IDREES
TEXTILE MILLS LIMITED

Annual Report 2017

MISSION / VISION STATEMENT

- To concentrate on the changing Yarn/Fabric requirements with higher profitability, both in local as well as in the international market.

- Maximization of profit regardless of the turnover quantum, reducing the cost at all levels.

- Customer satisfaction is our priority and good return to the shareholders is our aim, while maintaining friendly and congenial environment for our employee.

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COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. S.M. Idrees Allawala	- Chairman
	Mr. S.M. Mansoor Allawala	- CEO
	Mr. Kamran Idrees Allawala	- Director
	Mr. Naeem Idrees Allawala	- Director
	Mr. Rizwan Idrees Allawala	- Director
	Mr. Omair Idrees Allawala	- Director
	Mr. Muhammad Israil	- Director
AUDIT COMMITTEE	Mr. S.M. Mansoor Allawala	- Chairman
	Mr. Kamran Idrees Allawala	- Member
	Mr. Muhammad Israil	- Member
	Syed Shahid Sultan	- Secretary
CHIEF FINANCIAL OFFICER	Mr. Muhammad Jawaid	
COMPANY SECRETARY	Syed Shahid Sultan	
AUDITORS	M/s. M. Yousuf Adil Saleem & Co. Chartered Accountants	
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mr. Kamran Idrees Allawala	- Chairman
	Mr. S.M. Mansoor Allawala	- Member
	Mr. Muhammad Israil	- Member
BANKERS	National Bank of Pakistan Bank Alfalah Limited Habib Metropolitan Bank Ltd. Soneri Bank Limited Silkbank Bank Ltd. Meezan Bank Ltd. United Bank Ltd. (UBL Ameen) The Bank of Punjab Ltd. Bank Islami Pakistan Ltd. Bank Al Habib Ltd. J.S Bank Ltd.	
REGISTERED OFFICE	6-C, Ismail Centre, 1st Floor, Central Commercial Area, Bahadurabad, Karachi - 74800.	
REGISTRAR	M/s. NI Associates (Pvt.) Ltd. 53, Kokan Society Alamgir Road, Karachi	
MILLS	Kot Shah Mohammad, Tehsil Nankana, District Nankana, Punjab.	

Notice is hereby given that the 25th Annual General Meeting of the Shareholders of Idrees Textile Mills Ltd. will be held on Wednesday, October 29, 2014 at 08.30 am at Sadabahar, 53 Kokan Society, Alamgir Road/Hyder Ali Road, Karachi to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the last Annual General Meeting held on October 31, 2013.
2. To receive, consider and adopt Reports of Directors and Auditors together with Audited financial statements of the Company for the year ended June 30, 2014
3. To appoint Auditors for the year ending June 30, 2015 and fix their remuneration. The retiring auditor M/s M. Yousuf Adil Saleem & Company, Chartered Accountants, being eligible, offer themselves for re-appointment.
4. To approve cash dividend @10% (i.e Re. 1.00 per share) to minority shareholders, as recommended by the Board of Directors.
5. To elect eight Directors of the Company as fixed by the Board in accordance with the provisions of section 178 (1) of the Companies Ordinance 1984 for the term of three years. The names of the retiring Directors are as under:

1.	Mr. S. M. Idrees Allawala	2.	Mr. S.M. Mansoor Allawala
3.	Mr. Kamran Idrees Allawala	4.	Mr Naeem Idrees Allawala
5.	Mr. Rizwan Idrees Allawala	6.	Mr. Omair Idrees Allawala
7.	Mr. Muhammad Israil		

The retiring Directors are eligible for re-election.

6. To transact any other business that may be placed before the meeting with the permission of the Chair.

By order of the Board

Karachi
Dated : October 02, 2014

SYED SHAHID SULTAN
Company Secretary

Notes:

(i) Shareholders are advised to promptly notify any change in their addresses.

(ii) Share Transfer Books of the Company will remain closed from October 24, 2014 to October 31, 2014 (both days inclusive).

(iii) A member eligible to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend, and vote for him/her.

(iv) Any person who seeks to contest the election of Director shall file with the Company at its Registered office, not later than fourteen days before the date of meeting, the following:

(a) a notice of his/her intention to offer himself/herself for election as a Director ;
(b) a declaration (copy may be obtained from Registered Office) on the matters required by the Code of Corporate Governance:

(v) An instrument of proxy under which it is signed, in order to be valid must be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the Meeting.

(vi) Shareholders of the Company whose shares are registered in their account/sub account with Central Depository System (CDS) are requested to bring original CNIC along with account number in CDS and participant's ID number for verification. In case of appointment of proxy by such account holders and sub-account holders the guidelines laid down in Circular No. 1 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan shall be followed.

(vii) Members who have not yet submitted photocopies of their CNIC to the Company's Registrar, are requested to send the same at the earliest.

The Directors of your Company have pleasure in presenting the Twenty Fifth Annual Report of the Company with audited financial statements for the year ended June 30, 2014.

FINANCIAL AND OPERATIONAL RESULTS

The year under review has not been any different as far as the challenges affecting the overall business environment are concerned. The textile industry, in particular, is facing severe energy crises due to persistent load shedding and prolonged curtailment of gas supply. Despite of the adverse circumstances, your Company achieved a turnover of Rs. 2,901 million as compared to 2,242 million in the last year. Gross profit amounted to Rs. 213.526 million compared to Rs. 244.540 million in the previous year while profit after tax amounted to Rs. 31.305 million compared to Rs. 61.548 million during the corresponding period. The decrease in profitability is mainly attributable to highly volatile exchange rate, gas curtailment and high input costs.

EARNING PER SHARE

The earnings per share for the year under review worked out to Rs.1.73 as compared to Rs.3.41 for the corresponding period.

DIVIDEND

The Directors of the Company are pleased to recommend cash dividend @ 10%, i.e., Re. 1.00 for each share of Rs. 10/- to be paid to the minority shareholders.

FUTURE OUTLOOK

The spinning industry is constantly facing numerous challenges which include costly energy, load-shedding, high volatility of Pak Rupee, increase in input costs, minimum wage and financial cost.

The management of your Company is committed to successfully steer the Company through these challenges by focusing on improved turnover, new export avenues, production efficiencies and continuous improvement in quality.

The government should also play its vital role for the sustainability and growth of the industry. The areas requiring immediate attention of the government include increase in cost effective power generation on war footings, stabilizing the exchange rate, reduction in interest rate and offering incentives to the textile sector. The business community is also optimistic on the efforts of the Working Group of China Pakistan Economic Corridor (CPEC).

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

(a) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

(b) Proper books of account of the Company have been maintained.

(c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.

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

(e) The system of internal control is sound in design and has been effectively implemented and monitored.

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

(g) There has been no material departure from the best practices of corporate governance, as detailed in the Listing Regulations.

(h) The book value of investments made by the Employees' Provident Fund, being operated for head office employees only, is Rs. 11,089,084/- (2012: Rs. 9,456,384) as per audited financial statements of the Fund as on June 30, 2013. Mills employees are entitled to gratuity as per law and appropriate provision has been made in the financial statements.

(i) Key operating and financial data of last six years in a summarized form is annexed.

(j) Mr. Rizwan Idrees Allawala has completed the directors' training program and became a certified director from ICMAP. All other directors, except one, meet the exemption criteria as stated in the CCG. The remaining one director will obtain the required certification shortly.

(k) The statement of pattern of shareholding of the Company as at June 30, 2014 is annexed. This statement is prepared in accordance with the Code of Corporate Governance.

(l) During the year under review, 9 Board of Directors, 6 Audit Committee and 1 Human Resource & Remuneration Committee (HR&RC) meetings were held and have been attended as follows:

Name of Director	Board of Directors	Audit Committee	HR & RC
Mr. S. M. Idrees Alla wala	09	N/A	N/A
Mr. S.M.Mansoor Allawala	09	06	01
Mr. Kamran Idrees Allawala	09	06	01
Mr. Naeem Idrees Allawala	07	N/A	N/A
Mr. Rizwan Idrees Allawala	09	N/A	N/A
Mr. Omair Idrees Allawala	09	N/A	N/A
Mr. Muhammad Israil	09	06	01

(m) During the year under review trading in shares of the Company by the CEO, Directors and their spouses are as follows:

Name	**No. of shares traded**
Mr. Kamran Idrees Allawala	407,400
Mr. Naeem Idrees Allawala	557,400
Mr. Rizwan Idrees Allawala	278,700
Mr. Omair Idrees Allawala	278,700

AUDITORS

The retiring auditors, M/s M. Yousuf Adil Saleem & Co., Chartered Accountants, have offered themselves for re-appointment for the ensuing year 2014-15. The audit committee in its meeting held on September 29, 2014 has recommended appointment of the retiring auditors.

ACKNOWLEDGEMENT

The directors place on record their appreciation for the co-operation and support of the Bankers and Customers and highly appreciate sincere efforts and dedication of the employees of the Company.

By order of the Board

Karachi.
October 02, 2014

S. M. IDREES ALLAWALA
Chairman/Director

	2009	2010	2011	2012	2013	2014
Sales	751,715,779	1,237,401,725	1,203,111,500	1,169,019,495	2,242,355,182	2,901,068,553
Cost of goods sold	(635,400,434)	(1,056,854,634)	(1,042,952,530)	(1,003,060,782)	(1,997,815,097)	(2,687,542,978)
Gross Profit	116,315,345	180,547,091	160,158,970	165,958,713	244,540,085	213,525,575
Other operating Income/loss	36,769,830	16,979,930	83,003,886	(2,373,975)	3,156,568	8,772,603
	153,085,175	197,527,021	243,162,856	163,584,738	247,696,653	222,298,178
Distribution Cost	(1,352,706)	(1,080,785)	(3,063,407)	(871,811)	(8,206,345)	(17,520,357)
Administration expenses	(22,831,004)	(25,621,021)	(32,468,721)	(34,409,770)	(46,294,576)	(65,360,402)
Other operating expenses	(496,282)	(6,349,267)	(20,242,315)	(3,888,380)	(22,832,524)	(7,725,995)
Finance cost	(142,607,962)	(112,397,324)	(95,932,992)	(81,873,201)	(91,103,014)	(106,021,261)
	(167,287,954)	(145,448,397)	(151,707,435)	(121,043,162)	(168,436,459)	(196,628,015)
Profit/(Loss) before taxation	(14,202,779)	52,078,624	91,455,421	42,541,576	79,260,194	25,670,163
Taxation	8,251,873	(20,486,651)	(39,396,035)	(8,850,417)	(17,712,110)	5,634,909
Profit/(Loss) after taxation	(5,950,906)	31,591,973	52,059,386	33,691,159	61,548,084	31,305,072
Other Comprehensive income for the year	-	-	-	-	-	65,152.00
Total comprehensive income for the year	(5,950,906)	31,591,973	52,059,386	33,691,159	61,548,084	31,370,224
Earning/(Loss) per shares	(0.33)	1.75	2.88	1.87	3.41	1.73

This statement is being presented to comply with the Code of Corporate Governance (CCG) 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 CCG in the following manner:

1. The Company encourages representation of non-executive directors on its Board of Directors. At present, the Board includes:

Category	**Names**
Non-Executive Directors	1. Mr. S. M. Idrees Allawala 2. Mr. Kamran Idrees Allawala 3. Mr. Muhammad Israil
Executive Directors	1. Mr. S. M. Mansoor Allawala 2. Mr. Naeem Idrees Allawala 3. Mr. Rizwan Idrees Allawala 4. Mr. Omair Idrees Allawala

   The condition of clause 1(b) of the CCG in relation to independent director will be applicable after election of Directors of the Company in October 2014.

2. The directors have confirmed that none of them is serving as a director on more than seven 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 Development Financial Institution or a Non-banking Financial Institution. None of directors of the Company are members of any Stock Exchange.

4. No casual vacancy of directors occurred during the year.

5. The Company has adopted a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO) and other executives and non-executive directors, 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 this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were also circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The directors have been made aware of the Listing regulations of Stock Exchanges, the Company's Memorandum and Articles of Association and the CCG during various Board meetings. The directors are therefore well conversant with their duties and responsibilities. Most of the Directors of the Company meet the exemption requirement of the directors' training program and one of the Director has attained the certification. The remaining director will obtain certification under directors' training program up to 2016.

10. No new appointment of Chief Financial Officer (CFO), Company Secretary or Head of Internal Audit has been made during the year.

11. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

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

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

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

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

    The condition of clause xxiv of the CCG in relation to composition of audit committee and clause 1(b) of the CCG in relation to independent director will be applicable at the time of election of Directors of the Company which is due in October 2014.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the CCG. The terms of reference of the Audit Committee have been formed and approved by the Board and advised to the Audit Committee for compliance.

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

18. The Board has set up an internal audit function. The head of Internal Audit and the staff are experienced for the purpose and are conversant with the policies and procedures of the Company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchanges.

22. Material / price sensitive information has been disseminated among all market participants at once through stock exchanges.

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

For and on behalf of the Board of Directors

Karachi

Dated : October 02, 2014

S.M. IDRESS ALLAWALA
Chairman

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors (the Board) of **Idrees Textile Mills Limited** (the Company) for the year ended June 30, 2014 to comply with the requirements of Listing Regulations of Karachi and Lahore Stock Exchanges where the Company is listed.

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

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

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

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

Chartered Accountants

Engagement Partner:
Nadeem Yousuf Adil
M. Yousuf Adil Saleem & Co.

Place: Karachi
Dated: October 02, 2014

A member firm of
Deloitte Touche Tohmatsu Limited

We have audited the annexed balance sheet of **IDREES TEXTILE MILLS LIMITED** ("the Company") as at June 30, 2014 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

a) 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, except for the change in accounting policy as disclosed in note 3.19 to the accompanying financial statements with which we concur;

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

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

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

Chartered Accountants

Engagement Partner:
Nadeem Yousuf Adil
M. Yousuf Adil Saleem & Co.

Place: Karachi
Dated: October 02, 2014

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	Note	2014 Rupees	2013 Rupees
SHARE CAPITAL AND RESERVES			
Share capital	4	180,480,000	180,480,000
Revenue reserve			
Unappropriated profit		391,660,728	345,683,616
		572,140,728	526,163,616
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	5	527,539,162	556,089,638
NON-CURRENT LIABILITIES			
Long-term finance			
Banking companies	6	-	9,428,523
Related parties	7	100,330,001	100,330,001
		100,330,001	109,758,524
Liabilities against assets subject to finance lease	8	67,314,404	69,847,896
Deferred liabilities	9	362,035,002	387,043,532
CURRENT LIABILITIES			
Trade and other payables	10	202,675,162	86,488,903
Interest / mark-up accrued	11	19,172,191	16,614,118
Short-term borrowings	12	539,586,737	650,885,939
Current portion of			
long-term finance	6	9,428,523	44,000,000
liabilities against assets subject to finance lease	8	52,075,379	41,134,951
Provision for taxation		22,164,022	17,415,743
		845,102,014	856,539,654
CONTINGENCIES AND COMMITMENTS	13		
		2,474,461,311	2,505,442,860

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

DIRECTOR

	Note	2014 Rupees	2013 Rupees
NON-CURRENT ASSETS			
Property, plant and equipment	14	1,421,111,564	1,401,538,431
Long-term deposits	15	20,715,691	25,408,822
		1,441,827,255	1,426,947,253
CURRENT ASSETS			
Stores, spares and loose tools	16	40,762,902	50,093,996
Stock-in-trade	17	408,577,217	536,221,869
Trade debts	18	423,341,712	400,983,572
Loans and advances	19	87,439,928	28,461,246
Deposits and short-term prepayments	20	13,515,751	1,853,434
Other receivables	21	12,451,494	18,047,727
Other financial asset	22	32,009,710	33,170,670
Cash and bank balances	23	14,535,342	9,663,093
		1,032,634,056	1,078,495,607
		2,474,461,311	2,505,442,860

The annexed notes 1 to 42 form an integral part of these financial statements.

DIRECTOR

	Note	2014 Rupees	2013 Rupees
Sales - net	24	2,901,068,553	2,242,355,182
Cost of sales	25	(2,687,542,978)	(1,997,815,097)
Gross profit		213,525,575	244,540,085
Distribution cost	26	(17,520,357)	(8,206,345)
Administrative expenses	27	(65,360,402)	(46,294,576)
		(82,880,759)	(54,500,921)
		130,644,816	190,039,164
Finance cost	28	(106,021,261)	(91,103,014)
Other operating expenses	29	(7,725,995)	(24,428,949)
		16,897,560	74,507,201
Other income	30	8,772,603	4,752,993
Profit before taxation		25,670,163	79,260,194
Taxation	31	5,634,909	(17,712,110)
Profit after taxation		31,305,072	61,548,084
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss		-	-
Items that will not be reclassified subsequently to profit or loss			
- Remeasurement of defined benefit obligation	9.2.5	98,659	-
- Impact of tax		(33,507)	-
		65,152	-
Total comprehensive income for the year		31,370,224	61,548,084
Earnings per share - basic and diluted	32	1.73	3.41

The annexed notes 1 to 42 form an integral part of these financial statements.

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

DIRECTOR **DIRECTOR**

	Note	2014 Rupees	2013 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		25,670,163	79,260,194
Adjustments for :			
Depreciation		85,842,843	79,391,238
Provision for staff retirement gratuity		11,837,343	8,942,881
Liabilities written back		-	(565,979)
Finance cost		106,021,261	91,103,014
Loss on disposal of property, plant and equipment		54,990	1,596,425
Operating cash flows before working capital changes		229,426,600	259,727,773
(Increase) / decrease in current assets			
Stores, spares and loose tools		9,331,094	(25,456,358)
Stock-in-trade		127,644,652	(187,888,592)
Trade debts		(22,358,140)	(96,971,726)
Loans and advances		(48,115,733)	1,247,385
Deposits and short-term prepayments		(11,662,317)	(1,272,761)
Other receivables		5,596,233	(8,201,961)
Increase in current liabilities			
Trade and other payables		110,671,458	7,328,550
Working capital changes		171,107,247	(311,215,463)
Cash generated from / (used in) operations		400,533,847	(51,487,690)
Finance cost paid		(103,463,188)	(90,897,815)
Staff retirement gratuity paid		(2,509,050)	(5,625,677)
Income tax paid		(25,557,820)	(22,415,508)
Net cash generated from / (used in) operating activities		269,003,789	(170,426,690)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(132,532,431)	(128,550,337)
Proceeds from disposal of property, plant and equipment		27,061,465	4,503,466
Long-term deposits		4,693,131	(8,854,838)
Other financial asset - net		1,160,960	10,286,383
Net cash used in investing activities		(99,616,875)	(122,615,326)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term finance - net		(44,000,000)	(2,608,977)
Export refinance (repaid) / obtained - net		(48,609,750)	48,609,750
Finance against Imported Merchandise (FIM) (repaid) / obtained - net		(173,881,669)	197,273,558
Finance lease (repaid) / obtained - net		8,406,936	30,096,409
Murabaha finance (repaid) / obtained - net		(19,155,369)	17,735,369
Dividend paid		(17,622,399)	(5,089,431)
Net cash (used in) / generated from financing activities		(294,862,251)	286,016,678
Net decrease in cash and cash equivalents (A+B+C)		(125,475,337)	(7,025,338)
Cash and cash equivalents at the beginning of the year		(376,184,169)	(369,158,831)
Cash and cash equivalents at the end of the year	33	(501,659,506)	(376,184,169)

The annexed notes 1 to 42 form an integral part of these financial statements.

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

DIRECTOR **DIRECTOR**

	Issued, subscribed and paid-up capital	Revenue reserve Unappropriated profit	Total
	.... Rupees		....
Balance as at July 1, 2012	180,480,000	278,424,564	458,904,564
Total comprehensive income for the year			
Profit for the year	-	61,548,084	61,548,084
Other comprehensive income	-	-	-
	-	61,548,084	61,548,084
Transactions with owners recognized directly in equity			
Final cash dividend for the year ended June 30, 2012 @ Re. 1/- per share to minority shareholders	-	(5,462,726)	(5,462,726)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation charged thereon - net of tax	-	11,173,694	11,173,694
Balance as at June 30, 2013	**180,480,000**	**345,683,616**	**526,163,616**
Total comprehensive income for the year			
Profit for the year	-	31,305,072	31,305,072
Other comprehensive income	-	65,152	65,152
	-	31,370,224	31,370,224
Transactions with owners recognized directly in equity			
Final cash dividend for the year ended June 30, 2013 @ Re. 1/- per share to all shareholders	-	(18,048,000)	(18,048,000)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation charged thereon - net of tax	-	32,654,888	32,654,888
Balance as at June 30, 2014	**180,480,000**	**391,660,728**	**572,140,728**

The annexed notes 1 to 42 form an integral part of these financial statements.

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

DIRECTOR **DIRECTOR**

1. STATUS AND NATURE OF BUSINESS

1.1 Idrees Textile Mills Limited (the Company) was incorporated in Pakistan as an unquoted public limited company on June 5, 1990 under the Companies Ordinance, 1984 and was listed on Karachi and Lahore Stock Exchanges on April 28, 1992. The registered office of the Company is situated at 6-C, Ismail Centre, 1st floor, Central Commercial Area, Bahadurabad, Karachi, in the Province of Sindh. The principal activity of the Company is manufacturing, processing and sale of fabrics and all kind of yarn. The Company's manufacturing facility is located at Kot Shah Muhammad, District Nankana in the Province of Punjab.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) 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 Basis of measurement

These financial statements have been prepared under historical cost convention except that certain categories of property, plant and equipment are stated at revalued amounts and the Company's liability under defined benefit plan (gratuity) is stated at present value of defined benefit obligation.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, 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 result 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. Revision to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The areas where various assumptions and estimates are significant to Company's financial statements or where judgments were exercised in application of policies are as follows:

- Staff retirement benefits (notes 3.1 and 9.2);
- Determining residual values and useful lives of property, plant and equipment (notes 3.3 and 14. 1);
- Provision for taxation including deferred tax (notes 3.2, 9.1 and 31); and
- Valuation of stock-in-trade (notes 3.6 and 17).

2.4.1 Change in estimate

During the year, management revised the estimates related to residual values and useful lives of various components of factory building, labour colony, plant and machinery and electric installation. The change in estimate reflects more accurately the residual values and pattern of consumption of economic benefits of the respective assets. These changes have been accounted for prospectively. Had there been no change in estimates, the profit before tax would have been higher by Rs. 9.92 million.

2.5 New accounting standard / amendments and IFRS interpretations that are effective for the year ended June 30, 2014

The following amendments and interpretation are effective for the year ended June 30, 2014. These interpretation and amendments are either not relevant to the Company's operations or do not have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments / Interpretation

Amendments to IAS 1 - Presentation of Financial Statements – Clarification of Requirements for Comparative information

Amendments to IAS 16 - Property, Plant and Equipment – Classification of servicing equipment

Amendments to IAS 32 Financial Instruments: Presentation - Tax effects of distributions to holders of an equity instrument, and transaction costs of an equity transaction

Amendments to IAS 34 - Interim Financial Reporting - Interim reporting of segment information for total assets and total liabilities

Amendments to IFRS 7 Financial Instruments: Disclosures - Offsetting financial assets and financial liabilities

IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine

2.5.1 The amendments to IAS 19 - Employee Benefits (Revised 2011) is effective from accounting period beginning on or after January 1, 2013 and has an impact on the Company's financials statements for the year as disclosed in note 3.19.1.

2.6 New accounting standards / amendments and IFRS interpretation that are not yet effective

The following standards, amendments and new interpretation are effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretation are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Standard / Amendments or Interpretation	Effective for periods beginning on or after
Amendments to IAS-19 Employee Benefits: Employee contributions	July 1, 2014
Amendments to IAS-32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities	January 1, 2014
Amendments to IAS-36 Impairment of Assets - Recoverable Amount Disclosures for Non-Assets	January 1, 2014
Amendments to IAS-39 Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting	January 1, 2014
IFRIC 21 - Levies	January 1, 2014
IAS-27 (Revised 2011) - Separate Financial Statements	January 1, 2015
IAS-28 (Revised 2011) - Investments in Associates	January 1, 2015
IFRS 10 – Consolidated Financial Statements	January 1, 2015
IFRS 11 – Joint Arrangements	January 1, 2015
IFRS 12 – Disclosure of Interests in Other Entities	January 1, 2015
IFRS 13 – Fair Value Measurement	January 1, 2015

Other than the aforesaid standards, amendments and interpretations, the (IASB) has also issued following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are the same, except for change in accounting policy disclosed in note 3.19, as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2013 and are enumerated as follows:

3.1 Staff retirement benefits

3.1.1 Defined benefit plan

The Company operates an unfunded gratuity scheme covering all its factory workers who have completed the minimum qualifying period of service as defined under the scheme. The Company recognizes the expense and liability on the basis of actuarial valuation carried out at each year end under the Project Unit Credit Method. The most recent actuarial valuation was carried out as at June 30, 2014. Remeasurement which comprise actuarial gains and losses are recognized in other comprehensive income.

Consequent to amendments to IAS-19 as disclosed in note 3.19, the Company has changed its accounting policy in the current year.

3.1.2 Defined contribution plan

The Company operates an approved funded contributory provident fund scheme for all head office staff. Equal monthly contributions are made both by the Company and the employees at the rate of 8.33% of basic salary per annum.

3.2 Taxation

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

3.2.1 Current tax

Provision for current taxation is based on the taxability of certain income streams of the Company under the Final Tax Regime at the applicable tax rates and the remaining income streams chargeable at current rate of taxation under the Normal Tax Regime after taking into account available tax credits and tax rebates, if any, or on turnover at the specified rate or Alternate Corporate Tax as defined in section 113C of the Income Tax Ordinance, 2001, whichever is higher. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from assessment framed / finalized during the year.

3.2.2 Deferred tax

Deferred tax is recognized using the balance sheet liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantively enacted at the balance sheet date.

The Company recognizes a deferred tax asset to the extent that it is probable that taxable profits in the foreseeable future will be available against which the assets can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Further, the Company also recognizes a deferred tax asset / liability on deficit / surplus on revaluation of property, plant and equipment which is adjusted against the related deficit / surplus.

3.3 Property, plant and equipment

3.3.1 Owned assets

Property, plant and equipment are stated as follows:

- Land is stated at revalued amount less impairment loss, if any;
- Building, labour colony, plant and machinery, electric installations and mill equipment are stated at revalued amounts less accumulated depreciation and impairment losses, if any; and
- Office equipment, furniture and fixtures and vehicles are stated at cost less accumulated depreciation and impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of an asset including borrowing costs, if any. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

Depreciation is charged to income on a straight line basis at rates specified in note 14.1 to these financial statements. Depreciation on additions is charged from the month an asset is available for use upto the month prior to its disposal.

Depreciation methods, useful lives and residual values of each part of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed and adjusted, if appropriate at each balance sheet date.

Surplus on revaluation of assets is credited to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the estimated fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of assets (net of deferred taxation) is transferred directly to retained earnings (unappropriated profit).

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognized in other income / other expenses in the profit and loss account. When revalued assets are sold, any related amount included in the surplus on revaluation is transferred to retained earnings (unappropriated profit).

Capital work-in-progress

Capital work-in-progress is stated at cost less impairment loss, if any and consists of expenditure incurred and advances made in respect of assets in the course of their acquisition, construction and installation. Transfers are made to relevant asset categories as and when assets are available for intended use.

3.3.2 Leased assets

Leases which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item are classified as finance leases and are capitalized at the inception of the lease at the fair value of leased assets or, if lower, at the present value of the minimum lease payments. Other leases are classified as operating leases.

Plant and machinery acquired under finance lease is stated at revalued amounts less accumulated depreciation and impairment losses, if any. Vehicles acquired under finance lease are stated at cost less accumulated depreciation and impairment losses, if any. Assets acquired under finance lease are depreciated over the useful life of the assets commencing from the year in which the leased assets are put into operation. Depreciation and other policies are same as for the owned assets described above.

3.4 Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Company. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as liabilities against assets subject to finance lease. Lease payments are apportioned between finance charges and reduction of the liabilities against assets subject to finance lease so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit and loss account, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's policy on borrowing costs.

Deferred income on sale and lease back

Deferred income represents the excess of sales proceed over the carrying amount of property, plant and equipment sold under sale and leaseback arrangement that resulted in finance lease. The excess is being amortized over the lease term of the assets.

3.5 Stores, spares and loose tools

Stores, spares and loose tools are stated at lower of moving average cost and net realizable value, less provision for impairment, if any. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon. Provision for obsolete and slow moving stores, spares and loose tools is determined based on the management's estimate regarding their future usability.

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

3.6 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realizable value.

Cost signifies in relation to:

- Raw material	At weighted average cost
- Stock-in-transit	At cost accumulated upto balance sheet date
- Work-in-process and finished goods	At average manufacturing cost
- Waste stock	At net realizable value.

Average cost in relation to work-in-process and finished goods signifies average manufacturing cost including a portion of related direct overheads.

Net realizable value (NRV) signifies the estimated selling price in the ordinary course of business less the net estimated costs necessary to be incurred to make the sale.

3.7 Trade debts and other receivables

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortized cost less provision for impairment, if any. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

3.8 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

3.9 Financial instruments

All financial assets and liabilities are recognized at the time when the Company becomes a party to the contractual provision of the instruments. A financial asset is de-recognized when the Company loses control of its contractual rights that comprise the financial assets. A financial liability is de-recognized when it is extinguished. Any gain or loss on derecognition of the financial assets or liabilities is taken to profit and loss account.

3.10 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements if, and only if, there is a legally enforceable right to set-off the recognized amounts and there is an intention of the Company either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3.11 Impairment

3.11.1 Financial assets

Financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

3.11.2 Non-Financial assets

The carrying amounts of non-financial assets, other than inventories and deferred tax asset, are reviewed at each balance sheet date to ascertain whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.12 Borrowing cost

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

All other borrowing costs are recognized as an expense in profit and loss account in the period in which they are incurred.

3.13 Foreign currency translation

Transactions in currencies other than Pakistani Rupees are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies, are retranslated at the rates prevailing on the balance sheet date.

Gains and losses arising on retranslation are included in profit and loss account.

3.14 Provisions

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

3.15 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable in the normal course of business.

Revenue from the local sale of goods, net off returns and trade discounts is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Revenue from export sales are recognized upon transfer of significant risks and rewards of ownership, which coincides with date of bill of lading.

Interest income is recognized on a time-apportioned basis using the effective rate of return.

3.16 Dividend and appropriation to / from reserves

Dividend distribution to the Company's shareholders and appropriations to / from reserves is recognized in the period in which these are approved.

3.17 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand and balances with banks in current and deposit accounts. Short-term running finance and cash finance availed by the Company, which are payable on demand and form an integral part of the Company's cash management, are included as part of cash and cash equivalents for the purpose of the cash flow statement.

3.18 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.19 Effect of change in accounting policy - Staff retirement benefits (Defined benefit plan)

Adoption of amendments to IAS 19 (revised) Employee Benefits.

3.19.1 IAS 19 - Employee Benefits (as revised in 2011)

In the current year, the Company has adopted IAS 19 Employees Benefits (as revised in 2011) along with related consequential amendments.

The revised IAS 19 changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognized immediately through other comprehensive income in order for the net gratuity assets or liability recognized in the balance sheet to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a 'net interest' amount under IAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or assets. In addition, IAS 19 (as revised in 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

Consequent to revision of IAS 19 the Company has changed its accounting policy in accordance therewith whereby actuarial gains/losses are now being recognized in other comprehensive income. Previously, such actuarial gains/losses arising in excess of the corridor limit were recognized in profit and loss account over the remaining service life of the employees. Since, the effect of such change in policy on the Company's equity, retirement benefits obligation and profit and loss for the prior years is not material, the Company has not restated prior year's financial statements and recognized prior year effects (unrecognized portion) in the current year financial statements. Remeasurement loss at June 30, 2013 of Rs. 1.21 million has been accounted for in other comprehensive income (note 9.2.5).

4. SHARE CAPITAL

2014	2013		2014	2013
Number of shares			Rupees	Rupees
		Authorized		
22,000,000	22,000,000	Ordinary shares of Rs. 10/- each	220,000,000	220,000,000
		Issued, subscribed and paid-up		
18,048,000	18,048,000	Ordinary shares of Rs. 10/- each fully paid in cash	180,480,000	180,480,000

- There were no movements in share capital during the reporting year.
- The Company has one class of ordinary shares which carry equal voting rights but no right to fixed income.
- The Company has no reserved shares for issuance under options and sales contracts.

4.1 Shares were held by the following associates of the Company at balance sheet date:

	2014	2013
	Number of ordinary shares of Rs. 10 each	
Shama Enterprises (Private) Limited	-	374,000
Bilal Omair Textile Mills (Private) Limited	-	300,000
	-	674,000

5. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net of tax

	2014 Rupees	2013 Rupees
As at July 1,	811,601,376	502,867,622
Surplus arising during the year	-	325,797,258
Less: transferred to unappropriated profit on account of:		
- incremental depreciation - net of deferred tax	(32,654,888)	(10,892,466)
- related deferred tax liability	(16,794,146)	(5,741,571)
- disposals - net of deferred tax	-	(281,228)
- related deferred tax liability	-	(148,239)
	(49,449,034)	(17,063,504)
As at June 30,	762,152,342	811,601,376
Related deferred tax liability on:		
As at July 1,	255,511,738	161,083,206
Surplus arising during the year	-	99,664,193
Adjustment due to change in tax rate	(4,104,412)	654,149
Incremental depreciation	(16,794,146)	(5,741,571)
Disposal	-	(148,239)
	234,613,180	255,511,738
	527,539,162	556,089,638

6. LONG-TERM FINANCE - Banking companies - secured

	Note	2014 Rupees	2013 Rupees
Term finance - II		-	20,000,000
Term finance - III	6.1	9,428,523	33,428,523
		9,428,523	53,428,523
Current portion - shown under current liabilities			
Term finance - II		-	(20,000,000)
Term finance - III		(9,428,523)	(24,000,000)
		(9,428,523)	(44,000,000)
		-	9,428,523

6.1 The term finance is subject to mark-up at the rate of 3 months' KIBOR plus 2.5% per annum payable quarterly. The facility is secured against legal and equitable mortgage over property and personal guarantee of directors of the Company.

7. LONG-TERM FINANCE - Related parties - unsecured

	Note	2014 Rupees	2013 Rupees
Unsecured - Interest free	7.1	100,330,001	100,330,001

7.1 These represent loans obtained from directors and an associated undertaking and are not repayable within next twelve months.

	2014 Rupees	2013 Rupees
8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Present value of minimum lease payments	119,389,783	110,982,847
Less: current maturity	(52,075,379)	(41,134,951)
	67,314,404	69,847,896

These represent plant and machinery and vehicles acquired under finance leases (and musharaka arrangement) from leasing companies and financial institutions. Future minimum lease payments under lease together with the present value of the net minimum lease payments are as follows:

	2014			2013		
	Minimum lease payments	Finance cost	Present Value	Minimum lease payments	Finance cost	Present Value
	Rupees					
Not later than one year	60,156,919	8,081,540	52,075,379	51,060,317	9,925,366	41,134,951
Later than one year but not later than five years	70,690,471	3,376,067	67,314,404	73,661,118	3,813,222	69,847,896
Total minimum lease payments	130,847,390	11,457,607	119,389,783	124,721,435	13,738,588	110,982,847

The rates of mark-up ranges from 12.09% to 19% (2013: 12.33% to 19%) per annum and are used as discounting factor. The lease terms are 3 years. The Company intends to exercise its option to purchase the leased assets upon completion of t he lease period. Liabilities are secured against demand promissory notes and security deposits.

	Note	2014 Rupees	2013 Rupees
9. DEFERRED LIABILITIES			
Deferred taxation - net	9.1	337,226,208	366,375,172
Staff gratuity	9.2	29,897,994	20,668,360
Less: Benefits due but not yet paid	10	(5,089,200)	-
		24,808,794	20,668,360
		362,035,002	387,043,532

9.1 Deferred taxation - net

	2014 Rupees	2013 Rupees
Balance as at July 1,	366,375,172	263,878,440
(Reversal) / charge to profit and loss account	(25,078,059)	2,178,390
Charged to other comprehensive income	33,507	-
Adjustment to the related deferred tax liability on revaluation surplus	(4,104,412)	654,149
Surplus arising on revaluation of property, plant and equipment	-	99,664,193
Balance as at June 30,	337,226,208	366,375,172
This comprises of the following:		
Deferred tax credits:		
- accelerated depreciation on property, plant and equipment	127,392,478	122,416,694
- surplus on revaluation of property, plant and equipment	234,613,180	252,915,467
	362,005,658	375,332,161
Deferred tax debits:		
- provision for doubtful trade debts	742,791	754,918
- provision for stores and spares	263,862	268,169
- provision for doubtful other receivables	745,255	799,803
- provision for staff gratuity	10,154,117	7,134,099
- minimum tax	12,873,425	-
	(24,779,450)	(8,956,989)
	337,226,208	366,375,172

		Note	2014 Rupees	2013 Rupees
9.2	**Staff retirement gratuity**			
	Mills	9.2.2	29,645,622	20,415,988
	Head Office	9.2.10	252,372	252,372
			29,897,994	20,668,360

9.2.1 Staff gratuity - defined benefit plan

The Projected Unit Credit Method based on following significant assumptions was used for valuation of the scheme. The basis of recognition together with details as per actuarial valuation are as under:

	2014 % per annum	2013 % per annum
The principal assumptions used are as follows:		
- Discount rate	13.25%	10.50%
- Expected rate of salary increase	12.25%	9.50%
- Mortality rate	SLIC 2001-2003 set back one year	EFU 61-66

		Note	2014 Rupees	2013 Rupees
9.2.2	**Liability recognized in the balance sheet**			
	Present value of defined benefit obligation		24,556,422	20,415,988
	Benefits due but not yet paid		5,089,200	-
	Present value of defined benefit obligation		29,645,622	20,415,988
9.2.3	**Movement in liability during the year**			
	Balance as at July 1,		20,415,988	16,998,507
	Expense recognized in profit or loss	9.2.4	11,837,343	8,942,881
	Total remeasurements recognized in other comprehensive income	9.2.5	(98,659)	-
	Benefits paid		(2,509,050)	(5,525,400)
			29,645,622	20,415,988
9.2.4	**Expense recognized in profit and loss account**			
	Current service cost		9,965,176	7,057,655
	Interest cost		1,872,167	1,962,973
	Actuarial gain		-	(77,747)
			11,837,343	8,942,881
9.2.5	**Total remeasurements recognized in other comprehensive income**			
	Actuarial loss / (gain) on liability arising on			
	- financial assumptions		-	-
	- demographic assumptions		-	-
	- experience adjustments		(1,311,959)	-
	- remeasurement loss of prior year		1,213,300	-
			(98,659)	-

9.2.6 Sensitivity analysis

The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

	Change in assumption	Increase / (decrease) in defined benefit obligation due to	
		Increase in assumption Rupees	Decrease in assumption Rupees
Discount rate	1%	(1,695,296)	1,992,484
Salary growth rate	1%	2,082,770	(1,806,418)

9.2.7 The gratuity scheme exposes the Company to the following risks:

Longevity risks: The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary increase risk: The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal risk: The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the defined benefit obligation. The movement of the liability can go either way.

9.2.8 The weighted average duration of the benefit obligation as at June 30, 2014 is 7 years (2013: 6 years).

9.2.9 Number of employees covered by the scheme are 972 (2013: 944) employees.

9.2.10 Staff retirement gratuity - head office

	Note	2014 Rupees	2013 Rupees
Balance as at July 1,		252,372	352,649
Paid during the year		-	(100,277)
Balance as at June 30,	9.2.11	252,372	252,372

9.2.11 This amount relates to the unfunded gratuity scheme for the head office staff which has been freezed in 2002 as per the Company policy.

10. TRADE AND OTHER PAYABLES

	Note	2014 Rupees	2013 Rupees
Creditors	10.1	117,087,317	17,585,840
Accrued liabilities		41,680,645	36,929,339
Advance from customers		6,202,688	5,251,870
Workers' profit participation fund	10.2	1,396,709	4,731,221
Workers' welfare fund		8,464,633	7,597,333
Infrastructure cess	10.3	12,464,837	10,400,442
Unclaimed dividend		2,242,021	1,816,420
Provident fund		217,599	214,669
Gratuity due but not yet paid	9	5,089,200	-
Others		7,829,513	1,961,769
		202,675,162	86,488,903

10.1 Trade payables are non-interest bearing and are normally settled on 90-days term.

10.2 Workers' profit participation fund

	Note	2014 Rupees	2013 Rupees
Balance as at July 1,		4,731,221	3,459,190
Allocation during the year	29	1,396,709	4,731,221
Interest on fund utilized in Company's business		426,199	221,637
		6,554,129	8,412,048
Paid during the year		(5,157,420)	(3,680,827)
Balance as at June 30,		1,396,709	4,731,221

10.3 The Government of Sindh through Sindh Finance Act, 1994 provided for imposition of an infrastructure fee for the development and maintenance of infrastructure on goods entering or leaving the Province through air or sea at prescribed rates. The levy was challenged by the Company along with other companies in the High Court of Sindh through civil suits which were dismissed by the single judge of the High Court of Sindh through its decision in October 2003. On appeal filed there against, the High Court of Sindh has held through an order passed in September 2008 that the levy as imposed through the Sindh Finance Act, 1994 and amended time to time was not valid till December 28, 2006, however, thereafter on account of an amendment in the Sindh Finance (Amendment) Ordinance, 2006, it had become valid and is payable by the Appellants. The Company, along with other companies, filed an appeal in the Supreme Court of Pakistan against the aforementioned order of High Court of Sindh. The Supreme Court granted stay by passing an interim order on January 22, 2009. The order passed by the High Court of Sindh was set aside by the Supreme Court vide its order dated May 20, 2011. Consequently, a new petition has been filed in the High Court of Sindh. Through the interim order passed on May 31, 2011, the High Court has ordered that for every consignment cleared after December 28, 2006, 50% of the value of infrastructure fee should be paid in cash and a bank guarantee for the remaining amount should be submitted until the final order is passed.

The management of the Company is confident for a favorable outcome. However, as a matter of prudence, the Company has made provision as follows:

	2014 Rupees	2013 Rupees
Balance as at July 1,	**10,400,442**	7,501,394
Provision during the year	**4,128,790**	5,798,096
	14,529,232	13,299,490
Payments made during the year	**(2,064,395)**	(2,899,048)
Balance as at June 30,	**12,464,837**	10,400,442

	2014 Rupees	2013 Rupees
11. INTEREST / MARK-UP ACCRUED		
Long-term finance	**374,491**	1,645,325
Short-term borrowings	**18,797,700**	14,968,793
	19,172,191	16,614,118

12. SHORT-TERM BORROWINGS

	Note	**2014**	2013
From banking companies-secured			
Running finances	12.2	**245,492,424**	211,249,565
Cash finances	12.3	**270,702,424**	174,597,697
Finance Against Imported Merchandise (FIM)	12.4	**23,391,889**	197,273,558
FE-25 finance	12.5	**-**	48,609,750
Murabaha finances		**-**	19,155,369
		539,586,737	650,885,939

12.1 The aggregate unavailed short-term borrowing facilities amounted to Rs. 875.81 million (2013: Rs. 531.03) million.

12.2 Facilities for running finance are available from various banks up to Rs. 225 million. This includes book overdraft amounting to Rs. 20.49 million. These are secured against various assets including first pari passu hypothecation charge over present and future stock-in-trade, first hypothecation charge over present and future book debts, ranking charge on the stocks and receivables of the Company, equitable mortgage on various properties and personal guarantees of all directors of the Company. These running finances are subject to mark-up at the rates ranging from KIBOR plus 2% to 2.75% (2013: KIBOR plus 2% to 2.75%) per annum payable quarterly.

12.3 Facilities for cash finance are available from various banks up to Rs. 700 million. These are secured against pledge of cotton, viscose staple, fiber, yarn, first hypothecation charge on stock-in-trade and second charge on book debts of Company and equitable mortgage of directors' property and their personal guarantee. These are subject to mark-up at the rates ranging from KIBOR plus 2% to 2.75% (2013: KIBOR plus 2% to 2.75%) per annum payable quarterly.

12.4 Facilities for FIM are available from various banks up to Rs. 325 million. These are secured against pledge of cotton and yarn and personal guarantee of directors of the Company. These are subject to mark-up at KIBOR plus 2% per annum payable quarterly.

12.5 Export refinance obtained from banking companies and are subject to mark-up at the rate of LIBOR plus 2% per annum. These are secured against export letters of credit held under lien and personal guarantee of directors. The above facility will expire on November 30, 2014.

	2014 Rupees	2013 Rupees
13. CONTINGENCIES AND COMMITMENTS		
13.1 Contingencies		
13.1.1 Letters of guarantee issued by banks on behalf of the Company to:		
Lahore Electric Supply Company Limited	-	15,310,568
Sui Northern Gas Pipelines Limited	13,747,316	24,314,000
Excise and Taxation Office	-	10,758,600

13.1.2 Under the Gas Infrastructure Development Cess Act, 2011, Government of Pakistan levied Gas Infrastructure Development (GID) Cess on gas bills at the rate of Rs. 13 per MMBTU on all industrial consumers. In the month of June 2012, the Federal Government revised GID Cess rate from Rs. 13 per MMBTU to Rs. 100 per MMBTU.

The Company along with group of other plaintiffs filed suit before the Honorable High Court of Sindh, challenging the applicability of Gas Infrastructure Cess Act 2011. The Sindh High Court has restrained the Federation and gas companies from recovering GID Cess over and above Rs. 13 per MMBTU. Subsequent to year end on August 22, 2014, the Supreme Court of Pakistan has given a judgement declaring that the levy of GID cess as a tax was not validly levied in accordance with the Constitution.

Management is confident that GID Cess will not be payable by the Company. However, on prudence basis, management has not reversed GID Cess of Rs. 4.66 million paid and charged to profit and loss account until June 30, 2014.

	Note	2014 Rupees	2013 Rupees
13.2 Commitments			
Letters of credit opened and outstanding for import of:			
- plant and machinery		46,745,591	69,571,888
- raw material		80,689,331	63,730,645
- stores and spares		5,301,709	1,134,701
14. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	14.1	1,418,972,880	1,401,538,431
Capital work-in-progress - civil work		2,138,684	-
		1,421,111,564	1,401,538,431

14.1 Operating fixed assets

Particulars	Cost/revaluation at July 1, 2013	Additions/ (disposals)	Transfer *	Revaluation for the year	Cost/revaluation at June 30, 2014	Accumulated Depreciation at July 1, 2013	Depreciation/ (adjustment) for the year	Transfer *	Accumulated depreciation at June 30, 2014	Carrying value at June 30, 2014	Dep. rate %
	Rupees										
Owned assets											
Land - freehold	80,125,000	-	-	-	80,125,000	-	-	-	-	**80,125,000**	-
Mills building on freehold land	334,772,589	-	-	-	334,772,589	115,495,840	18,232,895	-	133,728,735	**201,043,854**	5 - 10
Labour colony on freehold land	42,968,810	-	-	-	42,968,810	13,651,310	2,638,575	-	16,289,885	**26,678,925**	10
Plant and machinery	1,469,767,739	68,002,257	-	-	1,509,338,159	614,648,936	49,161,432	-	662,439,488	**846,898,671**	4 - 10
		(28,431,837)					(1,370,880)				
Electric installations	81,134,403	3,545,018	-	-	84,679,421	34,023,653	3,717,783	-	37,741,436	**46,937,985**	5 - 10
Mills equipment	21,262,215	-	-	-	21,262,215	8,959,007	906,361	-	9,865,368	**11,396,847**	5 - 10
Office equipment	9,759,252	1,760,381	-	-	11,519,633	8,173,207	283,889	-	8,457,096	**3,062,537**	10
Furniture and fixtures	3,594,062	65,400	-	-	3,659,462	3,587,224	6,860	-	3,594,084	**65,378**	10
Vehicles	30,218,051	1,457,898	7,441,500	-	39,033,463	29,036,402	760,761	4,505,192	34,273,867	**4,759,596**	20
		(83,986)					(28,488)				
	2,073,602,121	74,830,954	7,441,500	-	2,127,358,752	827,575,579	75,708,556	4,505,192	906,389,959	**1,220,968,793**	
		(28,515,823)					(1,399,368)				
Leased assets											
Plant and machinery	144,278,200	30,873,793	-	-	175,151,993	7,521,719	4,005,745	-	11,527,464	**163,624,529**	4 - 10
Vehicles	24,362,500	24,689,000	(7,441,500)	-	41,610,000	5,607,092	6,128,542	(4,505,192)	7,230,442	**34,379,558**	20
	168,640,700	55,562,793	(7,441,500)	-	216,761,993	13,128,811	10,134,287	(4,505,192)	18,757,906	**198,004,087**	
	2,242,242,821	130,393,747	-	-	2,344,120,745	840,704,390	85,842,843	-	925,147,865	**1,418,972,880**	
		(28,515,823)					(1,399,368)				

* Represents transfer from leased assets to owned assets on maturity of leasing arrangements.

Particulars	Cost/revaluation at July 1, 2012	Additions/ (disposals)	Transfer *	Revaluation for the year	Cost/revaluation at June 30, 2013	Accumulated Depreciation at July 1, 2012	Depreciation/ (adjustment) for the year	Transfer *	Accumulated depreciation at June 30, 2013	Carrying value at June 30, 2013	Dep. rate %
	Rupees										
Owned assets											
Land - freehold	43,067,188	-	-	37,057,812	80,125,000	-	-	-		**80,125,000**	-
Mills building on freehold land	261,151,503	-	-	73,621,086	334,772,589	105,046,621	10,449,219	-	115,495,840	**219,276,749**	5
Labour colony on freehold land	28,751,275	-	-	14,217,535	42,968,810	12,572,295	1,079,015	-	13,651,310	**29,317,500**	5
Plant and machinery	1,232,023,317	65,954,017	-	179,106,173	1,469,767,739	561,212,705	54,652,108	-	614,648,936	**855,118,803**	5
		(7,315,768)	-				(1,215,877)	-			
Electric installations	68,156,779	853,000	-	12,124,624	81,134,403	30,704,516	3,319,137	-	34,023,653	**47,110,750**	5
Mills equipment	19,113,906	-	-	2,148,309	21,262,215	8,273,031	685,976	-	8,959,007	**12,303,208**	5
Office equipment	9,011,814	747,438	-	-	9,759,252	7,952,692	220,515	-	8,173,207	**1,586,045**	10
Furniture and fixtures	3,594,062	-	-	-	3,594,062	3,585,268	1,956	-	3,587,224	**6,838**	10
Vehicles	28,850,595	818,456	549,000	-	30,218,051	28,456,333	214,069	366,000	29,036,402	**1,181,649**	20
	1,693,720,439	68,372,911	549,000	318,275,539	2,073,602,121	757,803,461	70,621,995	366,000	827,575,579	**1,246,026,542**	
		(7,315,768)					(1,215,877)				
Leased assets											
Plant and machinery	92,916,055	43,840,426	-	7,521,719	144,278,200	1,539,568	5,982,151	-	7,521,719	**136,756,481**	5
Vehicles	8,574,500	16,337,000	(549,000)	-	24,362,500	3,186,000	2,787,092	(366,000)	5,607,092	**18,755,408**	20
	101,490,555	60,177,426	(549,000)	7,521,719	168,640,700	4,725,568	8,769,243	(366,000)	13,128,811	**155,511,889**	
	1,795,210,994	128,550,337	-	325,797,258	2,242,242,821	762,529,029	79,391,238	-	840,704,390	**1,401,538,431**	
		(7,315,768)					(1,215,877)				

* Represents transfer from leased assets to owned assets on maturity of leasing arrangements.

		Note	2014 Rupees	2013 Rupees
14.2	Depreciation for the year has been allocated as under			
	Cost of sales	25	**77,756,430**	76,167,605
	Administrative expenses	27	**8,086,413**	3,223,633
			85,842,843	79,391,238

14.3 The following operating fixed assets were disposed off during the year:

Description	Cost / Revaluation	Accumulated depreciation	Carrying value	Sale proceeds	Mode of disposal	Particulars
---Rupees---						
Plant and machinery - owned	16,260,855	813,043	15,447,812	14,500,000	Sale and lease back	First Habib Modarba
Plant and machinery - owned	12,170,982	557,837	11,613,145	12,500,000	Sale and lease back	First Habib Modarba
Vehicle	42,487	14,870	27,617	35,000	Insurance claim	EFU General Insurance Limited, EFU House, M.A. Jinnah Road Karachi
Vehicle	41,499	13,618	27,881	26,465	Insurance claim	EFU General Insurance Limited, EFU House, M.A. Jinnah Road Karachi
2014	28,515,823	1,399,368	27,116,455	27,061,465		
2013	7,315,768	1,215,877	6,099,891	4,503,466		

14.4 The revaluation of the land, building, labour colony, plant and machinery, electric installations and mill equipment was carried out as of June 30, 2013 by M/s Al-Noor Consultants & Evaluators (an independent valuer located in Lahore) on the basis of present market values, which resulted in surplus on revaluation amounting to Rs. 325.797 million which was incorporated in the books of the Company as at June 30, 2013.

The Company commissioned independent valuations of land, building, labour colony, plant and machinery, electric installations and mill equipment during the years ended June 30, 2006, and June 30, 2010. The resulting revaluation surpluses have been disclosed in notes 5 and 14.1 to the financial statements and have been credited to the revaluation surplus account net of their related tax effect.

The carrying amount of the aforementioned assets as at June 30, 2014, if the said assets had been carried at historical cost, would have been as follows:

	2014			2013		
	Cost	**Accumulated Depreciation**	**Carrying Value**	Cost	Accumulated Depreciation	Carrying Value
	---Rupees---					
Land-freehold	8,772,600	-	8,772,600	8,772,600	-	8,772,600
Mills building on freehold land	140,359,650	(85,524,230)	54,835,420	140,359,650	(81,854,432)	58,505,218
Labour colony on freehold land	15,134,513	(15,134,513)	-	15,134,513	(14,606,318)	528,195
Plant and machinery	1,102,574,851	(582,512,745)	520,062,106	1,032,130,637	(561,435,924)	470,694,713
Electric installations	48,897,080	(21,159,266)	27,737,814	45,352,062	(18,820,514)	26,531,548
Mills equipment	7,035,977	(3,890,448)	3,145,529	7,035,977	(3,661,136)	3,374,841
	1,322,774,671	(708,221,202)	614,553,469	1,248,785,439	(680,378,324)	568,407,115

		Note	2014 Rupees	2013 Rupees
15.	**LONG-TERM DEPOSITS**			
	Deposits			
	- lease		**32,120,054**	22,957,149
	- others		**2,087,243**	3,431,648
			34,207,297	26,388,797
		20	**(13,491,606)**	(979,975)
			20,715,691	25,408,822

No director or their spouse had any interest in the donees' fund.

Less: current portion

		Note	2014 Rupees	2013 Rupees
16.	**STORES, SPARES AND LOOSE TOOLS**			
	Stores		25,225,291	13,737,277
	Spares		14,204,957	34,362,378
	Stores and spares in transit		1,893,613	2,702,377
	Loose tools		215,961	68,884
			41,539,822	50,870,916
	Less: provision for slow moving items		(776,920)	(776,920)
			40,762,902	50,093,996
17.	**STOCK-IN-TRADE**			
	Raw material			
	- In hand		174,655,732	400,874,061
	- In transit		213,727	-
	Work-in-process		26,464,751	25,583,030
	Finished goods		201,016,992	100,038,536
	Waste		6,226,015	9,726,242
			408,577,217	536,221,869

17.1 During the year, the Company recognized a write down of Rs. 6.24 million on finished goods to adjust its carrying value to net realizable value.

		Note	2014 Rupees	2013 Rupees
18.	**TRADE DEBTS**			
	Considered good	18.1	423,341,712	400,983,572
	Considered doubtful		2,187,089	2,187,089
			425,528,801	403,170,661
	Less: Provision for doubtful debts		(2,187,089)	(2,187,089)
			423,341,712	400,983,572

18.1 Trade debts are non-interest bearing and are generally on 60 to 90 days terms.

18.2 Trade debts include debtors with a carrying amount of Rs. 149.83 million (2013: Rs. 119.71 million) which are past due at the reporting date for which the Company has not made any provision for doubtful recovery as there has not been a significant change in credit quality and the amounts are still considered recoverable.

		Note	2014 Rupees	2013 Rupees
18.3	**Ageing of trade debts past due but not impaired**			
	91-180 days		73,287,210	66,551,961
	181 days and above		76,540,803	53,157,356
			149,828,013	119,709,317
19.	**LOANS AND ADVANCES**			
	Considered good			
	Loans to employees - unsecured		1,011,305	651,305
	Advance to employees		5,045,000	-
	Advances - unsecured			
	to suppliers		45,929,551	2,829,689
	for expenses		495,453	884,582
			46,425,004	3,714,271
	Advance income tax		34,958,619	24,095,670
			87,439,928	28,461,246

	Note	2014 Rupees	2013 Rupees
20. DEPOSITS AND SHORT-TERM PREPAYMENTS			
Current portion of long-term deposits	15	13,491,606	979,975
Prepayments		24,145	873,459
		13,515,751	1,853,434
21. OTHER RECEIVABLES			
Sales tax			
- considered good		11,436,931	12,557,160
- considered doubtful		2,507,844	2,507,844
Export rebate - considered doubtful		2,194,344	2,194,344
Margin against murabaha financing		-	1,915,537
Cotton quality and weight claims			
- considered good		559,446	1,899,839
- considered doubtful		122,785	122,785
Profit on deposits		409,917	1,536,644
Others		45,200	138,547
		17,276,467	22,872,700
Less: Provision for doubtful receivables		(4,824,973)	(4,824,973)
		12,451,494	18,047,727
22. OTHER FINANCIAL ASSET			
Term Deposit Receipts	22.1	32,009,710	33,170,670

22.1 This represents term deposit receipts with various banks for a period ranging from six months to one year carrying mark-up at the rates ranging from 8.5% to 9.5% (2013: 6% to 11%) per annum. The banks have lien on these term depos it receipts on account of guarantees provided by such banks.

	Note	2014 Rupees	2013 Rupees
23. CASH AND BANK BALANCES			
Cash in hand		267,380	457,458
Cash at banks			
- in current accounts		14,235,024	9,153,886
- in saving account	23.1	32,938	51,749
		14,535,342	9,663,093

23.1 These saving accounts carry markup of 5% to 6% (2013: 5% to 6%) per annum.

		2014 Rupees	2013 Rupees
24. SALES - NET			
Yarn			
- Local		2,404,516,485	2,096,972,987
- Export		306,745,635	64,143,975
		2,711,262,120	2,161,116,962
Fabric - Local		163,065,595	-
Waste - Local		97,995,988	112,069,367
		2,972,323,703	2,273,186,329
Less:			
Sales tax @ 2% on local sales		47,147,387	15,511,085
Brokerage and commission		24,107,763	15,320,062
		(71,255,150)	(30,831,147)
		2,901,068,553	2,242,355,182

	Note	2014 Rupees	2013 Rupees
25. COST OF SALES			
Raw material consumed	25.1	1,944,417,791	1,430,505,933
Salaries, wages and benefits	25.2	153,854,820	146,542,094
Fuel and power		336,689,948	216,614,188
Depreciation	14.2	77,756,430	76,167,605
Stores and spares		47,386,370	62,169,081
Packing material		41,540,418	33,518,868
Insurance		6,023,209	5,687,972
Repairs and maintenance		3,663,244	4,698,962
Vehicles running and maintenance		2,246,886	3,376,288
Fabric processing cost		14,474,212	-
Other manufacturing overheads		11,070,881	2,882,447
		694,706,418	551,657,505
		2,639,124,209	1,982,163,438
Work-in-process			
Opening stock		25,583,030	21,622,605
Closing stock		(26,464,751)	(25,583,030)
		(881,721)	(3,960,425)
Cost of goods manufactured		2,638,242,488	1,978,203,013
Finished goods			
Opening stock		109,764,778	124,792,862
Yarn purchased		146,778,719	4,584,000
Closing stock		(207,243,007)	(109,764,778)
		49,300,490	19,612,084
		2,687,542,978	1,997,815,097

25.1 Raw material consumed

	2014 Rupees	2013 Rupees
Opening stock	400,874,061	201,917,810
Purchases - net	1,718,413,189	1,629,462,184
	2,119,287,250	1,831,379,994
Closing stock	(174,869,459)	(400,874,061)
	1,944,417,791	1,430,505,933

25.2 Salaries, wages and benefits include Rs. 11.84 million (2013: Rs. 8.95 million) in respect of staff retirement benefits.

	2014 Rupees	2013 Rupees
26. DISTRIBUTION COST		
Freight and octroi	13,168,807	7,480,951
Commission and other charges	1,338,579	293,844
Clearing and forwarding	2,118,126	431,550
Export development surcharge	894,845	-
	17,520,357	8,206,345

		Note	2014 Rupees	2013 Rupees
27.	**ADMINISTRATIVE EXPENSES**			
	Salaries and benefits	27.1	34,698,158	26,489,450
	Fees, subscription and periodicals		1,715,071	1,032,516
	Entertainment		5,068,595	4,876,914
	Traveling and conveyance		1,996,030	1,849,124
	Postage and telephone		1,938,588	1,620,538
	Electricity, gas and water		2,225,101	1,711,550
	Vehicles running and maintenance		5,708,890	1,735,880
	Depreciation	14.2	8,086,413	3,223,633
	Legal and professional		541,000	648,668
	Auditors' remuneration	27.2	840,000	840,000
	Printing and stationery		499,602	405,321
	Computer		562,055	152,044
	Rest house		289,191	243,134
	Advertisement		36,075	189,084
	Donation	27.3	826,000	1,075,000
	Others		329,633	201,720
			65,360,402	46,294,576

27.1 Salaries and benefits include Rs. 0.90 million (2013: Rs. 0.92 million) in respect of staff retireme nt benefits.

		Note	2014 Rupees	2013 Rupees
27.2	**Auditors' remuneration**			
	Audit fee		600,000	600,000
	Half year review fee		120,000	120,000
	Other services		45,000	45,000
	Out of pocket expenses		75,000	75,000
			840,000	840,000

27.3 No director or their spouse had any interest in the donees' fund.

		Note	2014 Rupees	2013 Rupees
28.	**FINANCE COST**			
	Mark-up / interest on:			
	Long-term finance		2,546,208	4,629,672
	Short-term borrowings		82,293,765	64,337,670
	Finance lease arrangements		11,263,647	11,604,252
	Murabaha finance		528,548	2,075,964
	Workers' profit participation fund		426,199	221,637
	Mark-up charges on letters of credit		4,834,857	3,818,300
	Bank charges, guarantee commission and other related charges		4,128,037	4,415,519
			106,021,261	91,103,014
29.	**OTHER OPERATING EXPENSES**			
	Workers' profit participation fund	10.2	1,396,709	4,731,221
	Workers' welfare fund		867,300	1,852,930
	Infrastructure cess		2,064,395	2,899,048
	Exchange loss		1,984,518	-
	Demurrage charges		1,358,083	5,881,023
	Sales tax		-	7,468,302
	Loss on disposal of property, plant and equipment		54,990	1,596,425
			7,725,995	24,428,949

		Note	2014 Rupees	2013 Rupees
30.	**OTHER INCOME**			
	Income from financial assets			
	Profit on deposits		2,605,399	2,799,520
	Exchange gain		-	142,265
	Income from non financial assets			
	Operating income on trading of raw material	30.1	5,651,713	970,939
	Sale of scrap		365,748	274,290
	Liabilities written back		-	565,979
	Other		149,743	-
			8,772,603	4,752,993
30.1	Operating income on trading of raw material			
	Local sales		74,319,873	52,623,329
	Less: cost of sales		(68,567,237)	(51,652,390)
	brokerage and commission		(100,923)	-
			(68,668,160)	(51,652,390)
			5,651,713	970,939
31.	**TAXATION**			
	Current			
	- for the year		22,164,022	17,415,743
	- prior year		(2,720,872)	(1,882,023)
			19,443,150	15,533,720
	Deferred		(25,078,059)	2,178,390
			(5,634,909)	17,712,110
31.1	**Relationship between tax expense and accounting profit**			
	Accounting profit before tax		25,670,163	79,260,194
	Tax @ 34% (2013: 35%)		8,727,855	27,741,068
	Effect of:			
	Tax effect of rebate / credits		(7,830,940)	(10,902,594)
	Tax effect on exports under Final Tax Regime		1,290,505	(402,366)
	Effect of change in prior year's tax		(2,720,872)	(1,882,023)
	Effect of change in effective tax rate		(1,602,002)	1,081,772
	Other		(3,499,455)	2,076,253
			(5,634,909)	17,712,110

32. EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Company which is based on:

	Note	2014 Rupees	2013 Rupees
Profit for the year		31,305,072	61,548,084
Weighted average number of ordinary shares outstanding during the year		18,048,000	18,048,000
Earnings per share		1.73	3.41

33. CASH AND CASH EQUIVALENTS

	Note	2014 Rupees	2013 Rupees
Cash and bank balances	23	14,535,342	9,663,093
Running finance	12	(245,492,424)	(211,249,565)
Cash finance	12	(270,702,424)	(174,597,697)
		(501,659,506)	(376,184,169)

34. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, key management personnel and post employment contribution plan. Long-term loans obtained from directors and associated undertakings and remuneration of Chief Executive Officer, directors and executives are disclosed in note 7 and note 35 respectively. Other significant transactions with the related party is as follows:

	Note	2014 Rupees	2013 Rupees
Contribution to employees' provident fund	27.1	896,891	919,705

35. REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2014			2013		
	Chief Executive	Directors	Executives	Chief Executive	Director	Executives
	Rupees					
Remuneration	1,200,000	2,999,988	3,531,614	370,000	757,984	1,669,593
House rent allowance	360,000	900,000	1,059,484	222,000	454,790	1,001,753
Utilities	120,000	300,012	351,838	74,000	151,597	333,919
Medical	120,000	300,000	351,838	74,000	151,597	333,919
Retirement benefits	-	-	-	32,768	98,304	128,789
	1,800,000	4,500,000	5,294,774	772,768	1,614,272	3,467,973
Number of persons	1	3	5	1	5	3

The Chief Executive, directors and some executives are provided with free use of Company maintained cars.

36. OPERATING SEGMENTS

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision maker. The Chief Executive of the Company has been identified as the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

The Chief Executive considers the business as a single operating segment as the Company's assets allocation decisions are based on a single, integrated business strategy, and the Company's performance is evaluated on an overall basis.

37. PLANT CAPACITY AND ACTUAL PRODUCTION

	2014	2013
Installed production capacity 20/s count - yarn in kgs.	14,795,745	14,795,745
Actual production during the year at 20/s count - yarn in Kgs.	9,387,054	7,088,041

Variation between actual and installed capacity is due to power and gas load shedding during the year. Further, it is difficult to describe precisely the production capacity and compare it with actual production in the textile industry since it fluctuates widely depending upon various factors such as count of yarn spun, spindles speeds, twist per inch, raw material used, etc.

38. NUMBER OF EMPLOYEES

The total average number of employees during the year and as at June 30, 2014 and 2013 respectively are as follows:

	2014	2013
Average number of employees during the year	1040	1012
Number of employees as at June 30	1019	1041

	2014 Rupees (Unaudited)	2013 Rupees (Audited)
39. PROVIDENT FUND		
The financial information of the Fund is as follows:		
a) Size of the fund - Total assets	**14,894,812**	13,200,114
Cost of investments made	**11,778,383**	11,089,084
Fair value of investments	**12,559,679**	11,113,307
Percentage of investments made (%)	**79%**	84%

b) The break-up of fair value of investments is:	2014 Rupees	2014 %	2013 Rupees	2013 %
Bank balances	**781,295**	**6**	874,369	7
Government securities	**-**	**-**	1,707,635	15
Fixed income securities	**6,500,000**	**52**	-	-
Mutual funds	**5,278,384**	**42**	8,531,303	78
	12,559,679	**100**	11,113,307	100

39.1 The investments out of provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for the purpose.

40. FINANCIAL INSTRUMENTS BY CATEGORY

	2014 Rupees	2013 Rupees
Financial assets as per balance sheet		
Loans and receivables		
Security deposits	**34,207,297**	26,388,797
Trade debts	**423,341,712**	400,983,572
Loans and advances	**6,056,305**	651,305
Other receivables	**1,014,563**	5,490,567
Other financial asset	**32,009,710**	33,170,670
Cash and bank balances	**14,535,342**	9,663,093
	511,164,929	476,348,004
Financial liabilities as per balance sheet		
At amortized cost		
Long-term financing		
- from banking companies	**9,428,523**	53,428,523
- from related parties	**100,330,001**	100,330,001
Liabilities against assets subject to finance lease	**119,389,783**	110,982,847
Trade and other payables	**174,146,295**	58,508,037
Interest / mark-up accrued	**19,172,191**	16,614,118
Short-term borrowings	**539,586,737**	650,885,939
	962,053,530	990,749,465

41. FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management. To assist the Board in discharging its oversight responsibility, management has been made responsible for identifying, monitoring and managing the Company's financial risk exposures. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

41.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same party, or when counter parties are engaged in similar business activities, or activities in the same geographic region, 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. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk of the Company arises principally from the trade debts, security deposits, loans and advances, other financial asset and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2014 Rupees	2013 Rupees
Security deposits	34,207,297	26,388,797
Trade debts	423,341,712	400,983,572
Loans and advances	6,056,305	651,305
Other receivables	1,014,563	5,474,805
Other financial asset	32,009,710	33,170,670
Cash and bank balances	14,267,962	9,205,635
	510,897,549	475,874,784

Trade debts

The trade debts at year end are primarily due from local customers against local sales. Management assesses the credit quality of customers, taking into account their financial position, past experience and other factors. The Company's exposure to credit risk arising from trade debtors is mainly influenced by the individual characteristics of each customer. The Company has no major concentration of credit risk with any single customer. The Company establishes an allowance for impairment that represents its estimate of incurred losses for overdue balances based on analysis of each customer. The trade debts that are past due but not impaired are disclosed in note 18.3.

Deposits

Deposits primarily include deposits given to leasing companies / financial institutions for lease of plant and machinery and vehicles. These deposits are usually adjusted at the end of lease term.

Loans and advances

These include loans and advances given primarily to employees against salaries, which will be adjusted against their future salaries.

Other financial asset and balances with banks

The Company deposits its funds and invests in term deposit receipts (other financial assets) with banks carrying good credit standings assessed by reputable credit agencies. These banks are credit rated as follows:

	Short term	Long term
Local banks	A-1+ to A-2	AAA to A-

41.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or would have difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk by maintaining sufficient cash and bank balances and availability of financing through banking arrangements. The following are the contractual maturities of financial liabilities, including interest payments, excluding the impact of netting agreements:

	Within 1 year	2 - 5 years	More than 5 years	Total
	---------- Rupees ----------			
2014				
Long-term financing				
- from banking companies	10,144,148	-	-	10,144,148
- from related parties	-	100,330,001	-	100,330,001
Liabilities against assets subject to finance lease	60,156,919	70,690,471	-	130,847,390
Trade and other payables	174,146,295	-	-	174,146,295
Interest / markup accrued	19,172,191	-	-	19,172,191
Short-term borrowings	539,586,737	-	-	539,586,737
	803,206,290	171,020,472	-	974,226,762

	Within 1 year	2 - 5 years	More than 5 years	Total
	---------- Rupees ----------			
2013				
Long-term financing				
- from banking companies	46,546,208	10,862,601	-	57,408,809
- from related parties	-	100,330,001	-	100,330,001
Liabilities against assets subject to finance lease	51,060,317	73,661,118	-	124,721,435
Trade and other payables	58,508,037	-	-	58,508,037
Interest / markup accrued	16,614,118	-	-	16,614,118
Short-term borrowings	650,885,939	-	-	650,885,939
	823,614,619	184,853,720	-	1,008,468,339

41.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The Company is primarily exposed to interest rate risk only.

41.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short-term borrowings, liabilities against assets subject to finance lease, long-term finance from banking companies and other financial assets.

At the balance sheet date the interest rate risk profile of the Company's interest-bearing financial instruments is:

	Carrying Amount	
	2014 Rupees	2013 Rupees
Fixed rate instruments		
Financial assets	32,042,648	33,222,419
Variable rate instruments		
Financial liabilities - KIBOR based	668,405,043	815,297,309

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points in KIBOR based financial liabilities at the reporting date would have increased / (decreased) equity and profit before tax by Rs. 3.34 million (2013: Rs. 4.08 million). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as in 2013.

41.4 Fair value of financial assets and liabilities

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

41.5 Capital risk management

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments 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 to the shareholders or issue bonus / new shares.

The Company is not subject to externally imposed capital requirements.

42. GENERAL

42.1 NON - ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors have proposed a final cash dividend for its minority shareholders of Re. 1/- (2013: Re. 1/-) per share for the year ended June 30, 2014, amounting to Rs 5,830,226/- (2013: Rs. 18,048,000) in their meeting held on October 02, 2014, for approval by the member of the Company in the Annual General Meeting. The Sponsors and directors have voluntarily waived their right of dividend. These financial statements do not reflect this cash dividend payable, as per the Company's accounting policy disclosed in note 3.16.

42.2 Comparative information has been reclassified and rearranged in these financial statements for the purpose of better presentation. Significant reclassification made is as follows;

Description	Amount	Reclassified	
	Rupees	From	To
Other financial asset	33,170,670	Cash and bank balances	Other financial asset

42.3 All figures have been rounded off to the nearest Rupee.

42.4 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 02, 2014, by the Board of Directors of the Company.

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

DIRECTOR **DIRECTOR**

NO. OF SHAREHOLDERS	SHARE-HOLDING FROM	TO	TOTAL SHARES HELD
385	1	101	30,609
891	101	500	407,063
122	501	1000	119,800
102	1001	5000	288,454
20	5001	10000	165,673
13	10001	15000	159,800
18	15001	20000	347,400
6	20001	25000	143,500
3	25001	30000	86,775
1	30001	35000	32,500
1	45001	50000	47,970
2	50001	55000	107,547
1	55001	60000	59,000
1	60001	65000	65,000
1	65001	70000	66,500
2	70001	75000	148,400
3	75001	80000	240,000
1	80001	85000	81,500
1	95001	100000	100,000
1	115001	120000	118,500
1	160001	165001	165,000
1	170001	175000	173,900
1	220001	225000	221,300
1	225001	230000	225,643
1	295001	300000	300,000
1	310001	315000	314,500
1	375001	380000	375,588
1	445001	450000	450,000
1	465001	470000	468,000
1	610001	615000	611,700
1	620001	625000	750,906
1	805001	810000	1,115,886
1	965001	970000	968,692
1	1145001	1150000	1,150,000
1	1910001	1915000	1,910,966
1	2050001	2055000	2,252,170
1	3425001	3430000	3,777,758
1592			18,048,000

CATEGORIES OF SHAREHOLDERS	NUMBER	SHARES HELD	PERCENTAGE
Associated Companies, Undertaking, and Related Parties	2	1,166,500	6.46
Directors, CFO & their Spouse & Minor Children	10	10,967,774	60.77
Joint Stock Companies	4	1,300	0.01
Bank, Development Finance Institutions Insurance Companies, Modarabas and Mutual Fund	4	169,400	0.94
Individuals	1572	5,743,026	31.82
	1592	18,048,000	100.00

Categories of Shareholders	No. of Shareholders	Shares held	Percentage
Associated Companies, Undertaking and Related Paraties	2		
Mr. Imran Idrees Allawala		16,500	0.09
Mr. Omar Idrees Allawala		1,150,000	6.37
Directors, CFO & their Spouse and Minor Children	10		
Mr. S. M. Idrees Allawala		468,000	2.59
Mr. S. M. Mansoor Allawala		1,910,966	10.59
Mr. Kamran Idrees Allawala		2,252,170	12.48
Mr. Naeem Idrees Allawala		3,777,758	20.93
Mr. Rizwan Idrees Allawala		750,906	4.16
Mr. Omair Idrees Allawala		750,906	4.16
Mr. Muhammad Israil		2,000	0.01
Mrs. Saba Kamran W/o Kamran Idrees Allawala		375,588	2.08
Mrs. Naseema Begum W/o S. M. Idrees Allawala		314,500	1.74
Mrs. Ambreen Mansoor W/o Mansoor Idrees Allawala		364,980	2.02
Executive	-	-	-
Joint Stock Companies	4	1,300	0.01
NIT & ICP	-	-	-
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas & Mutual Funds	4	169,400	0.94
Shareholders holding 5% or more voting interest			
Mr. S. M. Mansoor Allawala		1,910,966	10.59
Mr. Kamran Idrees Allawala		2,252,170	12.48
Mr. Naeem Idrees Allawala		3,777,758	20.93
Mr. Omar Idrees Allawala		1,150,000	6.37

FORM OF PROXY

The Secretary
IDREES TEXTILE MILLS LTD.
Ismail Centre, 1st Floor,
6-C, Central Commercial Area,
Bahadurabad, Karachi - 74800

I/We ____________________

of ____________________

being a member of Idrees Textile Mills Ltd. hereby appoint ____________________

of ____________________

or failing ____________________

of ____________________

As my/our proxy in my/our absence to attend and vote for me/us on my/our behalf at the 25th Annual General Meeting of the Company to be held on Wednesday October 29, 2014 and at any adjournment thereof.

As witness my hand this ____________________ of 2014

Signed by the said ____________________ in the presence of

1. Witness:

Signature ____________________

Name: ____________________

Address ____________________

Signature on
Five Rupees
Revenue Stamp

____
Signature of Member

2. Witness:

Signature ____________________ Shareholder's Folio No. ____________________

Name: ____________________ CDC Participants I.D./Sub A/C # ____________________

Address ____________________ CNIC No. | | | | | | | | | | | | | | | |

(Important: This form of Proxy, duly completed and signed across a Rs. 5/-revenue stamp, must be deposited at the Company's Registered Office not less than 48 hours before the time for holding the meeting).

A MEMBER OF THE

Idrees

ALLAWALA GROUP