

Annual Report

2015



ADDING QUALITY TO LIFE

www.sadaqatgroup.net

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Corporate Information

Board of Directors

Mr. Sheikh Mukhtar Ahmed (Chairman)
Mr. Khurram Mukhtar (CEO)
Mr. Hamid Mukhtar (Director)
Mr. Awais Mukhtar (Director)
Mr. Shoaib Mukhtar (Director)
Mr. Imran Noor Mohammad (Director)
Mr. Muhammad Ijaz (Director)

Chief Financial Officer

Mr. Muhammad Iqbal Ghori - FCMA

Company Secretary

Mr. Muhammad Naseeb

Audit Committee

Mr. Hamid Mukhtar (Chairman)
Mr. Awais Mukhtar (Member)
Mr. Iqbal Ghori (Member)

HR & R Committee

Mr. Shoaib Mukhtar (Chairman)
Mr. Hamid Mukhtar (Member)
Mr. Iqbal Ghori (Member)

Procurement Committee

Mr. Mukhtar Ahmad (Chairman)
Mr. Awais Mukhtar (Member)
Mr. Hamid Mukhtar (Member)

Bankers

National Bank of Pakistan
Habib Bank Limited
United Bank Limited
Askari Bank Limited
Standard Chartered Bank
NIB Bank limited
The Bank of Khyber

Auditors

Kreston, Hyder Bhimji & Co.
(Chartered Accountants)
Business Center, New Civil Lines, Faisalabad

Insurance Company

EFU Insurance
Jubilee Insurance
Premier Insurance
Askari Insurance
IGI Insurance
United Insurance
Century Insurance
Alfalah Insurance

Legal Advisor

A.K. Brohi & Company
153-K,Block-2, PECHS, Karachi

Company's Registered Office /Head Office

2-KM, Sahianwala Road, Khurrianwala,
Faisalabad 37630 Pakistan.
UAN : +92 41 111 010 111
Fax : +92 41 8507511-12
Website: www.sadaqatgroup.net
E-mail: Sadaqat.limited@sadaqatgroup.net

Company's Introduction

Sadaqat Limited has a long history of successful business operations based on highly professional and ethical practices, focused to achieve total customer satisfaction. Recognized as one of the major industrial business concern in Pakistan, Sadaqat is astutely diversified and includes manufacturing operations in home textiles. The management of the company is committed to the maintenance of international standards, along with a continuous effort in actually raising acceptable norms of quality and services in order to be dynamic and at the same time successfully meet the new challenges of ever changing business environment by adopting pro-active behavior.

The company is fully equipped with the capabilities for supplying the desired quality to its valued customers. Sadaqat Limited is renowned for value added home textiles like embroidered, Pintucked, Flocked, Beaded, Ribboned glittered & Foiling techniques etc. Quality being its Motto, the name SADAQAT is synonymous with quality and reliability.

History of Glory

Half a century ago, a textile trading family, known as the Sadaqat family started their textile business, in a small suburb; Chiniot, near Pakistan's famous textile city "Faisalabad". The newly established business was based on the core values of honesty and quality in business. Sadaqat Limited has a long history of successful business operations based on highly professional and ethical practices, focused to achieve total customer satisfaction.

Recognized as one of the major industrial business concern in Pakistan. Sadaqat Limited aims to represent the quintessential heritage of Pakistan and assimilate it with the latest trends prevalent in the home textile industry. With more than half a century of enriched experience and enchanting spectrum of home textile has earned Sadaqat numerous patrons all across the world.

Sadaqat Limited, established in 1951 with its three manufacturing concerns Sadaqat Limited manufacturer and exporter of dyed, printed fabric and home textile unit, located in Faisalabad - Pakistan.

Vision

One that becomes standard for others.

Mission

Our mission is to satisfy customers by exceeding their expectations in terms of quality, service and commitment. By surpassing industry standards, we aim to be recognized as the benchmark to which our competitors aspire.

Statement of Ethics and Business Practices

We believe in stimulating and challenging team oriented work environment that encourages, develops and rewards excellence. We are committed to diligently serving our community and stakeholders while maintaining high standards of moral and ethical values.

Management's Profile



Mr. Sheikh Mukhtar Ahmed
(Chairman)

Ex-Chairman-FGCC (Faisalabad Garment City Company)
Ex-Chairman- Faisalabad Dry Port Trust
45 years of experience in the art of textiles. Responsible
For the company's corporate matters.



Mr. Khurram Mukhtar
(Chief Executive Officer)

Chairman BOD - FESCO
Ex-Chairman PTEA
Member of YPO- Young President Organization
Former Director-Faisalabad Garment City Company

Responsible for the supervision of all division and
overseeing strategic planning, administration, finance
function and overall working of the company.



Mr. Hamid Mukhtar
(Director)

Former Member of ADRC-CBR
Capturing the export market of South Pacific and
Gulf and also deals with all Greige procurement
and all kinds of construction and repair to fulfil
the company's requirements.



Mr. Imran Noor Muhammad
(Director)

More than 15 years of experience in the field of
Marketing.
Key role in formulating Company's Marketing
Strategy and Sales in Sadaqat Global UK.



Mr. Awais Mukhtar
(Director)

Vice President-CFA Faisalabad
Member of PIFFC & FIATA Karachi

Dealing with logistics, embroidery and
made-ups operations. Also responsible
for export to South African Market.



Mr. Muhammad Ijaz
(Director)

36 years of Experience of Export Documentation.



Mr. Shoab Mukhtar
(Director)

Vice Chairman of PTEA
Office Bearer YEO

Formulating the company's sales & marketing
strategy and oversees its implementation in
the European Region.



Mr. Muhammad Iqbal Ghori ^{FCMA}
(Director Strategic Planning &
Chief Financial Officer)

President - ICMA Pakistan
PURC- University of Florida US
Chairman Examination Committee (ICMAP)
Chairman Research & Publications Committee (ICMAP)
Chairman SAFA Committee on Public Sector Accounting
Member of Board of Studies, National University
of Modern Languages

Chairman's Message



Mr. Sheikh Mukhtar Ahmed
(Chairman)

Sadaqat Limited is the trusted partner of enterprises and clients worldwide, providing quality home textile to end users. With worldwide operations we are among the oldest Textile Exporter organizations in the industry.

Sadaqat is dedicated to responsible corporate citizenship and believes that as market leader it has a multi-dimensional responsibility towards society, community, customer and environment. Corporate Social Responsibility has always been a vital area of our Company's priority list. We are sturdily devoted for sustainable development of People, Communities and Society, on the rampage.

Sadaqat is doing business on the creed of 'triple bottom line' approach for balancing the economic prosperity, social capital and environmental quality - aimed at enhancing Shareholder's Value. We at Sadaqat try our level best to make our processes ecosystem and environmental friendly. ISO 14001 certification, Eco-Label and EU flower labels and optimized recipe of non-banned chemicals make us over the edge. The Installation of Waste Water Treatment Plant in previous year is a big land mark in this regard. We are well aware of our Corporate Social Responsibilities and making contribution in our society.

Committees of our Board of Directors have oversight of corporate issues and receive periodical updates on topics such as HR, Audit, Procurement, and other matters including environment, and community. Most importantly, we remain unflinchingly committed to all our stakeholders, including our shareholders, employees, investors, customers and suppliers.

Directors are putting their efforts towards review of Company's significant plans and decisions, projections, forecasts, and budgets having regard to the recommendations of the established committees including establishment and updating of the Company's strategic objectives, providing leadership, supervising the management of the business and reporting to shareholders on their stewardship.

However, I take pride in presenting this Annual Report 2015 with a promise to make our efforts pushed to a next level. This report is part of our commitment to transparency as well as to the engagement that we have promised our stakeholders. It is also part of a process whereby we solicit feedback on the success and failure of our efforts throughout the year.



Mr. Sheikh Mukhtar Ahmed
(Chairman)

CEO's Message



Mr. Khurram Mukhtar
(Chief Executive Officer)

Sadaqat Limited is the hard work of our forefathers and it's an honor for us to have continued their dream. I can confidently state, we have not stopped. Sadaqat limited is being run by a team of highly motivated and well qualified directors which energize and synergize the strength of our employee's well-equipped, self-reliant manufacturing facility.

In 2015, Sadaqat Limited made good progress in implementing our strategy and delivering on our financial targets. Guided by our long-term vision to become standard for others, a set of shared values, a clear strategy and ambitious targets for the period up to 2016, we were able to navigate our company through a challenging, volatile global environment.

Excellence in execution and our continued cost focus helped us to meet our financial targets for fiscal FY 2015 and make progress toward our financial targets for the upcoming FY 2016. All the business units contributed with profitable organic growth to this good performance.

Prudent footsteps, honesty, and hard work lead the Sadaqat legacy to thrive and expand vertically and still remain a major game changer in the fabric industry of Pakistan.

To meet dynamic needs of technology up-gradation and automation & to counter any obsolescence in technology, the company is investing to modernize and automate the production facilities and systems which are expected to result in reduction of waste, rightsizing and improvement in operational performance and ultimately leading towards quality improvement.

Despite tough economic challenges the Company tried to maintain its revenue share and profitability. We remained committed to focusing on risk management, good governance, and timely management information system while improving operational quality.

Finally, I would like to express my gratefulness to the shareholders, bankers and other stake holders for their contributions and management & employees for their continuous hard work and sincerity towards the Company.

A handwritten signature in black ink, appearing to read 'Khurram Mukhtar'.

Khurram Mukhtar

Chief Executive Officer

Director's Report

We are pleased to present our 28th annual report reflecting our financial and operational performance for the financial year ended June 2015.

Operational Performance & Initiatives

The company is committed to focusing on good governance, solid management information system, creating ever increasing brand value, risk management, operational production efficiency and environmental protection. There has been growth in sales in terms of quantities but this could not be reflected in value due to volatility in exchange rates and reduction in commodity prices.

The reasons for continuous growth are that company is able to maintain its existing market share by launching market oriented product mix and at the same time able to add new off shore customers to mitigate the customer concentration risk. Company is also planning to develop it's our own brands which will certainly improve our profitability.

In addition to above factors, comprehensive strategies have been developed to make all processes to be effective and cost efficient and various cost reduction initiatives have been taken in order to remain competitive in the market.

We would like to mention here that our business planning and execution have improved gradually through extensive business process re-engineering. The strong Management Information System (MIS) is enabling our Marketing and Production Planning team to execute orders well on time via sea route instead of air to meet the contractual obligations of the customers. Now, this is being pay backed and we have secured large orders due to our goodwill on account of delivery security.

We have a clear and far reaching vision of enhancing productivity and core competency through technological advancement. We are investing in cutting-edge, state-of-the-art new equipment and machinery that improves product quality, manufacturing capacity or allows innovation to modernize our production facilities and systems. It is worth mentioning that capital expenditure is like oxygen to us and is essential for company's survival. We are investing to replace and update old equipment to mitigate operating costs and improve efficiency in order to obtain a competitive edge by improving quality, adding capacity and opting for innovation.

We are aiming at better profit margins and to have a healthy bottom line by targeting cost reduction through reduction of waste, rightsizing and improving operational performances.

Sadaqat Limited has articulated 5 years business plan and set its target for 2020. In the last financial year of the 5 years plan, we had been making platform to cater for such growth and whose results are coming through in the current financial year and years to come.

Financial Results at a glance

Despite tough economic challenges, we still managed to achieve our quantitative targets for the financial year while registering sales of PKR 9,197 Million and a net profit of PKR 234.3 Million for the financial year ended June 30, 2015.

The company earned a Net Profit margin of 2.5% of Sales for the financial year ended June 30, 2015. Sales showed

a declining trend and have reduced by 10.27% in current year as compared to last year. Gross profit for the year has reduced by 23.7% during the year whereas Profit before taxation has reduced by 28.3% as compared to last year. The net profit after taxation has also shown a decline of 29.1% as compared to last financial year.

The profitability of the Company decreased during the year as compared to corresponding year ended June 2014. The decrease in profits is mainly attributable to volatility in exchange and bearish trend in prices due to cut-throat competition. However, the Company still continued performed well despite hardest business and economic conditions.

You will appreciate that we have targeted export Sales of PKR 12 Billion in financial year 2015-16 and greatly expect to meet our targets.

Post Balance sheet events

No material changes and commitments effecting the company's financial position of the Company have occurred between the end of financial year of the Company to which the balance sheet relates and the date of the auditor's report.

Financial statements

The financial statements of company have been endorsed by Chief Executive and Director of the Company after approval of Board of Directors. The auditors, Kreston Hyder Bhimji and Co, Chartered Accountants audited the financial statements and have issued an unqualified report to the members.

Auditors

The present auditors Kreston Hyder Bhimji and Co, Chartered Accountants have retired on the conclusion of the 28th annual general meeting. Being eligible, they offered themselves for re-appointment as auditors of the company to hold office. The Audit Committee has recommended the appointment of aforesaid Kreston Hyder Bhimji and Co Chartered Accountants, as external auditor for the year ended 30th June 2016.

Audit Committee

The audit committee has established internal audit system to monitor and review the adequacy and implementation of internal control at each level. Interim and annual financial statements were reviewed by the audit committee before the approval of board of directors.

Health, Safety & Environment

Health, safety & environment have remained one of top priorities of the Company. The industry we operate in demands excellence in safety management and procedures which has been an all-encompassing priority for the Company, from the Board down to the business units. Due to these internal controls and with the blessings of Al-Mighty Allah no major accidents or incidents took place at our business units.

Company always ensures environment preservation and adopts all the possible means for environment protection like waste water treatment plant. We have been taking various steps to ensure minimal dust and emission from our

plant and our production lines are installed with pollutant trapping and suppression systems to control dust particles and other emissions in order to protect the natural surrounding environment.

Human Resources

Several major initiatives were launched to improve productivity & efficiency in our workforce. The Company has employed experienced and qualified human resources to meet the challenges ahead. Company uses employee performance evaluation methods to strengthen organization structure and effectiveness.

Corporate Social Responsibility

The Company acknowledges the importance of CSR and necessary actions were taken to fulfill its responsibilities including necessary measures in respect of energy conservation and environmental protection.

Company is working positively to raise the educational, health & environmental standards of the country in general and local communities in particular and has extensively supporting educational and health projects. Company has spent PKR 13.60 Million under social commitments during the FY 2014-15. The Company publishes its sustainability report under the guidelines of GRI reporting framework.

The Company maintains excellent relationship with its employees, peers, bankers, society, regulators and other relevant institutions & organizations.

Remunerations to the Chief Executive and Directors

The company has increased remuneration of chief executive and directors keeping in view the inflation impact.

Miscellaneous

Earnings per share and shareholding pattern have been disclosed below under financial highlights

Acknowledgement

I extended my appreciation to the company's bankers, valued customers, suppliers, shareholders, bankers, SECP and government authorities for the cooperation extended by them during this period. Your directors also appreciate the efforts of the company's executives, managers, technicians and workers who have worked devotedly and achieve the targets set before them.

For and on behalf of the Board of Directors



Khurram Mukhtar

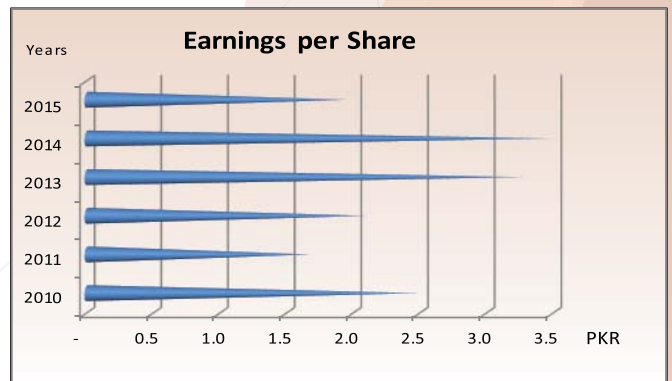
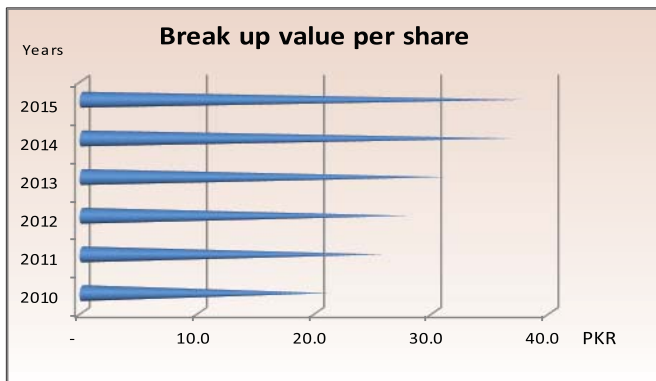
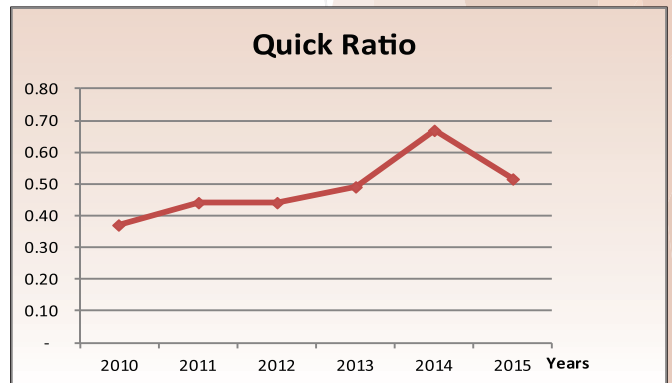
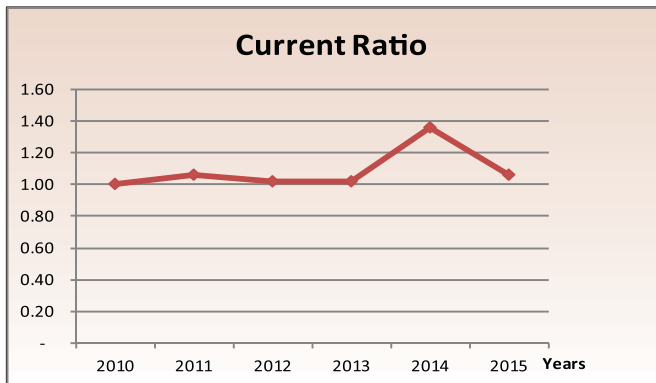
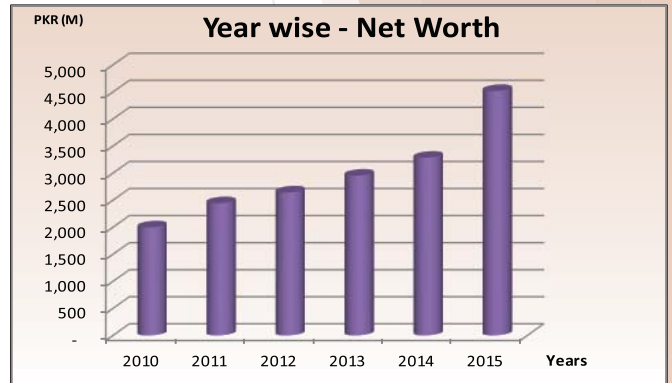
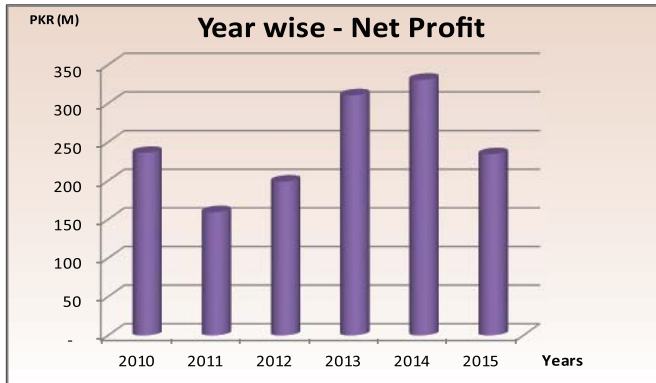
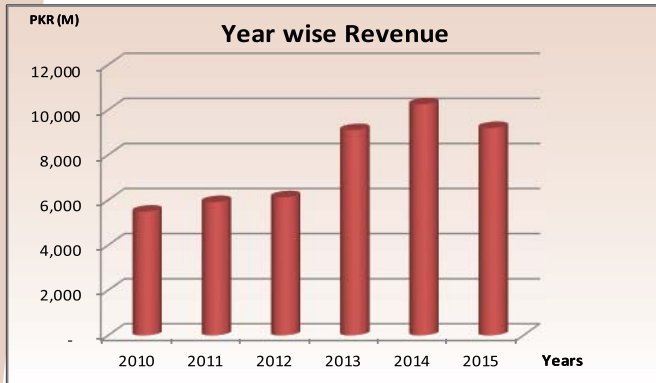
Chief Executive Officer

Financial Highlights

Financial Highlights	2015	2014	2013	2012	2011	2010
Net Sales	9,197	10,249	9,099	6,123	5,912	5,487
Gross Profit	1,457	1,909	1,831	1,306	1,210	1,176
EBIT	744	843	780	619	582	622
Finance Cost	445	427	407	359	361	328
Pre-tax Profit	298	416	373	259	221	294
Post-tax Profit	234	331	311	199	159	236
Gross CAPEX	1,265	589	554	471	261	345
Net Worth	4,517	3,283	2,953	2,642	2,443	1,997

INDICATORS	2015	2014	2013	2012	2011	2010
PROFITABILITY:						
Gross Profit Margin	15.8%	18.6%	20.1%	21.3%	20.5%	21.4%
Net Profit Margin	2.5%	3.2%	3.4%	3.2%	2.7%	4.3%
Operating Profit Margin	8.1%	8.5%	8.9%	10.7%	10.2%	11.8%
EFFICIENCY						
Receivables Days	55	41	45	49	39	31
Average Stock Holding Period	104	103	103	145	150	152
Payables Days	33	20	33	24	13	21
LIQUIDITY						
Current Ratio	1.06	1.36	1.02	1.02	1.06	1.00
Quick Ratio	0.52	0.67	0.49	0.44	0.44	0.37
LEVERAGE						
Total Liabilities to Net Worth	1.12	1.28	1.36	1.28	1.29	1.48
Long Term Liabilities to Net Worth	0.23	0.34	0.10	0.07	0.07	0.09
Debt Service Coverage	1.34	1.80	1.84	1.51	1.04	1.47
Total Liabilities to Total Assets	53%	56%	58%	56%	56%	60%
INVESTMENT						
Return on Equity (ROE) %	5.2%	12.2%	13.2%	9.9%	9.0%	13.7%
Net Return on Assets (ROA) %	2.4%	4.1%	4.4%	3.3%	2.8%	4.8%
Earnings per share	2.0	3.5	3.3	2.1	1.7	2.5
Break up Value per share	37.6	36.9	31.1	27.8	25.7	21.0

Trend Analyses



Pattern of Shareholding as at June 30, 2015

Number of shareholders	Shareholding		Total Shares held
	From	To	
2	101	500	1000
1	870,001	875,000	872,312
1	940,001	945,000	941,952
4	29,545,001	29,550,000	118,184,736
8			120,000,000

Shareholder's Category	Number of Shareholders	Number of Shares	Percentage %
DIRECTORS, CHIEF EXECUTIVE OFFICER, AND THEIR SPOUSE	8	120,000,000	100%
TOTAL	8	120,000,000	100%



AUDITORS' REPORT TO THE MEMBERS


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

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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the over all 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 account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2015 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) In our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

DATE: October 03, 2015
FAISALABAD


KRESTON HYDER BHIMJI & CO.
Chartered Accountants
Engagement Partner: Khan Muhammad

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A member of Kreston International - A global network of independent accounting firms.

Sadaqat Limited

Balance Sheet

as at June 30, 2015

	Note	2015 Rupees	2014 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	5,228,827,288	3,438,094,738
Long term deposits	7	65,228,683	43,730,566
		<u>5,294,055,971</u>	<u>3,481,825,304</u>
CURRENT ASSETS			
Stores, spares and loss tools	8	289,672,157	280,859,202
Stock in trade	9	1,915,255,335	2,296,066,047
Trade debts	10	1,392,239,971	1,156,788,324
Advances, deposits, prepayment and other receivables	11	96,776,238	306,271,430
Tax refunds due from government	12	525,181,153	406,724,035
Cash and bank balances	13	73,869,423	66,836,539
		<u>4,292,994,277</u>	<u>4,513,545,577</u>
		<u><u>9,587,050,248</u></u>	<u><u>7,995,370,881</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital 150,000,000 (2014: 100,000,000) ordinary shares of Rs. 10/- each		<u>1,500,000,000</u>	<u>1,000,000,000</u>
Issued, subscribed and paid up capital	14	1,200,000,000	950,000,000
Unappropriated profit		<u>2,035,229,745</u>	<u>1,768,318,075</u>
		<u>3,235,229,745</u>	<u>2,718,318,075</u>
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	15	1,281,485,185	565,009,671
NON CURRENT LIABILITIES			
Long term financing	16	843,718,913	1,327,225,595
Liabilities against assets subject to finance lease	17	180,189,083	75,549,485
		<u>1,023,907,996</u>	<u>1,402,775,080</u>
CURRENT LIABILITIES			
Trade and other payables	18	792,842,857	666,221,762
Mark up accrued	19	48,183,599	68,071,245
Short term borrowings	20	2,876,362,164	2,390,917,149
Current portion of non current liabilities	21	329,038,702	184,057,899
		<u>4,046,427,322</u>	<u>3,309,268,055</u>
CONTINGENCIES AND COMMITMENTS	22	-	-
		<u>9,587,050,248</u>	<u>7,995,370,881</u>

The annexed notes from 1 to 40 form an integral part of these financial statements.


Chief Executive




Director

Sadaqat Limited

Profit and Loss Account

For The Year Ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
Sales - Net	23	9,196,660,484	10,249,010,141
Cost of sales	24	7,740,084,965	8,340,280,382
Gross profit		1,456,575,519	1,908,729,759
Operating expenses			
Distribution cost	25	255,336,539	564,334,186
Administrative expenses	26	437,999,147	478,795,964
Other expenses	27	21,495,425	27,093,006
Finance cost	28	445,381,610	426,590,371
		1,160,212,721	1,496,813,527
		296,362,798	411,916,232
Other income	29	2,012,870	4,458,571
Profit before taxation		298,375,668	416,374,803
Taxation	30	64,035,405	85,708,663
Profit for the year		234,340,263	330,666,140
Earnings per share - basic and diluted	31	2.19	3.48

The annexed notes from 1 to 40 form an integral part of these financial statements.


Chief Executive




Director

Sadaqat Limited

Statement of Comprehensive Income

For The Year Ended June 30, 2015

	2015 Rupees	2014 Rupees
Profit for the year	234,340,263	330,666,140
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>234,340,263</u>	<u>330,666,140</u>

The annexed notes from 1 to 40 form an integral part of these financial statements.


Chief Executive




Director

Sadaqat Limited

Cash Flow Statement

For The Year Ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
a) CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	32	1,431,816,185	173,571,384
Finance cost paid		(465,269,256)	(409,785,215)
Income tax paid		(87,066,729)	(115,164,699)
Workers' profit participation fund paid		(21,914,463)	(20,048,003)
Net cash generated from/(used in) operating activities		857,565,737	(371,426,533)
b) CASH FLOWS FROM INVESTING ACTIVITIES			
Addition in property, plant and equipment		(1,143,505,656)	(446,700,108)
Proceeds from disposal of property, plant and equipment		1,200,000	3,163,964
Long term deposits		(21,498,117)	(2,032,979)
Interest received		3,258,904	-
Net cash used in investing activities		(1,160,544,869)	(445,569,123)
c) CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		250,000,000	-
Long term financing - net		(126,681,772)	1,097,853,906
Repayment of liabilities against assets subject to finance lease		(73,751,227)	(53,267,479)
Short term borrowings - net		260,445,015	(207,848,211)
Net cash generated from financing activities		310,012,016	836,738,216
Net increase in cash and cash equivalents	(a+b+c)	7,032,884	20,142,560
Cash and cash equivalents at the beginning of the year		66,836,539	46,693,979
Cash and cash equivalents at the end of the year	13	73,869,423	66,836,539

The annexed notes from 1 to 40 form an integral part of these financial statements.


Chief Executive




Director

Sadaqat Limited

Statement of Changes in Equity

For The Year Ended June 30, 2015

	Share capital	Unappropriated profit	Total
	[R	U P E E S]
Balance as at July 01, 2013	950,000,000	1,408,294,609	2,358,294,609
Incremental depreciation on revalued property, plant and equipment for the year	-	29,357,326	29,357,326
Total comprehensive income for the year	-	330,666,140	330,666,140
Balance as at June 30, 2014	950,000,000	1,768,318,075	2,718,318,075
Incremental depreciation on revalued property, plant and equipment for the year	-	32,571,407	32,571,407
Shares issued during the year	250,000,000	-	250,000,000
Total comprehensive income for the year	-	234,340,263	234,340,263
Balance as at June 30, 2015	1,200,000,000	2,035,229,745	3,235,229,745

The annexed notes from 1 to 40 form an integral part of these financial statements.


Chief Executive




Director

Sadaqat Limited

Notes To The Financial Statements

For The Year Ended June 30, 2015

1. LEGAL STATUS AND OPERATIONS

Sadaqat Limited (the Company) was initially incorporated in Pakistan in the name and style "Sadaqat Textile Mills (Private) Limited" on November 01, 1987. On June 03, 2008 the Company was converted into public unlisted company. Subsequently, the name of the Company was changed to "Sadaqat Limited" on October 10, 2008. The registered office of the Company is situated at 2-KM Sahianwala Road, Khurrianwala, Faisalabad. The Company is engaged in the business of textile manufacturing and of weaving, bleaching, dyeing, printing, stitching and otherwise dealing in and export of all kinds of value added fabrics and home textile products.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Standards and interpretations that became effective but not relevant to the Company or do not have material effect

There were certain new standards, amendments to the approved accounting standards and new interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), which became effective during the year but are considered not to be relevant or have any significant effect on the company's operations and are, therefore, not disclosed in these financial statements.

2.3 Standards and interpretations issued but not yet effective for the current financial year

There were new amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after January 1, 2015, but are considered not to be relevant or have any significant effect on the company's operations, other than presentation / disclosures and are, therefore, not disclosed in these financial statements.

Standards		Effective date
IAS 1	Presentation of Financial Statements	January 1, 2016
IAS-16	Property, Plant and Equipment (Amendments)	January 1, 2016
IAS 19	Employee Benefits	January 1, 2016
IFRS 7	Financial Instruments	January 1, 2016
IFRS 13	Fair Value Measurement	January 1, 2015

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan:

Standards		Effective date
IFRS-9	Financial Instruments	January 1, 2018
IFRS-14	Regulatory Deferral accounts	January 1, 2016
IFRS-15	Revenue from Customers	January 1, 2018

3. USE OF ESTIMATES AND JUDGEMENTS

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods. Judgments made by management in application of the approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in respective policy notes. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

- (i) Estimate of useful life of property, plant and equipment - note 4.4
- (ii) Taxation - note 30



4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

4.1 Basis of measurement

These financial statements have been prepared under the historical cost convention except land, building on free hold land, plant and machinery, generators, capital work in process and staff retirement benefits. Free hold land is stated at revalued amount. Building, plant and machinery and generators are stated at revalued amount less accumulated depreciation and impairment losses, if any. Staff retirement benefits are measured at present value. In these financial statements, except for cash flow statement, all the transactions have been accounted for on accrual basis.

4.2 Taxation

In making the estimate for income tax payable by the Company, the Company takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past.

4.3 Provision for doubtful receivables

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

4.4 Useful life and residual values of property, plant and equipment

The Company reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation charge and impairment, if any.

4.5 Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non financial assets at each reporting date. Non-financial assets are also tested for impairment when there are indicators that the carrying amounts may not be recoverable.

4.6 Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future events.

4.7 Stock in trade and stores and spare parts

The company reviews the net realizable value of stock-in-trade and stores & spares to assess any diminution in the respective carrying values. Net realizable value is estimated with reference to the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Property, plant & equipment and depreciation

Owned

These are stated at cost less accumulated depreciation and impairment loss, if any, except free hold land, building, plant and machinery, generators and capital work-in-progress. Free hold land is stated at revalued amount. Building, plant and machinery and generators are stated at revalued amount less accumulated depreciation and impairment losses if any. Cost in relation to fixed assets signifies historical cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Capital work-in-progress is stated at historical cost less impairment loss if any.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with them will flow to the entity and its cost can be reliably measured. Cost incurred to replace a component of an item of the property, plant and equipment is capitalized and the asset so replaced is retired from use. Normal repairs and maintenance are charged to profit and loss account during the period in which they are incurred.

Depreciation is charged to income applying the reducing balance method so as to write off the historical cost of the assets over their expected useful life at the rates mentioned in property, plant and equipment note.

Depreciation on additions during the year is charged from the month the asset is available for use while no depreciation is charged in the month in which the asset is disposed off. The residual values and useful lives are reviewed by the management at each financial year end and adjusted if impact on depreciation is significant.

Gains and losses on disposal of property, plant and equipment are included in current income.

Lease hold

In view of certainty of ownership of the assets at the end of the lease period, assets subject to finance lease are stated at cost less accumulated depreciation. These assets are depreciated over their expected useful lives on the same basis as owned assets.



5.2 Capital Work in Progress

Capital work in progress and stores held for capital expenditure are stated at cost less any identified impairment loss and represents expenditure on property, plant and equipment during the construction and installation. Cost also includes applicable borrowing costs. Transfers are made to relevant property, plant and equipment category as and when assets are available for its intended use.

5.3 Stores and spares

These are valued at lower of weighted average cost and net realizable value except items-in-transit which are valued at cost accumulated to the balance sheet date. Provision is made for slow moving and obsolete store items when so identified.

5.4 Stock-in-trade

These are stated at the lower of cost and net realizable value (NRV). The methods used for the calculation of cost are as follows:

Raw material - At factory	Annual average cost
- In transit	Invoice value plus direct charges in respect thereof.
Work in process and finished goods	Prime cost including a proportion of production overheads.
Wastes are valued at net realizable value.	

Stock-in-trade is regularly reviewed by the management and any obsolete items are brought down to their net realizable value. Net realizable value signifies the selling price in the ordinary course of business less cost necessary to be incurred to affect such sale.

5.5 Trade debts

Trade debts are carried at invoice amount on transaction date less any estimate of provision for doubtful receivables. Known bad debts are written off as and when identified.

5.6 Cash and cash equivalents

Cash and cash equivalents comprise of cash and cheques in hand and at banks and include short term highly liquid investments. The cash and cash equivalents are readily convertible to known amount of cash and are subject to insignificant risk of change in value.

5.7 Staff retirement benefits**(a) Defined Contribution Plan**

The Company operates a defined contributory provident fund for all its permanent employees. Contributions are made equally by the Company and the employees at the rate of 8.5% per annum of basic salary subject to completion of minimum qualifying period of service as determined under the rules of the fund.

5.8 Finance lease

Leases that transfer substantially all the risks and rewards incidental to ownership of an asset are classified as finance leases. Assets subject to finance lease are stated at amounts equal to the fair value or, if lower, the present value of the minimum lease payments. The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. Assets acquired under finance leases are depreciated in accordance with the Company's policy on property, plant and equipment. The finance cost is charged to profit and loss account and is included in finance cost.

5.9 Trade and other payables

Trade and other payables are carried at cost, which is the fair value of the consideration to be paid for goods and services.

5.10 Provisions

Provisions are recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provisions are reversed.

5.11 Taxation**Current**

The charge for current taxation is based on taxable income at current rates of taxation after taking into account tax credits, rebates and exemptions available, if any. However income covered under Final Taxation Regime (FTR), taxation is based on the applicable tax rates under such Regime.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable income. Deferred tax is calculated by using the tax rates enacted at the balance sheet date. In this regard, the effect on deferred



taxation of the portion of income subjected to Final Tax Regime is adjusted in accordance with the requirements of Accounting Technical Release – 27 of the Institute of Chartered Accountants of Pakistan, if considered material.

Deferred tax liability is recognized for all taxable temporary differences and deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses and unused tax credits, if any, to the extent that it is probable that future taxable profit will be available against these can be utilized. The Company recognizes deferred tax liability on surplus on revaluation of fixed assets which is adjusted against the related surplus.

Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

5.12 Foreign currency translation

Transactions in foreign currencies are translated into Pak Rupees (functional and presentation currency) at the rates of exchange approximating those appearing on the dates of transactions. Assets and liabilities in foreign currencies are translated into Pak Rupees at rates of exchange prevalent on the balance sheet date. All exchange differences arising from foreign currency transactions / translations are charged to profit and loss account.

5.13 Financial instruments

Financial assets are long term deposits, trade debts, advances, deposits, and other receivables and cash and bank balances. These are initially recognized at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are initially recognized at fair value and transaction costs are expensed in the profit and loss account. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred; and the company has transferred substantially all the risks and rewards of ownership.

Financial liabilities are recognized according to the substance of the contractual arrangements entered into. Significant financial liabilities are long term finances, liabilities against assets subject to finance lease, trade and other payables, accrued mark up and short term borrowings. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired.

Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit and loss account for the period in which it arises.

5.14 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off and the company intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

Equity instruments are recorded at their face value. All incremental external costs directly attributable to the equity transaction are charged directly to equity net of any related income tax benefit.

5.15 Revenue recognition

Revenue from different sources is recognized as under:

- Revenue from sale of goods is recognized on dispatch of goods to customers.
- Revenue from dying services is recognised at the time when the services are rendered.
- Profit on deposits and loans is recognized on time proportion basis taking into account the amounts outstanding and rates applicable thereon.

5.16 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. All other borrowing costs are charged to profit and loss account in the period of incurrence.

5.17 Impairment of assets

The management assesses at each balance sheet date whether there is any indication that an asset is impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the cash generating unit is reduced to its recoverable amount by charging the impairment loss against profit and loss account for the year.

5.18 Drawback refund

Drawback income is accounted for on accrual basis in financial statements.

5.19 Related party transactions

All transactions with related parties are carried out at arm's length prices. The prices are determined in accordance with comparable uncontrolled price method.





6. PROPERTY, PLANT AND EQUIPMENT

	Note	2,015 Rupees	2014 Rupees
Operating fixed assets	6.1	5,022,495,373	3,298,166,080
Capital work in progress	6.2	142,317,715	139,928,658
Advance for land purchase	6.3	64,014,200	-
		<u>5,228,827,288</u>	<u>3,438,094,738</u>

6.1 OPERATING FIXED ASSETS

DESCRIPTION	2015										RATE %
	COST/ REVALUED AMOUNT					DEPRECIATION					
	As on July 1, 2014	Revaluation Surplus/(Deficit)	Additions/ (Deletions)	Transfers	As on June 30, 2015	As on July 1, 2014	For the year	Adjust- ments	As on June 30, 2015	W.D.V As on June 30, 2015	
Owned											
Freehold land	383,546,000	215,138,250	33,160,750	-	631,845,000	-	-	-	-	631,845,000	-
Buildings on freehold land	1,542,915,209	444,294,657	708,200,766	-	2,695,410,632	271,583,516	82,446,571	-	354,030,087	2,341,380,545	5
Plant and machinery	1,957,949,962	82,731,958	205,371,808	54,606,475	2,300,660,203	872,193,090	122,520,209	3,346,829	998,060,128	1,302,600,075	10
Office equipments	94,021,473	-	11,214,889	-	105,236,362	31,471,393	6,783,238	-	38,254,631	66,981,731	10
Electric installations	188,331,246	-	25,279,507	-	213,610,753	44,403,065	15,748,637	-	60,151,702	153,459,051	10
Furniture and fixtures	42,384,686	-	14,226,095	-	56,610,781	15,419,410	3,367,394	-	18,786,804	37,823,977	10
Sui gas installations	2,066,066	-	-	-	2,066,066	967,024	109,904	-	1,076,928	989,138	10
Generators	91,155,352	6,882,057	-	-	98,037,409	36,527,348	5,598,556	-	42,125,904	55,911,505	10
Work shop equipments	15,629,627	-	-	-	15,629,627	7,249,009	838,062	-	8,087,071	7,542,556	10
Vehicles	152,075,554	-	27,680,115 (50,772,072)	25,441,800	154,425,397	75,571,619	12,469,587	7,768,442	95,809,648	58,615,749	20
Sub total	4,470,075,175	749,046,921	974,361,858	80,048,275	6,273,532,229	1,355,385,474	249,882,157	11,115,271	1,616,382,903	4,657,149,326	
Leasehold											
Plant and machinery	141,476,860	-	206,598,542	(54,606,475)	293,468,927	8,671,112	22,959,494	(3,346,829)	28,283,777	265,185,150	10
Generators	32,825,663	-	-	-	32,825,663	7,802,835	2,502,283	-	10,305,118	22,520,545	10
Vehicles	42,987,789	-	84,488,718	(25,441,800)	102,034,707	17,339,986	16,822,811	(9,768,442)	24,394,355	77,640,352	20
Sub total	217,290,312	-	291,087,260	(80,048,275)	428,329,297	33,813,933	42,284,588	(13,115,271)	62,983,250	365,346,047	
Grand total	4,687,365,487	749,046,921	1,265,449,118	-	6,701,861,526	1,389,199,407	292,166,745	(2,000,000)	1,679,366,153	5,022,495,373	





DESCRIPTION	2014										W.D.V As on June 30, 2014	RATE %	
	C.O.S.T./ REVALUED AMOUNT					DEPRECIATION							
	As on July 1, 2013	Revaluation Surplus/(Deficit)	Additions / (Deletions)	Transfers	As on June 30, 2014	As on July 1, 2013	For the year	Adjust- ments	As on June 30, 2014	As on June 30, 2014			
Owned													
Freehold land	383,546,000	-	-	-	383,546,000	-	-	-	-	-	-	383,546,000	-
Buildings on freehold land	1,271,669,325	-	-	271,245,884	1,542,915,209	217,757,746	53,825,770	-	271,583,516	271,583,516	-	1,271,331,693	5
Plant and machinery	1,851,133,222	-	98,443,840	8,372,900	1,957,949,962	756,245,942	113,474,631	2,472,517	872,193,090	872,193,090	-	1,085,756,872	10
Office equipments	67,759,153	-	26,262,320	-	94,021,473	25,901,403	5,569,990	-	31,471,393	31,471,393	-	62,550,080	10
Electric installations	151,063,843	-	37,267,403	-	188,331,246	30,145,526	14,257,539	-	44,403,065	44,403,065	-	143,928,181	10
Furniture and fixtures	32,740,765	-	9,643,921	-	42,384,686	12,921,696	2,497,714	-	15,419,410	15,419,410	-	26,965,276	10
Suit gas installations	2,066,066	-	-	-	2,066,066	844,908	122,116	-	967,024	967,024	-	1,099,042	10
Generators	91,155,352	-	-	-	91,155,352	30,457,570	6,069,778	-	36,527,348	36,527,348	-	54,628,004	10
Work shop equipments	15,629,627	-	-	-	15,629,627	6,317,829	931,180	-	7,249,009	7,249,009	-	8,380,618	10
Vehicles	113,740,713	-	38,672,966	6,914,119	152,075,554	64,697,799	12,876,520	(2,002,700)	75,571,619	75,571,619	-	76,503,935	20
Sub total	3,980,504,066	-	203,038,206	286,532,903	4,470,075,175	1,145,290,419	209,625,238	469,817	1,355,385,474	1,355,385,474	-	3,114,689,701	
Leasehold													
Plant and machinery	65,373,374	-	84,476,386	(8,372,900)	141,476,860	3,605,999	7,537,630	(2,472,517)	8,671,112	8,671,112	-	132,805,748	10
Generators	15,000,000	-	17,825,663	-	32,825,663	6,673,045	1,129,790	-	7,802,835	7,802,835	-	25,022,828	10
Vehicles	44,797,726	-	5,104,182	(6,914,119)	42,987,789	14,800,464	5,674,769	(3,135,247)	17,339,986	17,339,986	-	25,647,803	20
Sub total	125,171,100	-	107,406,231	(15,287,019)	217,290,312	25,079,508	14,342,189	(5,607,764)	33,813,933	33,813,933	-	183,476,379	
Grand total	4,105,675,166	-	310,444,437	271,245,884	4,687,365,487	1,170,369,927	223,967,427	(5,137,947)	1,389,199,407	1,389,199,407	-	3,298,166,080	

6.1.1 Depreciation for the year has been allocated as under;

	2015	2014
	Rupees	Rupees
Cost of sales	252,723,715	191,278,656
Administrative expenses	39,443,030	32,688,771
	292,166,745	223,967,427



6.1.2 Had there been no revaluation, the related figures of freehold land, building on freehold land, plant and machinery and generators as at June 30, 2015 and June 30, 2014 would have been as follows:

		2015		
		Cost	Accumulated depreciation	Written down value
Freehold land		115,913,017	-	115,913,017
Buildings on freehold land		2,251,115,975	349,648,003	1,901,467,972
Plant and machinery		1,592,653,744	608,947,998	983,705,746
Generators		91,155,352	41,990,148	49,165,204
		4,050,838,088	1,000,586,149	3,050,251,939
		2014		
		Cost	Accumulated depreciation	Written down value
Freehold land		82,752,267	-	82,752,267
Plant and machinery		1,332,675,461	511,134,527	821,540,934
		1,415,427,728	511,134,527	904,293,201
		Note	2015 Rupees	2014 Rupees
6.2 CAPITAL WORK IN PROGRESS				
Civil work		6.2.1	142,317,715	22,679,035
Plant and machinery		6.2.2	-	117,249,623
			142,317,715	139,928,658
6.2.1 Civil work - movement during the period				
Opening balance			22,679,035	197,953,615
Additions during the year			754,785,994	95,971,304
			777,465,029	293,924,919
Transferred to operating fixed assets			(635,147,314)	(271,245,884)
Closing balance			142,317,715	22,679,035
6.2.2 Plant and machinery - movement during the period				
Opening balance			117,249,623	-
Additions during the year			-	117,249,623
			117,249,623	117,249,623
Transferred to operating fixed assets			(117,249,623)	-
Closing balance			-	117,249,623
6.3 Advance for land purchase				
Advance against land purchase			64,014,200	-
7. LONG TERM DEPOSITS				
Lease key money			45,621,466	24,075,950
LG margin with banks			17,610,630	17,610,630
Security deposits - FESCO			715,472	715,472
Other security deposits			1,281,115	1,328,514
			65,228,683	43,730,566
8. STORES, SPARES AND LOOSE TOOLS				
Stores			247,669,694	245,193,398
Spares			38,377,259	35,665,804
Loose tools			3,625,204	-
			289,672,157	280,859,202
9. STOCK IN TRADE				
Raw material			775,999,784	905,524,158
Work in process			733,207,133	836,850,959
Finished goods			406,048,418	553,690,930
			1,915,255,335	2,296,066,047





		Note	2015 Rupees	2014 Rupees
10. TRADE DEBTS				
Considered good				
Foreign				
- Secured	10.1		957,806,433	1,054,319,489
- Unsecured			396,876,168	87,279,514
			<u>1,354,682,601</u>	<u>1,141,599,003</u>
Local				
- Unsecured	10.2		37,557,370	15,189,321
			<u>1,392,239,971</u>	<u>1,156,788,324</u>
10.1	It includes Rs. 355.63 million (2014: Rs. Nil million) due from Sadaqat Global Limited, UK - a related party.			
10.2	It includes Rs. 24.97 million (2014: Rs. 5.25 million) due from KHAS Holdings - a related party.			
11. ADVANCES, DEPOSITS, PREPAYMENT AND OTHER RECEIVABLES				
Advances - considered good				
- Employees			5,991,854	6,072,473
- Suppliers			34,791,897	159,644,857
Deposits				
- Term deposit			-	100,000,000
- Deposit under collection account			2,998,992	6,255,000
- Deposit under debt repayment account			24,664,366	10,846,759
- Letters of credit			3,231,093	3,050,246
- Lease key money			3,200,400	14,656,694
Prepayment				
- Insurance			3,000,361	2,486,497
Other receivables				
- Profit on term deposit			-	3,258,904
- Mark up receivable	11.1		18,897,275	-
			<u>96,776,238</u>	<u>306,271,430</u>
11.1	This is markup support under Technology Upgradation Fund scheme of State Bank of Pakistan.			
12. TAX REFUNDS DUE FROM GOVERNMENT				
Income tax			100,586,262	77,554,937
Duty drawback			125,151,648	63,743,500
Drawback on local taxes and levies			8,506,313	38,860,937
Special excise duty			12,442,697	12,442,697
Sales tax			278,494,233	214,121,964
			<u>525,181,153</u>	<u>406,724,035</u>
13. CASH AND BANK BALANCES				
Cash in hand			34,479,503	37,725,910
Cash at banks				
In current accounts			39,342,829	29,063,538
In foreign currency account			47,091	47,091
			<u>73,869,423</u>	<u>66,836,539</u>
14. ISSUED, SUBSCRIBED AND PAID UP CAPITAL				
	2015	2014		
	Number of shares		Note	2015 Rupees
	69,147,801	44,147,801	Ordinary shares of Rs. 10/- each fully paid in cash	441,478,010
	4,573,890	4,573,890	Ordinary shares of Rs. 10/- each issued for consideration other than cash	45,738,900
	46,278,309	46,278,309	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	462,783,090
	<u>120,000,000</u>	<u>95,000,000</u>		<u>1,200,000,000</u>
15. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT				
Opening balance			565,009,671	594,366,997
Surplus for the Year			749,046,921	-
Less: Incremental depreciation transferred to unappropriated profit			(32,571,407)	(29,357,326)
			<u>1,281,485,185</u>	<u>565,009,671</u>

The first revaluation was carried out by the independent valuers Mr. Bahauddin Siddique, Architect Engineer in December, 1993 and certified by independent firm of Chartered Accountants, second revaluation was carried out on 8th March 2006 by the independent valuers M/S Indus Surveyors (Private) Limited, third revaluation was carried out on 15th July 2010 by the independent valuers M/S Materials & Designs Services (Private) Limited and fourth revaluation was carried out on 20th April 2015 by the independent valuers M/S Hamid Mukhtar & Co. (Pvt) Limited. The resultant surplus on revaluation of freehold land, building on freehold land, plant and machinery and generators is not distributable to the shareholders as per requirements of the Companies Ordinance, 1984. The basis for revaluation was as under:



<u>Description</u>	<u>Basis</u>		<u>2015</u> Rupees	<u>2014</u> Rupees
Freehold land	Market value			
Building on freehold land	Depreciated market value			
Plant and machinery	Depreciated market value			
Generators	Depreciated market value			
16. LONG TERM FINANCING				
LTF-EOP/LTFF		16.1	71,360,400	21,519,993
Demand finance		16.2	87,754,709	214,324,738
Syndicated term finance		16.3	950,000,000	999,952,150
			1,109,115,109	1,235,796,881
Loan From related parties- Unsecured				
Chief executive and Directors			-	225,000,000
Less: Current portion of non current liabilities			(265,396,196)	(133,571,286)
			843,718,913	1,327,225,595
16.1	These loans are secured against joint parri passu charge over fixed assets for Rs. 2,185 million, specific exclusive charge on imported and local machinery for Rs. 182 million, lien on import documents and personal guarantee of all sponsoring directors of company. Markup is charged at the rate of 9% specified by State Bank of Pakistan. Installements are payable on quaterly basis.			
16.2	These loans are secured against joint parri passu charge over fixed assets for Rs. 2,631 million. Mark up rate is 6 month KIBOR plus 2% per annum. Instalments are payable at quaterly basis.			
16.3	The facility is secured by joint parri passu charge over all current assets of the company amounting to 333,33 million, pari passu over land, building and machinery amounting to Rs. 1,000 million and personal guarantees of all sponsoring directors of the company. Markup rate is 3 month KIBOR plus 2.75% per annum. Installments are payable at quarterly basis.			
17. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		Note	2015 Rupees	2014 Rupees
Future minimum lease payments			290,231,254	151,739,157
Less: Unamortized finance charges			(46,399,665)	(25,703,059)
Present value of future minimum lease payments			243,831,589	126,036,098
Less: Current portion shown under current liabilities			(63,642,506)	(50,486,613)
			180,189,083	75,549,485
The Company has entered into lease agreements for lease of vehicles and plant and machinery with various financial institutions. These are secured by way of exclusive ownership of leased assets, specific exclusive charge of Rs. 7 million over fixed assets of the company in favour of Orix Leasing Company and personal guarantee of all sponsoring directors. The rentals are payable in monthly installments. Interest rate implicit in lease ranging 12% to 20% per annum (2014: 12% to 19% per annum). The purchase option is available to the Company on payment/surrender of deposit along with last installment.				
Total future minimum lease payments and their present value at reporting date are as under:		Note	2015 Rupees	2014 Rupees
Gross minimum lease payments:				
- Due within one year			86,389,337	61,029,770
- Due after one year but not later than five years			203,841,917	81,488,036
- Due after five years			-	9,221,351
			290,231,254	151,739,157
Present value of minimum lease payments:				
- Due within one year			63,642,506	50,486,613
- Due after one year but not later than five years			180,189,083	66,373,161
- Due after five years			-	9,176,324
			243,831,589	126,036,098
18. TRADE AND OTHER PAYABLES				
Trade creditors			627,774,099	441,927,337
Bills payable			68,596,724	94,269,478
Accrued liabilities			47,350,076	62,524,969
Advances				
- From customers		18.1	4,510,410	27,535,550
- Others			11,292,600	435,000
Workers' profit participation fund		18.2	15,703,983	21,914,463
Workers' welfare fund			17,614,965	17,614,965
			792,842,857	666,221,762

18.1 It includes Rs. Nill (2014: Rs. 22.50 million) from Sadaqat Global Limited (a related party).

18.2 WORKERS' PROFIT PARTICIPATION FUND



**18.2 WORKERS' PROFIT PARTICIPATION FUND**

Opening balance

Interest on funds utilized in Company's business

Less: paid during the year

Add: allocation for the year

19. MARK UP ACCRUED

Long term financing

Short term borrowings

20. SHORT TERM BORROWINGS**Under mark up arrangement****Secured - From banking companies**

Export refinance facilities

Short term running finance

Other short term finance

Export finance under FE-25

From related parties Un-secured

Chief executive and Directors

20.1 These loans are secured against securities mentioned in note 16.1 and joint parri passu charge on current assets of the company for Rs 2,339 million and ranking charge on fixed assets for Rs. 134 million, ranking charge on current assets for Rs 775 million, lien on import and export documents and personal guarantee of all the directors of the company. Available limits and pricing are as under;

	Limit	Pricing
	2015	
	Rupees in million	
20.2	1,174	As per SBP tariff for banks plus 1% p.a.
20.3	90	At the rate of KIBOR plus 2.25% to 2.75 % p.a.
20.4	1,650	At the rate of 1 to 3 month's KIBOR plus 2% to 2.5% p.a.
20.5	355	At the rate of LIBOR + 2.75 % to 4% p.a.

20.6 It represents interest free loan from Chief executive, Directors and Members. Last year Chief executive, Directors and Members resolved that they will not demand repayment of loan. This year it is resolved that repayment of loan may be demanded at any time subject to the availability of sufficient funds with the company. Therefore, it has been classified as a current liability.

21. CURRENT PORTION OF NON CURRENT LIABILITIES

Long term financing

Liabilities against assets subject to finance lease

22. Contingencies**22.1** Bank guarantees issued by banks on behalf of the Company in favour of;

- Sui Northern Gas Pipelines Limited for supply of gas
- Faisalabad Electricity Supply Company for supply of electricity
- Collector of customs Karachi for infrastructure cess

22.2 Post dated cheques issued in favour of custom authorities for release of goods imported for re-export**22.3** Foreign bills (Under Letter of Credits) discounted with banks

22.4 As per judgment of Lahore High Court vide case no. W.P.No. 8763/2011 against imposition of Workers' Welfare Fund (WWF) on incomes of taxpayers falling under final tax regime declared unconstitutional in consequent of amendments introduced vide Finance Act 2006 and 2008. The department preferred intra court appeal in the Lahore High Court which is pending adjudication. Therefore no provision for WWF amounting to Rs. 7,350,217/- (2014 Rs. 8,428,485/-) for current year has been made in these accounts.

Commitment

Under letters of credit for:

- Capital expenditure
- Stores and spares

Note	2015 Rupees	2014 Rupees
	21,914,463	20,048,003
	694,688	597,932
	22,609,151	20,645,935
	(22,609,151)	(20,645,935)
	-	-
	15,703,983	21,914,463
	15,703,983	21,914,463
	14,726,118	26,182,234
	33,457,481	41,889,011
	48,183,599	68,071,245

20.2	1,074,000,000	712,000,000
20.3	60,220,728	79,122,103
20.4	1,625,340,347	1,528,115,046
20.5	88,901,089	71,680,000
	2,848,462,164	2,390,917,149
20.6	27,900,000	-
	2,876,362,164	2,390,917,149

Note	2015 Rupees	2014 Rupees
16	265,396,196	133,571,286
17	63,642,506	50,486,613
	329,038,702	184,057,899

Note	2015 Rupees	2014 Rupees
	290,381,251	77,728,559
	17,849,723	5,839,441



23. SALES - NET

Export sales	23.1	9,266,694,178	10,488,062,327
Local sales			
Processing Receipts		98,539,671	39,568,313
Waste sale		60,135,357	30,490,517
Gross sales		<u>9,425,369,206</u>	<u>10,558,121,157</u>
Less:			
- Foreign commission and discount		(223,840,708)	(306,626,047)
- Sales tax		(4,868,014)	(2,484,969)
		<u>(228,708,722)</u>	<u>(309,111,016)</u>
		<u>9,196,660,484</u>	<u>10,249,010,141</u>

23.1 It includes exchange gain/(loss) amounting to Rs.65.16 million (2014: Rs. (54.19) million).

24. COST OF SALES

Raw material consumed	24.1	4,962,342,263	5,726,554,170
Stores and spares consumed	24.2	1,170,638,717	1,321,528,011
Salaries, wages and benefits	24.3	498,589,146	426,108,756
Fuel and power		366,060,509	500,326,910
Conversion and processing charges		229,057,764	260,604,024
Folding and packing		29,216,015	78,843,812
Insurance		21,512,567	16,589,086
Repairs and maintenance		21,456,254	32,002,233
Depreciation	6.1.1	252,723,715	191,278,656
Other factory overheads		52,626,309	50,406,484
		<u>7,604,223,259</u>	<u>8,604,242,142</u>
Work in process			
Opening balance		836,850,959	718,850,959
Closing balance		(733,207,133)	(836,850,959)
		<u>103,643,826</u>	<u>(118,000,000)</u>
Cost of goods manufactured		7,707,867,085	8,486,242,142
Finished goods			
Opening balance		553,690,930	489,690,930
Closing balance		(406,048,418)	(553,690,930)
		147,642,512	(64,000,000)
Duty drawback		(115,424,632)	(81,961,760)
		<u>7,740,084,965</u>	<u>8,340,280,382</u>
		2015	2014
	Note	Rupees	Rupees

24.1 RAW MATERIAL CONSUMED

Opening balance	905,524,158	786,151,131
Purchases	4,832,817,889	5,845,927,197
	<u>5,738,342,047</u>	<u>6,632,078,328</u>
Closing balance	(775,999,784)	(905,524,158)
	<u>4,962,342,263</u>	<u>5,726,554,170</u>

24.2 STORES AND SPARES CONSUMED

Opening balance	280,859,202	274,422,661
Purchases	1,179,451,672	1,327,964,552
	<u>1,460,310,874</u>	<u>1,602,387,213</u>
Closing balance	(289,672,157)	(280,859,202)
	<u>1,170,638,717</u>	<u>1,321,528,011</u>

24.3 Salaries, wages and benefits include Rs. 12.80 million (2014: Rs. 8.33 million) in respect of provident fund contribution.

25. DISTRIBUTION COST

Sea and air freight	51,884,934	236,851,996
Clearing and forwarding	111,192,710	136,487,163
Freight and octroi	37,040,225	144,121,611
Advertisement	244,137	132,145
Sales promotion expenses	22,265,707	18,664,270
Export development surcharge	22,720,641	25,795,732
Others	9,988,185	2,281,269
	<u>255,336,539</u>	<u>564,334,186</u>



	Note	2015 Rupees	2014 Rupees
26. ADMINISTRATIVE EXPENSES			
Directors' remuneration		35,121,040	30,992,520
Staff salaries and benefits	26.1	152,461,518	191,531,819
Postage and telecommunication		31,248,166	34,150,211
Electricity, gas and water		24,125,181	26,436,567
Printing and stationery		7,534,324	14,074,787
Vehicle running and maintenance		33,936,459	35,521,268
Travelling and conveyance		55,271,931	59,850,134
Fee and subscription		9,216,554	8,237,187
Legal and professional		1,010,500	1,807,669
Entertainment		17,593,228	20,541,703
Repairs and maintenance		8,807,812	8,550,093
Auditors' remuneration	26.2	1,550,000	1,550,000
Insurance		3,243,143	3,000,442
Depreciation	6.1.1	39,443,030	32,688,771
Others		17,436,261	9,862,793
		<u>437,999,147</u>	<u>478,795,964</u>
26.1 Staff salaries and benefits include Rs.7.20 million (2014: Rs.4.68 million) in respect of provident fund contribution.			
26.2 AUDITORS' REMUNERATION			
Audit fee		1,500,000	1,500,000
Out of pocket expenses		50,000	50,000
		<u>1,550,000</u>	<u>1,550,000</u>
27. OTHER EXPENSES			
Workers' profit participation fund		15,703,983	21,914,463
Charity and donations	27.1	5,791,442	3,695,681
Exchange loss		-	1,482,862
		<u>21,495,425</u>	<u>27,093,006</u>
27.1 Name of donees in which a director or his spouse has an interest:			
Name of Donor	Interest in Donee	Name of Donee	
Mr. Mukhtar Ahmad	Trustee	Chiniot Blood Bank, Islamia Hospital Chiniot	900,000
			900,000
28. FINANCE COST			
Mark up on:			
- Long term financing		117,628,895	72,602,585
- Short term borrowings		240,793,581	247,275,562
Interest on workers' profit participation fund		694,688	597,932
Interest on Sadaqat Limited - Employees' Provident Fund Trust		-	1,410,013
Lease finance charges		24,293,017	8,396,110
Bank charges and commission		80,868,704	96,308,169
Mark up subsidy under Technology Upgradation Fund (TUF)	28.1	(18,897,275)	-
		<u>445,381,610</u>	<u>426,590,371</u>
28.1 This represents mark up rate support against long term loans disbursement for import of plant and machinery under Technology Upgradation Fund (TUF) Scheme of State Bank of Pakistan.			
29. OTHER INCOME			
Income from financial assets			
Exchange gain on foreign currency account		440,370	-
Interest on term deposits		-	3,258,904
Income from non-financial assets			
Gain on disposal of property, plant and equipment		-	1,049,667
Other		1,572,500	150,000
		<u>2,012,870</u>	<u>4,458,571</u>
30. TAXATION			
Current		<u>64,035,405</u>	<u>85,708,663</u>
30.1 The relationship between tax expense and accounting profit has not been presented in these financial statements as the total income of the Company falls under the ambit of final tax regime under section 169 and 154 of the Income Tax Ordinance, 2001. Provision for taxation is made accordingly.			
30.2 Provision for deferred tax is not required as the Company is chargeable to tax under section 169 and 154 of the Income Tax Ordinance, 2001 and no temporary differences are expected to arise in the foreseeable future.			



31. EARNINGS PER SHARE-BASIC AND DILUTED

Note	2015 Rupees	2014 Rupees
Profit for the year (Rupees)	<u>234,340,263</u>	<u>330,666,140</u>
Weighted average number of ordinary shares outstanding during the year	<u>106,917,808</u>	<u>95,000,000</u>
Earnings per share-Basic (Rupees)	<u>2.19</u>	<u>3.48</u>

31.1 There is no dilutive effect on the basic earnings per share as the company does not have any convertible instruments in issue as at June 30, 2015 and June 30, 2014 which would have any effect on the earning per share if the option to convert is exercised.

32. CASH GENERATED FROM OPERATIONS

Profit before taxation	298,375,668	416,374,803
Adjustments for:		
Depreciation on property, plant and equipment	292,166,745	223,967,427
Loss / (gain) on disposal of property, plant and equipment	-	(1,049,667)
Finance cost	445,381,610	426,590,371
Workers' profit participation fund	15,703,983	21,914,463
Interest on term deposits	-	(3,258,904)
Operating cash flows before working capital changes	1,051,628,006	1,084,538,493
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(8,812,955)	(6,436,541)
Stock in trade	380,810,712	(301,373,027)
Trade debts	(235,451,647)	(39,525,974)
Advances, deposits, prepayments and other receivables	206,236,288	(176,889,392)
Tax refunds due from government	(95,425,793)	(109,967,803)
Increase / (Decrease) in current liabilities		
Trade and other payables	132,831,574	(276,774,372)
	<u>380,188,179</u>	<u>(910,967,109)</u>
	<u>1,431,816,185</u>	<u>173,571,384</u>

33. REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2015			2014		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	[R	U	P	E	S
Managerial remuneration	4,533,333	18,880,693	23,862,640	4,000,000	16,595,512	10,421,364
House rent allowance	1,813,334	7,552,278	9,545,056	1,600,000	6,737,457	4,168,548
Utilities	453,333	1,888,069	2,386,264	400,000	1,659,551	1,042,140
Total	<u>6,800,000</u>	<u>28,321,040</u>	<u>35,793,960</u>	<u>6,000,000</u>	<u>24,992,520</u>	<u>15,632,052</u>
Number of persons	<u>1</u>	<u>5</u>	<u>46</u>	<u>1</u>	<u>5</u>	<u>15</u>

33.1 The directors have waived off their meeting fee.

34. TRANSACTIONS WITH RELATED PARTIES

The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under the relevant notes to the financial statements. Remuneration to Chief Executive, Directors and Executives is disclosed in note 33. Other significant transactions with related parties are as under:

Name	Nature of relationship	Nature of transaction	2015 Rupees	2014 Rupees
Sadaqat Global Limited - UK	Related party	Sales	2,184,329,732	1,680,745,000
Sadaqat Global Limited - UK	Related party	Commission expense	79,096,886	40,559,360
Khas Holding	Related party	Sales	24,463,849	8,445,809
Mr. Khurram Mukhtar	Chief Executive	Issuance of shares	11,771,790	-
Mr. Hamid Mukhtar	Director	Issuance of shares	58,711,590	-
Mr. Shoaib Mukhtar	Director	Issuance of shares	89,768,500	-
Mr. Awais Mukhtar	Director	Issuance of shares	89,748,120	-

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company finances its operations through a mix of equity, borrowings and working capital management with a view to maintaining an appropriate mix between various sources of finance to minimize risk. Taken as a whole, the company is exposed to market risk comprising interest rate risk, currency risk and other price / equity risk, credit risk and liquidity risk. The company's finance departments oversees the management of these risks and provide assurance to the company's senior management that the company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with company policies and risk appetite.



FINANCIAL INSTRUMENTS BY CATEGORY**Financial assets :**

Long term deposits		19,607,217	19,654,616
Trade debts		1,392,239,971	1,156,788,324
Advances, deposits, and other receivables		36,886,305	129,483,382
Cash and bank balances		73,869,423	66,836,539
		<u>1,522,602,916</u>	<u>1,372,762,861</u>

Financial Liabilities :

Long term financing		1,109,115,109	1,460,796,881
Liabilities against assets subject to finance lease		243,831,589	126,036,098
Trade and other payables		743,720,900	598,721,784
Accrued mark up		48,183,599	68,071,245
Short term borrowings		2,876,362,164	2,390,917,149
		<u>5,021,213,361</u>	<u>4,644,543,157</u>

35.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: yield/mark-up rate risk, currency risk, and other price risk, such as equity risk. Financial instruments susceptible to / affected by market risk include loans, borrowings and deposits. The sensitivity analysis in the following sections relate to the position as at June 30, 2014 and 2015.

35.1.1 Yield/Mark-up rate risk:

Yield/mark-up rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate due to changes in the market yield/mark-up rates. Sensitivity to yield/mark-up rate risk arises from mismatch of financial assets and liabilities that mature or reprice in a given period. Significant interest rate risk exposure are primarily managed by a mix of borrowings at fixed and variable interest rates.

The effective yield/mark-up rate on the financial assets and liabilities to which the company is exposed to are disclosed in their respective notes to the financial statements.

35.1.2 Currency risk / Foreign Exchange risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument, will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to foreign currency transactions. The company is exposed to currency risk on debtors and advances from customers denominated in foreign currency.

35.1.3 Other price risk / Equity Price risk:

Other price risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market prices such as equity price risk. Equity price risk is the risk arising from uncertainties about future values of investments securities. As at balance sheet date, the Company is not exposed to equity price risk as the Company do not have any investments in equity market.

35.2 Credit risk and concentration of credit risk:

Credit risk is the risk representing accounting loss that would be recognized at the reporting date if one party to a financial instrument will fail to discharge an obligation or its failure to perform duties under the contract as contracted. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry. The maximum exposure to credit risk at the reporting date is as follows :

FINANCIAL ASSETS

Long term deposits		19,607,217	19,654,616
Trade debts		1,392,239,971	1,156,788,324
Advances, deposits, and other receivables		36,886,305	129,483,382
Bank balances		39,389,920	29,110,629
		<u>1,488,123,413</u>	<u>1,335,036,951</u>

Credit quality of financial assets

Due to Company's long standing relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company.

For trade debts, credit quality of customers is assessed taking into consideration their financial position and previous dealings and on that basis, individual credit limits are set. Moreover, the management regularly monitors and reviews customers' credit exposure. Accordingly, the company is not exposed to any significant credit risk.

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

35.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company's approach to manage liquidity risk is to maintain sufficient level of liquidity by holding highly liquid assets and the availability of funding through an adequate amount of committed credit facilities. This includes maintenance of balance sheet liquidity ratios through working capital management. The management believes that the company is not exposed to any liquidity risk.

The table below summaries the maturity profiles of company's financial liabilities as on June 30, 2015 and 2014 based on contractual undiscounted payments date and present market interest rates.



2015

Within 6 months	More than 6 months and up to 1 year	More than 1 year and up to 5 years	More than 5 Years	Total	
[R u p e e s]					
Long term financing	34,430,798	230,965,398	843,718,913	-	1,109,115,109
Liabilities against assets subject to finance lease	31,986,674	31,655,832	180,189,083	-	243,831,589
Trade and other payables	743,720,900	-	-	-	743,720,900
Accrued mark up	48,183,599	-	-	-	48,183,599
Short term borrowings	2,876,362,164	-	-	-	2,876,362,164
	3,734,684,135	262,621,230	1,023,907,996	-	5,021,213,361

2014

Within 6 months	More than 6 months and up to 1 year	More than 1 year and up to 5 years	More than 5 Years	Total	
[R u p e e s]					
Long term financing	43,282,556	90,288,730	952,273,445	374,952,150	1,460,796,881
Liabilities against assets subject to finance lease	23,092,752	27,393,861	66,373,161	9,176,324	126,036,098
Trade and other payables	598,721,784	-	-	-	598,721,784
Accrued mark up	68,071,245	-	-	-	68,071,245
Short term borrowings	2,390,917,149	-	-	-	2,390,917,149
	3,124,085,486	117,682,591	1,018,646,606	384,128,474	4,644,543,157

35.4 Fair value of financial instruments:

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

35.5 Capital risk Management:

The primary objective of the Company's capital management is to safeguard the company's ability to continue as a going concern, maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, so that it can continue to provide returns for shareholders thereby maximizing their wealth, benefits for other stakeholders and reduce the cost of capital.

The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the company may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares through bonus or right issue or sell assets to reduce debts or raise debts, if required. Company has increased its capital by Rs. 250 million during the year ended June 30, 2015.

The company monitors capital by using a gearing ratio, which is calculated as borrowings divided by total capital employed. Borrowings represent long term financing, lease finance and short term borrowings obtained by the Company. Total capital employed includes 'total equity' plus 'borrowings'. The Company's strategy was to maintain a gearing ratio of 57% debt and 43% equity.

FINANCIAL LIABILITIES

	2015 Rupees	2014 Rupees
Long term financing	1,109,115,109	1,460,796,881
Liabilities against assets subject to finance lease	243,831,589	126,036,098
Short term borrowings	2,876,362,164	2,390,917,149
Debts	<u>4,229,308,862</u>	<u>3,977,750,128</u>
Equity	<u>3,235,229,745</u>	<u>2,718,318,075</u>
Total capital (equity + debt)	<u>7,464,538,607</u>	<u>6,696,068,203</u>
Gearing ratio	<u>56.66</u>	<u>59.40</u>



36. EMPLOYEES PROVIDENT FUND TRUST

The following information is based on latest un-audited financial statements of the Fund:

Size of the fund	<u>69,756,261</u>	53,325,765
Cost of investment made	<u>52,909,508</u>	35,000,000
Percentage of investments made	<u>75.85%</u>	65.63%
Fair value of investments	<u>58,545,228</u>	35,973,466

36.1 The breakup of fair value of investments is:

	2015		2014	
	Rupees	% of full	Rupees	% of full
Term deposits in banks	52,584,963	89.82%	20,757,109	57.70%
NAFA government securities	5,960,265	10.18%	10,216,357	28.40%
Sadaqat Limited-Employee Provident Fund Trust	-	-	5,000,000	13.90%
	<u>58,545,228</u>	<u>100.00%</u>	<u>35,973,466</u>	<u>100.00%</u>

37. PLANT CAPACITY AND PRODUCTION**Processing**

Installed capacity	Meters	60,000,000	60,000,000
Capacity utilized	Meters	54,000,000	54,000,000
Number of shifts worked per day	No.	3	3

Stitching

The capacity of this division is indeterminable due to multi product plants involving varying processes of manufacturing and run length of order lots.

Reasons for shortfall

The short fall in actual production during the year when compared with capacity is mainly on account of:

- Temporary closure of business for maintenance and unfavorable market conditions and economic slow down in the country;
- The actual production is planned to meet the market demand and orders in hand; and
- Shortage of electricity.

38. NUMBER OF EMPLOYEES

Average number of employees during the year	<u>4,194</u>	4,005
Number of employees at end of the year	<u>4,235</u>	4,082

39. DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on 03 OCT 2015 by the Board of Directors of the Company.

40. GENERAL**40.1 Reclassification / Regrouping**

Previous year figures have been rearranged and reclassified wherever necessary for the purpose of comparison. However no major reclassification has been made in this financial year.

40.2 Figures have been rounded off to the nearest Rupee.


Chief Executive




Director

if undelivered please return to:

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