



**AUDITORS' REPORT TO THE SHAREHOLDERS**

We have audited the annexed balance sheet of **ITTEFAQ SONS (PVT.) LIMITED.** as at June 30, 2014 and the related profit and loss account, cash flow statement and statement of changes in equity together with 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 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 above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- (u) in our opinion:
- 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;
  - the expenditure incurred during the year was for the purpose of the Company's business; and
  - 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 then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Muhammad Kaleem Rathor  
Lahore  
Date: October 02, 2014

**KALEEM AND COMPANY**  
CHARTERED ACCOUNTANTS



**ITTEFAQ SONS (PVT.) LIMITED**  
**BALANCE SHEET AS AT JUNE 30, 2014**

<u>EQUITY &amp; LIABILITIES</u>	<u>Notes</u>	<u>2014</u> <u>RUPEES</u>	<u>2013</u> <u>RUPEES</u>	<u>ASSETS</u>	<u>Notes</u>	<u>2014</u> <u>RUPEES</u>	<u>2013</u> <u>RUPEES</u>
<b><u>SHARE CAPITAL &amp; RESERVES</u></b>				<b><u>NON-CURRENT ASSETS</u></b>			
<b>Share Capital</b>							
Authorized Capital				Property Plant & Equipments	12	1,678,643,206	1,739,023,371
10,000,000 Ordinary Shares of				Capital W I P		12,631,572	-
Rs. 100/- each (2013: 10,000,000 Shares)		1,000,000,000	1,000,000,000				
Issued Subscribed & Paid-up Capital				Long-Term Security Deposits		18,439,804	14,990,500
8,947,124 Ordinary Shares of Rs. 100/- each							
(2013: 8,947,124 shares)		894,712,400	894,712,400				
Unappropriated Profit		408,044,330	278,315,459				
		1,302,756,730	1,173,027,859				
Surplus on Revaluation of Fixed Assets	4	437,766,554	480,387,310				
<b><u>NON-CURRENT LIABILITIES</u></b>							
Sponsors Loans -subordinated		316,329,215	316,329,215				
Long Term Loans	5	49,967,048	132,592,048				
Liabilities Against Assets Subject to							
Finance Lease	6	10,500,000	-				
		376,796,263	448,921,263				
Deferred Liabilities	7	19,989,100	17,394,852				
<b><u>CURRENT LIABILITIES</u></b>				<b><u>CURRENT ASSETS</u></b>			
Trade and Other Payables	8	734,919,745	801,453,597	Stores, Spares & Loose Tools		184,672,185	103,206,258
Finance Cost Payable		50,774,795	54,810,087	Stock in Trade	13	1,400,507,901	1,438,714,459
Short Term Borrowings	9	1,046,406,202	900,985,112	Trade Debts		301,788,564	295,676,279
Current Portion of Long Term Liabilities	10	111,900,000	104,375,000	Advances, Deposits, Prepayments &			
Provision for Taxation		178,414,540	128,731,143	Other Receivables	14	318,195,312	85,264,226
		2,122,415,282	1,990,354,939	Taxes Refundable	15	332,519,735	279,924,630
Contingencies & Commitments	11	-	-	Cash & Bank Balances	16	12,325,650	153,286,500
						2,550,009,347	2,356,072,352
		4,259,723,929	4,110,086,223			4,259,723,929	4,110,086,223

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

*Mian. Zahid*  
CHIEF EXECUTIVE

*[Signature]*  
DIRECTOR

*Kaleem*



**ITTEFAQ SONS (PVT.) LIMITED**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2014**

	NOTE	2014 <u>RUPEES</u>	2013 <u>RUPEES</u>
Sales-Net	17	4,110,125,936	3,138,386,973
Less: Cost of Sales	18	3,749,261,333	2,852,758,382
<b>Gross Profit</b>		<u>360,864,603</u>	<u>285,628,591</u>
Distribution Cost	19	12,177,681	6,497,055
Administrative Expenses	20	37,867,674	31,438,114
		<u>50,045,355</u>	<u>37,935,169</u>
<b>Operating Profit</b>		<u>310,819,248</u>	<u>247,693,422</u>
Other Income	21	6,921,886	2,634,003
		<u>317,741,134</u>	<u>250,327,425</u>
Finance Cost	22	176,034,153	157,432,068
Workers Profit Participation Fund		7,085,349	4,644,768
Workers Welfare Fund		2,639,640	1,730,404
<b>Profit Before taxation</b>		<u>131,981,992</u>	<u>86,520,185</u>
Provision For taxation		44,873,877	30,282,065
<b>Profit After taxation</b>		<u>87,108,115</u>	<u>56,238,120</u>
Earning Per Share		<u>9.74</u>	<u>6.29</u>

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

*Mian. Zahid*

CHIEF EXECUTIVE

*Jalil*

DIRECTOR

*Kaleem*

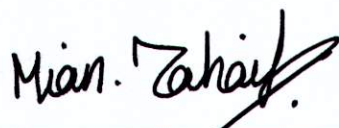


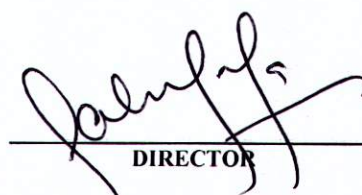


**ITTEFAQ SONS (PVT.) LIMITED**  
**STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<b><u>Share Capital RUPEES</u></b>	<b><u>Accumulated Profit RUPEES</u></b>	<b><u>Total RUPEES</u></b>
Balance as on June 30, 2012	894,712,400	175,472,293	1,070,184,693
Net Profit for the year 2013	-	56,238,120	56,238,120
Prior Year Adjustment	-	(607,333)	(607,333)
Incremental Depreciation transferred from Surplus on Rev. of fixed assets	-	47,212,379	47,212,379
Balance as on June 30, 2013	894,712,400	278,315,459	1,173,027,859
Net Profit for the year 2014	-	87,108,115	87,108,115
Incremental Depreciation transferred from Surplus on Rev. of fixed assets	-	42,620,756	42,620,756
Balance as on June 30, 2014	894,712,400	408,044,330	1,302,756,730

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

  
 CHIEF EXECUTIVE

  
 DIRECTOR

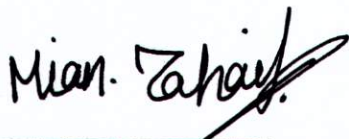




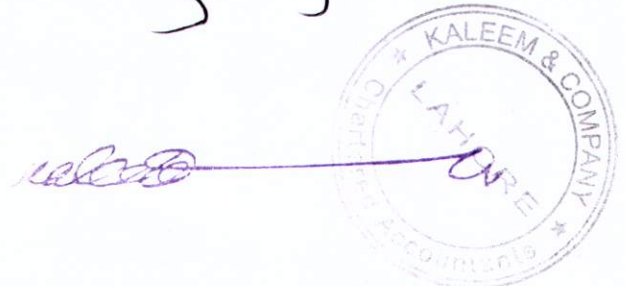
**ITTEFAQ SONS (PVT.) LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2014**

	2014 RUPEES	2013 RUPEES
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Profit Before Taxation	131,981,992	86,520,185
Adjustments for:		
Depreciation	154,776,885	116,199,246
Provision of Gratuity	11,122,979	6,371,038
Gain on Sale of Fixed Asset	(3,278,042)	(157,925)
Finance Cost	176,034,153	157,432,068
	338,655,975	279,844,427
<b>Profit Before Working Capital Changes</b>	<b>470,637,967</b>	<b>366,364,612</b>
<b>Working Capital Changes</b>		
<b>(INCREASE)/ DECREASE IN</b>		
Stores, Spares & Loose Tools	(81,465,927)	(32,747,110)
Stock in Trade	38,206,558	(138,545,068)
Trade Debts	(6,112,285)	26,818,194
Advances, Deposits, Prepayments & Other Receivables	(232,931,086)	26,075,597
	(282,302,740)	(118,398,386)
<b>INCREASE/ (DECREASE) IN</b>		
Trade and Other Payables	(66,533,852)	334,981,762
Cash Generated from Operations	<b>121,801,375</b>	<b>582,947,988</b>
Taxes Paid	(47,785,585)	(60,354,930)
Finance Cost Paid	(180,069,445)	(170,889,362)
Gratuity Paid	(8,528,731)	(3,885,875)
	(236,383,761)	(235,130,167)
<b>Net Cash (used in) Operating Activities</b>	<b>(114,582,386)</b>	<b>347,817,821</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Fixed Assets Acquired	(69,640,686)	(643,116,755)
Capital Work in Progress	(12,631,572)	516,788,780
Disposal of Fixed Asset	7,811,718	450,000
Security Deposits	(3,449,304)	(87,500)
<b>Net Cash (used in) Investing Activities</b>	<b>(77,909,844)</b>	<b>(125,965,475)</b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Long Term Loans	(83,500,000)	(100,924,700)
Due to Associated Undertakings	-	-
Short Term Borrowings	145,421,090	(14,690,677)
Liabilities Against Assets Subject to Finance Lease	(10,389,710)	-
<b>Net Cash From/(used in) Financing Activities</b>	<b>51,531,380</b>	<b>(115,615,377)</b>
<b>Net (Decrease) in Cash and Cash Equivalents</b>	<b>(140,960,850)</b>	<b>106,236,969</b>
<b>Cash &amp; Cash Equivalents at the Beginning of the Year</b>	<b>153,286,500</b>	<b>47,049,531</b>
<b>Cash &amp; Cash Equivalents at the End of the Year</b>	<b>12,325,650</b>	<b>153,286,500</b>

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

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**



**ITTEFAQ SONS (PVT.) LIMITED**  
**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

**1 NATURE AND STATUS OF COMPANY**

Ittefaq Sons (Pvt.) Limited ("the Company") was incorporated on February 20, 2004 as a Private Limited Company under the Companies Ordinance 1984. The principal activity of the company is manufacturing of Steel, Copper and other allied products. The registered office of the company is situated at 40, B-II Gulberg III M. M. Alam Road, Lahore.

**2 STATEMENT OF COMPLIANCE**

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

**3 SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Basis of Measurement**

These accounts have been prepared under historical cost convention without any adjustments for the effects of inflation or current values.

**3.2 Taxation**

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits available of Income Tax Ordinance 2001. As the company foresees no major timing differences likely to reverse in the foreseeable future, hence no provision for deferred tax is made.

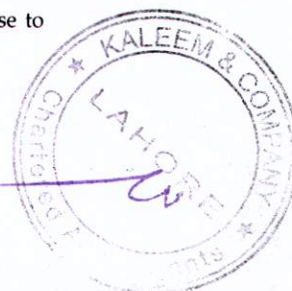
**3.3 Foreign Currency Transactions**

Foreign Currency transactions are converted into Pak Rupees using the rates prevailing at the date of transaction while assets & liabilities are converted into Pak Rupees using the rates of exchange prevailing at the balance sheet date. Exchange gains and losses on conversion are charged to income currently.

**3.4 Fixed Assets and Depreciation**

- a) The company has changed its policy for the valuation of certain tangible fixed assets from cost to revaluation model.
- b) Maintenance and normal repairs are charged to current year's income. Major renewals and improvements are capitalized.
- c) Gains and losses on disposal of fixed assets are included in income currently.
- d) The company assesses at each balance sheet date whether there is any indication that a fixed asset may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the estimated recoverable amount, assets are written down to the recoverable amount.
- e) Depreciation on fixed assets is provided on the reducing balance method at the rates specified in the fixed asset schedule. Acquisitions during the year are depreciated proportionately, from date of purchase to accounting year end. Depreciation is also charged on assets sold during the year proportionately.





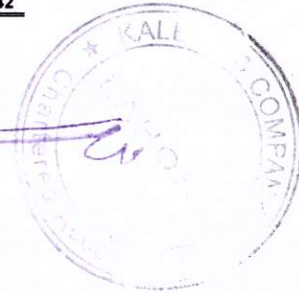


Depreciation for the year has been allocated as under :-

		2014 RUPEES	2013 RUPEES
Cost of Sales	95%	147,038,041	110,389,284
Administrative Expenses	5%	7,738,844	5,809,962
		<u>154,776,885</u>	<u>116,199,246</u>

12.2 The Following Assets were sold during the year.

Particulars of Buyers	Description of Asset	Original Cost	Accumulated Depreciation	Written Down Value	Sales Proceeds	Gain/(Loss)	Mode of Disposal
Insurance Claim	LEN-8017	88,700	48,307	40,393	65,000	24,607	Negotiation
Mr. Gulraiz Nazeer S/O Nazeer Baig	LEM-08-9412	74,700	55,615	19,085	31,718	12,633	Negotiation
Mr. Shahbaz Ali S/O M. Ilyas	LEC-07-7565	1,575,000	1,116,068	458,932	1,215,000	756,068	Negotiation
Sold as scrap	Cold rolling mill	8,400,000	4,384,734	4,015,266	6,500,000	2,484,734	Negotiation
		<u>10,138,400</u>	<u>5,604,724</u>	<u>4,533,676</u>	<u>7,811,718</u>	<u>3,278,042</u>	



12.3 Property, Plant & Equipment for the year 2013

PARTICULARS	C O S T / Revalued Amount				Rate %	Depreciation				WDV As At 30-06-2013
	As At 01-07-2012	Addition	Adjustments	As At 30-06-2013		As At 01-07-2012	Adjustments	For The Year	As At 30-06-2013	
Land	62,875,000	-	-	62,875,000	-	-	-	-	-	62,875,000
Building	296,220,420	171,428,011	-	467,648,431	5	14,811,021	-	16,207,449	31,018,470	436,629,961
Plant & Machinery	765,053,388	379,213,835	115,000,000	1,259,267,223	10	76,505,339	53,884,285	78,309,177	208,698,801	1,050,568,422
Grid Station	57,279,039	-	-	57,279,039	10	25,147,475	-	3,213,156	28,360,631	28,918,408
Electric Installation	100,194,729	91,311,959	-	191,506,688	10	43,783,588	-	7,917,659	51,701,247	139,805,441
Vehicles	18,591,487	787,160 (524,000)	1,575,000	20,429,647	20	6,101,474	1,162,123 (231,925)	2,561,020	9,592,692	10,836,955
Furniture & Fixture	4,635,691	170,375	-	4,806,066	10	1,894,535	-	278,364	2,172,899	2,633,167
Office Equipment	1,963,283	205,415	-	2,168,698	20	1,147,914	-	163,187	1,311,101	857,597
Laboratory Equipment	11,232,088	-	-	11,232,088	10	4,931,274	-	630,081	5,561,355	5,670,733
Arms & Ammunition	146,013	-	-	146,013	10	62,725	-	8,329	71,054	74,959
Tools	302,509	-	-	302,509	10	132,811	-	16,970	149,781	152,728
<b>Year 2013</b>	<b>1,318,493,647</b>	<b>642,592,755</b>	<b>116,575,000</b>	<b>2,077,661,402</b>		<b>174,518,156</b>	<b>54,814,483</b>	<b>109,305,392</b>	<b>338,638,031</b>	<b>1,739,023,371</b>

LEASED ASSETS

PARTICULARS	C O S T				Rate %	Depreciation				WDV As At 30-06-2013
	As At 01-07-2012	Addition	Adjustments	As At 30-06-2013		As At 01-07-2012	Adjustment	For The Year	As At 30-06-2013	
Plant & Machinery	115,000,000	-	(115,000,000)	-	10	47,093,650	(53,884,285)	6,790,635	-	-
Vehicles	1,575,000	-	(1,575,000)	-	20	1,058,904	(1,162,123)	103,219	-	-
<b>Year 2013</b>	<b>116,575,000</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>48,152,554</b>	<b>(55,046,408)</b>	<b>6,893,854</b>	<b>-</b>	<b>-</b>
<b>Total for the Year 2013</b>	<b>1,435,068,647</b>	<b>642,592,755</b>	<b>116,575,000</b>	<b>2,077,661,402</b>		<b>222,670,710</b>	<b>(231,925)</b>	<b>116,199,246</b>	<b>338,638,031</b>	<b>1,739,023,371</b>

12.4 The Following Assets were sold during the year 2013

Particulars of Buyers	Description of Asset	Original Cost	Accumulated Depreciation	Written Down Value	Sales Proceeds	Gain /(Loss)	Mode of Disposal
Arif Masih, Lake city Lhr	Vehicle	524,000	231,925	292,075	450,000	157,925	Negotiation





## 12 PROPERTY, PLANT & EQUIPMENTS

PARTICULARS	C O S T/Revalued Amount				Rate %	Depreciation				WDV As At 30-06-2014
	As At 01-07-2013	Addition/ (Deletion)	Adjustments	As At 30-06-2014		As At 01-07-2013	Adjustments	For The Year	As At 30-06-2014	
Land	62,875,000	-	-	62,875,000	-	-	-	-	-	62,875,000
Building	467,648,431	28,002,836	-	495,651,267	5	31,018,470	-	22,184,410	53,202,880	442,448,387
Plant & Machinery	1,259,267,223	34,928,902 (8,400,000)	-	1,285,796,125	10	208,698,801	-	108,370,546	312,684,595	973,111,530
Grid Station	57,279,039	-	-	57,279,039	10	-	(4,384,752)	-	-	-
Electric Installation	191,506,688	-	-	191,506,688	10	28,360,631	-	2,891,841	31,252,472	26,026,567
Vehicles	20,429,647	6,233,200 (1,738,400)	-	24,924,447	20	51,701,247	-	13,980,544	65,681,791	125,824,897
Furniture & Fixture	4,806,066	96,000	-	4,902,066	10	9,592,692	-	3,310,345	11,683,065	13,241,382
Office Equipment	2,168,698	379,748	-	2,548,446	20	-	(1,219,972)	-	-	-
Laboratory Equipment	11,232,088	-	-	11,232,088	10	2,172,899	-	272,917	2,445,816	2,456,250
Arms & Ammunition	146,013	-	-	146,013	10	1,311,101	-	247,469	1,558,570	989,876
Tools	302,509	-	-	302,509	10	5,561,355	-	567,073	6,128,428	5,103,660
<b>Year 2014</b>	<b>2,077,661,402</b>	<b>&lt; 69,640,686</b> <b>(10,138,400)</b>	<b>-</b>	<b>2,137,163,688</b>		<b>71,054</b>	<b>-</b>	<b>7,496</b>	<b>78,550</b>	<b>67,463</b>
						<b>149,781</b>	<b>-</b>	<b>15,273</b>	<b>165,054</b>	<b>137,455</b>
						<b>338,638,031</b>	<b>(5,604,724)</b>	<b>151,847,914</b>	<b>484,881,221</b>	<b>1,652,282,467</b>

12.1 The surplus on revaluation of land, building and plant & machinery was determined as on June 11, 2011 by M/S Riyadh Co. (Approved Valuer of Pakistan Bank's Association) on current replacement cost basis as follows:

	Original Cost Rupees	Book Value Rupees	Revalued amount Rupees	Revaluation Surplus Rupees
Land	33,322,002	33,322,002	62,875,000	29,552,998
Building	301,589,141	241,645,900	296,220,420	54,574,520
Plant & Machinery	428,928,610	269,274,614	765,053,388	495,778,774
<b>Total</b>	<b>763,839,753</b>	<b>544,242,516</b>	<b>1,124,148,808</b>	<b>579,906,292</b>

## LEASED ASSETS

PARTICULARS	C O S T				Rate %	Depreciation				WDV As At 30-06-2014
	As At 01-07-2013	Addition	Adjustments	As At 30-06-2014		As At 01-07-2013	Adjustments	For The Year	As At 30-06-2014	
Plant & Machinery	-	29,289,710	-	29,289,710	10	-	-	2,928,971	2,928,971	26,360,739
Vehicles	-	-	-	-	20	-	-	-	-	-
<b>Year 2014</b>	<b>-</b>	<b>29,289,710</b>	<b>-</b>	<b>29,289,710</b>		<b>-</b>	<b>-</b>	<b>2,928,971</b>	<b>2,928,971</b>	<b>26,360,739</b>
<b>Total for the Year 2014</b>	<b>2,077,661,402</b>	<b>98,930,396</b>	<b>-</b>	<b>2,166,453,398</b>		<b>338,638,031</b>	<b>(5,604,724)</b>	<b>154,776,885</b>	<b>487,810,192</b>	<b>1,678,643,206</b>

KALEEM & COMPANY  
Chartered Accountants  
9

### 3.5 Stores, Spares and Loose Tools

Stores, spares and loose tools are valued at cost on moving average basis, except store in transit which is stated at cost accumulated up to the balance sheet date.

### 3.6 Stock in Trade

Stock in trade is valued at lower of cost or Net realizable value.

### 3.7 Borrowing Cost

Interest, mark-up and other charges on long term liabilities are capitalized up to the date of commissioning of respective fixed assets acquired and produced out of the proceeds of such long term liabilities. All other interest, mark-up and other charges are charged to income.

### 3.8 Receivables

Trade debts are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

### 3.9 Trade and Other Payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

### 3.10 Provisions

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

### 3.11 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to set-off the recognized amounts and the company intends to either settle on a net basis, or to realize the asset and settle the liability.

### 3.12 Financial Instruments

All the financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instruments. Any gain or loss on the recognition and derecognition of the financial assets and liabilities is included in the income currently.

## 4 SURPLUS ON REVALUATION OF FIXED ASSETS

This represents surplus over book value resulting from revaluation of fixed assets as referred to in fixed assets schedule.

	2014 <u>RUPEES</u>	2013 <u>RUPEES</u>
Opening Balance	480,387,310	527,599,689
Amount equal to Incremental Depreciation transferred to Equity	<u>42,620,756</u>	<u>47,212,379</u>
	<u>437,766,554</u>	<u>480,387,310</u>

The company has complied with the requirements of SRO 45(I)2003 for the effect of incremental depreciation. The incremental depreciation charged on revalued assets, except land, during the years has been transferred to retained earnings / accumulated profit/(Loss) to record realization of surplus to the extent of incremental depreciation to comply with the amendment in section 235 of Companies Ordinance, 1984 further notification of Securities and Exchange Commission of Pakistan to clarify the treatment of surplus arising on revaluation of fixed assets.





	<u>2014</u> <u>RUPEES</u>	<u>2013</u> <u>RUPEES</u>
<b>5 LONG TERM LOANS</b>		
Soneri Bank Limited	109,976,000	149,976,000
Bank of Punjab Limited	43,491,048	86,991,048
	153,467,048	236,967,048
Less: Current Portion	103,500,000	104,375,000
	49,967,048	132,592,048

- 5.1 Long term loans were obtained from various commercial banks. The loans are secured against mortgage of Land, Building, Plant & Machinery and the personal guarantees of all the directors of the company. Mark-up is charged at the rate ranging from 3-months to 6-months KIBOR plus 2.25% to 2.5% per annum. The loans will be expired on the dates ranging from 31 March, 2015 to 30 June, 2017.

**6 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**

	<u>2014</u>		<u>2013</u>	
	Payable within one year	Payable after one year but less than five years	Payable within one year	Payable after one year but less than five years
Total of Minimum lease payments	11,506,855	12,053,425	-	-
Less: Finance cost	(3,106,855)	(1,553,425)	-	-
Present value of Minimum lease payments.	8,400,000	10,500,000	-	-

- 6.1 The rate of interest used as discounting factor ranging from 3 to 6 months KIBOR + 3 to 4 % per annum with floor of 12.5%. The taxes, repairs and insurance cost are borne by lessee. Lessee shall have no right to terminate the lease agreement and if lease agreement is terminated, the lessee shall pay entire amount of rentals for unexpired period of lease agreements. In all the above leases, the purchase option is available to the company which it intends to avail. This lease is secured against the ownership of leased asset in the name of bank and the Personal Guarantees of the Directors.

**7 DEFERRED LIABILITIES**

Staff Gratuity:

Opening Balance

Add: Provision for the Year

Less: Payments During the Year

17,394,852	14,909,689
11,122,979	6,371,038
28,517,831	21,280,727
8,528,731	3,885,875
19,989,100	17,394,852

**8 TRADE AND OTHER PAYABLES**

Sundry Creditors	528,003,896	497,441,089
Advances from Customers /Associated Undertaking	129,772,323	211,250,273
Accrued Expenses	51,401,913	54,498,024
Security Deposits Payable	5,450,900	22,351,811
Others Payables	4,190,552	9,537,228
Workers' Profit Participation Fund	11,730,117	4,644,768
Workers' Welfare Fund	4,370,044	1,730,404
	734,919,745	801,453,597





	<u>2014</u>	<u>2013</u>
	<u>RUPEES</u>	<u>RUPEES</u>
<b>9 <u>SHORT TERM BORROWINGS-SECURED</u></b>		
Bank of Punjab Ltd.	309,249,562	349,249,562
KASB Bank Limited	166,446,158	216,083,533
National Bank of Pakistan Ltd.	357,726,442	335,652,017
MCB Bank Limited	212,984,040	-
	<u>1,046,406,202</u>	<u>900,985,112</u>

9.1 Short term borrowings were obtained from various commercial banks. The borrowings are secured against charge over Raw Material, Finished Goods, Imported Chemicals and the personal guarantees of all the directors of the company. Mark-up rate charged at the rate ranging from 3-months to 6-months KIBOR plus 2.25% to 3.0% per annum. These loan will expire within the period ranging from November 2014 to June 2015.

**10 CURRENT PORTION OF LONG TERM LIABILITIES**

Current Portion of Long Term Loans	103,500,000	104,375,000
Current Portion of Liabilities Against Assets Subject to Finance Lease	8,400,000	-
	<u>111,900,000</u>	<u>104,375,000</u>

**11 CONTINGENCIES AND COMMITMENTS**

There were no known contingencies as at June 30, 2014 (2013: Nil). The commitments against Letter of Credit are of Rs. 85,000,000 as at June 30, 2014 (2013: Rs.398,264,750).



	<u>2014</u> <u>RUPEES</u>	<u>2013</u> <u>RUPEES</u>
<b>13 STOCK IN TRADE</b>		
Stock of Raw Material	480,050,859	438,948,944
Finished Goods	920,457,042	999,765,515
	<u>1,400,507,901</u>	<u>1,438,714,459</u>
<b>14 ADVANCES, DEPOSITS, PREPAYMENTS &amp; OTHER RECEIVABLES</b>		
Advance to :		
-Suppliers	46,374,051	45,813,788
-Office Staff	2,774,411	2,699,318
-Clearing Agent	2,186,338	3,289,054
-Staff for Expenses	7,616,566	8,496,110
Advances Against L/C	121,876,769	8,849,467
Security Deposits	62,252,331	5,295,830
Letter of Guarantee	4,907,984	1,800,000
Other Receivables	70,206,862	9,020,659
	<u>318,195,312</u>	<u>85,264,226</u>
<b>15 TAXES REFUNDABLE</b>		
Sales Tax Receivable	38,011,682	13,631,339
Advance Income Tax	294,508,053	266,293,291
	<u>332,519,735</u>	<u>279,924,630</u>
<b>16 CASH AND BANK BALANCES</b>		
Cash at Banks	2,290,864	148,944,179
Cash in Hand	10,034,786	4,342,321
	<u>12,325,650</u>	<u>153,286,500</u>
<b>17 SALES</b>		
Export Sales	9,861,522	36,317,113
Local Sales	4,175,935,242	3,154,133,437
Total Sales	4,185,796,764	3,190,450,550
Less : Sales Tax	75,670,828	52,063,577
	<u>4,110,125,936</u>	<u>3,138,386,973</u>
<b>18 COST OF SALES</b>		
Raw Material Consumed	2,203,703,345	1,916,712,142
Salaries, Wages & Benefits	132,044,974	105,270,474
Store Consumption	221,208,600	124,363,271
Fuel and Power	805,903,665	554,411,682
Repair & Maintenance	70,789,830	43,859,459
Freight Expenses	48,452,481	72,726,518
Vehicles Running Expenses	10,488,414	9,457,607
Insurance Charges	4,901,012	3,973,299
Traveling & Conveyance	224,370	87,072
Entertainment	716,704	995,818
Printing & Stationery	553,364	723,887
Rent, Rates & Taxes	293,918	1,404,000
Telephone Expense	869,546	865,918
Laboratory Expense	794,046	565,083
Misc. Expenses	21,970,550	4,442,066
Depreciation	147,038,041	110,389,284
	<u>3,669,952,860</u>	<u>2,950,247,581</u>
Opening Stock	999,765,515	902,276,316
Closing Stock	(920,457,042)	(999,765,515)
	<u>3,749,261,333</u>	<u>2,852,758,382</u>



	<b><u>2014</u></b> <b><u>RUPEES</u></b>	<b><u>2013</u></b> <b><u>RUPEES</u></b>
<b>18.1 <u>Raw Material consumed</u></b>		
Opening Raw material stock	438,948,944	397,893,075
Add: Purchases during the year	2,244,805,260	1,957,768,011
	2,683,754,204	2,355,661,086
Less: Consumption during the year	2,203,703,345	1,916,712,142
Closing stock	480,050,859	438,948,944
<b>19 <u>DISTRIBUTION COST</u></b>		
Salaries, Wages and Benefits	1,326,590	1,197,978
Advertising Expenses	1,509,265	737,790
Packing Expenses	3,553,472	2,333,539
Loading/Unloading	761,639	2,091,218
Sample Test Expenses	150,600	136,530
Others	4,876,115	-
	12,177,681	6,497,055
<b>20 <u>ADMINISTRATIVE EXPENSES</u></b>		
Salaries, Wages and Benefits	18,792,239	14,768,235
Fee & Subscription	1,059,462	2,621,509
Legal & Professional Charges	1,166,761	553,000
Auditors' Remuneration	550,000	550,000
Vehicle Running Expenses	4,476,384	2,961,322
Traveling & Conveyance	1,479,190	2,501,269
Printing & Stationery	665,665	274,298
Donation	178,000	107,320
Insurance Charges	765,429	607,357
Telephone & Postage Charges	30,351	-
Entertainment	208,261	340,372
Advertisement	97,100	152,070
Misc. Expenses	659,988	191,400
Depreciation	7,738,844	5,809,962
	37,867,674	31,438,114
<b>21 <u>OTHER INCOME</u></b>		
Interest and Other Income	3,643,844	2,476,078
Gain on Disposal of Fixed Assets	3,278,042	157,925
	6,921,886	2,634,003
<b>22 <u>FINANCE COST</u></b>		
Finance Cost on Banks Borrowings	168,864,138	154,157,499
Finance Cost on Lease Liability	2,783,264	348,125
Bank Charges	4,386,751	2,926,444
	176,034,153	157,432,068





## 23 Earning Per Share

Profit after taxation for the year attributable to ordinary shareholders.

87,108,115      56,238,120

Weighted average number of ordinary shares outstanding during the year.

8,947,124      8,947,124

Earning Per Share (Rs./Share)

9.74      6.29

### 23.1 Diluted earning Per Share

There is no dilution effect on the basic earnings per share as the company has no such commitments.

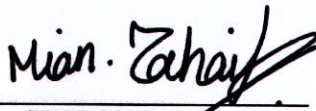
## 24 GENERAL

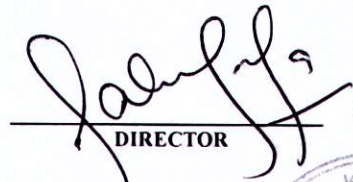
i - Figures have been rounded off to the nearest rupees.

ii - Previous year's figures have been rearranged, where necessary for the purpose of comparison. No material rearrangements were made during the year.

## 25 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the Board of Directors of the Company and authorized for issue on October 02, 2014.

  
CHIEF EXECUTIVE

  
DIRECTOR



