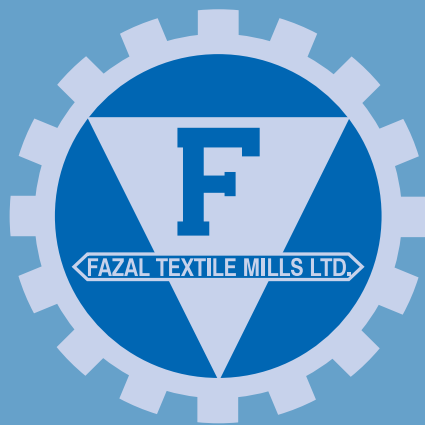
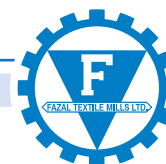


# Annual Report 2011



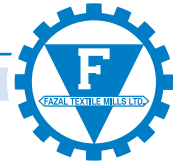


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## 49th Annual Report 2011





## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mr. Muhammad Younus Tabba (Chairman)  
Mr. Muhammad Sohail Tabba (Chief Executive)  
Mr. Muhammad Ali Tabba  
Mr. Imran Yunus Tabba  
Mr. Javed Yunus Tabba  
Mrs. Mariam Tabba Khan  
Mrs. Raheela Aleem  
Mr. Ilyas Ismail

### CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Toufique Yusuf  
FCA FICS

### AUDIT COMMITTEE

Mr. Muhammad Sohail Tabba Chairman  
Mr. Muhammad Ali Tabba Member  
Mr. Imran Yunus Tabba Member

### AUDITORS

Hyder Bhimji & Co.  
Chartered Accountants

### LEGAL ADVISOR

Mr. Mohammad Aleem  
(Advocate)

### BANKERS

Bank Al-Habib Limited  
Bank Al-Falah Limited (Islamic Division)  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
Meezan Bank Limited

### REGISTERED OFFICE AND MILLS

LA-2/B Block # 21,  
Rashid Minhas Road,  
Federal 'B' Area, Karachi - 75950.  
Phones : 36321311-36322048  
Fax : 92-21-36313372  
E-mail : [finance@fazaltextile.com](mailto:finance@fazaltextile.com)  
Website : [www.fazaltextile.com](http://www.fazaltextile.com)



# MISSION STATEMENT

Fazal Textile Mills Limited through its innovative technology and effective resource management has maintained high ethical and professional standards. The core values are its commitment, integrity, excellence, teamwork, transparency and creativity.

**Fazal Textile is committed to:-**

- produce quality and fault free products for its valued customers by continual improvements by providing proper training and development programmes, upgrading of resources, setting quality objectives by analyzing customer's feedback.
- provides good returns and security to its shareholders
- fulfill obligation towards creditors, employees and the society.



## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 49th Annual General Meeting of the Members of the Fazal Textile Mills Limited will be held at Registered office of the Company located at L-A, 2/B, Block 21, Rashid Minhas Road, Federal "B" Area, Karachi on Tuesday the 25th October 2011 at 11.00 a.m to transact the following business.

1. To confirm the minutes of the Annual General Meeting held on 26th October 2010.
2. To receive consider and adopt the Audited accounts for the year ended June 30, 2011 together with the Directors and Auditors report thereon.
3. To approve cash dividend of Rs 6.00 per share of Rs 10/- each for the year ended 30th June 2011 as recommended by the Board.
4. To appoint Auditors for the year ending 30th June 2012 and to fix their remuneration.
5. To transact any other business with the permission of the Chairman

**By order of the Board**  
**M. Toufique Yusuf**  
**Company Secretary**

Karachi : September 22, 2011

### Notes :

1. The share transfer books of the Company will remain closed from October 21, 2011 to October 27, 2011 (both days inclusive)
2. A member entitled to attend and vote at the meeting may appoint a proxy to attend and vote for him/her. Proxy forms must be deposited at the registered office of the Company not later than 48 hours before the time of holding the meeting.
3. An individual beneficial owner of shares from CDC must bring his/her original NIC or Passport, Account and Participant's I.D numbers to prove his/her identity. A representative of Corporate member of the Company or CDC must bring the Board of Directors' Resolution and/or Power of Attorney and the specimen signature of the nominee.
4. Members are requested to notify the Company of any change in their addresses immediately.



## DIRECTORS' REPORT TO THE MEMBERS

We are pleased to welcome the Members at the 49th Annual General Meeting and have pleasure in presenting the Annual Report together with the Company's audited accounts for the year ended June 30, 2011.

### Financial and operational results

The financial results for the year under review are as follows:

	(Rs in 000)	
	Year Ended 30 June 2011	Year Ended 30 June 2010
Sales	5,607,201	4,075,778
Gross Profit	530,306	839,111
Profit before taxation	393,626	675,792
Provision for taxation	39,530	51,209
<b>Profit after taxation</b>	<b>354,096</b>	<b>624,583</b>
Unappropriated profit brought forward	7,512	4,804
<b>Un-appropriated Profit available for appropriation</b>	<b>361,608</b>	<b>629,387</b>
<b>Appropriation:</b>		
Proposed Cash Dividend	37,125	61,875
Transfer from general reserve	300,000	560,000
	<u>337,125</u>	<u>621,875</u>
Unappropriated profit carried forward	<u>24,483</u>	<u>7,512</u>

### Overview

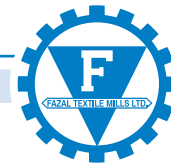
By the Grace of Almighty God, your Company achieved another milestone by outstripping all its past turnover records. The Company recorded an incredible growth in turnover, scaling an all time high of Rs 5.607 billion (2010 : Rs 4.075 billion) an increase of 37.60%. However the gross margin decrease to Rs 530.306 million as compared to Rs 839.111 million in the corresponding year. Your Company earned a profit after tax of Rs 354,096 million as compared to Rs 624.583 million in the corresponding year. The main reason for decrease in gross & operating profit is due the decrease in market prices of raw material towards the end of the financial year. The accounting policies adopted by the company to value its stock is "at lower of cost or market value on FIFO basis", hence we were forced to value our stock at market value which was lower than the actual costs. The net negative impact on this valuation is about 286.366 million.

### Earning per share

The profit per share after tax was Rs. 57.23 for the year ended June 30, 2011 as compared to Rs 100.94 for the year ended June 30, 2010.

### Dividend

The Board of Directors have recommended a dividend of Rs 6.00 per shares (i.e. 60%) for the year ended June 30, 2011.



### Future Prospects

Following the nose dive of the cotton market locally and internationally, the yarn and value added prices also fell out of proportions in the last quarter of fiscal year under review. The falling trend is still continuing and at one point in time the sale price were even not covering the raw material cost, due to carry over of inventory at higher prices.

Owing to uncertain and volatile cotton market, the overseas customers are holding back their orders in anticipation of further decline in prices.

The market must stabilize failing which margins of spinning sector will come under pressure. There is already pressure on cost of production because of rising fuel prices coupled with double digit inflation. The domestic cotton crop has been partially damaged due to torrential rains which will have its impact on the price of the cotton.

Your directors are striving hard to minimize the negative effect of the foregoing factors.

### Shifting of production facilities

Your Company has started to relocating its manufacturing Nooriabad (Super Highway) and the demolition of the vacant mill building at the existing facilities has also begun, the whole process will be completed in 6 to 8 months.

### Statement of Compliance with Code of Corporate Governance

The management is fully aware of the Company's obligation for compliance with the Code of Corporate Governance as incorporated in the Listing Regulations of all Stock Exchanges in Pakistan and step are being taken for its effective implementation within the allowed time frame. The various statements, as required by the Code, are given below:

- " Presentation of financial statements. The financial statements under review have been prepared by the management and are in accordance with the provisions of the Companies Ordinance 1984. These financial statements present fairly the Company's state of affairs, the results of its operation, cash flow and changes in equity.
- " Books of account. The Company has maintained proper books of account.
- " Accounting policies. Appropriate accounting policies have been applied in preparation of financial statements.
- " Compliance of International Accounting Standards (IAS). International Accounting Standards (IAS) as applicable in Pakistan have been followed in preparation of financial statements.
- " Internal Control System. The system of internal control of the company is in place and is sound in design and is being effectively monitored.
- " Going Concern. There are no significant doubts upon the Company's ability to continue as a going concern.
- " Best practices of Corporate Governance. There has been no material departure from the Best Practices of Corporate Governance, as detailed in the listing regulations wherever applicable to the Company for the period ended June 30, 2005.
- " Outstanding statutory dues. The Company has paid all the statutory dues due, there are no unpaid disputed balances payable. The amount payable if any but not due are disclosed in note no 18 to the annexed audited financial statements.
- " BOD meetings. During the period under review the Board convened 5 times and the attendance of the respective Directors was as under :-





S. No	Name of Directors	Meetings attended
1	Mr. Muhammad Younus Tabba	2
2	Mr. Muhammad Sohail Tabba	4
3	Mr. Muhammad Ali Tabba	3
4	Mr. Imran Yunus Tabba	3
5	Mr. Javed Yunus Tabba	4
6	Mrs. Mariam Tabba Khan	3
7	Mrs. Raheela Aleem	3
8	Mr. Ilyas Ismail	2

Leaves of absence in accordance to the law were granted to the Directors who could not attend the Board Meeting.

#### **Pattern of shareholding.**

The pattern of shareholding and the additional information as required by the Code of Corporate Governance is enclosed.

#### **Auditors.**

The present auditors Hyder Bhimji & Co., Chartered Accountants, retire and have offered themselves for reappointment.

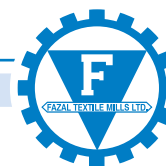
As suggested by the audit committee, the Board recommends their appointment as Auditors for of the Company for the year ended June 30, 2012.

#### **Thanks and appreciation**

We would like to place on record our deep appreciation for the efforts of the executives, officers and other staff members and workers for their hard work, co-operation and sincerity to the company in achieving best possible results. The Board also wishes to place in record the appreciation to all banks for continued support to the company with zeal and dedications. The management is quite confident that these relation and cooperation will continue in the years to

Dated : September 22, 2011

**Chairman**



## KEY FINANCIAL AND OPERATIONAL DATA

Rupees "000"

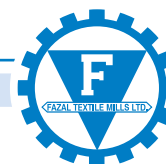
PARTICULARS	Y E A R S											
	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000
Export Sales	3,700,027	2,890,868	1,815,119	1,910,247	1,805,767	1,328,054	1,001,278	1,565,173	1,360,729	1,127,193	1,486,691	1,614,582
Local Sales	2,078,269	1,381,290	1,130,386	672,118	575,401	801,791	801,963	936,049	916,739	1,021,300	826,276	631,732
Gross Sales	5,778,296	4,272,158	2,945,505	2,582,365	2,381,168	2,129,845	1,803,241	2,501,222	2,277,468	2,148,493	2,312,967	2,246,314
Net Sales	5,607,201	4,075,778	2,819,019	2,444,146	2,263,195	2,027,303	1,642,382	2,265,602	2,060,705	1,915,960	2,090,444	2,051,484
Gross Profit	530,306	839,111	220,351	139,904	121,177	175,570	162,291	91,857	172,892	146,329	225,159	509,142
Gross Profit Ratio	9.46	20.59	7.82	5.72	5.35	8.66	9.88	4.05	8.39	7.64	10.77	24.82
Profit Before Tax	393,626	675,792	48,219	26,361	1,236	51,459	78,167	21,743	104,111	63,317	107,768	391,196
Profit Before Tax Ratio	7.02	16.58	1.71	1.08	0.05	2.54	4.76	0.96	5.05	3.30	5.16	19.07
Profit/(Loss) After Tax	354,096	624,583	25,293	10,040	(20,461)	48,619	40,882	29,828	86,967	43,838	63,905	282,955
Profit/(Loss) After Tax Ratio	6.32	15.32	0.90	0.41	(0.90)	2.40	2.49	1.32	4.22	2.29	3.06	13.79
Cost of Fixed Assets	1,609,644	1,636,775	1,625,504	1,597,122	1,550,952	1,407,892	1,395,754	1,284,882	1,141,310	1,126,429	998,738	887,793
Book Value of Fixed Assets	575,075	629,583	672,849	719,115	741,516	652,327	666,272	602,889	514,066	535,231	445,411	364,500
Total Assets Employed	4,270,909	3,679,757	2,884,682	3,328,731	1,824,287	1,868,796	1,699,360	1,387,082	1,087,737	1,019,702	1,209,972	1,156,566
Shareholders Equity	1,643,483	1,351,262	735,960	719,948	709,908	745,838	712,688	681,087	657,447	585,663	530,397	497,429
Breakup Value Per Share	265.61	218.39	119.10	116.35	114.73	120.54	115.18	110.07	106.25	94.65	85.72	80.39
Earning Per Share Before Tax	63.62	109.22	7.79	4.42	0.20	8.31	12.63	3.51	16.82	10.23	17.41	63.22
Earning/(Loss) Per Share After Tax	57.23	100.94	4.09	1.62	(3.31)	7.86	6.61	4.82	14.06	7.08	10.33	45.73
Production Capacity (20/s) (lbs)	48,990,026	48,990,026	48,990,026	48,990,026	47,879,424	48,341,510	34,725,150	45,397,909	43,970,027	41,869,613	41,414,443	41,414,443
Production converted into 20/s (lbs)	48,798,460	48,858,410	48,739,567	48,607,000	47,425,336	48,032,726	34,454,142	45,380,876	43,811,943	41,758,683	41,412,415	41,189,365
Capacity Utilization	99.61	99.73	99.49	99.22	99.05	99.36	99.22	99.96	99.64	99.74	100.00	99.46



## PATTERN OF SHAREHOLDING FORM "34" SHAREHOLDERS STATISTICS AS AT JUNE 30, 2011

NUMBER OF SHARE HOLDERS	SHARE HOLDING			TOTAL SHARES HELD
	FROM		TO	
427	1	to	100	23,055
142	101	to	500	47,636
27	501	to	1000	20,782
42	1001	to	5000	104,823
9	5001	to	10000	60,145
3	10001	to	15000	39,278
2	15001	to	20000	37,115
1	20001	to	25000	20,882
3	30001	to	35000	97,589
2	35001	to	40000	74,168
1	65001	to	70000	67,755
3	70001	to	75000	219,118
3	135001	to	140000	407,806
1	160001	to	165000	160,174
2	165001	to	170000	333,504
1	170001	to	175000	172,996
1	200001	to	205000	201,346
2	215001	to	220000	430,444
3	225001	to	230000	683,912
1	240001	to	245000	241,395
2	250001	to	255000	504,611
2	260001	to	265000	524,534
1	270001	to	275000	272,250
1	350001	to	355000	351,656
1	1090001	to	1095000	1,090,529
683				6,187,503

S.NO.	CATAGORIES OF SHAREHOLDERS	NUMBER OF SHARE HOLDERS	TOTAL SHARES HELD	PERCENTAGE
1	FINANCIAL INSTITUTIONS	8	68,744	1.11
2	INDIVIDUALS	655	4,885,279	78.95
3	INVESTMENT COMPANIES	1	300	0.00
4	JOINT STOCK COMPANIES	12	1,143,856	18.49
5	Mutul Funds	1	67755	1.10
6	OTHERS	6	21,569	0.35
	Totals	683	6,187,503	100.00



## DETAIL OF PATTERN OF SHAREHOLDING AS PER REQUIREMENT OF CODE OF CORPORATE GOVERNANCE

CATEGORIES OF SHAREHOLDER	NOS	SHARES HELD	%
<b>Directors, Chief Executive Officers and their Spouses and minor children</b>			
Mr. MUHAMMED YUNUS TABBA	1	272,250	4.40
Mr. MUHAMMED SOHAIL TABBA	2	336,434	5.44
Mr. MUHAMMED ALI TABBA	2	425,822	6.88
Mr. IMRAN YUNUS TABBA	2	514,573	8.32
Mr. JAVEED YUNUS TABBA	2	493,700	7.98
Mrs. MARIAM TABBA KHAN	2	210,080	3.40
Mr. ILYAS ISMAIL	1	228,242	3.69
Mrs. RAHELA ALEEM	2	382,537	6.18
Mr. ABDUL RAHMAN YAQOOB	1	2,500	0.04
Mr. KULSUM A.RAZZAK	1	160,174	2.59
Mr. AMINA A. RAZAK	2	381,411	6.16
Mr. ZULEKHA RAZZAK	2	238,430	3.85
Mr. KHAIROON YUNUS	1	70,785	1.14
Mr. MAIMOONA SIDDIQUI	1	136,050	2.20
Mr. NASREEN ABDUL RAUF	1	136,050	2.20
Mr. YASMEEN ISMAIL	1	135,706	2.19
Mr. ARIF ISMAIL.	1	228,242	3.69
Mr. ASLAM ISMAIL.	1	227,428	3.68
<b>Associated Companies, Undertakings and Related Parties</b>			
LUCKY ENERGY (PVT) LTD.	2	1,111,411	17.96
YUNUS TEXTILE MILLS LIMITED	1	31,300	0.51
<b>NIT and ICP</b>			
NIT	2	67,836	1.10
ICP	1	300	0.00
<b>Public Sector Companies and Corporations</b>	5	43,144	0.70
<b>Banks, Development Financial Institutions, Non Banking Financial Institutions</b>	2	25,519	0.41
<b>General Public</b>			
a. Local	629	304,865	4.93
<b>Others</b>	15	22,714	0.37
<b>Total</b>	<b>683</b>	<b>6,187,503</b>	<b>100.00</b>
Shareholders holding 10% or More Voting Interest			
LUCKY ENERGY (PVT) LTD.	2	1,111,411	17.96

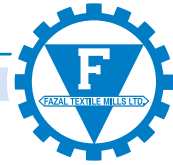


## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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

The Company has applied the principles contained in the Code in the following manner :

1. The board comprises eight directors, including the CEO. The number of executive director on the board is one.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board during the year.
5. The Company has prepared a "Statement of Ethics and Business Practices", which has been adopted by the board of directors and signed by all the directors and employees of the Company.
6. The Board has developed a vision/mission statement. Overall corporate strategy and significant policies of the Company are under process of approval.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive director, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for the purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Chief Executive recommends that members of the Board should approach him, should they feel any necessity to conduct other orientation courses in this regard.
10. The appointment of head of internal audit and his remuneration and terms and conditions have been approved by the Board.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.



13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed on the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Audit Committee comprises of three members including the Chairman.
16. The meeting of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. 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 or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
18. 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.
19. We confirmed that all other material principles contained in the Code have been complied with.

**Mohammad Sohail Tabba**  
**Chief Executive Officer**



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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of FAZAL TEXTILE MILLS LIMITED to comply with the Listing Regulation No. 35 (previously No. 37) of the Karachi and Lahore Stock Exchanges where the Company is listed.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Sub - Regulation (xiii a) of Listing Regulations 35 notified by the Karachi and Lahore Stock Exchanges vide circular No. KSE/N-269 dated January 19, 2009 requires the Company to place before the Board of Directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2011.

*Hyder Bhimji.*

**HYDER BHIMJI & CO.**

**CHARTERED ACCOUNTANTS**

Karachi: September. 22, 2011



## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of FAZAL TEXTILE MILLS LIMITED as at June 30, 2011 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 statements 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 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 accounting policies consistently applied;
  - ii. the expenditure incurred during the year was for the purpose of the Company's business; and
  - iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- c. in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984 in the manner so required, and respectively give a true and fair view of the state of the company's affairs as at June 30, 2011 and of the profit, total comprehensive income, 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..

*Hyder Bhimji*

**HYDER BHIMJI & CO**  
Chartered Accountants  
Engagement Partner  
**Hyder Ali Bhimji**

Karachi: September. 22, 2011





# BALANCE SHEET

AS AT JUNE 30, 2011

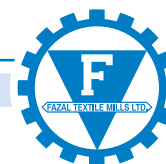
	Note	June 2011	June 2010
Rs in 000			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	3	2,565,027	2,315,376
Long term loans and advances	4	7,707	9,456
Long term deposits - Security deposits		1,259	532
		<b>2,573,993</b>	<b>2,325,364</b>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools	5	57,244	50,677
Stock in trade	6	842,611	408,158
Trade debts	7	673,665	458,638
Loans and advances	8	66,712	102,111
Trade deposits and short term prepayments	9	33,966	27,519
Other receivables	10	3,194	592
Taxation- Net	11	9,770	7,563
Cash and bank balances	12	9,754	299,135
		<b>1,696,916</b>	<b>1,354,393</b>
<b>TOTAL ASSETS</b>		<b>4,270,909</b>	<b>3,679,757</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital	13	150,000	150,000
Issued, subscribed and paid-up share capital	14	61,875	61,875
Reserves	15	1,581,608	1,289,387
		<b>1,643,483</b>	<b>1,351,262</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Deferred gratuity	16	46,090	40,802
Deferred taxation	17	42,933	62,633
		<b>89,023</b>	<b>103,435</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	18	805,827	622,182
Accrued markup		21,585	38,114
Short term borrowings	19	1,710,991	564,764
Current maturity of long term loan		-	1,000,000
		<b>2,538,403</b>	<b>2,225,060</b>
<b>Contingencies and Commitment</b>	20	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,270,909</b>	<b>3,679,757</b>

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

Chairman

Director

Karachi : September 22, 2011



## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2011

	Note	June 2011	June 2010
Rupees "000"			
Sales - net	21	5,607,201	4,075,778
Cost of sales	22	5,076,895	3,236,667
Gross profit		<u>530,306</u>	<u>839,111</u>
Selling and distribution expenses	23	<u>30,240</u>	<u>48,251</u>
Administrative expenses	24	<u>53,938</u>	<u>51,064</u>
Other operating expenses	25	<u>21,189</u>	<u>33,598</u>
		<u>105,367</u>	<u>132,913</u>
		<u>424,939</u>	<u>706,198</u>
Other operating income	26	<u>12,018</u>	<u>6,979</u>
Operating profit		<u>436,957</u>	<u>713,177</u>
Finance cost	27	<u>43,331</u>	<u>37,385</u>
Profit before taxation		<u>393,626</u>	<u>675,792</u>
Taxation	28	<u>39,530</u>	<u>51,209</u>
Profit after taxation		<u><u>354,096</u></u>	<u><u>624,583</u></u>
Earning per share-basic and diluted (Rupees)	29	<u>57.23</u>	<u>100.94</u>

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

Karachi : September 22, 2011

Chairman

Director



## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2011

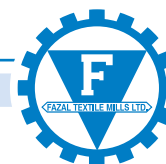
	June 2011	June 2010
	Rupees "000"	
Profit after taxation	354,096	624,583
Other comprehensive income	-	-
Total comprehensive income	<u>354,096</u>	<u>624,583</u>

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

Karachi : September 22, 2011

Chairman

Director



## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	Note	June 2011	June 2010
Rupees "000"			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from operation	30	59,351	558,725
Gratuity paid		(9,563)	(8,882)
Finance cost paid		(59,860)	(41,705)
Taxes paid		(61,437)	(39,347)
Net cash In/(Outflow) from operating activities		(71,509)	468,791
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(10,555)	(14,268)
Capital Work in progress		(304,159)	(359,963)
Sale proceeds from fixed assets		12,140	2,190
Repayment of long term loan		(1,000,000)	-
Net cash In/(Outflow) from investing activities		(1,302,574)	(372,041)
<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>			
Payment of dividend		(61,525)	(9,236)
Net cash In/(Outflow) from financial activities		(61,525)	(9,236)
Net increase/(decrease) in cash and cash equivalents		(1,435,608)	87,514
Cash and cash equivalents at the beginning of the year		(265,629)	(353,143)
<b>Cash and cash equivalents at the end of the year</b>	31	<b>(1,701,237)</b>	<b>(265,629)</b>

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

Karachi : September 22, 2011

Chairman

Director



## STATEMENT OF CHANGES IN EQUITY

for the year ended June 30, 2011

Rupees in thousand

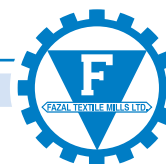
Description	Paidup Capital	Capital Reserve	Revenue Reserves	Unappropriated Profit	Total
Balance as on July 01, 2009	61,875	34,416	610,584	29,085	735,960
Final Dividend for the year ended June 30, 2009	-	-	-	(9,281)	(9,281)
Transfer to/(from) profit and loss account	-	-	15,000	(15,000)	-
Total comprehensive income for the year	-	-	-	624,583	624,583
Balance as on June 30, 2010	61,875	34,416	625,584	629,387	1,351,262
Final Dividend for the year ended June 30, 2010	-	-	-	(61,875)	(61,875)
Transfer to/(from) profit and loss account	-	-	560,000	(560,000)	-
Total comprehensive income for the year	-	-	-	354,096	354,096
<b>Balance as on June 30, 2011</b>	<b>61,875</b>	<b>34,416</b>	<b>1,185,584</b>	<b>361,608</b>	<b>1,643,483</b>

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

Chairman

Director

Karachi : September 22, 2011



## Notes to the financial statements

for the year ended June 30, 2011.

### I. LEGAL STATUS AND OPERATION:

The Company was incorporated on July 6, 1963 as a Private Limited Company under the Companies Act, 1913 (Companies Ordinance, 1984) and was converted into a Public Limited Company on May 04, 1966. The Company is quoted on Karachi and Lahore stock exchanges in Pakistan since 1971. The Company is engaged in manufacturing, selling, buying and dealing in all types of yarn and knitted fabrics. The address of its registered office is LA-2/B, Block 21, Rashid Minhas Road, federal "B" Area, Karachi, Pakistan.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of Preparation

The financial statements have been prepared on historical cost convention except for the recognition of certain staff retirement benefits at present value.

#### 2.2 Statement of Compliance

These financial statements have been prepared in accordance with 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. Wherever, the requirements of the Ordinance or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Ordinance or the requirements of the said directives take precedence.

#### 2.3 Standards and interpretation that became effective but not relevant to the Company

There are certain new standards, amendment and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the year and are mandatory for accounting periods beginning on or after July 1, 2010 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.

IAS 17	Leases
IAS 27	Consolidated and Separate Financial Statements
IFRS 2	Share-based Payments-Group cash-settled share-based payment transactions
IFRS 3	Business Combinations
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations
IFRS 19	Extinguishing Financial Liabilities with Equity Instruments

#### 2.4 Standards and interpretations to published approved accounting standards that are not yet effective

The following revised standards, amendments and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretations:



	Standards	Effective date
IAS 1	Presentation of financial statements-amendment to revise the way other comprehensive income is presented	July 01,2012
IAS 12	Income tax (amendment)- Deferred taxes: Recovery of underlying assets	January 01,2012
IAS 19	Employee Benefits - Amended standard resulting from the post- employment benefits and termination benefit project	January 01,2013
IAS 24	Related Party Disclosures (Revised)	January 01,2011
IFRS 7	Financial instruments: Disclosures- Amendments enhancing disclosures about transfer of financial asset	July 01,2011
IFRS 17	Prepayment of a minimum funding requirements - Amendment	January 01,2011
IFRIC 14	Prepayments of Minimum Funding Requirements	January 01,2011

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not have material affect on the Company's financial statements in the period of the initial application.

In addition to the above, amendments to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after January 01, 2011. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

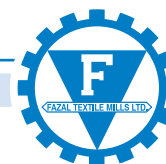
Further , the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan(SECP) for the purpose of applicability in Pakistan:

	Standards	IASB effective date Annual Periods beginning on or after
IFRS 9	Financial Instruments	January 1, 2015
IFRS 10	Consolidated Financial Statements	January 1, 2013
IFRS 11	Joint Agreements	January 1, 2013
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2013
IFRS 13	Fair Value Measurement	January 1, 2013

## 2.5 Significant accounting judgments and estimates

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the process of applying the company's accounting policies, management has made following estimates and judgments which are significant to the financial statements.

- a) Property, plant and equipment  
The company has made certain estimation with respect to residual value, depreciation method and depreciable lives of property, plant and equipments. Further, the company reviews the value of assets for possible impairment on each reporting period.
- b) Provision for stores and spares  
The Company has made estimation with respect to provision for slow moving, damaged and obsolete items and their net realizable value.



- c) **Staff retirement benefits**  
Certain actuarial assumptions have been adopted as disclosed in note no. 16.4 to these financial statements for valuation of present value of defined benefit obligations.
- d) **Income Taxes**  
The company takes into account relevant provision of current income tax laws while providing for current and deferred taxes as explained in note 2.6 of these financial statements.
- e) **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.

## 2.6 Staff retirement benefits

The Company operates unfunded gratuity scheme covering all employees eligible to the benefit. The present value of the defined benefit obligation has been determined on the basis of actuarial valuation carried out on the Balance Sheet date. In accordance with the requirements of IAS 19, Employees Benefits, actuarial valuation has been carried out using Projected Unit Credit Actuarial Cost Method. Main valuation assumption used for actuarial valuation was as under :

Discount Rate	14.00% per annum.
Expected rate on increase in salaries	13.00% per annum

## 2.7 Taxation

### Current

Provision for current taxation is based on taxable income at current rates of taxation after taking in to account tax credits available rebate and exemption if any, subject to treatment in respect of tax deducted at source on export as final discharge of tax liabilities.

### Deferred

Deferred tax is provided using the liability method, on all temporary differences at the balance sheet date between the tax assets and liabilities and their carrying values for financial reporting purposes and amount used for taxation purpose.

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

## 2.8 Foreign currency translation

Assets and liabilities in foreign currencies are translated into rupee at the rates of exchange ruling on the balance sheet date except for liabilities covered under forward exchange contracts which are translated at the contract rates. The gain or loss due to the rate fluctuation is adjusted against the plant and machinery acquired under the loan.

## 2.9 Property, Plant & Equipment

These are stated at cost less accumulated depreciation except leasehold land and capital work-in-progress, which are stated at cost.

Depreciation is charged at normal tax rates on diminishing balance method. In respect of addition/deletion during the year, depreciation is charged from the month of acquisition and up to the month preceding the disposal respectively.





Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gain or loss on disposal of assets is included in income currently.

#### **2.10 Capital Work-in-progress**

All cost/expenditure connected with the assets, incurred during the implementation period are carried under this head. These are transferred to specific assets as and when assets are available for use.

#### **2.11 Stores, spares, loose tools and packing materials**

These are valued at cost. Cost is determined on first in first out (FIFO) basis. Adequate provision is made for obsolescence and slow moving items as and when required based on parameters set out by management.

#### **2.12 Stocks**

These are valued as follows:

Raw materials	- At lower of cost or market value on FIFO basis.
Finished goods	- At lower of average cost and net realizable value including portion of related factory overheads.
Work-in-process	- At average cost of raw material and proportionate manufacturing overheads.
Waste	- At net realizable value.

#### **2.13 Trade debts and other receivables**

Trade debts and other receivables are recognized and carried at original invoice amount less any estimated allowance made for doubtful receivables based on review of outstanding amount at the year end. Balances considered irrecoverable are written off as and when identified.

#### **2.14 Cash and Cash equivalent**

Cash and cash equivalent are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short term highly liquid investments and bank overdraft in the balance sheet, bank overdrafts are included in borrowing in current liabilities.

#### **2.15 Revenue Recognition**

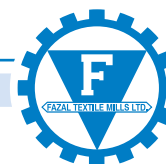
Sales are recorded on dispatch of goods to customers;  
Rental Income is recognized as and when earned on annual basis; and  
Income of deposits is recognized on receipt basis.

#### **2.16 Financial instruments**

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured as fair value or cost, as the case may be.

#### **2.17 Employees Leave Entitlement**

Employees' entitlements to annual leaves are recognized when they accrue to employee. A provision is made for the estimated liability as a result of services rendered by employees up to the balance sheet date.



### 2.18 Borrowing Cost

Borrowing costs incurred on finances obtained for the construction/installation of qualifying assets are capitalized up to date the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the profit and loss account currently.

### 2.19 Provisions

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

### 2.20 Impairment of Assets

The company reviews the value of assets for possible impairment on each reporting period. If such indication exist, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amounts and impairment losses are taken to profit and loss account.

### 2.21 Dividend

Dividend distribution to the company shareholders' is recognized as a liability in the company's financial statements in the period in which the dividends are approved.

### 2.22 Related Party Transactions

Transactions and contracts with related party are carried out at arms length prices determined in accordance with comparable uncontrolled price method.

### 2.23 Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognized amounts and the Company intends to settle either on a net basis or realize the assets and settle the liability simultaneously.

### 2.24 Functional and Presentation Currency

These financial statements are presented in Pakistani Rupees which is the Company's functional and presentation currency.

		June 2011	June 2010
		Rs "000"	
<b>3</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
	Operating Fixed Assets	3.1 <b>575,075</b>	629,583
	Capital Work in Progress	3.2 <b>1,989,952</b>	1,685,793
		<b><u>2,565,027</u></b>	<b><u>2,315,376</u></b>



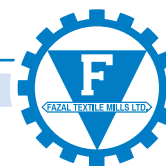
**3.1 OPERATING FIXED ASSETS - TANGIBLE**

(Rs in 000)

Particulars	Cost as on 01-07-2010	Additions (Deletions)	Cost as on 30-06-2011	Accumulated depreciation 30-06-2011	Written down book value 30-06-2011	Depreciation for the period	Rate %
Land (lease hold)	6,591	-	6,591	-	6,591	-	-
Main factory building (on lease hold land)	31,250	-	31,250	27,816	3,434	382	10
Other factory building (on lease hold land)	171,389	-	171,389	76,101	95,288	5,015	5
Plant & machinery	1,376,723	4,504 (32,971)	1,348,256	896,258	451,998	50,211	10
Testing equipment, scales and weighments	7,488	-	7,488	6,522	966	107	10
Office equipments	5,172	593	5,765	3,661	2,104	197	10
Furnitures & fixtures	2,158	-	2,158	1,908	250	28	10
Vehicles	27,586	4,826 (4,715)	27,697	14,447	13,250	2,714	20
Computer equipments	8,418	632	9,050	7,856	1,194	477	33
<b>Total June 2011</b>	<b>1,636,775</b>	<b>10,555 (37,686)</b>	<b>1,609,644</b>	<b>1,034,569</b>	<b>575,075</b>	<b>59,131</b>	
Total June 2010	1,625,504	14,268 (2,997)	1,636,775	1,007,192	629,583	63,947	

**3.1.1 Depreciation charge for the year has been allocated as follows :**

	June 2011	June 2010
	Rs "000"	
Cost of sales	55,715	61,343
Administrative expenses	3,416	2,604
	<u>59,131</u>	<u>63,947</u>



**3.1.2 Disposal of operating fixed assets.**

(Rs in 000)

Particulars	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
Motor Vehicle	New Jubilee Insurance Co. Karachi	817	724	93	1,000	Negotiation
Motor Vehicle	New Jubilee Insurance Co. Karachi	207	204	3	215	Negotiation
Motor Vehicle	Anus Auto Workshop. Karachi	560	465	95	415	Negotiation
Motor Vehicle	Ghulam Hyder Karachi	499	399	100	364	Negotiation
Motor Vehicle	Tahir Saleem Karachi	885	629	256	620	Negotiation
Motor Vehicle	Suleman Joya Karachi	847	611	236	593	Negotiation
Motor Cycle	New Jubilee Insurance Co. Karachi	77	6	71	73	Negotiation
Motor Vehicle	Syed Nasir Ali Karachi	469	447	22	333	Negotiation
Motor Vehicle	Muhammad Amin Karachi	355	258	97	302	Negotiation
Plant & Machinery	Tex Machines Int. Ltd. Dubai	23,138	20,006	3,132	4,268	Negotiation
Plant & Machinery	Gaddon Textile Mills Ltd. Gadoon Amazai.	2,281	1,511	770	1,000	Negotiation
Plant & Machinery	Gulf Textile Machine FZS, Dubai.	7,551	6,493	1,058	2,957	Negotiation
<b>Total June 2011</b>		<b>37,686</b>	<b>31,753</b>	<b>5,933</b>	<b>12,140</b>	
Total June 2010		2,997	2,419	578	2,190	

**June 2011**      **June 2010**  
**Rupees in "000"**

**3.2 CAPITAL WORK IN PROGRESS**

Karachi Project	3.2.1	<b>958,890</b>	843,662
Nooriabad Project	3.2.2	<b>1,031,062</b>	842,131
		<b>1,989,952</b>	<b>1,685,793</b>



	June 2011	June 2010
	Rupees in "000"	
<b>3.2.1 KARACHI PROJECT</b>		
Opening Balance	843,662	633,472
Expenses For The Year	65,821	146,409
Borrowing Cost Capitalized	49,407	63,781
Closing Balance	<u>958,890</u>	<u>843,662</u>

3.2.1.1 This represents commercialization, development and other charges of land situated at the existing premises for the purpose of construction of shopping mall/residential towers.

**3.2.2 NOORIABAD PROJECT**

Opening balance		842,131	692,343
Expenses for the year		-	63,781
Addition during the year	3.2.2.1	<u>188,931</u>	<u>86,007</u>
Closing balance		<u>1,031,062</u>	<u>842,131</u>

3.2.2.1 Additions represents plant & machinery and buildings. Expenses will be capitalized proportionately between plant & machinery and building at the end of project.

**4 LONG TERM LOANS AND ADVANCES  
(Unsecured - Considered Good)**

Loan to Executives	4.1, 4.2 & 4.3	<u>12,683</u>	<u>5,787</u>
Loan to Employees	4.2	<u>10,089</u>	<u>9,775</u>
		22,772	15,562
Current maturity of long term loans and advances		<u>(15,065)</u>	<u>(6,106)</u>
		<u>7,707</u>	<u>9,456</u>

**4.1 Loan to executives**

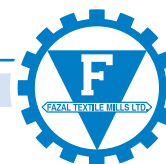
Opening balance	5,787	6,204
Addition during the year	<u>9,662</u>	<u>3,100</u>
	15,449	9,304
Recovery during the year	<u>(2,766)</u>	<u>(3,517)</u>
Closing balance	<u>12,683</u>	<u>5,787</u>

4.2 These interest free loans represent for house assistance, medical expenses and support for children marriage and are repayable within 3 years.

4.3 The maximum amount due from Executive at the end of any month during the year was Rs 11.368 million (2010 : Rs 6.305 million)

**5 STORES, SPARES AND LOOSE TOOLS**

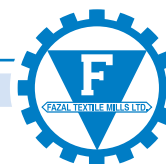
Stores	12,781	10,500
Spares	37,503	35,836
Loose tools	335	241
Packing material	<u>6,625</u>	<u>6,077</u>
	57,244	52,654
Less : Provision for slow moving items	<u>1,977</u>	<u>1,977</u>
	<u>55,267</u>	<u>50,677</u>



	June 2011	June 2010
	Rupees in "000"	
5.1 Movement of provision for slow moving items:		
Opening balance	1,977	-
Provision during the year	-	1,977
Closing balance	<u>1,977</u>	<u>1,977</u>
<b>6 STOCK IN TRADE</b>		
Raw material	478,322	220,462
Work in process	39,280	10,090
Finished goods	325,009	177,606
	<u>842,611</u>	<u>408,158</u>
<b>7 TRADE DEBTS</b>		
Considered good		
Export - secured against L/C	547,926	407,760
Local - unsecured	125,739	50,878
	<u>673,665</u>	458,638
Considered doubtful		
Against Local sales - unsecured	4,248	4,248
	<u>677,913</u>	462,886
Less: Provision for impairment of trade debts	7.1 4,248	4,248
	<u>673,665</u>	<u>458,638</u>
7.1 Provision for impariment of trade debts:		
Opening balance	4,248	-
Provision during the year	-	4,248
Closing balance	<u>4,248</u>	<u>4,248</u>
7.2 Trade debts includes amount of Rs 15.348 million (2010: Rs 4.021 million) due from related parties.		
7.3 The maximum amount due to related parties at the end of any month during the year was Rs. 320.548 million (2010 : Rs. 243.783 million) .		
<b>8 LOANS AND ADVANCES</b>		
Considered good		
Current maturity of long term loans and advances	15,065	6,106
Advances to suppliers	51,647	96,005
	<u>66,712</u>	<u>102,111</u>



	June 2011	June 2010
<b>9 TRADE DEPOSIT AND SHORT TERM PREPAYMENTS</b>	<b>Rupees in "000"</b>	
Security deposits	23,061	12,937
Sales tax refundable	10,905	14,582
	<u>33,966</u>	<u>27,519</u>
<b>10 OTHER RECEIVABLES</b>		
Sale of assets	3,189	233
Insurance claim receivable	-	354
Central excise duty	5	5
	<u>3,194</u>	<u>592</u>
<b>11 TAXATION - Net</b>		
Income tax refundable at beginning	7,563	824
Add : Paid / Deducted in advance	61,437	39,347
	69,000	40,171
Less : Provision for the year	28.2 59,230	42,140
Provision for prior years	-	(9,532)
	<u>(59,230)</u>	<u>(32,608)</u>
	<u>9,770</u>	<u>7,563</u>
11.1 The income tax assessment of the company has been finalised up to and including tax year 2010 corresponding to income year June 2010.		
<b>12 CASH AND BANK BALANCES</b>		
Cash in hand	763	881
Balance with bank in :		
Current Account	8,984	298,248
Deposits Account	7	6
	8,991	298,254
	<u>9,754</u>	<u>299,135</u>
<b>13 AUTHORIZED CAPITAL</b>		
15,000,000 Ordinary shares of Rs 10/- each	<u>150,000</u>	<u>150,000</u>
<b>14 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>		
4,579,094 Ordinary shares of Rs 10/- each fully paid issued for cash.	45,791	45,791
1,608,409 Ordinary shares of Rs 10/- each issued as fully paid bonus shares	16,084	16,084
	<u>61,875</u>	<u>61,875</u>
14.1 Out of the total share capital of the Company, associated undertaking held 1,142,711 (2010 : 1,142,711) ordinary shares of Rs 10/- each as at June 30, 2011.		



June 2011      June 2010  
Rupees in "000"

**15 RESERVES**

Capital Reserve		
Share premium	<b>34,416</b>	34,416
Revenue Reserve		
General Reserve		
Opening balance	<b>625,584</b>	610,584
Transfer from profit & loss account	<b>560,000</b>	15,000
	<b>1,185,584</b>	625,584
Unappropriated profit	<b>361,608</b>	629,387
	<b>1,581,608</b>	1,289,387

**16 DEFERRED GRATUITY  
(Staff retirement benefit)**

As mentioned in Note 2.6 the company operates an unfunded gratuity scheme for all its permanent employees. Actuarial valuation of scheme is carried out and the latest actuarial valuation was carried out as at June 30, 2011.

The fair value of scheme's assets and the present value of obligation under the scheme at balance sheet date were as follows:

16.1 Reconciliation of Payable to / (Receivable from) Defined Benefit Plan		
Present Value of Defined Benefit Obligation	<b>39,151</b>	40,870
Net Actuarial Gains/(Losses) not recognized	<b>6,939</b>	(68)
Net Liability For Gratuity	<b>46,090</b>	40,802
16.2 Movement in Net Liability		
Opening Net Liability	<b>40,802</b>	38,796
Expenses/(Income) for the year	<b>14,851</b>	10,888
Benefit paid	<b>(9,563)</b>	(8,882)
Closing Net Liability	<b>46,090</b>	40,802
16.3 Charge for / (Income from) the Defined Benefit Plan		
Current service cost	<b>10,160</b>	8,928
Interest cost	<b>4,691</b>	1,960
	<b>14,851</b>	10,888
16.4 Actuarial Assumptions:		
Valuation Discount Rate	<b>14.00%</b>	13.00%
Salary Increase Rate	<b>13.00%</b>	11.00%

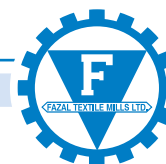
16.5 Since the gratuity is unfunded therefore no plan assets are recognized and no contributions as a consequence are made.

16.6 The unrecognized actuarial gains and losses are recognized in accordance with the directions of IAS 19 that is when they exceed the corridor and ceiling limit.





	June 2011	June 2010
	Rupees in "000"	
<b>17 DEFERRED TAXATION</b>		
Opening Balance	62,633	44,032
Expense / ( Income ) for the year	<u>(19,700)</u>	<u>18,601</u>
Closing Balance	<u>42,933</u>	<u>62,633</u>
<b>18 TRADE AND OTHER PAYABLES</b>		
Trade creditors	72,523	49,896
Accrued expenses	421,893	363,745
Advance from customers	18.1 287,118	170,710
Unclaimed dividend	2,173	1,823
Workers profit participation fund	18.2 20,835	33,598
Workers Welfare Fund	-	558
Advances from employees under vehicle scheme	18.3 1,285	1,852
	<u>805,827</u>	<u>622,182</u>
18.1	Includes amount due to related parties Rs 283.238 million (2010 : Rs 170.710 million)	
18.2	Workers Profit Participation Fund	
	Opening balance	33,598 2,538
	Allocation for the year	20,835 33,598
	Add : Markup provided during the year	2,235 116
	<u>23,070</u>	<u>33,714</u>
	<u>56,668</u>	<u>36,252</u>
	Less : Payments during the year	35,833 2,654
	Closing balance	20,835 33,598
18.3	This amount represents the accumulation of monthly installments adjustable after a specified period against vehicles to be disposed under vehicle scheme.	
<b>19 SHORT TERM BORROWINGS - Secured</b>		
Running finances under mark-up arrangements	19,350	43,827
Export Finance and Import bills	<u>1,691,641</u>	<u>520,937</u>
	<u>1,710,991</u>	<u>564,764</u>
19.1	The markup on bank finances is payable on quarterly basis at rates ranging from 8.50% to 14.00%. (2010 : 7.50% to 14.00%)	
19.2	The overall limit of Rs 3.105 billion ( 2010 : 3.105 billion ) applies on running, export pre/post shipment finances.	
19.3	The carrying amount of inventories and book debts hypothecated as security for the bank borrowings is Rs 1.731 billion ( 2010 : 0.908 billion)	
19.4	The above finances are secured by first parri passu hypothecation charge over stock and book debts of the company. Lien on Export documents and import documents duly accepted bill of discount.	



June 2011      June 2010

Rupees in "000"

**20 CONTINGENCIES AND COMMITMENTS**

Guarantees and counter guarantees	118,528	49,446
Letter of credits	<u>132,606</u>	<u>1,098,027</u>
	<u>251,134</u>	<u>1,147,473</u>

20.1 The Company has made a reference in the Honorable High Court of Sindh at Karachi u/s 133(i) of the Income Tax Ordinance, 2001 against rejection of loss of Rs 1,461,000 by the Appellate Tribunal vide M.A (Rect) No 402/KB/2005 dated January 25, 2006 for the assessment year 2002-03. The case is pending before Court for adjudication.

**21 SALES - Net**

Export	3,700,027	2,890,868
Local	2,078,269	1,381,290
Export rebate	932	1,318
Research & Development Support	4,535	5,132
Gross sales	<u>5,783,763</u>	4,278,608
Less : Export freight	91,572	113,367
Export duty and surcharge	8,570	5,680
Commission	<u>76,420</u>	<u>83,783</u>
	<u>176,562</u>	<u>202,830</u>
	<u>5,607,201</u>	<u>4,075,778</u>

**22 COST OF SALES**

**Raw material consumed**

Opening inventory	220,462	362,207
Purchases	<u>4,475,600</u>	<u>2,241,225</u>
Available for consumption	4,696,062	2,603,432
Closing inventory	<u>(478,322)</u>	<u>(220,462)</u>
Raw material consumed	<u>4,217,740</u>	2,382,970

**Manufacturing expenses**

Stores, spares and packing	200,557	154,309
Salaries, wages & other benefits	257,472	216,102
Power and electricity	349,788	324,485
Knitting, dyeing and printing expenses	146,444	123,345
Insurance	3,128	2,914
Repair and maintenance	16,805	13,259
Labor welfare	4,504	3,935
Depreciation	55,715	61,344
Other manufacturing expenses	1,335	2,826
	<u>1,035,748</u>	<u>902,519</u>
	<u>5,253,488</u>	3,285,489

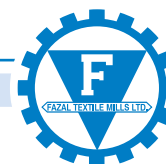
Work in process - opening inventory	10,090	5,354
Work in process - closing inventory	<u>(39,280)</u>	<u>(10,090)</u>
	<u>(29,190)</u>	<u>(4,736)</u>
Cost of goods manufactured	<u>5,224,298</u>	3,280,753

Finished goods - opening inventory	177,606	133,519
Available for sales	<u>5,401,904</u>	<u>3,414,272</u>
Finished goods - closing inventory	<u>(325,009)</u>	<u>(177,605)</u>
	<u>5,076,895</u>	<u>3,236,667</u>

22.1 This includes Rs 13.630 million in respect of staff retirement benefits (2010 : 10.886 million)



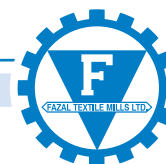
		June 2011	June 2010
		Rupees in "000"	
<b>23</b>	<b>SELLING AND DISTRIBUTION EXPENSES</b>		
	Forwarding and other selling expenses	<u>30,240</u>	<u>48,251</u>
		<u>30,240</u>	<u>48,251</u>
<b>24</b>	<b>ADMINISTRATIVE EXPENSES</b>		
	Salaries, wages & other benefits	24.1 <b>23,078</b>	16,462
	Postages, telegram and telephone	<b>3,558</b>	3,130
	Printing and stationery	<b>3,739</b>	5,354
	Fees and subscriptions	<b>679</b>	705
	Traveling and conveyance	<b>5,570</b>	8,703
	Entertainment	<b>1,897</b>	1,851
	Rent, rates and taxes	<b>758</b>	726
	Motor car expenses	<b>3,500</b>	2,850
	Insurance	<b>407</b>	752
	Legal and professional charges	<b>841</b>	1,725
	Auditors' remuneration	24.2 <b>639</b>	415
	Advertisements	<b>286</b>	85
	Donations	24.3 <b>4,843</b>	752
	Depreciation	<b>3,416</b>	2,604
	Other expenses	<b>727</b>	4,950
		<u><b>53,938</b></u>	<u><b>51,064</b></u>
24.1	This includes Rs 1.221 million in respect of staff retirement benefits ( 2010 : Rs 1.577 million)		
24.2	Auditors' remuneration		
	Audit fee	<b>500</b>	300
	Half Yearly Review fee	<b>60</b>	60
	Other certification	<b>79</b>	55
		<u><b>639</b></u>	<u><b>415</b></u>
24.3	None of the directors and their spouses had any interest in the donees fund.		
<b>25</b>	<b>OTHER OPERATING EXPENSES</b>		
	Workers profit participation fund	<b>20,835</b>	33,598
	Insurance claim receivable (Written off)	<b>354</b>	-
		<u><b>21,189</b></u>	<u><b>33,598</b></u>
<b>26</b>	<b>OTHER OPERATING INCOME</b>		
	<b>Income from financial assets</b>		
	Profit on bank deposits	<b>2,011</b>	-
	<b>Income from non-financial assets</b>		
	Gain on sale of fixed assets	<b>6,207</b>	1,611
	Miscellaneous income	<b>781</b>	781
	Doubling charges	<b>2,461</b>	4,587
	Reversal of provision	26.1 <b>558</b>	-
		<u><b>12,018</b></u>	<u><b>6,979</b></u>
26.1	As per judgement of lahore high court vide case no. W.P.No.8763/2011 against notice dated 14-06-2011 regarded WWF declared unconstitutional.		



		June 2011	June 2010
		Rupees in "000"	
<b>27</b>	<b>FINANCIAL COST</b>		
	Markup on short term finance	23,737	27,550
	Interest on workers profit participation fund	2,235	116
	Bank charges and commission	17,359	9,719
		<u>43,331</u>	<u>37,385</u>
<b>28</b>	<b>TAXATION</b>		
28.1	Current Tax		
	- for the year	59,230	42,140
	- for the prior years	-	(9,532)
		59,230	32,608
	Deferred	17	18,601
		<u>39,530</u>	<u>51,209</u>
28.2	The charge for the year is as under.		
	Tax charge on direct exports	35,745	26,158
	Tax charge on indirect exports	10,132	7,577
	Tax charge on local turnover treated as exports	10,651	6,236
	Tax charge on Other income not falling under P.T.R	2,702	2,169
		<u>59,230</u>	<u>42,140</u>
<b>29</b>	<b>EARNING PER SHARE</b>		
	Profit after taxation (Rs in "000")	354,096	624,583
	Weighted average number of ordinary shares	6,187,503	6,187,503
	Earning per share (Rs)	<u>57.23</u>	<u>100.94</u>
29.1	There is no dilutive effect on the basic earnings per shares of the Company.		
<b>30</b>	<b>CASH GENERATED FROM OPERATION</b>		
	Profit before taxation	393,626	675,792
	Adjustment for non cash charges :		
	Depreciation	59,131	63,947
	Provision for slow moving items	-	1,977
	Provision for doubtful debts	-	4,248
	Profit on sale of fixed assets	(6,207)	(1,611)
	Provision for gratuity	14,851	10,888
		67,775	79,449
	Finance cost	43,331	37,385
	Long term loans and advances	1,749	(243)
	Long term deposits	(727)	-
	Changes in working capital	30.1	(233,658)
		<u>(446,403)</u>	<u>(233,658)</u>
		<u>59,351</u>	<u>558,725</u>



	June 2011	June 2010
	Rupees in "000"	
<b>30.1 Changes in working capital</b>		
<b>(Increase)/Decrease in current assets</b>		
Stores, spares and loose tools	(6,567)	(9,576)
Stock in trade	(434,453)	92,922
Trade debts	(215,027)	(258,885)
Loans and advances	35,399	4,298
Trade deposits and short term prepayments	(6,447)	(19,474)
Other receivable	(2,602)	(587)
	<u>(629,697)</u>	<u>(191,302)</u>
<b>Increase/(Decrease) in current liabilities</b>		
Trade and other payables	183,294	(42,356)
	<u>(446,403)</u>	<u>(233,658)</u>
<b>31 CASH AND CASH EQUIVALENTS</b>		
Cash & cash equivalent comprise the following items as included in the balance sheet		
Cash and bank balances	9,754	299,135
Short term borrowing	(1,710,991)	(564,764)
	<u>(1,701,237)</u>	<u>(265,629)</u>
<b>32 TRANSACTION WITH RELATED PARTIES</b>		
Related parties comprise of associated company, directors of the Company, companies in which directors also hold directorship, related group companies and key management personnel. Significant balances and transactions with related parties are as follows:		
<b>Nature of Transaction</b>		
<u>Sale of Goods and Providing of Services</u>		
Lucky Knits (Pvt) Ltd.	278,124	223,046
Lucky Textile Mills Ltd.	130,153	105,479
Gadoon Textile Mills Ltd.	1,000	576
Younus Textile Mills Ltd.	571,742	236,815
	<u>981,019</u>	<u>565,916</u>
<u>Purchase of Goods and Receipt of Services</u>		
Lucky Cement Ltd.	13,323	4,768
Lucky Textile Mills Ltd.	-	85
Gadoon Textile Mills Ltd.	407,100	339,854
Lucky Knits (Pvt) Ltd.	24,094	33,711
Lucky Energy (Pvt) Ltd.	346,615	320,702
	<u>791,132</u>	<u>699,120</u>
<u>Rent, Allied and Other Charges Received</u>		
Lucky Energy (Pvt) Ltd.	781	781
<u>Benefits to key management personnel</u>		
Long term loans to executives	9,662	3,100
Bonus and earned leaves	2,938	1,404
<u>Dividend Paid</u>		
Lucky Energy (Pvt) Ltd.	11,114	1,667



- 32.1 All material transactions with associated undertaking are at arm's length.
- 32.2 The maximum amount due to related parties at the end of any month during the year was Rs 320.548 million (2010 : Rs 243.783 million)

33 CAPACITY AND ACTUAL PRODUCTION	June 2011	June 2010
	Rupees in "000"	
<b>SPINNING</b>		
Total numbers of spindles at the end of the year	59,160	59,160
Average number of spindles worked	59,150	59,150
Capacity after conversion into 20's (lbs)	48,990,026	48,990,026
Production after conversion into 20's (lbs)	48,798,460	48,858,410
<b>KNITTING</b>		
Total number of knitting machines installed	12	12
Average number of days worked	228	202
Installed capacity (kgs)	1,485,000	1,485,000
Actual production (kgs)	1,025,942	916,961

The under utilization of capacity is due to normal maintenance and shut down. It is difficult to describe precisely the production capacity in textile spinning industry, since it fluctuates widely depending on various factors such as count spun, spindles speed, twist and type of raw material.

34 REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS & EXECUTIVES

	June 2011		June 2010	
	CHIEF EXECUTIVE	EXECUTIVES	CHIEF EXECUTIVE	EXECUTIVES
	Rupees in "000"			
Remuneration	1,000	6,220	1,000	4,935
House rent	400	2,488	400	1,974
Bonus/leaves encashment	-	2,938	-	1,404
Utilities	100	622	100	493
	<u>1,500</u>	<u>12,268</u>	<u>1,500</u>	<u>8,806</u>
Number of persons	<u>1</u>	<u>9</u>	<u>1</u>	<u>10</u>

Chief Executive and other executives are provided company maintained car and security guards.

No meeting fee and remuneration is paid to any director.



### 35 FINANCIAL INSTRUMENTS BY CATEGORY

#### FINANCIAL RISK MANGEMENT OBJECTIVES

The Company finance its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

Taken as a whole, risk arising from the Company's financial instruments is limited as there is no significant exposure to price and cash flow risk in respect of such instruments.

	June 2011	June 2010
	Rupees in "000"	
<b>FINANCIAL ASSETS</b>		
Long term loans and advances	7,707	9,456
Long term deposits	1,259	532
Trade debts	673,665	458,638
Loans and advances	66,712	102,111
Trade deposits and short term prepayments	33,966	27,519
Other receivables	3,194	592
Cash and bank balances	9,754	299,135
	<u>796,257</u>	<u>897,983</u>
<b>FINANCIAL LIABILITIES</b>		
Trade and other payables	813,929	622,182
Accrued mark-up	21,585	38,114
Short term borrowing	1,710,991	564,764
Current maturity of long term loan	-	1,000,000
	<u>2,546,505</u>	<u>2,225,060</u>

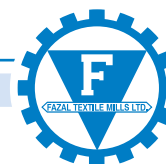
### 36 FINANCIAL INSTRUMENT AND RELATED DISCLOSURE

The Company's activities expose it to a certain financial risks:

- Credit risk
- Liquidity risk
- Market risk (including currency risk, interest rate risk and other price risk)

The Company's overall risk management programmes focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Treasury Sub Committee (the Committee) of the Executive Committee (EXCO) of the Board of Directors (the Board) under policies approved by the board. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity. All treasury related transactions are carried out within the such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity. All treasury related transactions are carried out within the such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.



36.1 Credit risk and concentration of credit risk

Credit risk represents the financial loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The Company manages credit risk interalia by limiting significant exposure to any customers and by obtaining advance against sales and also obtains collaterals, where considered necessary. Also the company does not have significant exposure in relation to individual customer. Consequently, the Company believes that it is not exposed to any major concentration of credit risk.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to customers, including trade receivables and committed transactions. Out of the total financial assets of Rs. 796,611 thousand (2010: Rs.897,983 thousand) the financial assets that are subject to credit risk amounted to Rs.795,494 thousand (2010: Rs. 897,102 thousand).

The maximum exposure to credit risk as at June 30, 2011, along with comparative is stated below:

	June 2011	June 2010
	Rupees in "000"	
<b>FINANCIAL ASSETS</b>		
Long term loans and advances	7,707	9,456
Long term deposits	1,259	532
Trade debts	673,665	458,638
Loans and advances	66,712	102,111
Trade deposits and short term prepayments	33,966	27,519
Other receivables	3,194	592
Bank balances	8,991	298,254
	<b>795,494</b>	<b>897,102</b>

The bank balances along with credit ratings are stated below:

**Credit ratings**

AAA	559	547
AA+	7,505	296,230
AA	752	1,288
AA-	152	160
A+	23	29
	<b>8,991</b>	<b>298,254</b>

Due to strong business relationship with these counterparties since long whereas giving due consideration to their financial soundness the management does not expect non-performance by these counter parties on their obligations to the company.





### 36.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The management forecasts liquidity risks on the basis of expected cash flow considering the level of liquid assets necessary to meet such risk. This involves monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Financial liabilities in accordance with their contractual maturities are presented below:

Rupees in "000"

Financial liabilities	Interest / Mark-up bearing			Non-Interest / Mark-up bearing			Total June 2011	Total June 2010
	Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total		
Trade and other payable	-	-	-	813,929	-	813,929	813,929	622,182
Accrued markup	-	-	-	21,585	-	21,585	21,585	38,114
Short term borrowings	1,710,991	-	1,710,991	-	-	-	1,710,991	564,764
Current Maturity of long term loan	-	-	-	-	-	-	-	1,000,000
	1,710,991	-	1,710,991	835,514	-	835,514	2,546,505	2,225,060

Off Balance Sheet Item	Interest / Mark-up bearing			Non-Interest / Mark-up bearing			Total June 2011	Total June 2010
	Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total		
Guarantees and counter guarantees	-	118,528	118,528	-	-	-	118,528	49,446
Letter of Credits	132,606	-	132,606	-	-	-	132,606	1,098,027
	132,606	118,528	251,134	-	-	-	251,134	1,147,473

The effective interest/markup rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

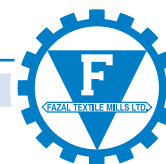
### 36.3 Market Risk

#### 36.3.1 Foreign exchange risk management

Foreign exchange risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arise mainly from future economic transactions or receivables and payables that exist due to transaction in foreign exchange.

The Company is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the US Dollar (USD) and Euro.

Currently, the Company's foreign exchange risk exposure is restricted to the amount receivable / payable from / to the foreign entities and outstanding letters of credit.



### 36.3.2 Price risk

Price risk represents the risk that the fair value of future cash flows of a 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. The Company is not exposed to equity price risk since there are no investment in equity securities. The Company is also not exposed to commodity price risk since it has a diverse portfolio of commodity supplier.

### 36.3.3 Interest / Markup rate risk management

Interest / Markup rate risk arises from the possibility of changes in Interest / Markup rates which may effect the value of financial instruments. As at June 30, 2011 the company's financial instruments mainly affected due to changes in the interest rates are short term borrowings the most of which are associated with kibar rates the fluctuations in which are not considered as material by management, therefore no any special efforts are made by management in this area.

### 36.4 Fair value of Financial Assets and liabilities

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair value except those which are described in policy notes..

## 37 CAPITAL RISK MANAGEMENT

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust capital structure, the company may adjust the amount of dividend paid to shareholders, return capital to shareholders or issue new shares or sell assets to reduce debt. Consistent with others in industry , the company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectations of shareholders.

During 2011 the company's strategy was to maintain gearing. The gearing ratio as at June 30, 2011 and 2010 were as follows:

	June 2011	June 2010
	Rupees in "000"	
Total borrowings		
Cash and bank	1,710,991	1,564,764
Net debt / (cash)	<b>(9,754)</b>	(299,135)
Total equity	<b>1,701,237</b>	1,265,629
Total capital	<b>1,773,957</b>	1,351,262
	<b>3,475,194</b>	<b>2,616,891</b>
Gearing ratio	<b>49%</b>	48%



**38 PROPOSED DIVIDEND AND APPROPRIATION OF PROFIT**

The Board of Directors at their meeting held on September 22, 2011 have proposed a cash dividend of Rs. 6/- per share (2010 : Rs 10/- per share ) for the year ended June 30, 2011, amounting to Rs.37.125 million ( 2010 : Rs. 61.875 million ), and transfer to general reserve of Rs. 300 million ( 2010 : Rs 560/-million ) subject to the approval of members at the annual general meeting to be held on October 25, 2011.

**39 DATE OF AUTHORIZATION FOR ISSUE**

The financial statements were authorized for issue by the Board of Directors on September 22, 2011.

**40 GENERAL**

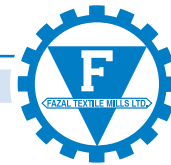
Figures have been rounded off to the nearest thousand rupees.

Karachi : September 22, 2011

**Chairman**

**Director**

Statement u/s 241 (2) of the Companies Ordinance 1984  
The financial statements have not been authenticated by  
the Chief Executive as he is presently out of Pakistan.



# FORM OF PROXY

The Company Secretary  
**FAZAL TEXTILE MILLS LTD.**  
 LA-2/B Block # 21, Rashid Minhas Road,  
 Federal 'B' Area, Karachi - 75950.

I/We \_\_\_\_\_  
 of \_\_\_\_\_ (full address)

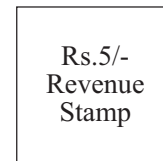
being a member of **FAZAL TEXTILE MILLS LTD.** hereby appoint \_\_\_\_\_  
 of \_\_\_\_\_ (full address)  
 or failing him \_\_\_\_\_  
 of \_\_\_\_\_ (full address)

another member of the Company to attend and vote for me / us and on my / our behalf at the 49th Annual General Meeting of the Company to be held on October 25, 2011 at 11:00 Hrs and at any adjournment thereof.

As witness my / our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2011.

**Witness No. 1**

Name \_\_\_\_\_  
 Address \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 NIC No. \_\_\_\_\_



\_\_\_\_\_  
**Signature of Member(s)**

**Witness No. 2**

Name \_\_\_\_\_  
 Address \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 NIC No. \_\_\_\_\_

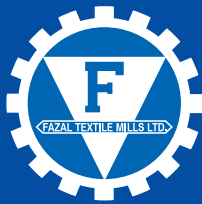
\_\_\_\_\_  
**(Name in Block letters)**

Folio No \_\_\_\_\_  
 Participant ID No \_\_\_\_\_  
 Account No. in CDS \_\_\_\_\_

**Important:**

1. A member entitled to attend a General Meeting is entitled to appoint a proxy to attend and vote instead of him / her. No person shall act as a Proxy (except for a corporation) unless he / she is entitled to be present and vote in his / her own right.
2. Members are requested:
  - (a) to affix Revenue Stamp of Rs. 5/- at the place indicated above.
  - (b) to sign across the Revenue Stamp in the same style of signature as is registered with the Company.
  - (c) to write down their Folio Numbers/Participant ID Numbers/Account Numbers in CDS(as applicable) at the place indicated above.
3. The instrument appointing a proxy, together with the Board of Directors' resolution / Power of Attorney (if any) under which it is signed or a notarially certified copy thereof, should be deposited at the Registered Office not less than 48 hours before the time for holding the meeting.
4. CDC Account Holders are requested to strictly follow the guidelines mentioned in Circular No.1 dated January 26, 2000 of SECP.
5. CDC Account Holders or their proxies are each requested to attach an attested photocopy of their National Identity Card or Passport to this proxy form when submitting the same to the Company.

# FAZAL TEXTILE MILLS LIMITED



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Federal 'B' Area, Karachi, Pakistan.  
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Email : [finance@fazaltextile.com](mailto:finance@fazaltextile.com)  
[www.fazaltextile.com](http://www.fazaltextile.com)