the basis of utilization converted into 50 picks	Mtrs'000	**19,771**	19,771
Actual production converted into 50 picks	Mtrs'000	**19,735**	19,735

It is difficult to precisely compare production capacity and the resultant production converted into base count in the textile industry since it fluctuates widely depending on various factors such as count of yarn spun, raw materials used, spindle speed and twist, picks etc. It would also vary according to the pattern of production adopted in a particular year.

	Unit	2014	2013
Power			
Installed capacity	Mwhs	**47,304**	47,304
Power generated	Mwhs	**8,668**	16,872

Actual power generated is less than the installed capacity because unavailability/loadsheding of natural gas.

46 NUMBER OF EMPLOYEES

Number of persons employed by the Company as at the reporting date are as follows:

	2014	2013
	No. of persons	No. of persons
As at the reporting date	**1,007**	997
Average for the year	**1,002**	981

47 RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these financial statements.

48 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 23, 2014 by the Board of Directors of the Company.

49 GENERAL

Figures have been rounded off to the nearest rupee. Comparative figures have been rearranged and reclassified, where necessary, for the purpose of comparison. However, there were no significant reclassifications during the year.

Mohammad Salim
Director

Karachi
Date: September 23rd, 2014

Muhammad Shaheen
Director

Pursuant to Section 241(2) of the Companies Ordinance, 1984, these financial statements have been signed by two Directors in the absence of Chief Executive who for the time being is not in the country.

CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2014

SR #	CATEGORIES OF SHAREHOLDERS	NUMBERS OF SHAREHOLDERS	SHARES HELD	PERCENTAGE %
1	Directors Chief Executive Officer their spouse and minor children	21	2,659,688	41.35
2	Associated Companies, Undertaking and Related Parties	16	2,775,112	43.15
3	Bank / Financial Institution	2	82,231	1.28
4	Insurance Companies	1	393,900	6.12
5	General Public / Individuals	483	514,443	8.00
6	Joint Stock Companies	2	600	0.01
7	Others Companies	5	6,026	0.09
		530	**6,432,000**	**100.00**

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2014

NUMBER OF SHAREHOLDERS	SHARE HOLDING		TOTAL SHARES HELD
	FROM	TO	
226	1	100	12,321
178	101	500	69,897
37	501	1000	34,750
41	1001	5000	101,900
6	5001	10000	36,944
5	10001	15000	64,585
1	15001	20000	16,000
1	2001	25000	22,700
2	25001	30000	60,000
3	4001	45000	127,600
2	45001	50000	97,500
2	60001	65000	128,588
2	65001	70000	134,500
2	70001	75000	143,530
1	75001	80000	80,000
1	80001	85000	82,200
4	90001	95000	370,985
3	95001	100000	294,500
1	10001	105000	103,000
1	125001	130000	126,100
1	130001	135000	135,000
1	135001	140000	138,200
1	160001	165000	163,200
1	265001	270000	268,100
1	285001	290000	282,400
1	330001	335000	330,400
1	390001	395000	393,900
2	440001	445000	888,040
1	535001	540000	536,000
1	1185001	190000	1,189,160
530			**6,432,000**

* There is no shareholding in the slab not mantioned

AS AT JUNE 30, 2014

Sr #	Shareholder Category	Percentage	No. of Shares
1	**ASSOCIATED COMPANIES UNDERTAKINGS AND RELATED PARTIES**		
	M/S. FAISAL SPINNING MILLS LTD	18.49	1,189,160
	MR. FARRUKH SALEEM	1.41	91,000
	MR. YOUSUF SALEEM	1.96	126,100
	MR. SAQIB SALEEM	1.47	94,700
	MR. MUHAMMAD QASIM	4.17	268,100
	MR. FAISAL SHAKEEL	8.05	516,985
	MRS. SABA YOUSUF	1.80	116,094
	MRS. SABA SAQIB	2.29	147,494
	MRS. SADAF FARRUKH	2.35	151,194
	MRS. SUMBUL QASIM	1.09	70,285
	MISS NOOR SHAKEEL	0.03	2,000
	MR. HAMZA SHAKEEL	0.03	2,000
2	**CEO, DIRECTORS AND THEIR SPOUSES AND MINOR CHILDREN**		
	MR. MUHAMMAD SHAHEEN	1.07	69,000
	MR. MUHAMMAD SALEEM	0.78	50,000
	MR. MUHAMMAD SHARIF	0.70	45,000
	MR. MUHAMMAD SHAKEEL	0.47	30,000
	MR. KHURRAM SALEEM	0.99	63,900
	MR. IQBAL MEHBOOB VOHRA	0.04	2,500
	MR. BILAL SHARIF	1.41	185,285
	MR. MUHAMMAD AMIN	4.39	282,400
	MR. ADIL SHAKEEL	6.91	444,300
	MRS. YASMIN BEGUM	0.65	42,000
	MRS. SEEMA BEGUM	0.63	40,600
	MRS. NAZLI BEGUM	1.02	65,500
	MRS. AMNA KHURRAM	2.54	175,803
	MRS. SAMIA BILAL	8.33	536,000
	MRS. FATIMA AMIN	5.14	330,400
	MASTER ABDULLAH BILAL	1.53	98,100
	MR. MOHAMMAD UMER	0.04	2,500
	MASTER AZAAN BILAL	1.53	98,200
	MASTER ALI BILAL	1.53	98,200
3	**BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCE INSTITUTIONS AND INSURANCE COMPANIES**		
	STATE LIFE INSURANCE CORPORATION OF PAKISTAN	6.12	393,900
	NATIONAL BANK OF PAKISTAN	0.00	31
	DEUTSCH BANK SUISSE.SA	1.28	82,200

AS AT JUNE 30, 2014

Sr #	Shareholder Category	Percentage	No. of Shares
4	**JOINT STOCK COMPANIES**		
	SHAFI (PRIVATE) LTD	0.01	400
	MEHRAN SUGAR MILL LIMITED	0.00	200
5	**INDIVIDUAL SHAREHOLDERS**	8.00	514,443
6	**OTHERS COMPANIES**	0.09	6,026
	TOTAL	**100.00**	**6,432,000**

7	**DETAIL OF TRADING IN THE SHARES BY THE DIRECTORS, CEO COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN**		
	SHARE PURCHASE BY MR. BILAL SHARIF	1.47	94,785
	SHARE PURCHASE BY MRS. AMNA KHURRAM	0.20	12,603
8	**SHAREHOLDERS HOLDING 05% OR MORE**		
	M/S. FAISAL SPINNING MILLS LTD	18.49	1,189,160
	STATE LIFE INSURANCE CORPORATION OF PAKISTAN	6.12	393,900
	MR. FAISAL SHAKEEL	8.04	516,985
	MR. ADIL SHAKEEL	6.91	444,300
	MRS. SAMIA BILAL	8.33	536,000
	MRS. FATIMA AMIN	5.14	330,400

PROXY FORM

I/We ____

of ____

being a member of **BLESSED TEXTILES LIMITED** and holder of_____________________

ordinary share as per Share Register Folio No. ___________________ and/or CDC Participant

ID No. ____________________ and Sub Account No.__________________ hereby appoint

Mr./Mrs./Miss_____________________________________ of _______________ or failing

him/her________________________________ of_____________________ as my / our

proxy to act on my/our behalf at the 27th Annual General Meeting of the Company to be held on Monday October 27, 2014 at 4:30 p.m. at Umer House, 23/1, Sector 23, S.M. Farooq Road, Korangi Industrial Area, Karachi. and/or at any adjournment thereof.

WITNESS

Signature ______________________

Name ______________________

Address ______________________

____

CNIC/Passport # ______________________

Affix
Rs. 5/-
Revenue
Stamp

(Signature should agree with the specimen signature registered with the Company)

Signed this__________ day of ________ 2014

Notes:

If a member is unable to attend the meeting, they may complete and sign this form and sent it to the Company Secretary, **BLESSED TEXTILES LIMITED**, Umer House, 23/1, Sector 23, S.M. Farooq Road, Korangi Industrial Area, Karachi. so as to reach not less than 48 hours before the time scheduled for holding the meeting.

(i) The Proxy form shall be witnessed by a person whose name, address and CNIC/Passport number should be stated on the form.

(ii) Attested copy of CNIC or the Passport of the beneficial owner alongwith the Proxy form should also be submitted.

(iii) The Proxy nominee shall produce his / her original CNIC or original Passport at the time of the meeting.

(iv) In case of a Corporate entity, the Board of Directors Resolution/Power of Attorney with specimen signature should be submitted (unless it has been provided earlier) along with Proxy form to the Company.

REGISTERED OFFICE

Umer House, 23/1, Sector 23, S.M. Farooq Road,
Korangi Industrial Area, Karachi-74900, Pakistan
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Fax No. : 021 - 35063002 - 3
E-mail : khioff@umergroup.com
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