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# IDREES

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## TEXTILE MILLS LIMITED

*Annual Report 2021*





## **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

<b>BOARD OF DIRECTORS</b>	Mr. Muhammad Idrees Allawala - Chairman Mr. S. M. Mansoor Allawala - Executive Director / CEO Mr. Omair Idrees Allawala - Executive Director Mr. Rizwan Idrees Allawala - Non - Executive Director Mr. Muhammad Israil - Non - Executive Director Syed Masud Arif - Independent Director Ms. Azra Yaqub Vawda - Independent - Director
<b>AUDIT COMMITTEE</b>	Ms. Azra Yaqub Vawda - Chairperson Syed Masud Arif - Member Mr. Rizwan Idrees Allawala - Member Syed Shahid Sultan - Secretary
<b>COMPANY SECRETARY</b>	Syed Shahid Sultan
<b>CHIEF FINANCIAL OFFICER</b>	Mr. Muhammad Jawaid
<b>AUDITORS</b>	M/s. Yousuf Adil Chartered Accountants
<b>HUMAN RESOURCE &amp; REMUNERATION COMMITTEE</b>	Syed Masud Arif - Chairman Mr. Rizwan Idrees Allawala - Member Ms. Azra Yaqun Vawda - Member
<b>BANKERS</b>	National Bank of Pakistan Bank Alfalah Limited Habib Metropolitan Bank Ltd. Meezan Bank Ltd. Bank of Punjab Ltd. BankIslami Pakistan Ltd. MCB Islamic Bank Ltd. Dubai Islamic Bank Pakistan Ltd. Samba Bank Limited Silk Bank Ltd.
<b>REGISTERED OFFICE</b>	6-C, Ismail Centre, 1st Floor, Central Commercial Area, Bahadurabad, Karachi - 74800.
<b>SHARES REGISTRAR</b>	M/S. JWAFPS Registrar Services (Pvt) Ltd. 407-408, 4th Floor, Al-Ameera Centre, Shahrah-e-Iraq, Saddar, Karachi.
<b>MILLS</b>	Kot Shah Mohammad, Tehsil Nankana, District Nankana, Punjab. <a href="http://www.idreestextile.com">www.idreestextile.com</a>





Notice is hereby given that the 32<sup>nd</sup> Annual General Meeting of the Shareholders of Idrees Textile Mills Ltd. will be held on Thursday, October 28, 2021 at 12.00 noon at Regent Plaza Hotel and Convention Centre, Main Shahrah-e-Faisal Karachi, to transact the following business:

**ORDINARY BUSINESS:**

1. To confirm the minutes of the last Annual General Meeting held on October 28, 2020.
2. To receive, consider and adopt Annual Audited Financial Statements of the Company for the year ended June 30, 2021 together with Review Report of the Chairman, Reports of Directors and Auditors thereon.
3. To approve cash dividend @ 10% (i.e.Re. 1/- per share) to shareholders, as recommended by the Board of Directors.
4. To appoint Auditors of the Company for the year ending June 30, 2022 and fix their remuneration. The retiring auditors M/s Yousuf Adil Chartered Accountants, being eligible, offer themselves for re-appointment.
5. To transact any other business that may be placed before the meeting with the permission of the Chair

By order of the Board

**SYED SHAHID SULTAN**  
Company Secretary

Karachi  
Dated : October 04, 2021

**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 25, 2021 to November 01, 2021 (both days inclusive) to determine the names of members entitled to receive the Cash dividend and to attend the Meeting.
- (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. Proxies must be received at the Registered Office of the Company not less than 48 hours before the time of holding the Meeting.
- (iv) Due to Covide-19 situation, members are encouraged to attend the AGM through video link or by consolidating their attendance through proxies. The shareholders who wish to attend the AGM through video link are requested to get themselves registered by providing the following information via email at [secretary@idreestextile.com](mailto:secretary@idreestextile.com) on or before October 24, 2021.

Name of Shareholder	CNIC No.	CDC Account No. Folio No.	Cell No.	Email.ID

Shareholders can also provide their comments/suggestions on the proposed agenda items of the AGM on above email address.

Members shall be registered after necessary verification and will be provided a video link and login credentials by the Company on the same email address that they emailed to the Company. The login facility will remain open 11.45 a.m. till the end of the meeting.



- (v) 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.
- (vi) Members are requested to provide their International Banking Account Number (IBAN) together with a copy of the Computerized National Identity Card (CNIC) to update our records. In case of non-submission all future dividend payments may be withheld.
- (vii) The rate of deduction of income tax from dividend payments under section 150 of the Income Tax Ordinance, 2001 shall be as follows:
  1. Persons appearing in Active Tax Payers List (ATL) 15%.
  2. Persons not appearing in Active Tax Payers List (ATL) 30%.

Withholding Tax exemption from the dividend income, shall only be allowed if copy of valid exemption certificate or stay order from a competent court of law is made available to JWAFS Registrar Services (Pvt) Ltd. by the first day of Book Closure.

Further according to clarification received from Federal Board of Revenue (FBR), withholding tax will be determined separately on 'Filer/Non Filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint account.

In this regard all shareholders who hold shares jointly are requested to provide shareholding Proportions of Principal shareholders and Joint-holder(s) in respect of shares held by them to our Share Registrar in writing the follows:

Company Name	Folio/CDS Account #	Principle Shareholder		Joint Shareholder	
		Name & CNIC No.	Shareholding Proportion (No.of Share)	Name & CNIC No.	Shareholding Proportion (No.of Share)

The required information must reach our Registrar within 10 days of this notice, otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint-holder(s).

- (viii) As per section 72 of the Companies Act, 2017 every Company is required to replace its physical shares with book entry form within the period as notified by the SECP i.e May 31, 2017.
 

The shareholder having physical shareholding are accordingly encourage to open their account with Investor Accounts Services of CDC or sub-account with any of the brokers and convert their physical shares into scrip less form. This will facilitate the shareholders in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulation of the Pakistan Stock Exchange Limited.
- (ix) Members can exercise their right to demand a poll subject to meeting requirements of Section 143 to Section 145 of the Companies Act, 2017 and applicable clauses of the Pakistan Stock Exchange Regulation, 2018.
- (x) In pursuance to the direction given by SECP, those shareholders who desire to receive Annual Financial Statements in future through email instead of receiving the same by post are advise to give their formal consent along with their valid email address on a standard request form which is available at the Company website (idreestextile.com) and send the said form duly signed by the shareholder to the Company's Share Registrar.

The Board of Directors is pleased to present the annual report of the Company along with the audited financial statements for the year ended June 30, 2021.

## FINANCIAL AND OPERATIONAL OVERVIEW

The principal activity of the Company is manufacturing, processing and sale of yarn and fabric. During the year under review, there has not been any material change in the Company's business activities.

During the financial year under review, the Company's turnover amounted to Rs. 4,002.5 million as compared to Rs 3,239.3 million in the previous year. Gross profit amounted to Rs. 533.8 million compared to Rs. 2882.8 million for the last year and profit after tax amounted to Rs. 159.8 million against loss of Rs. (10.6) million in the comparable period. The Company's revenue has increased by 25.6 percent and the gross profit has increased by Rs. 250.9 million.

In the wake of Covid-19 pandemic, the State Bank of Pakistan reduced the discount rate drastically from 13.25 percent to 7 percent in FY20 and maintained it till 20<sup>th</sup> Sep 2021, which did benefit the Company. The finance cost reduced by Rs. 147.4 million in FY21, which, along with increased turnover and improved gross margin, resulted in a commendable result for the year. Economy of Pakistan rebounded strongly in FY21 and posted growth of 3.9 percent which is substantially higher than the previous year's negative number of (0.47) percent. Appropriate policy measures by the government resulted in a V-Shaped economic recovery. As a result, the Company was also able to get good prices of yarn. Increase in power tariff from 7.5 US cents to 9 US cents is, however, a cost burden. By the grace of Allah, Pakistan's textile sector bounced back in FY21 encouragingly resulting in sales growth. Since the size of the Country's cotton crop is unable to meet the local demand, we witnessed soaring prices in the market. The Company's management, therefore, continued to buy a mix of various varieties of imported cotton along with local cotton to optimize the cost of raw material.

## EARNING PER SHARE

The earning per share for the year under review worked out to Rs 8.05 as compared to loss Rs. (5.17) for the corresponding year.

## DIVIDEND

The Board of Directors in its meeting held on October 04, 2021, considered payment of dividend after consideration of like Company's performance, business needs and expansion/BMR plans and is pleased to recommend a final cash dividend @ 10% i.e Re. 1/- per share.

## STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAME WORK

- (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 the financial statements and any departure there from has been adequately disclosed.
- (e) The Board understands its responsibility to ensure that adequate and effective internal financial controls are in place. The internal audit department regularly reviews the design and effectiveness of

the controls and corrective action is taken to address the weakness, if found. We believe that the system of internal control is sound in design and has been effectively implemented.

- (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 regulation of PSX rule book.
- (h) The book value of investments made by the Employees' Provident Fund, being operated for head office employees, only, as per audited financial statements of the Fund as at June 30, 2020 was Rs. 26,967,981/- (2019 Rs. 24,110,907/-)

Mills employees are entitled to gratuity as per law and appropriate provision has been made in the financial statements.

- (i) As required by the Code, we have included the following information in this report:
  - Statement of Pattern of Shareholding.
  - Statement of Shares held by associated undertaking and related parties.
  - Key operating and financial statistics for last six years.
- (i) During the year under review, seven Board of Directors, five Audit Committee and one Human Resource & Remuneration Committee (HR & RC) meetings were held and attended as follows:

Name of Directors	Board of Directors	Audit Committee	HR & RC
Mr. Muhammad Idrees Allawala	07	N/A	N/A
Mr. S.M. Mansoor Allawala	07	N/A	N/A
Mr. Muhammad Iqbal	02	03	01
Mr. Naeem Idrees Allawala	0	N/A	N/A
Mr. Rizwan Idrees Allawala	06	02	N/A
Mr. Omair Idrees Allawala	07	N/A	N/A
Mr. Muhammad Israil	06	03	01
Mr. Muhammad Saeed	03	03	01
Syed Masud Arif	04	02	N/A
Ms. Azra Yaqub Vawda	04	02	N/A

- (k) During the year under review, there has been no trading in shares of the Company by CEO, Directors and their Spouses & minor children except as given below

NAME OF DIRECTOR	Opening 01-07- 2020	Purchase	Gift In/(Gift out)	Balance as on June, 30. 2021
Mr. S. M. Mansoor Allawala	2,544,329	583000	4,442,266	7,569,595
Mr. Naeem Idrees Allawala	4,442,266	0	(4,442,266)	0
Mr. Rizwan Idrees Allawala	969,362	1,506,210	0	2,475,572



- (l) We have an audit committee the members of which are from the board of directors and the chairman is a non-executive director
- (m) We have prepared and circulated a statement of ethics and business strategy amongst directors and employees.
- (n) The board has adopted a mission statement and a statement of overall corporate strategy.

## BOARD OF DIRECTORS

During the year, election of director were carried out. The total number of Directors are seven as per the following:

- a. Male: 6
- b. Female: 1

### The Composition of Board as follows:

Category	Names
a) Independent Director	i. Syed Masud Arif ii) Ms Azra Yaqub Vawda
b) Non-executive Directors	i. Mr. Muhammad Idrees Allawala ii) Mr. Rizwan Idrees Allawala iii) Mr. Muhammad Israil
c) Executive Directors	i) Mr. S. M. Mansoor Allawala ii) Mr. Omair Idrees Allawala

## BOARD COMMITTEES

The Board of Directors has formed the Audit Committee and Human Resource and Remuneration Committee in line with the requirements of the Code of Corporate Governance.

### The members of Audit Committee is as follows:

Ms. Azra Yaqub Vawada	Chairperson
Syed Masud Arif	Member
Mr. Rizwan Idrees Allawala	Member

### The members of Human Resource and Remuneration Committee is as follows:

Syed Masud Arif	Chairman
Ms. Azra Yaqub Vawada	Member
Mr. Rizwan Idrees Allawala	Member

## CAUSUAL VACANCY

During the year under review Mr. Muhammad Israil has been appointed as director in place of Mr. Naeem Idrees Allawala

## BOARD EVALUATION

The Company carries out annual evaluation of the Board, members of the Board and its Committees as part of the Code of Corporate Governance. For that purpose, Board has developed a mechanism for evaluation of Board's own performance, members of the Board and its Committees. Based on the evaluation, overall performance of the Board, its members and Committees of the Board for the year under review is satisfactory.

## DIRECTORS' REMUNERATION :

The company does not pay remuneration to its non-executive directors including independent directors except for meeting fee. Aggregate amount of remuneration paid to executive and non-executive directors have been disclosed in note 33 of the annexed financial statements.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

Idrees Textile Mills Ltd. being a good corporate citizen contributing for the welfare of the people in our society and fulfillment of its corporate social responsibility. During the year under review the Company contributed Rs. 3,686,878/- to various organizations serving the mankind in the health and education sectors.

## PRINCIPAL RISKS AND UNCERTAINTIES

The Board of Directors monitors the risks faced by the Company and takes mitigating measures to address/manage such risks. A number of risks are faced by the Company which include credit risks, liquidity risks, capital risks, price risks, business risks, compliance risks and currency risks (Note: 38 to the enclosed financial statements). Cotton Crop, USD/Rupee parity, interest rate, energy tariff, minimum wages, taxation measures are the areas which remain in focus of management and affect the financial results. During the year under review, we saw the economy recover from the adverse effects of Covid-19. However, the management remains vigilant and proactive to manage the risk that may arise due to emergence of vaccine-resistant variant of the virus.

## FUTURE OUTLOOK

Despite an overall sense of optimism, the textile sector is currently facing sky high raw material cost. The price of cotton has escalated significantly in FY21. The rapid erosion in the value of Pak Rupee vs US Dollar and increase in ocean freight are exerting negative impact on the cost of imported raw material. However, on the other hand, with an improved production activity in the fabric sector and health conditions in neighboring country due to the pandemic there has been a rapid hike in yarn prices.

The Company has planned BMR/expansion of the mill by utilizing concessional credit facilities offered by the Government. For sustainable growth, the management intends to invest in automation, energy optimization and efficiency enhancements. We are hopeful that the benefits of these initiatives will be visible in FY23 onwards.

On the national front, the government has set a 4.8% GDP growth target for FY22 as the country recovers from the worst of the coronavirus pandemic. Exports are projected to grow from FY22 onwards, as external conditions become more conducive, but imports are also expected to increase in line with stronger domestic activity and higher oil prices. Major risks to the outlook include emergence of new vaccine-resistant strains and delay in the implementation of critical structural reforms.


## AUDITORS

The retiring Auditors M/s. Yousuf Adil, Chartered Accountants being eligible have offered themselves for re-appointment for the ensuing year 2021-2022. The audit committee in its meeting held on October 1, 2021 has recommended the appointment of the retiring auditors.

## ACKNOWLEDGEMENT

The directors are thankful to the bankers, suppliers and customers of the Company for their continued support and appreciate the hard work by the employees of the Company.

For and on behalf of the Board



**Muhammad Idrees Allawala**  
**Chairman**

Karachi: October 04, 2021



**S. M. Mansoor Allawala**  
**Chief Executive**

I am pleased to present before you a review of the Company and the role of its Board of Directors in achieving the Company's objectives for the year ended June 30, 2021.

During the year under review, the Board duly discharged its responsibilities with respect to the overall management of the Company, formulation of significant policies, evaluating its own performance and monitoring the functioning of the Board's Committees. Evaluation of the Board is aimed to measure its overall performance and conduct of the Company's affairs in accordance with the best practices of corporate governance. As Chairman of the Board, it is my responsibility to strengthen the Company's governance by promoting a culture whereby views of all stakeholders are given due consideration. In the wake of Covid-19 pandemic, the Board consistently followed a balanced strategy to steer the Company in the challenging business environment and performed its duties and responsibilities diligently while upholding high standards of corporate governance.

By the grace of Allah, Pakistan's economy rebounded strongly in FY21 and posted growth of 3.9 percent which is substantially higher than the previous year's negative number of (0.47) percent. As retail sector is opening up worldwide, post Covid-19 lockdowns, the future of Pakistan's textile sector looks promising. In order to take advantage of the emerging opportunities the Company has planned BMR/expansion of the mill, by utilizing concessional credit facilities offered by the Government. The management is closely watching volatility in exchange rate and the direction of monetary policy decisions. Major risks to the outlook include emergence of new vaccine-resistant strains and delay in the implementation of critical structural reforms.

For the year under review, based on the evaluation, the overall performance and effectiveness of the Board has been assessed as Satisfactory. The Board duly carried out its duty to ensure high standards of corporate governance since a well-defined corporate governance system is vital for enhancing corporate accountability. Through appropriate oversight and vigilance, compliance with the applicable laws and regulations was duly ensured. The Company's management constantly endeavored to safeguard shareholder value. During the year, the board considered and approved, among other things, quarterly and annual financial statements, capital expenditure, borrowings and appointment of external auditors,. The Board's Committees, i.e., Audit Committee and Human Resource & Remuneration Committee duly assisted the Board in performing its duties. These Committees held meetings and reported to the Board as per stipulations of the corporate governance regulations.

With completion of the three year term of the Company's Board, election of directors took place in the Annual General Meeting held on October 28, 2020. Seven directors were duly elected. I would like to extend my well wishes to all the Board members.

I am thankful to the employees of the Company for their valuable services and to the shareholders, customers, suppliers and bankers for their continued trust and support.



Muhammad Idrees Allawala  
Chairman of the Board

Karachi  
October 04, 2021



COMPARATIVE STATEMENT OF OPERATING RESULTS



	2016	2017	2018	2019	2020	2021
Sales	1,586,062,979	2,215,268,509	2,881,059,482	3,471,595,641	3,239,256,236	4,002,482,731
Cost of goods sold	(1,463,856,118)	(1,984,882,334)	(2,643,744,807)	(3,076,553,332)	(2,956,416,446)	(3,468,653,953)
Gross Profit	122,206,861	230,386,175	237,314,675	395,042,309	282,839,790	533,828,778
Other operating Income	33,176,150	62,665,832	35,358,695	3,528,691	10,421,660	25,389,171
	155,383,011	293,052,007	272,673,370	398,571,000	293,261,450	559,217,949
Distribution Cost	(11,538,415)	(8,170,378)	(15,241,548)	(18,679,321)	(26,603,588)	(35,219,989)
Administration expenses	(61,391,867)	(62,913,405)	(68,988,440)	(77,463,297)	(83,287,666)	(77,063,633)
Other operating expenses	(20,355,264)	(16,467,315)	(16,520,530)	(27,268,831)	(21,585,078)	(52,638,715)
Finance cost	(97,348,847)	(96,819,649)	(113,629,274)	(209,034,475)	(240,606,638)	(171,436,880)
	(190,634,393)	(184,370,747)	(214,379,792)	(332,445,924)	(372,082,970)	(336,359,217)
Profit/(Loss) before taxation	(35,251,382)	108,681,260	58,293,578	66,125,076	(78,821,520)	222,858,732
Taxation	23,649,372	(21,394,127)	20,111,096	(33,811,567)	(23,759,982)	(63,057,635)
Profit/(Loss) after taxation	(11,602,010)	87,287,133	78,404,674	32,313,509	(102,581,502)	159,801,097
Other Comprehensive income for the year	2,967,482	(36,800)	33,776,110	(33,316,294)	45,409,201	327,421,738
Total comprehensive income for the year	8,634,528	87,250,333	112,180,784	(1,002,785)	(57,172,301)	487,222,835
Earning/(Loss) per shares	(0.64)	4.84	4.34	1.63	(5.17)	8.05

**Name of Company:** IDREES TEXTILE MILLS LIMITED Year  
**Ended:** JUNE 30, 2021

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven as per the following:

- a) Male: Six
- b) Female: One

2. The composition of board is as follows:

Category	Name
Independent Directors	Syed Masud Arif Mrs. Azra Yaqub Vawda
Executive Directors	Mr. S. M. Mansoor Allawala Mr. Omair Idrees Allawala
Non-Executive Directors	Mr. Muhammad Idrees Allawala Mr. Rizwan Idrees Allawala Mr. Muhammad Israil

- 3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
- 4. The company has prepared 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.
- 5. 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.
- 6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/shareholders as empowered by the relevant provisions of the Act and these Regulations.
- 7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
- 8. The Board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
- 9. The Board remained fully compliant the provision with regard to their training program. Three

members of the Board have the prescribed qualifications and experience required for exemption from training program of Directors pursuant to Regulation 19(2) of the CCG. Program (DTP) certification. Four members of the Board have already completed the Director's Training Program.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below. The Board Audit Committee and the Board Human Resource & Compensation Committee are chaired by independent director:
  - a) Audit Committee
    1. Ms. Azra Yaqub Vawda (Chairperson)
    2. Syed Masud Arif
    3. Mr. Rizwan Idrees Allawala
  - b) Human Resource and Remuneration Committee
    1. Syed Masud Arif (Chairman)
    2. Ms. Azra Yaqub Vawda
    3. Mr. Rizwan Idrees Allawala
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee were as per following:

<b>Committee</b>	<b>Frequency of meetings</b>
Audit Committee	Quarterly
HR and Remuneration Committee	Annually
15. The board has set up an independent and effective internal audit function and the audit personnel are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
16. 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) and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.
17. The statutory auditors or the persons associated with them have not been appointed to provide

other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that the requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with, except for the Independent directors in which fraction is not rounded up as one because the fraction 0.31 is less than 0.5.
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33, and 36 are below;

In addition to the mandatory and non-mandatory clauses/regulations stipulated in Regulations, there are certain regulations/clauses in the Regulations in which word 'may' or 'encouraged' have been used. We understand that these clauses remain recommendatory in nature and therefore, neither fall under mandatory regulation / clauses nor fall into 'comply or explain' approach. However, the Company has complied with certain recommendatory regulations / clauses and the Company may consider compliance with remainder of these in future.

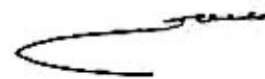
**For and on behalf of the Board**



**S M MANSOOR ALLAWALA**

Chief Executive

Dated: September 26, 2021



**MUHAMMAD IDREES ALLAWALA**

CHAIRMAN

## **INDEPENDENT AUDITOR'S REVIEW REPORT**

**To the members of Idrees Textile Mills Limited**

**Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Idrees Textile Mills Limited** (the Company) for the year ended June 30, 2021 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company.

Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2021.

Yours truly,

  
**Chartered Accountants**

**Date: October 06, 2021**



**To the members of Idrees Textile Mills Limited**
**Report on the Audit of the Financial Statements**
**Opinion**

We have audited the annexed financial statements of Idrees Textile Mills Limited (the Company), which comprise the statement of financial position as at June 30, 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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, 2021 and of the income, comprehensive income, the changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Key audit matter	How the matter was addressed in our audit
<b>1. Valuation of stock in trade</b>	
<p>Stock-in-trade has been valued following an accounting policy as stated in note 3.3 and the related value of stock-in-trade is disclosed in note 6 to the financial statements. Stock-in-trade forms material part of the Company's assets comprising 26% of total assets.</p> <p>The valuation of finished goods within stock-in-trade at cost has different components, which includes judgment in relation to the allocation of overheads costs, which are incurred in bringing the finished goods to its present location and condition. Judgments are also involved in determining the net realizable value (estimated selling price in the ordinary course of business less estimated cost of</p>	<p>Our key audit procedures to address the valuation of stock-in-trade, included the following:</p> <ul style="list-style-type: none"> <li>We obtained an understanding of mechanism of recording purchases and valuation of stock-in-trade and evaluated their design and implementation;</li> <li>We tested on a sample basis purchases with underlying supporting documents;</li> <li>We verified the calculations of the actual labor and overhead costs and checked allocation of labor and overhead costs to the finished goods;</li> </ul>

<b>Key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>completion and estimated costs necessary to make the sale) of stock-in-trade items in line with the accounting policy.</p> <p>Due to the above factors, we have considered the valuation of stock in trade as key audit matter.</p>	<ul style="list-style-type: none"> <li>• We obtained an understanding of management's process for determining the net realizable value and checked:</li> <li>• future selling prices by performing a review of sales close to and subsequent to the year-end; and</li> <li>• determination of cost necessary to make the sales.</li> <li>• We checked the calculations of net realizable value of itemized list of stock-in-trade, on a sample basis and compared the net realizable value with the cost to ensure that valuation of stock-in-trade is in line with the accounting policy.</li> </ul>
<b>2. Revaluation of certain items of property, plant and equipment</b>	
<p>As disclosed in notes 3.1 and 4 to the financial statements, certain items of property, plant and equipment are carried at revalued amount. The revaluation exercise performed during the year by an external valuer (the expert) engaged by management has resulted in revaluation surplus of Rs. 384.05 million in the value of property, plant and equipment.</p> <p>We have considered the above matter as a key audit matter due to significant judgement and estimates involved in the valuation of property, plant and equipment.</p>	<p>Our key audit procedures to address the revaluation of property, plant and equipment, included the following:</p> <ul style="list-style-type: none"> <li>• We assessed the competence, capability and independence of management expert;</li> <li>• We evaluated the methodology used by the management expert;</li> <li>• We checked the completeness and accuracy of source data sent to management expert;</li> <li>• We inspected the final valuation report and agreed the agreed the fair value (including revaluation gains) to the Company's accounting records noting no material exceptions;</li> <li>• We engaged an auditor's expert to assess whether the assumptions used in valuation of leasehold land, freehold land and building are reasonable as well as determined whether the valuations are within acceptable range; and</li> <li>• We reviewed and assessed the adequacy of the disclosures with the requirements of applicable financial reporting framework.</li> </ul>

### Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Hena Sadiq.

  
Chartered Accountants

**Place:** Karachi

**Date:** October 06, 2021

**STATEMENT OF FINANCIAL POSITION**  
As at June 30, 2021



	Note	2021 Rupees	2020 Rupees
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	4	2,046,046,950	1,662,696,972
Long-term deposits		2,887,987	2,766,242
		<u>2,048,934,937</u>	<u>1,665,463,214</u>
<b>Current Assets</b>			
Stores, spares and loose tools	5	43,809,657	47,580,982
Stock-in-trade	6	1,090,119,992	1,538,057,914
Trade debts	7	701,721,202	782,098,181
Loans and advances	8	83,520,710	67,718,460
Prepayments		1,871,858	2,286,708
Other receivables	9	154,695,934	66,431,692
Other financial assets	10	97,094,620	73,746,320
Cash and bank balances	11	8,370,748	18,400,305
		<u>2,181,204,721</u>	<u>2,596,320,562</u>
<b>Total Assets</b>		<u><u>4,230,139,658</u></u>	<u><u>4,261,783,776</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Authorised capital		220,000,000	220,000,000
22,000,000 ordinary shares of Rs.10/- each			
Issued, subscribed and paid-up capital	12	198,528,000	198,528,000
<b>Capital reserves</b>			
Surplus on revaluation of property, plant and equipment - net of tax	13	910,719,758	633,848,096
Equity portion of loan from related parties		25,813,862	33,586,069
Revenue reserves		951,551,923	731,526,624
<b>Total Equity</b>		<u>2,086,613,543</u>	<u>1,597,488,789</u>
<b>Non-current Liabilities</b>			
Long-term finance	14	169,100,200	143,305,830
Lease liability	15	10,140,260	15,816,710
Deferred taxation - net	16	252,700,211	183,503,681
Retirement benefit obligation	17	54,932,453	48,768,743
		<u>486,873,124</u>	<u>391,394,964</u>
<b>Current Liabilities</b>			
Trade and other payables	18	236,390,906	397,347,898
Accrued mark-up	19	21,575,812	68,008,376
Short-term borrowings	20	1,215,020,482	1,638,057,210
Current portion of long-term finance	14	105,354,182	99,356,884
Current portion of lease liability	15	19,268,069	24,536,352
Unclaimed dividend		2,424,885	2,424,885
Provision for taxation		56,618,655	43,168,418
		<u>1,656,652,991</u>	<u>2,272,900,023</u>
<b>Total Liabilities</b>		<u>2,143,526,115</u>	<u>2,664,294,987</u>
<b>Total Equity and Liabilities</b>		<u><u>4,230,139,658</u></u>	<u><u>4,261,783,776</u></u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	21		

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

Chief Executive

Chief Financial Officer

Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
For the Year ended June 30, 2021



	Note	2021 Rupees	2020 Rupees
Sales - net	22	4,002,482,731	3,239,256,236
Cost of sales	23	(3,468,653,953)	(2,956,416,446)
Gross profit		533,828,778	282,839,790
Distribution cost	24	(35,219,989)	(26,603,588)
Administrative expenses	25	(77,063,633)	(83,287,666)
		(112,283,622)	(109,891,254)
		421,545,156	172,948,536
Finance cost	26	(171,436,880)	(240,606,638)
Other operating expenses	27	(52,638,715)	(21,585,078)
		197,469,561	(89,243,180)
Other income	28	25,389,171	10,421,660
Profit / (loss) before taxation		222,858,732	(78,821,520)
Taxation	29	(63,057,635)	(23,759,982)
Profit / (loss) for the year		159,801,097	(102,581,502)
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
		-	-
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Surplus on revaluation of property, plant and equipment during the year	13	384,049,417	-
Impact of deferred tax thereon	13	(54,171,243)	-
		329,878,174	-
Adjustment of surplus on revaluation of property, plant and equipment due to change in tax rate	13	(7,130,328)	43,859,875
Remeasurement of retirement benefit obligation	17.5	6,582,947	2,182,150
Related tax		(1,909,055)	(632,824)
		4,673,892	1,549,326
		327,421,738	45,409,201
<b>Total comprehensive income / (loss) for the year</b>		<b>487,222,835</b>	<b>(57,172,301)</b>
Earnings / (loss) per share - basic and diluted	30	8.05	(5.17)

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

Chief Executive

Chief Financial Officer

Director

**STATEMENT OF CASH FLOWS**  
For the Year ended June 30, 2021



A. CASH FLOWS FROM OPERATING ACTIVITIES	Note	2021 Rupees	2020 Rupees
Profit / (loss) before taxation		222,858,732	(78,821,520)
<b>Adjustments for :</b>			
Depreciation		91,871,591	89,346,347
Provision for retirement benefit obligation		17,985,959	17,531,250
Finance cost		171,436,880	240,606,638
Realised / unrealized loss on investments		-	170,748
Profit on deposits		(3,448,187)	(5,291,174)
Gain on disposal of property, plant and equipment		(6,555,071)	(5,130,486)
Unwinding of discount on other receivables		(14,415,117)	-
Loss on modification of terms of financial asset		20,816,370	-
Operating cash flows before working capital changes		<u>500,551,157</u>	<u>258,411,803</u>
<b>(Increase) / Decrease in current assets</b>			
Stores, spares and loose tools		3,771,325	(6,546,671)
Stock-in-trade		447,937,922	(355,175,192)
Trade debts		80,376,979	47,219,562
Loans and advances		(2,764,239)	(7,339,179)
Prepayments		414,850	(2,938,151)
Other receivables		(94,652,134)	23,177,111
<b>(Decrease) / Increase in current liabilities</b>			
Trade and other payables		(157,106,792)	207,509,669
Cash generated from operations		<u>778,529,067</u>	<u>164,318,952</u>
Finance cost paid		(202,333,565)	(205,458,010)
Retirement benefit obligation paid		(9,089,500)	(4,558,870)
Income tax paid		(56,659,505)	(30,524,618)
Long-term deposits - net		(121,745)	1,676,571
Net cash generated from / (used in) operating activities		<u>510,324,753</u>	<u>(74,545,975)</u>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(88,660,081)	(5,623,545)
Proceeds from disposal of property, plant and equipment		22,648,000	10,891,000
Purchase of term deposit receipt - net		(23,348,300)	(12,468,560)
Profit on deposits received		3,434,826	5,993,312
Proceeds from disposal of investment		-	3,202,527
Proceeds from disposal of sales tax refund bond		-	14,700,000
Net cash (used in) / generated from investing activities		<u>(85,925,555)</u>	<u>16,694,734</u>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long-term finance repaid to financial institutions		(46,041,049)	(25,232,022)
Long-term finance obtained from financial institutions		99,287,300	52,500,000
Long-term finance repaid to related parties		(35,226,790)	(5,567,612)
Long-term finance obtained from related parties		6,000,000	45,000,000
Lease liabilities repaid during the year		(35,411,488)	(41,832,528)
Net cash (used in) / generated from financing activities		<u>(11,392,027)</u>	<u>24,867,838</u>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>		<u>413,007,171</u>	<u>(32,983,403)</u>
<b>Cash and cash equivalents at the beginning of the year</b>		<u>(1,619,656,905)</u>	<u>(1,586,673,502)</u>
<b>Cash and cash equivalents at the end of the year</b>	31	<u>(1,206,649,734)</u>	<u>(1,619,656,905)</u>

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

Chief Executive

Chief Financial Officer

Director



	Note	Capital reserve			Revenue reserve	Total
		Share capital	Surplus on revaluation of property, plant and equipment - net of tax	Equity portion of loan from related parties	Unappropriated profit	
----- Rupees -----						
<b>Balance as at July 1, 2019</b>		198,528,000	636,590,009	44,580,488	775,173,992	1,654,872,489
<b>Total comprehensive income for the year</b>						
Loss for the year		-	-	-	(102,581,502)	(102,581,502)
Other comprehensive income for the year		-	43,859,875	-	1,549,326	45,409,201
		-	43,859,875	-	(101,032,176)	(57,172,301)
<b>Transfer from surplus on revaluation of property plant and equipment on account of</b>						
- incremental depreciation charged thereon - net of tax	13	-	(45,086,163)	-	45,086,163	-
- disposals - net of tax		-	(1,515,625)	-	1,515,625	-
<b>Transactions with related parties</b>						
Amortised portion of interest free loan due to change in terms of loan	14.2	-	-	(19,482,503)	-	(19,482,503)
Unwinding of discount on long-term loan from related parties	14.2	-	-	(10,783,020)	10,783,020	-
Fair value effect of interest free loan provided by related parties	14.2	-	-	19,271,104	-	19,271,104
<b>Balance as at June 30, 2020</b>		<b>198,528,000</b>	<b>633,848,096</b>	<b>33,586,069</b>	<b>731,526,624</b>	<b>1,597,488,789</b>
<b>Total comprehensive income for the year</b>						
Profit for the year		-	-	-	159,801,097	159,801,097
Other comprehensive income for the year		-	(7,130,328)	-	4,673,892	(2,456,436)
		-	(7,130,328)	-	164,474,989	157,344,661
<b>Transfer to / from surplus on revaluation of property, plant and equipment on account of</b>						
- revaluation surplus as at June 30, 2021 - net of tax		-	329,878,174	-	-	329,878,174
- incremental depreciation charged thereon - net of tax	13	-	(45,876,184)	-	45,876,184	-
- disposals - net of tax		-	-	-	-	-
<b>Transactions with related parties</b>						
Amortised portion of interest free loan due to change in terms of loan	14.2	-	-	-	-	-
Unwinding of discount on long-term loan from related parties	14.2	-	-	(9,674,126)	9,674,126	-
Fair value effect of interest free loan provided by related parties	14.2	-	-	1,901,919	-	1,901,919
<b>Balance as at June 30, 2021</b>		<b>198,528,000</b>	<b>910,719,758</b>	<b>25,813,862</b>	<b>951,551,923</b>	<b>2,086,613,543</b>

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

Chief Executive

Chief Financial Officer

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 repealed Companies Ordinance, 1984 (now Companies Act, 2017) and was listed on Pakistan Stock Exchange Limited 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 all kinds of yarn.

Following are the geographical location and address of all business units of the Company:

<b>Karachi</b>	<b>Purpose</b>
6-C, Ismail Centre, 1st floor, Central Commercial Area, Bahadurabad	Head Office
<b>Nankana Sahib</b>	<b>Purpose</b>
Kot Shah Muhammad, Tehsil & District Nankana Punjab	Regional Office and Production Plant / Factory

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of;

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ with requirements of IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### 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 Presentation and functional currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest rupee.

### 2.4 Use of estimates and judgements

The preparation of financial statements in conformity with the accounting and reporting 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 the 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 recognised in the period in which the estimate is 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.

Judgements made by management in the application of the accounting and reporting standards, as applicable in Pakistan, that have a significant effect on the financial statements and estimates with significant risk of material judgment in the next financial year are set forth below:

- assumptions and estimates used in accounting for defined benefit plan (notes 3.10 and 17.1);
- assumptions and estimates used in determining residual values, useful lives and recoverable amount of property, plant and equipment (notes 3.1, 3.6 and 4.1);
- right of use assets and lease liability (notes 3.1, 3.18, 4.1.2 and 15);
- assumptions and estimates used in determining provision for taxation including deferred taxation (notes 3.11, 16 and 29);
- assumptions and estimates used in determining provision for slow moving stores and spares (notes 3.2 and 5.1);
- assumptions and estimates used in writing down items of stock-in-trade to their net realizable value (notes 3.3 and 6);
- contingencies and commitments (note 21); and
- impairment of financial assets (notes 3.5.4).

## 2.5 Changes in accounting standards and interpretations

### 2.5.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2021

The following standards, amendments and interpretations are effective for the year ended June 30, 2021, however, these standards, amendments and interpretations are either not relevant to the Company's operations or do not significantly impact the Company's financial statements other than certain additional disclosure.

- Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions
- Amendments to IFRS 3 'Business Combinations' - Definition of a business
- Amendments to the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS
- Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material
- Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform

Certain annual improvements have also been made to a number of IFRS standards.

### 2.5.2 New accounting standards and amendments that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and amendments 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.

	<b>Effective from accounting period beginning on or after:</b>
- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
- Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	April 01, 2021
- Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022

**Effective from accounting period beginning on or after:**

- |   |                  |
|---|------------------|
| - Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use   | January 01, 2022 |
| - Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract | January 01, 2022 |
| - Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies                                      | January 01, 2023 |
| - Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates          | January 01, 2023 |
| - Amendments to 'IAS 12 Income Taxes' - Amendments regarding deferred tax on leases and decommissioning obligations                   | January 01, 2023 |

Certain annual improvements have also been made to a number of IFRS Standard, which are also not expected to have material impact on financial reporting of the Company.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the SECP:

- IFRS 1 'First Time Adoption of International Financial Reporting Standards'
- IFRS 17 'Insurance Contracts'

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2020.

#### 3.1 Property, plant and equipment

##### 3.1.1 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 recognised 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 measured reliably. Cost incurred to replace a component of an item of property, plant and equipment is capitalized and the asset so replaced is derecognised. Normal repairs and maintenance are charged to the statement of profit or loss during the period in which they are incurred.

Depreciation is charged to the statement of profit or loss on a straight line basis at the rates specified in note 4.1. 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 item 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 reporting date.





Surplus on revaluation of assets is recognised net of tax, in statement of other comprehensive income (OCI) and presented as a separate component of equity as "surplus on revaluation of property, plant and equipment", except that it reverses a revaluation deficit for the same asset previously recognised in the statement of profit or loss, in which case the surplus is credited to the statement of profit or loss to the extent of the deficit charged previously.

Deficit on revaluation of assets is recognised in the statement of profit or loss, except that it reverses a revaluation surplus for the same asset previously recognised in statement of other comprehensive income, in which case the deficit is charged to other comprehensive income to the extent of the surplus credited previously. The revaluation reserve is not available for distribution to the Company's shareholders.

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). Further, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings (unappropriated profit).

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. 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 recognised in other income / other expenses in the statement of profit or loss. 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.

#### **3.1.2 Leased assets**

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 that will be transferred at the end of the lease term 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.

#### **3.2 Stores, spares and loose tools**

These are stated at lower of moving average cost and net realizable value, less allowance for obsolete and slow moving items (if any). Items in transit are stated at cost comprising invoice value plus other charges incurred thereon upto the reporting date. 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.

#### **3.3 Stock-in-trade**

These are stated at lower of cost and net realizable value applying the following basis:

Cost signifies in relation to:

- |                                      |  |
|--------------------------------------|--|
| - Raw material (imported)            | Lower of cost (weighted average) and net realisable value (NRV)<br>- specific identification basis |
| - Raw material (local)               | Lower of cost (weighted average) and NRV   |
| - Stock-in-transit                   | Cost accumulated up to reporting date  |
| - Work-in-process and finished goods | Lower of cost (weighted average) and NRV   |
| - Waste                              | Net realisable value (NRV)   |



Cost in relation to work-in-process and finished goods represents annual average manufacturing cost which consists of prime cost and appropriate manufacturing 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.

### 3.4 Trade debts and other receivables

Trade debts and other receivables are recognised initially at fair value and subsequently measured at amortized cost less loss allowance, if any. The Company measures the loss allowance for trade debts at an amount equal to lifetime expected credit losses (ECL). The expected credit losses on trade debts are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Trade debts and other receivables considered irrecoverable are written off.

### 3.5 Financial instruments

#### 3.5.1 Classification of financial assets

The Company classifies its financial assets into following three categories:

- At amortized cost ("AC"),
- Fair value through other comprehensive income ("FVTOCI") and
- Fair value through profit or loss ("FVTPL").

#### Financial assets at amortised cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- 1) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- 2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

#### Financial assets at FVTOCI

A financial asset is measured at FVTOCI only if it meets both of the following conditions and is not designated as FVTPL:

- 1) the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- 2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition, for an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI, only dividend income is recognised in income statement. This election is made on an investment-by-investment basis.

FVTOCI financial assets are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI.



### **Financial assets at FVTPL**

All other financial assets are classified at FVTPL (for example: equity held for trading and debt securities not classified either as AC or FVTOCI).

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

### **3.5.2 Recognition and initial measurement of financial instruments**

Financial assets and financial liabilities are recognised in the Company's statement of assets and liabilities when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### **3.5.3 Subsequent measurement of financial assets**

#### **Financial assets at amortised cost**

Financial assets at amortised cost are subsequently measured at amortised cost. Amortised cost is calculated using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

#### **Financial assets at FVTOCI**

All financial assets at FVTOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in other comprehensive income.

For debt instruments classified as financial assets at FVTOCI, the amounts in other comprehensive income are reclassified to income statement on derecognition of financial assets. This treatment is in contrast to equity instruments classified as financial assets at FVTOCI, where there is no reclassification on derecognition.

#### **Financial assets at FVTPL**

All financial assets designated at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value recorded in the income statement.

### **3.5.4 Impairment**

#### **Impairment of financial assets**

Under expected credit loss (ECL) model of IFRS 9, the Company recognises loss allowances for ECLs on financial assets. The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Financial assets that are determined to have low credit risk at the reporting date; and
- Other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.



### **3.5.5 Classification and measurement of financial liabilities**

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

### **3.5.6 Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the entity has transferred substantially all risks and rewards of ownership.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

### **3.5.7 Offsetting of financial assets and liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the assets and settle the liabilities simultaneously.

### **3.6 Impairment of non-financial assets**

The carrying amounts of the Company's non-financial assets, other than deferred tax assets and inventories are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value in use and fair value less costs to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss.

### **3.7 Foreign currency transactions and translation**

Transactions in foreign currencies are translated into reporting currency at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated into reporting currency equivalents using foreign currency rates ruling on the reporting date. Exchange differences on foreign currency transactions and translation are included in the income currently.

### **3.8 Provisions**

Provisions are recognised in the statement of financial position 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 can be made of the amount of obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

### **3.9 Cash and cash equivalents**

Cash and cash equivalents used in statement of cash flows include cash in hand balances with banks in current and deposit accounts and short term borrowings. Short-term borrowings availed by the Company, are payable on demand and form an integral part of the Company's cash management.

### **3.10 Retirement benefit obligation**

#### **3.10.1 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's obligation under the scheme is determined through actuarial valuation carried out at each year end under the Projected Unit Credit Method. Remeasurements which comprise actuarial gains and losses are recognised immediately in other comprehensive income.



The Company determines the interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of benefit payments. Interest expense and current service cost are recognised in the statement of profit or loss.

### **3.10.2 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.

## **3.11 Taxation**

### **3.11.1 Current tax**

Provision for current taxation is based on taxable income at the current rates of taxation, after taking into account tax rebates and tax credits available, if any, or turnover at the specified rate or Alternate Corporate Tax as defined in section 113C of the Income Tax Ordinance, 2001, whichever is higher. Charge for current tax also includes adjustments, where necessary, relating to prior years which arise from assessment framed / finalized during the year. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

### **3.11.2 Deferred tax**

Deferred tax is recognised using the 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 reporting date.

The Company recognises 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 realised.

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.

## **3.12 Trade and other payables**

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

## **3.13 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of the respective assets until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in statement of profit or loss in the period in which they are incurred.

## **3.14 Revenue recognition**

The Company manufactures and contracts with customers for the sale of yarn which generally include single performance obligation. Management has assessed that revenue from sale of goods be recognised at the point in time when control of the asset is transferred to the customer, which is when the goods are dispatched to the customer.

Interest income is accrued on time proportionate basis, by reference to the principal outstanding and at the applicable effective interest rate.

## **3.15 Dividend income**

Dividend income is recognised when the Company's right to receive payment have been established and is recognised in statement of profit or loss and included in other income.

## **3.16 Dividend and appropriation to / from reserves**

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



### 3.17 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.

### 3.18 Leases - Lease liabilities and right-of-use assets

The Company recognises leases as a right-of-use asset and corresponding liability at the date at which the leased asset is available for use by the Company.

The lease liability is subsequently measured (at amortised cost) by increasing the carrying amount to reflect interest on the lease liability using the effective interest method and by reducing the carrying amount to reflect the lease payments made. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in statement of profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

For short term leases and leases of low / immaterial value assets, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the assets economic life. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

### 3.19 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses that relates to transactions with any of the other components of the Company.

The Board of Directors and the Chief Executive Officer of the Company have been identified as the chief operating decision-makers (CODM), who are responsible for allocating resources and assessing the performance of the operating segments. Management has determined that the Company has a single reportable segment as the CODM views the Company's operations as one reportable segment.

### 3.20 Commitments

Commitments for capital expenditure contracted for but not incurred are disclosed in the financial statements at committed amounts. Commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in rupee terms at committed amounts.

	Note	2021 Rupees	2020 Rupees
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets			
Owned	4.1.1	<b>1,964,381,190</b>	1,556,034,590
Right of use assets	4.1.2	<b>75,948,660</b>	106,662,382
Advance against vehicle	4.1.3	<b>5,717,100</b>	-
		<b><u>2,046,046,950</u></b>	<b><u>1,662,696,972</u></b>



4.1 OPERATING FIXED ASSETS

Particulars	2021										Dep. Rate %
	July 01, 2020	July 01, 2020	June 30, 2021	July 01, 2020	Depreciation/ (disposals)/ write-offs for the year	Transfers	Revaluation adjustment	June 30, 2021	Written Down Value	June 30, 2021	
	Cost / Revaluation			Accumulated Depreciation			Dep. Rate				
	July 01, 2020	July 01, 2020	June 30, 2021	July 01, 2020	Depreciation/ (disposals)/ write-offs for the year	Transfers	Revaluation adjustment	June 30, 2021	Written Down Value	June 30, 2021	Dep. Rate %
<b>4.1.1 Owned assets</b>											
Land free hold	110,171,875	-	240,375,000	-	-	-	-	-	240,375,000	-	-
Mill building on freehold land	144,322,067	985,814	218,633,050	12,312,090	12,396,947	-	(24,709,037)	-	218,633,050	-	5-20%
Labour colony on freehold land	20,901,500	-	21,352,625	2,591,476	2,591,484	-	(5,182,960)	-	21,352,625	-	5-14%
Plant and machinery	1,285,321,639	72,720,833	1,414,360,500	58,694,331	61,569,834	1,110,755	(121,374,920)	-	1,414,360,500	-	4-33%
Electric installations	28,513,600	-	21,988,000	3,417,281	3,417,277	-	(6,834,558)	-	21,988,000	-	8-25%
Factory equipment	6,487,499	-	5,251,500	663,514	663,516	-	(1,327,030)	-	5,251,500	-	7-20%
Office equipment	13,304,984	1,499,174	14,804,158	11,277,250	547,838	-	-	11,825,088	2,979,070	-	10%
Furniture and fixtures	3,885,361	-	3,885,361	3,689,585	29,127	-	-	3,718,712	166,649	-	10%
Vehicle	100,981,010	7,737,160	101,253,134	65,209,418	4,026,672	6,117,855	-	61,978,338	39,274,796	-	20%
		(29,468,536)			(13,375,607)						
	1,713,889,535	82,942,981	2,041,903,328	157,854,945	85,242,695	7,228,610	(159,428,505)	77,522,138	1,964,381,190		
		(29,468,536)			(13,375,607)						
<b>4.1.2 Right of use assets</b>											
Plant and machinery	61,626,000	-	32,500,000	1,313,024	1,008,795	(1,110,755)	(1,211,064)	-	32,500,000	-	4%
Vehicle	55,309,530	18,605,000	51,911,030	8,960,124	5,620,101	(6,117,855)	-	8,462,370	43,448,660	-	20%
	116,935,530	18,605,000	84,411,030	10,273,148	6,628,896	(7,228,610)	(1,211,064)	8,462,370	75,948,660	-	
<b>Total June 30, 2021</b>	1,830,825,065	101,547,981	2,126,314,358	168,128,093	91,871,591	-	(160,639,569)	85,984,508	2,040,329,850		
		(29,468,536)			(13,375,607)						







4.1.3 This represents payment made by lessor on behalf of the Company as per the lease agreement, yet the vehicle have not been received as of June 30, 2021.

	Note	2021 Rupees	2020 Rupees
4.2 Depreciation for the year has been allocated as under:			
Cost of sales	23	81,647,853	79,019,505
Administrative expenses	25	10,223,738	10,326,842
		<u>91,871,591</u>	<u>89,346,347</u>

4.3 The details of operating fixed assets disposed / written offs during the year are as follows :

Description	Cost / Revaluation	Accumulated Depreciation	Carrying Value	Sale Proceeds	Gain / (loss)	Relationship of purchaser with Company	Mode of Disposal	Particulars of purchaser
Vehicle								
Unique Motorcycle	87,982	87,981	1	20,000	19,999	Third Party	Negotiation	Asad Ahmed Khan
Honda City	910,314	910,313	1	1,178,000	1,177,999	Third Party	Negotiation	Gohar
Mercedes Benz	10,185,000	6,111,000	4,074,000	5,000,000	926,000	Third Party	Negotiation	Blue Wave Global Tech
Master Foton Truck	1,985,000	1,191,000	794,000	1,650,000	856,000	Third Party	Negotiation	Zohaib Trading Co.
Honda Civic	2,534,000	1,649,104	884,896	1,700,000	815,104	Third Party	Negotiation	Mansoor Faisal
Honda City	1,933,000	483,250	1,449,750	2,000,000	550,250	Third Party	Negotiation	Blue Wave Global Tech
Honda Civic	3,339,740	834,935	2,504,805	3,200,000	695,195	Third Party	Negotiation	Rukhsar Trading
Suzuki Bolan	725,000	292,498	432,502	800,000	367,498	Related Party	Negotiation	Naeem Idrees Allawala
Honda Civic	2,647,000	705,867	1,941,133	2,800,000	858,867	Third Party	Negotiation	Rukhsar Trading
Hilux Revo	5,121,500	1,109,659	4,011,841	4,300,000	288,159	Third Party	Negotiation	Ameer Hamza Ghauri
	29,468,536	13,375,607	16,092,929	22,648,000	6,555,071			

4.4 The Company carries its land, building, labour colony, plant and machinery, electric installations and mill equipment at revalued amounts under IAS 16 'Property, Plant and Equipment'. The latest revaluation of these assets was carried out as at June 30, 2021 by Tristar International Consultant (Pvt.) Ltd. (an independent valuer located in Lahore) on the basis of present market values, which resulted in surplus on revaluation amounting to Rs. 384.05 million.

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, June 30, 2010, June 30, 2013, June 30, 2016, June 30, 2019 and June 30, 2021. The resulting revaluation surpluses have been disclosed in notes 13 and 4.1 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, 2021, if the said assets had been carried at historical cost, would have been as follows:

	2021	2020			
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation
	Rupees				
Land - freehold	8,772,600	-	8,772,600	8,772,600	-
Mills building on freehold land	142,260,822	(107,287,660)	34,973,162	141,275,008	(105,509,172)
Labour colony on freehold land	16,533,266	(15,383,625)	1,149,641	16,533,266	(15,341,070)
Plant and machinery	1,516,849,325	(717,880,696)	798,968,629	1,444,128,491	(697,816,445)
Electric installations	43,144,676	(29,396,961)	13,747,715	43,144,676	(28,145,961)
Factory equipment	6,616,044	(4,695,709)	1,920,335	6,616,044	(4,540,074)
	<b>1,734,176,733</b>	<b>(874,644,651)</b>	<b>859,532,082</b>	<b>1,660,470,085</b>	<b>(851,352,722)</b>

4.5 Forced sale values as per the latest revaluation report as of June 30, 2021 as mentioned in note 4.4 are as follows:

Asset Class	Rupees
Land - freehold	204,318,750
Mills building on freehold land	185,838,093
Labour colony on freehold land	18,149,731
Plant and machinery	1,157,488,400
Electric installations	17,590,400
Mill equipment	4,201,200

4.6 Particulars of immovable asset of the Company are as follows:

Location	Addresses	Usage of immovable property
Nankana Sahib	Kot Shah Muhammad, Tehsil & District Nankana Punjab	Production Plant and facility



	Note	2021 Rupees	2020 Rupees
<b>5. STORES, SPARES AND LOOSE TOOLS</b>			
Stores and spares		45,950,186	47,023,198
Stores and spares in transit		4,169,707	6,868,020
Loose tools		64,585	64,585
		<u>50,184,478</u>	<u>53,955,803</u>
Less: provision for slow moving items	5.1	(6,374,821)	(6,374,821)
		<u>43,809,657</u>	<u>47,580,982</u>
<b>5.1 Movement in provision for slow moving items</b>			
Balance as at July 1,		6,374,821	6,374,821
Provision made during the year		-	-
		<u>6,374,821</u>	<u>6,374,821</u>
<b>6. STOCK-IN-TRADE</b>			
Raw material			
- In hand		785,996,519	1,004,724,792
- In transit		155,372,804	349,733,833
Work-in-process		41,992,838	38,283,787
Finished goods			
- In hand		61,419,155	71,782,264
- In transit		-	24,606,640
- Third party		39,370,268	45,070,336
Waste		5,968,408	3,856,262
		<u>1,090,119,992</u>	<u>1,538,057,914</u>
<b>6.1</b> During the year there is no provision on stock-in-trade, however, during last year goods costing Rs 61.44 million were written down by Rs 5.92 million to net realisable value amounting to Rs 55.51 million.			
<b>7. TRADE DEBTS</b>			
Considered good			
Export		83,606,403	1,631,173
Local		618,114,799	780,467,008
	7.1	<u>701,721,202</u>	<u>782,098,181</u>
Considered doubtful			
Local		12,413,215	12,413,215
		<u>714,134,417</u>	<u>794,511,396</u>
Less: Provision for doubtful debts	7.2	(12,413,215)	(12,413,215)
		<u>701,721,202</u>	<u>782,098,181</u>
<b>7.1</b> Trade debts are non-interest bearing and are generally on 60 to 90 days terms. Trade debts are unsecured other than the export and local trade debts that are secured against letter of credits as mentioned in note 7.4.			
<b>7.2 Movement in provision for doubtful debts</b>			
Balance as at July 1,		12,413,215	12,413,215
Provision made during the year		-	-
		<u>12,413,215</u>	<u>12,413,215</u>



	2021 Rupees	2020 Rupees
<b>7.3 Ageing of trade debts past due but not impaired</b>		
0 - 90 days	573,107,254	210,485,661
91-180 days	87,222,961	161,008,446
181 - 360 days	51,427,302	396,068,353
Above 360 days	2,376,900	26,948,936
	<b>714,134,417</b>	<b>794,511,396</b>

7.4 Following are the details for local and export related trade debts outstanding as at June 30 2021, which are secured against letter of credit:

	Mode of arrangement	Amount in Rupees
<b>Local sales</b>	<b>Confirmed LC</b>	<b>12,130,560</b>
<b>Exports - China</b>	<b>Confirmed LC</b>	<b>83,606,403</b>

	Note	2021 Rupees	2020 Rupees
<b>8. LOANS AND ADVANCES</b>			
<b>Considered good</b>			
Loans to employees - unsecured	8.1	632,000	414,000
Advance to employees	8.1	475,481	2,394,481
Advances - unsecured			
- to suppliers		19,923,795	15,211,165
- for expenses		1,164,303	1,411,694
		21,088,098	16,622,859
Advance income tax		61,325,131	48,287,120
		<b>83,520,710</b>	<b>67,718,460</b>

8.1 These represents unsecured, interest free, short-term loan and advance given to employees of the Company.

	Note	2021 Rupees	2020 Rupees
<b>9. OTHER RECEIVABLES</b>			
Sales tax			
- considered good		21,158,402	47,992,564
- considered doubtful		2,630,629	2,630,629
Export rebate - considered doubtful		2,194,344	2,194,344
Duty draw back receivable		5,872,932	5,872,932
Cotton quality and weight claims			
- considered good		3,279,126	8,479,386
Profit on deposits		2,101,232	2,087,871
Others	9.1	122,284,243	1,998,939
		159,520,908	71,256,665
Less: provision for doubtful receivables	9.2	(4,824,973)	(4,824,973)
		<b>154,695,935</b>	<b>66,431,692</b>

9.1 During the year, the Company entered into an agreement with a customer whereby overdue balance as of January 1, 2021 will be paid in instalments until December 31, 2021. This has resulted in modification in terms of financial assets and therefore, the Company has recognized modification loss, as disclosed in note 27. As at June 30, 2021, the outstanding balance is Rs. 120.58 million.

	Note	2021 Rupees	2020 Rupees
<b>9.2 Provision for doubtful receivables</b>			
As at July 01, 2020		4,824,973	4,824,973
Provision recognized during the year		-	-
As at June 30, 2021		<u>4,824,973</u>	<u>4,824,973</u>

## 10. OTHER FINANCIAL ASSETS

Term deposit receipts	10.1	<u>97,094,620</u>	<u>73,746,320</u>
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10.1 These 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 6.25% to 9.00% (2020: 5.90% to 10.00%) per annum. The banks have lien on these term deposit receipts on account of guarantees provided by such banks as disclosed in note 21.1.1 to the financial statements. These will mature latest by June 09, 2022 (2020: August 21, 2021).

	Note	2021 Rupees	2020 Rupees
<b>11. CASH AND BANK BALANCES</b>			
Cash in hand		1,761,291	987,370
Cash at banks			
- in current accounts	11.1	6,578,622	17,305,401
- in savings account	11.2	30,835	107,534
		<u>8,370,748</u>	<u>18,400,305</u>

11.1 This includes an amount of Rs. 6.68 million (2020: Rs. 6.68 million) on which the bank has created lien on account of guarantee provided by such bank as disclosed in note 21.1.1 to the financial statements.

11.2 It carries markup of 6.56% (2020: 8.9%) per annum.

## 12. SHARE CAPITAL

2021 Number of shares	2020 Number of shares		2021 Rupees	2020 Rupees
<b>Authorised</b>				
<u>22,000,000</u>	<u>22,000,000</u>	Ordinary shares of Rs. 10/- each	<u>220,000,000</u>	<u>220,000,000</u>
<b>Issued, subscribed and paid-up</b>				
<u>19,852,800</u>	<u>19,852,800</u>	Ordinary shares of Rs. 10/- each fully paid in cash	<u>198,528,000</u>	<u>198,528,000</u>

12.1 The Company has one class of ordinary share, which carry equal voting rights but no right to fixed income. Voting rights, board selection etc. are in proportion to their shareholding.



	Note	2021 Rupees	2020 Rupees
<b>13. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net of tax</b>			
As at July 1,		769,235,102	827,686,199
Surplus arising during the year		384,049,417	-
Less: transferred to unappropriated profit on account of:			
- incremental depreciation - net of tax		(45,876,184)	(45,086,163)
- related deferred tax liability		(12,446,071)	(11,464,146)
- disposals - net of tax		-	(1,515,625)
- related deferred tax liability		-	(385,163)
		(58,322,255)	(58,451,097)
As at June 30		1,094,962,264	769,235,102
Less: related deferred tax liability on:			
Revaluation surplus as at July 1,		135,387,006	191,096,190
Surplus arising during the year	16	54,171,243	-
Adjustment due to change in tax rate	16	7,130,328	(43,859,875)
Incremental depreciation charged during the year		(12,446,071)	(11,464,146)
Assets disposed-off during the year		-	(385,163)
	16	184,242,506	135,387,006
<b>As at June 30</b>		<b>910,719,758</b>	<b>633,848,096</b>
<b>14. LONG-TERM FINANCE</b>			
<b>Long term portion</b>			
Financial institutions	14.1	95,173,061	83,150,898
Related parties	14.2	73,927,139	60,154,932
		169,100,200	143,305,830
<b>Current portion</b>			
Financial institutions	14.1	90,459,584	49,235,496
Related parties	14.2	14,894,598	50,121,388
		105,354,182	99,356,884



14.1 Details and movement are as follows:

	Dubai Islamic Bank			The Bank of Punjab			2021	2020
	Term Finance 1	Term Finance 2	Term Finance 3	Term Finance 1*	Term Finance 2	Term Finance 3	Rupees	Rupees
Balance at July 01	7,611,779	24,935,074	19,285,714	28,053,827	52,500,000	-	132,386,394	105,118,416
Obtained during the year	-	-	-	-	48,000,000	51,287,300	99,287,300	52,500,000
Repaid during the year	(3,262,191)	(9,067,299)	(6,428,572)	(2,157,987)	(25,125,000)	-	(46,041,049)	(25,232,022)
Payable within one year	4,349,588	15,867,775	12,857,142	25,895,840	75,375,000	51,287,300	185,632,645	132,386,394
Balance at June 30	1,087,397	6,800,476	6,428,570	17,263,893	25,125,000	38,467,725	95,173,061	83,150,898

Mark up rate (per annum) 6 month KIBOR +250 bps Monthly SBP Rate +250 bps Quarterly

Principal and mark up payment Monthly 6 month KIBOR +225 bps Monthly 6 month KIBOR +250 bps Quarterly (6 months grace period) Quarterly

Sub-note 14.1.1 14.1.1 14.1.1 14.1.1 14.1.2 14.1.3 14.1.4

\* The loan was converted to L TFF after SBP approval during the year.

14.1.1 The loan is secured by way of first pari passu charge over Compact Spinning, imported Gen set and locally purchased carding machines with 0% to 25% margin.

14.1.2 The loan is secured by way of first exclusive and specific hypothecation charge over imported machinery of the Company (Compact Spinning Assembly) with 0% margin.

14.1.3 The loan is for financing salaries and wages under SBP Refinance Scheme. The loan is secured against existing land and building and plant and machinery of the Company with 25% margin.

14.1.4 The loan is obtained to meet the capital expenditure requirement of the Company. The loan is secured by way of first exclusive and specific hypothecation charge over imported machinery of the Company. The unavailed facility available as at June 30, 2021 is Rs. 48.71 million.

14.1.5 The Company has entered into a Temporary Economic Refinance Facility (TERF) agreement with an Islamic bank and commercial banks, with the total limit aggregating to Rs. 600 million (2020: Nil). This includes Rs.150 million being the sub-facility under the letter of credit facility agreement amounting to Rs. 175 million with the Islamic bank. The unavailed facility as at year end was Rs. 600 million (2020: Nil). These facilities carry mark up of SBP Base Rate + 4% (2020: Nil). The tenure of these facilities ranges from 5 to 10 years with grace period upto 2 years. These facilities are secured against various assets including exclusive charge over imported machinery, first pari passu charge over land & building, hypothecation charge over specific equipment and machinery, and also the personal guarantee of all the directors and mortgagors of the



	Note	2021 Rupees	2020 Rupees
<b>14.2 Loan from related parties - unsecured</b>			
Opening as at July 01,		110,276,320	59,849,513
Receipts during the year	14.2.1	6,000,000	45,000,000
Repayments during the year	14.2.1	(35,226,790)	(5,567,612)
Unwinding of discount		9,674,126	10,783,020
Release of equity portion of loan due to change in terms of loan		-	19,482,503
Less: Fair value adjustment		(1,901,919)	(19,271,104)
		<u>88,821,737</u>	<u>110,276,320</u>
Payable within one year		<u>(14,894,598)</u>	<u>(50,121,388)</u>
Closing as at June 30,		<u>73,927,139</u>	<u>60,154,932</u>

**14.2.1** During the year, the Company obtained loan amounting to Rs. 6 million from the directors of the Company as per the agreement signed on December 15, 2020. These loans are interest free, unsecured and are expected to be repaid by the end of December 14, 2024. Using the discount rate of 10% per annum, the fair value of the loans is estimated at Rs. 4.1 million. The difference of Rs. 1.9 million is recognized in equity in this regard.

The interest (i.e., unwinding of the difference between present value on initial recognition and the amount received) is being recognized on the loan in the statement of profit or loss using the effective interest method.

**14.2.2** During the year, the Company has repaid loan amounting to Rs. 35.23 million to directors and their dosed family members.

As at June 30, 2021, the loans received from directors are due to be paid as follows, unless otherwise the terms of repayment are further extended:

Due Date	Loan received	Present value
June 03, 2023	48,741,000	36,855,198
December 08, 2023	45,000,000	32,768,956
December 14, 2024	6,000,000	4,302,985
December 31, 2021	14,894,598	14,894,598
	<u>114,635,598</u>	<u>88,821,737</u>

	Note	2021 Rupees	2020 Rupees
<b>15. LEASE LIABILITY</b>			
Present value of minimum lease payments	15.1	29,408,329	40,353,062
Less: current portion shown under current liabilities		(19,268,069)	(24,536,352)
		<u>10,140,260</u>	<u>15,816,710</u>

**15.1** These represent plant and machinery and vehicles acquired under 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:

	2021			2020		
	Future minimum lease	Finance cost	Present value	Future minimum lease	Finance cost	Present value
	-----Rupees-----					
Not later than one year	21,113,822	1,845,753	19,268,069	27,656,118	3,119,766	24,536,352
Later than one year but not later than five years	10,668,764	528,504	10,140,260	17,071,771	1,255,061	15,816,710
Total future minimum lease payments	<u>31,782,586</u>	<u>2,374,257</u>	<u>29,408,329</u>	<u>44,727,889</u>	<u>4,374,827</u>	<u>40,353,062</u>

The rates of mark-up ranges from 9.46% to 10.38% (2020: 13.66% to 16.54%) per annum and are used as discounting factor. The lease terms are upto 3 years. The Company intends to exercise its option to purchase the leased assets upon completion of the lease period. Liabilities are secured against leased assets, demand promissory notes and security deposits.



	Note	2021 Rupees	2020 Rupees
<b>16. DEFERRED TAXATION - NET</b>			
Balance as at July 1,		183,503,681	243,928,956
Reversal to profit or loss	29	5,985,904	(17,198,224)
Charged to other comprehensive income		1,909,055	632,824
Adjustment to the related deferred tax liability on revaluation surplus	13	54,171,243	-
Tax rate adjustment on surplus	13	7,130,328	(43,859,875)
Balance as at June 30,		<u>252,700,211</u>	<u>183,503,681</u>
This comprises of the following:			
Taxable temporary differences:			
- accelerated depreciation on property, plant and equipment		142,440,082	127,789,807
- surplus on revaluation of property, plant and equipment		184,242,507	135,387,006
		<u>326,682,589</u>	<u>263,176,813</u>
Deductible temporary differences:			
- provision for doubtful trade debts		3,599,832	3,599,832
- provision for stores and spares		1,360,398	1,292,334
- carried forward depreciation loss		8,423,415	-
- provision for doubtful other receivables		1,399,242	1,399,242
- provision for staff gratuity		12,323,664	9,886,630
- minimum tax		46,875,827	63,495,094
		<u>(73,982,378)</u>	<u>(79,673,132)</u>
		<u>252,700,211</u>	<u>183,503,681</u>
<b>17. RETIREMENT BENEFIT OBLIGATION</b>			
Mill	17.2	54,680,081	48,516,371
Head office	17.10	252,372	252,372
		<u>54,932,453</u>	<u>48,768,743</u>

**17.1 Retirement benefit obligation - 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 conducted as at June 30, 2021 are as under:

	2021	2020
The principal assumptions used are as follows:		
- Discount rate	10.00%	8.50%
- Expected rate of salary increase	9.00%	7.50%
- Mortality rate	SLIC 2001-2005 set back one year	SLIC 2001-2005 set back one year

	Note	2021 Rupees	2020 Rupees
<b>17.2 Liability recognized in the statement of financial position</b>			
Present value of retirement benefit obligation (RBO)	17.3	<u>54,680,081</u>	<u>48,516,369</u>



	Note	2021 Rupees	2020 Rupees
<b>17.3 Movement in Retirement benefit obligation (RBO) during the year</b>			
Balance as at July 1,		48,516,369	38,794,769
Expense recognized in profit or loss	17.4	17,985,959	17,531,250
Total remeasurements recognized in other comprehensive income	17.5	(6,582,947)	(2,182,150)
Benefits paid		(2,818,600)	(1,146,600)
Benefits due but not yet paid	18.4	(2,420,700)	(4,480,900)
		<u>54,680,081</u>	<u>48,516,369</u>
<b>17.4 Expense recognized in profit or loss</b>			
Current service cost		14,084,738	12,403,955
Interest cost		3,901,221	5,127,295
		<u>17,985,959</u>	<u>17,531,250</u>
<b>17.5 Total remeasurements recognized in other comprehensive income</b>			
Actuarial gain on liability arising on			
- financial assumptions		260,637	(892,122)
- experience adjustments		(6,843,584)	(1,290,028)
		<u>(6,582,947)</u>	<u>(2,182,150)</u>
<b>17.6 Sensitivity analysis</b>			

The sensitivity analyses 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:

Current year	Change in assumption	Increase / (decrease) in defined benefit obligation due to	
		Increase in assumption Rupees	Decrease in assumption Rupees
Discount rate	1%	(2,948,800)	3,363,396
Salary growth rate	1%	3,512,500	(3,139,415)
Prior year			
	Change in assumption	Increase in assumption Rupees	Decrease in assumption Rupees
Discount rate	1%	(2,681,956)	3,067,112
Salary growth rate	1%	3,202,996	(2,856,027)

**17.7** 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.

**17.8** The weighted average duration of the defined benefit obligation as at June 30, 2021 is 6 years (2020: 6 years).



17.9 Number of employees covered by the scheme are 748 (2020: 687).

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

	Note	2021 Rupees	2020 Rupees
<b>18. TRADE AND OTHER PAYABLES</b>			
Creditors	18.1	38,209,984	77,391,657
Accrued liabilities		58,053,169	63,415,125
Bills payable		-	134,654,334
Contract liabilities		21,098,368	24,435,947
Workers' profit participation fund	18.2	12,275,733	4,316,249
Workers' welfare fund		18,611,659	14,182,206
Infrastructure cess	18.3	73,680,135	59,795,206
Payable to provident fund		394,387	351,014
Gratuity due but not yet paid	18.4	2,816,200	6,666,400
Withholding tax payable		11,251,271	12,139,760
		<u>236,390,906</u>	<u>397,347,898</u>

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

	Note	2021 Rupees	2020 Rupees
<b>18.2 Workers' profit participation fund</b>			
Balance as at July 1,		4,316,249	3,716,099
Allocation during the year	27	12,275,733	-
Interest on funds utilized in Company's business	26	70,413	600,150
		<u>16,662,395</u>	<u>4,316,249</u>
Paid during the year		<u>(4,386,662)</u>	-
Balance as at June 30,		<u>12,275,733</u>	<u>4,316,249</u>

18.3 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 (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 the 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. Refer notes 10 & 21.1.1.

During the year, on April 06, 2021, the High Court of Sindh vide order C.P.No D-3309 / 2011, summoned to encash all the bank guarantees furnished by the petitioners. The SHC issued this order reasoning that the entire cargo being imported in the Country routs through the Province of Sindh, and for that the Provincial Legislature thought it appropriate to impose a certain amount of tax in the form of a cess. It is though being collected from an importer of goods; but in essence it is not on imports; but for maintenance and development of infrastructure on imported goods. However, subsequent to year end, the Supreme Court of Pakistan vide its order dated September 01, 2021, suspended the order issued by SHC stating that it suffers from constitutional and legal defects and granted the interim relief to the Company and other petitioners. The order issued by the Supreme Court of Pakistan states that the petitioners shall keep the bank guarantees already submitted pursuant to the earlier order of SHC and shall furnish the fresh bank guarantees equivalent to the amount of levy claimed by the Sindh Government against release of all future consignments of imported goods.



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

	Note	2021 Rupees	2020 Rupees
Balance as at July 1,		59,795,206	50,107,522
Charge for the year		27,802,430	19,760,848
		<u>87,597,636</u>	<u>69,868,370</u>
Payments made during the year		(13,917,501)	(10,073,164)
Balance as at June 30,		<u>73,680,135</u>	<u>59,795,206</u>
<b>18.4 Movement in gratuity due but not yet paid</b>			
Balance as at July 1,		6,666,400	5,597,770
Add: transfer from RBO during the year	17.3	2,420,700	4,480,900
Less: payments made during the year		(6,270,900)	(3,412,270)
		<u>2,816,200</u>	<u>6,666,400</u>
<b>19. ACCRUED MARK-UP</b>			
Long-term finance		437,795	1,015,920
Short-term borrowings		21,138,017	66,992,456
		<u>21,575,812</u>	<u>68,008,376</u>
<b>20. SHORT-TERM BORROWINGS</b>			
<b>Banking companies - secured</b>			
Running finance		428,815,076	518,062,837
Cash finance		221,806,459	291,345,726
Finance against Imported Merchandise (FIM)		564,398,947	828,648,647
	20.1	<u>1,215,020,482</u>	<u>1,638,057,210</u>

**20.1** Facilities for running finance, cash finance, FIM and Murabaha are available from various banks up to Rs. 3,070 million (2020: Rs. 3,300 million). These facilities are subject to mark-up at 3 month KIBOR plus 1% to 2.5% (2019: 3 month KIBOR plus 1% to 2.5%) per annum payable quarterly. These are secured against various assets including first pari passu hypothecation charge over present and future stock-in-trade, pledge of cotton, 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.

The aggregate unavailed short-term borrowing facilities amounted to Rs. 1,858 million (2020: Rs. 1,666 million).

## 21. CONTINGENCIES AND COMMITMENTS

### 21.1 Contingencies

	2021 Rupees	2020 Rupees
<b>21.1.1</b> Letters of guarantee issued by banks on behalf of the Company to:		
- Lahore Electric Supply Company Limited	15,310,568	15,310,568
- Sui Northern Gas Pipelines Limited	77,576,000	24,314,000
- Excise and Taxation Office	68,258,600	54,258,500
<b>21.1.2</b> In August 2013, the Oil and Gas Regulatory Authority (OGRA) vide its S.R.O. # 726(I)/2015 notified the sale price for sale of natural gas at Rs. 573.28/MMBTU for captive power consumption (CPP) with immediate effect. Subsequent to the said S.R.O., the Company received gas bills at Rs. 573.28/MMBTU, being considered as CPP by the utility company. The Company, considering itself as industrial consumer paid gas charges at the rate applicable before August 2013 on the basis of the stay order obtained from the Court.		



Subsequently, on September 1, 2015, OGRA vide its S.R.O. # 876(I)/2015 notified the price for sale of natural gas at Rs. 600/MMBTU for industrial consumers and on captive power consumption, with effect from September 1, 2015. Aggrieved by the notification, the Company filed a suit in the Lahore High Court contending that the mandatory procedures as laid down in the OGRA Ordinance, 2002 and Rules made thereunder were not fulfilled while issuing the notification. Hence, the Company paid / accrued gas charges at rates applicable before the above S.R.O. # 726(I)/2015 on the basis of stay orders obtained from Lahore high Court, Multan bench, from time to time, until November 2015.

From December 2015, the gas company has started supplying imported Liquefied Natural Gas (LNG) resulting in the change in rates over which no dispute has been raised by the Company.

During the year, the OGRA issued a decision on July 6, 2020, whereby, the Company (the petitioner) was directed to pay the outstanding amount to the utility company within 30 day period from the date of decision. In response to the above decision, a writ petition was filed before the honourable Lahore High Court (LHC) by the Company and the LHC issued a stay order on October 8, 2020, which suspended the OGRA's decision, however, the case is still pending before LHC.

- 21.1.3** The Federal Government issued Gas Infrastructure Development Cess (GIDC) Acts in the years 2011, 2014 and 2015. All GIDC Acts have been subject of thorough debate and consideration at honorable High Courts of the Country as well as the Supreme Court of Pakistan (SCP).

On August 12, 2020, the SCP issued its verdict (Judgement) and held that "the levy imposed under Gas Infrastructure Development Cess Act, 2015 (the Act) is in accordance with the Provisions of the Constitution". The Supreme Court has also held that "the Provisions of section 8 of the Act, which give retrospective effect to the charge and recovery of GIDC levied from the year 2011 are also declared to be valid being within the legislative competence of the Parliament." However, since the Company is an industrial concern and it did not pass on the burden of GIDC to its consumers prior to the GIDC Act, 2015 (or even thereafter), management believes that the Company is entitled to the exemption under the first proviso to Section 8(2) of the GIDC Act, 2015 from payment of the GIDC levied under the GIDC Act, 2011 and GIDC Ordinance, 2014. As such, arrears due from the Company may only include amounts levied under the GIDC Act, 2015 from the date of its commencement, i.e., May 22, 2015.

Subsequent to the Order passed by the Honorable SCP on August 12, 2020, Sui Northern Gas Pipelines Limited (SNGPL) submitted bills to the industry including the Company claiming arrears of first instalment in deference to the said Judgement of the SCP. As the bills of arrears were calculated for monthly instalment on the basis of entire total payable amount from 2011 to July 2020 by charging Cess on the higher rate of tariff applicable to Captive Connections apart from the fact that the implication of Section 8 of the said Act, 2015 was not taken into consideration whereby it was provided that the industry, which has not collected the Cess from the Customers prior to 2015 shall not be liable to the payment of GIDC for the said period from 2011 to 2015. During the year, a writ petition No. 42176 / 2020 was filed by All Pakistan Textile Mills Association (APTMA) (where the Company is also a party to the petition) before Honorable High Court at Lahore against imposition of GIDC Act 2015 and the recovery of Cess from December 2011 to May 2015. Further, during the year, SNGPL started billing for GIDC to the Company against which payment was made by the Company till March 2021 based on the order issued by Honorable Lahore High Court against the aforementioned writ petition. Pursuant to the order, Lahore High Court restrained SNGPL from charging the Cess at the higher tariff rate of Captive Connection and directed to issue revised bill calculated at the rate applicable to industrial connection. Besides, the payment for the period from 2011 to 2015 was also suspended in view of the implication of the said provision of law. Further, the Company made payment which is applicable to industrial consumers and for the difference between the amount charged to industrial consumers and captive power consumers, post-dated cheques are being issued by the Company in favour of SNGPL. For the amount relating to the payment of GIDC based on the actual calculation prior to 2015, the decision was made by the Lahore High Court on June 27, 2021 whereby it has restrained the SNGPL to collect the cess prior to 2015.

Subsequent to the year end, the Company filed an appeal before the Honorable High Court of Sindh on the ground that no burden of GIDC had been passed to its customers / clients and thus the Company is not liable to pay GIDC under GIDC Act 2015. The Court granted stay order against recovery of GIDC payable by the Company till the finalization of matter by Sindh High Court. The matter is currently pending in the Sindh High Court.

- 21.1.4** During the year, an order dated November 11, 2020 was passed against the Company by Collector of Customs, Karachi creating a demand of Rs. 13.023 million along with a penalty of Rs. 0.5 million. The Company has challenged the above order by way of filing an appeal before the Customs Appellate Tribunal at Karachi, which is pending for final adjudication. However, a stay order was successfully obtained from Honourable Sindh High Court on December 22, 2020 by filing Constitutional Petition number 6618 / 2020, which is still operative.



**21.2 Commitments**

Letters of credit opened and outstanding for import of:

	2021 Rupees	2020 Rupees
- plant and machinery	599,912,977	-
- stores and spares	8,858,225	-
- raw material	621,274,797	56,112,000
	<u>1,230,045,999</u>	<u>56,112,000</u>
Local bills discounted	<u>45,115,491</u>	<u>-</u>

**22. SALES - NET**

Yam		
- Local	3,473,947,661	2,476,880,982
- Export	678,241,033	733,348,320
	4,152,188,694	3,210,229,302
Raw material - Local	187,943,151	311,272,116
Waste - Local	257,032,969	145,020,486
	<u>4,597,164,814</u>	<u>3,666,521,904</u>
Less:		
Sales tax	(572,554,641)	(415,799,852)
Brokerage and commission	(20,805,753)	(9,465,189)
Discount	(1,321,689)	(2,000,627)
	<u>4,002,482,731</u>	<u>3,239,256,236</u>

**23. COST OF SALES**

Raw material consumed	23.1	2,524,452,996	2,024,958,455
Salaries, wages and benefits	23.2	178,805,427	159,119,774
Fuel and power		371,397,711	327,005,845
Depreciation	4.2	81,647,853	79,019,505
Stores, spares and loose tools consumed		57,453,154	40,033,646
Packing material		56,725,436	39,855,445
Insurance		9,297,989	9,570,172
Repairs and maintenance		3,643,256	2,961,799
Vehicles running and maintenance		1,437,111	1,495,856
Other manufacturing overheads		4,298,757	5,366,567
		<u>764,706,694</u>	<u>664,428,609</u>
		3,289,159,690	2,689,387,064
Work-in-process			
Opening stock		38,283,787	26,053,631
Closing stock		(41,992,838)	(38,283,787)
		<u>(3,709,051)</u>	<u>(12,230,156)</u>
Cost of goods manufactured		<u>3,285,450,639</u>	<u>2,677,156,908</u>
Finished goods			
Opening stock		145,315,502	112,069,188
Yam purchased		-	1,720,500
Closing stock		(106,757,831)	(145,315,502)
		<u>38,557,671</u>	<u>(31,525,814)</u>
Cost of raw material sold		<u>144,645,643</u>	<u>310,785,352</u>
		<u>3,468,653,953</u>	<u>2,956,416,446</u>





		2021 Rupees	2020 Rupees
<b>23.1 Raw material consumed</b>			
Opening stock		1,004,724,792	885,317,158
Purchases - net		2,305,724,723	2,144,366,089
		<u>3,310,449,515</u>	<u>3,029,683,247</u>
Closing stock		<u>(785,996,519)</u>	<u>(1,004,724,792)</u>
		<u>2,524,452,996</u>	<u>2,024,958,455</u>
<b>23.2</b>	Salaries, wages and benefits include Rs. 17.99 million (2020: Rs. 17.53 million) in respect of charge for retirement benefit obligations.		
	<b>Note</b>	<b>2021 Rupees</b>	<b>2020 Rupees</b>
<b>24. DISTRIBUTION COST</b>			
Freight and octroi		17,617,251	10,863,828
Commission and other charges		2,538,944	2,783,778
Clearing and forwarding		4,996,039	5,386,621
Business promotion expenses		8,608,563	5,733,499
Export development surcharge		1,459,192	1,835,862
		<u>35,219,989</u>	<u>26,603,588</u>
<b>25. ADMINISTRATIVE EXPENSES</b>			
Salaries and benefits	25.1	44,658,142	45,306,675
Fees, subscription and periodicals		3,220,224	2,209,773
Entertainment		792,305	1,102,462
Traveling and conveyance		220,628	1,960,747
Postage and telephone		1,297,724	1,317,201
Electricity, gas and water		3,371,080	2,644,363
Vehicles running and maintenance		5,699,754	4,609,606
Depreciation	4.2	10,223,738	10,326,842
Legal and professional		700,000	360,264
Auditors' remuneration	25.2	1,073,000	1,070,000
Printing and stationery		528,251	406,465
Computer		173,450	155,800
Rest house		426,426	1,382,101
Advertisement		102,200	160,200
Donation	25.3	3,686,878	3,870,000
Others		889,833	6,405,167
		<u>77,063,633</u>	<u>83,287,666</u>
<b>25.1</b>	Salaries and benefits include Rs. 1.50 million (2020: Rs. 1.36 million) in respect of charge for employer's contribution to provident fund.		
		<b>2021 Rupees</b>	<b>2020 Rupees</b>
<b>25.2 Auditors' remuneration</b>			
<b>Audit Services</b>			
Annual audit fee		800,000	800,000
Half year review fee		130,000	130,000
Review of code of corporate governance		50,000	50,000
Other services		50,000	50,000
Out of pocket expenses		43,000	40,000
		<u>1,073,000</u>	<u>1,070,000</u>

25.3 No director or their spouse had any interest in the donees' fund. During the year, the Company has donated Rs. 1.14 million to The Citizens Foundation.

	Note	2021 Rupees	2020 Rupees
<b>26. FINANCE COST</b>			
Mark-up on long term finance		6,238,778	13,847,168
Mark-up on short-term borrowings		143,804,477	200,906,815
Interest on lease liability		5,861,753	5,773,658
Unwinding of discount on long-term finance from related parties	14.2	9,674,126	10,783,020
Workers' profit participation fund	18.2	70,413	600,150
Bank charges, guarantee commission and other related charges		5,787,333	8,695,827
		<u>171,436,880</u>	<u>240,606,638</u>
<b>27. OTHER OPERATING EXPENSES</b>			
Workers' profit participation fund	18.2	12,275,733	-
Workers' welfare fund		4,429,453	-
Infrastructure cess	18.3	13,884,929	9,687,684
Loss on modification of terms of financial asset	9.1	20,816,370	-
Exchange loss - net		1,232,230	10,771,889
Realised / unrealized loss on other financial assets		-	170,748
Other		-	954,757
		<u>52,638,715</u>	<u>21,585,078</u>
<b>28. OTHER INCOME</b>			
Profit on deposits		3,448,187	5,291,174
Gain on disposal of property, plant and equipment		6,555,071	5,130,486
Scrap sales		970,796	-
Unwinding of discount on other receivables	9.1	14,415,117	-
		<u>25,389,171</u>	<u>10,421,660</u>
<b>29. TAXATION</b>			
Current			
- for the year		56,722,427	43,168,418
- prior year		349,304	(2,210,212)
Deferred	16	57,071,731	40,958,206
		5,985,904	(17,198,224)
		<u>63,057,635</u>	<u>23,759,982</u>
<b>29.1 Relationship between tax expense and accounting profit</b>			
Profit before taxation		222,858,732	(78,821,520)
Tax rate %		29%	29%
Tax on accounting profit		64,629,032	(22,858,241)
Prior year tax adjustments		349,304	(2,210,212)
Permanent differences		(525,063)	1,122,300
Impact of FTR income		(3,300,234)	12,138,721
Impact of tax credit on donations		-	-
Adjustment of effective rate		9,695,239	31,538,265
Impact of unrecognized tax losses including depreciation loss		-	11,919,753
Previously unrecognized tax depreciation loss recognized in current year		(8,423,415)	-
Others		632,772	(7,890,604)
		<u>63,057,635</u>	<u>23,759,982</u>



29.2 Subsequent to the amendment of section 5(A) of the Income tax Ordinance, 2001, tax at the applicable rate shall be imposed on every public company which derives profit for the year. However, this tax shall not apply in case of a company which distributes at least specified percentage of after tax profits within six months of the end of the tax year in the form of cash dividend. In 2019, the Company had obtained stay order from Sindh High Court (SHC) in respect of application of such clause. During the year, SHC has passed an order and set aside show cause / demand notices seeking enforcement of section 5(A).

### 30. LOSS / EARNINGS PER SHARE - BASIC AND DILUTED

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

		2021	2020
Profit / (Loss) for the year	<b>Rupees</b>	<u>159,801,097</u>	<u>(102,581,502)</u>
Weighted average number of ordinary shares outstanding during the year		<u>19,852,800</u>	<u>19,852,800</u>
Earnings / (Loss) per share	<b>Rupees / Share</b>	<u>8.05</u>	<u>(5.17)</u>

### 31. CASH AND CASH EQUIVALENTS

	Note	2021 Rupees	2020 Rupees
Cash and bank balances	11	8,370,748	18,400,305
Short-term borrowings	20	<u>(1,215,020,482)</u>	<u>(1,638,057,210)</u>
		<u>(1,206,649,734)</u>	<u>(1,619,656,905)</u>

### 32. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, directors, key management personnel and post employment contribution plan. Shareholding of related parties, long-term loans obtained from directors and associated undertakings (and unwinding of discount thereon) and remuneration of Chief Executive Officer, directors and executives are disclosed in note 32.1, note 26 and note 33 respectively. Other significant transaction with a related party is as follows:

Relationship with the Company	Nature of transaction	Note	2021 Rupees	2020 Rupees
Key Management Personnel	Remuneration paid		13,677,658	12,391,627
	Post employment benefits		248,100	242,464
Post employment contribution plan	Contribution to employees' provident fund	25.1	1,501,682	1,362,781

### 33. REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2021				2020			
	Chief Executive	Directors Executive	Non-executive	Executives	Chief Executive	Directors Executive	Non-executive	Executives
Remuneration	2,400,000	2,000,000	-	4,738,440	2,000,000	1,600,000	-	4,413,344
House rent allowance	720,000	600,000	-	1,451,530	600,000	480,000	-	1,695,615
Utilities	240,000	200,000	-	443,844	200,000	160,000	-	441,334
Medical	240,000	200,000	-	443,844	200,000	160,000	-	441,334
Meeting Fee	-	-	55,000	-	-	-	-	-
	<u>3,600,000</u>	<u>3,000,000</u>	<u>55,000</u>	<u>7,077,658</u>	<u>3,000,000</u>	<u>2,400,000</u>	<u>-</u>	<u>6,991,627</u>
Number of persons	<u>1</u>	<u>1</u>	<u>5</u>	<u>3</u>	<u>1</u>	<u>1</u>	<u>4</u>	<u>3</u>

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

### 34. PLANT CAPACITY AND ACTUAL PRODUCTION

	2021	2020
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.	9,926,877	10,073,547

It is difficult to precisely describe 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, twists per inch, raw material used, etc.



### 35. NUMBER OF EMPLOYEES

The total and average number of employees during the year and as at June 30, 2021 and 2020 respectively are as follows:

	2021	2020
Total number of employees of the Company as at reporting date	787	728
Average number of employees of the Company during the year	769	709
Employee's working in Company's factory as at reporting date	748	687
Average number of employees working in Company's factory during the year	731	668

### 36. PROVIDENT FUND

The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the conditions specified thereunder.

### 37. FINANCIAL INSTRUMENTS BY CATEGORY

#### Financial assets as per statement of financial position

	2021 Rupees	2020 Rupees
<b>At amortised cost</b>		
Security deposits	2,887,987	2,766,242
Trade debts	701,721,202	782,098,181
Loans and advances	1,107,481	2,808,481
Other receivables	127,664,601	12,566,196
Other financial assets	97,094,620	73,746,320
Cash and bank balances	8,370,748	18,400,305
	<u>938,846,638</u>	<u>892,385,725</u>

#### Financial liabilities as per statement of financial position

##### At amortized cost

Long-term finance		
- from banking companies	185,632,645	132,386,394
- from related parties	88,821,737	110,276,320
Lease liability	29,408,329	40,353,062
Trade and other payables	99,473,740	282,478,530
Unclaimed dividend	2,424,885	2,424,885
Mark-up accrued	21,575,812	68,008,376
Short-term borrowings	1,215,020,482	1,638,057,210
	<u>1,642,357,630</u>	<u>2,273,984,777</u>

### 38. 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

### 38.1 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, loans and advances, other financial assets, other receivables 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:

	Note	2021 Rupees	2020 Rupees
Security deposits		2,887,987	2,766,242
Trade debts	38.1.1	701,721,202	782,098,181
Loans and advances	38.1.2	1,107,481	2,808,481
Other receivables		127,664,601	12,566,196
Other financial assets	38.1.3	97,094,620	73,746,320
Bank balances	38.1.3	6,609,457	17,412,935
		<u>937,085,347</u>	<u>891,398,355</u>

#### 38.1.1 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 lifetime expected credit losses (ECL) based on analysis of recovery pattern and adjustment of trade debts secured against letter of credits.

#### 38.1.2 Loans and advances

These include loans and advances given primarily to employees against salaries, which will be adjusted against their future salaries or in case of resignation against their post retirement benefit balances.

#### 38.1.3 Other financial assets 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:

Bank Name	Date of Rating	Rating Agency	Short term	Long term
Bank Al-Falah Limited	26-Jun-21	PACRA	A1+	AA+
Samba Bank Limited	30-Jun-21	VIS	A1+	AA
Dubai Islamic Bank Pakistan Limited	30-Jun-21	VIS	A1+	AA
Habib Metropolitan Bank Limited	25-Jun-21	PACRA	A1+	AA+
The Bank of Punjab	30-Jun-21	PACRA	A1+	AA+
MCB Islamic Bank Limited	25-Jun-21	PACRA	A1	A
National Bank of Pakistan	25-Jun-21	PACRA	A1+	AAA
Silk bank Limited	30-Jun-21	VIS	A2	A-
Bank Islami Pakistan Limited	30-Jun-21	PACRA	A1	A+
Sindh Bank Limited	30-Jun-21	VIS	A1	A+
Meezan Bank Limited	30-Jun-21	VIS	A1+	AA+
J.S Bank Limited	30-Jun-21	PACRA	A1+	AA-
Habib Bank Limited	30-Jun-21	VIS	A1+	AAA
Bank Al-Habib Limited	26-Jun-21	PACRA	A1+	AAA
Soneri Bank Limited	25-Jun-21	PACRA	A1+	AA-

### 38.2 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:

	2021			
	Carrying amount	Contractual maturities	Maturity upto one year	Maturity after one year
----- Rupees -----				
Long-term finance				
- from related parties	88,821,737	118,113,823	14,894,598	103,219,225
- from banking company	185,632,645	195,592,540	96,071,779	99,520,761
Lease liability	29,408,329	31,782,586	21,113,822	10,668,764
Trade and other payables	99,473,740	99,473,740	99,473,740	-
Unclaimed dividend	2,424,885	2,424,885	2,424,885	-
Markup accrued	21,575,812	21,575,812	21,575,812	-
Short-term borrowings	1,215,020,482	1,215,020,482	1,215,020,482	-
	<b>1,642,357,630</b>	<b>1,683,983,868</b>	<b>1,470,575,118</b>	<b>213,408,750</b>

	2020			
	Carrying amount	Contractual maturities	Maturity upto one year	Maturity after one year
----- Rupees -----				
Long-term financing				
- from related parties	110,276,320	143,862,388	50,121,388	93,741,000
- from banking company	132,386,394	147,526,171	50,923,485	96,602,686
Lease liability	40,353,062	44,727,889	27,656,118	17,071,771
Trade and other payables	282,478,530	282,478,530	282,478,530	-
Unclaimed dividend	2,424,885	2,424,885	2,424,885	-
Markup accrued	68,008,376	68,008,376	68,008,376	-
Short-term borrowings	1,638,057,210	1,638,057,210	1,638,057,210	-
	<b>2,273,984,777</b>	<b>2,327,085,449</b>	<b>2,119,669,992</b>	<b>207,415,457</b>

### 38.3 Market risk

Market risk is the risk that changes in market prices, such as share price, 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 and currency risk.

#### 38.3.1 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 long-term financing, short-term borrowings, liabilities against assets subject to finance lease, other financial assets and bank balances in saving account.

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

	Carrying Amount	
	2021	2020
	Rupees	Rupees
<b>Fixed rate instruments</b>		
Financial assets - at amortised cost	97,094,620	73,746,320
Financial liabilities - at amortised cost	152,558,140	52,500,000
<b>Variable rate instruments</b>		
Financial assets - at amortised cost	30,835	107,534
Financial liabilities - at amortised cost	1,277,503,316	1,829,599,723

#### 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 or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss.

#### 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. 6.39 million (2020: Rs. 9.15 million). This analysis assumes that all other variables remain constant.

### 38.3.2 Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings and bank balances in foreign currency. The Company's exposure to foreign currency risk is as follows:

	June 30, 2021		
	USD	EURO	Total
	-----Rupees-----		
Trade debts	83,606,403	-	83,606,403
	June 30, 2020		
Trade debts	1,631,173	-	1,631,173
Bills payable	128,276,328	(6,378,016)	134,654,344
Net exposure	(126,645,155)	(6,378,016)	(133,023,171)

	Average rate		Reporting date rate	
	2021	2020	2021	2020
	-----Rupees-----			
USD	158.05	168.75	157.80 / 158.30	167.60 / 168.10
Euro	188.42	188.46	188.12 / 188.71	188.19 / 188.72

At June 30, 2021, if the Pakistani Rupee had weakened / strengthened by 5% against the US Dollar and Euro with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 4.18 million (2020: Rs. 6.65 million), mainly as a result of foreign exchange losses / gains on translation of US Dollar and Euro - denominated trade debts and trade payables.

### 38.4 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.

### 39. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction.

(b) Fair value estimation

The Company discloses the financial instruments measured in the balance sheet at fair value in accordance with the following fair value hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

There are no transfers between the levels during the year.

**39.1** There are no other assets or liabilities to classify under above levels except the Company's land, mill building, labour colony, plant and machinery, electric installations and factory equipment are stated at revalued amounts, being the fair value at the date of revaluation, less subsequent depreciation and subsequent accumulated impairment losses, if any. The fair value measurements of these assets carried out as at June 30, 2021, were performed by Tristar International Consultant (Pvt.) Ltd. not related to the Company. The valuer is listed on panel of Pakistan Banks Association and they have appropriate qualification and experience in the fair value measurement of properties, plant and machinery. Value determined by independent valuer is classified as Level 3 in the fair value hierarchy.

### 40. GENERAL

**40.1** Corresponding figures have been reclassified / rearranged, wherever necessary including the following:

	<b>Rupees</b>
Security deposit	(29,540,694)
Lease liabilities	19,291,050
Long term financing	10,249,644

**40.2** The Board of Directors in its meeting held on October 04, 2021 proposed a final cash dividend of Re. 1/- per share (2020: Rs. nil per share) amounting to Rs. 19.853 million (2020: Rs. nil) subject to the approval of the members in the forthcoming annual general meeting of the Company.

### 41. IMPACT OF COVID-19 ON THE COMPANY'S OPERATIONS

After its emergence towards the end of financial year 2019, the World Health Organization has declared COVID-19 as a Global Pandemic on March 11, 2020. The COVID-19 has resulted in significant operational disruption and is considered a threat for many businesses and eventually may impact the going concern assumption of a business.

To alleviate the negative impact of the COVID-19 pandemic, the Governments and the State Bank of Pakistan have taken measures and issued directives to support businesses, including extensions of deadlines and easing pressure on credit and liquidity in the market. During the last year, the Company availed employee refinance facility for payment of salaries and wages under SBP's infrastructure, Housing & SME Finance department (IH&SMEFD) Circular No. 6 of 2020 dated April 10, 2020. Further, during the year the Company has also obtained Temporary Economic Refinance Facility (TERF) facilities for import of plant and machinery for setting up new projects.



The Company has made an assessment in order to evaluate the impact of COVID-19 pandemic over its financial performance and going concern and management believes that the going concern assumption of the Company remains valid.

**42. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on October 04, 2021 by the Board of Directors of the Company.

A handwritten signature in black ink, appearing to be 'J. J. H.', is positioned above the title 'Chief Executive'.

Chief Executive

A handwritten signature in black ink, appearing to be 'H. H.', is positioned above the title 'Chief Financial Officer'.

Chief Financial Officer

A handwritten signature in black ink, appearing to be 'M. H.', is positioned above the title 'Director'.

Director



NUMBER OF SHARE HOLDERS	SHARE HOLDINGS			TOTAL SHARES HELD
149	1	-	100	2,448
418	101	-	500	87,341
644	501	-	1000	359,945
162	1001	-	5000	302,312
12	5001	-	10000	78,850
10	10001	-	15000	115,525
3	15001	-	20000	52,250
5	20001	-	25000	109,940
2	25001	-	30000	55,743
2	30001	-	35000	64,900
1	55001	-	60000	58,351
1	70001	-	75000	71,500
1	90001	-	95000	94,000
1	105001	-	110000	110,000
1	120001	-	125000	123,000
1	130001	-	135000	130,350
1	180001	-	185000	181,500
1	210001	-	215000	211,400
1	330001	-	335000	331,553
1	510001	-	515000	514,007
1	670001	-	675000	672,870
1	755001	-	760000	756,000
1	900001	-	905000	901,593
1	1925001	-	1930000	1,928,465
1	4965001	-	4970000	4,969,362
1	7565001	-	7570000	7,569,595
<b>1,423</b>				<b>19,852,800</b>

Categories of Shareholders	No. of Shareholders	Shares held	Percentage
<b>Associated Companies, Undertaking and Related Parties</b>	02	19,150	0.096
<b>Directors, CFO &amp; their Spouse and Minor Children</b>	08		
Mr. S. M. Idrees Allawala		550	0.003
Mr. S. M. Mansoor Allawala		7,569,595	38.129
Mr. Rizwan Idrees Allawala		2,475,572	12.470
Mr. Omair Idrees Allawala		4,969,362	25.031
Mr. Muhammad Israil		2,200	0.011
Syed Masud Arif		500	0.003
Miss. Azra Yaqub Vawda		500	0.003
Mrs. Ambreen Mansoor W/o S. M. Mansoor Allawala		1,442,039	7.264
<b>Executive</b>	-	-	-
<b>Joint Stock Companies</b>	07	2,531	0.013
<b>NIT &amp; ICP</b>	-	-	-
<b>Others</b>	01	550	0.003
<b>Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas &amp; Mutual Funds</b>	04	186,340	0.939
<b>Shareholders holding 5% or more voting interest</b>			
Mr. S. M. Mansoor Allawala		7,569,595	38.129
Mr. Rizwan Idrees Allawala		2,475,572	12.470
Mr. Omair Idrees Allawala		4,969,362	25.031
Mrs. Ambreen Mansoor w/o S. M. Mansoor Allawala		1,442,039	7.264

CATEGORIES OF SHAREHOLDERS	NUMBER	SHARES HELD	PERCENTAGE
Associated Companies, Undertaking, and Related Parties	2	19,150	0.096
Directors, CFO & their Spouse & Minor Children	8	16,460,318	82.912
Joint Stock Companies	7	2,531	0.013
Bank, Development Finance Institutions Insurance Companies, Modarabas	5	186,340	0.939
Others	1	550	0.003
Individuals	1,401	3,183,911	16.038
	1423	19,852,800	100.000

میں کمپنی کے ملازمین کی قیمتی خدمات اور حصص یافتگان، گاہکوں، سپلائرز اور بینکرز کے مسلسل اعتماد اور تعاون کے لئے شکر گزار ہوں۔

محمد ادریس اللہ والا  
چیرمین

کراچی: 4 اکتوبر 2021

مجھے خوشی ہے کہ آپ کے سامنے 30 جون 2021 کو ختم ہونے والے سال کے لئے کمپنی اور اسکے بورڈ آف ڈائریکٹرز کے کردار کا ایک جائزہ آپ کے سامنے پیش کروں گا۔

زیر جائزہ سال کے دوران، بورڈ نے کمپنی کے مجموعی انتظام اہم پالیسیوں کی تشکیل اپنی کارکردگی کا جائزہ لینے اور بورڈ کی کمیٹیوں کے کام کی نگرانی کے حوالے سے اپنی ذمہ داریاں پوری کیں۔ بورڈ کی تشخیص کا مقصد اس کی مجموعی کارکردگی اور کارپوریٹ گورننس کے بہترین طریقوں کے مطابق کمپنی کے امور کی طرز عمل کی پیمائش کرنا ہے بورڈ کے چیئر مین کی حیثیت سے یہ میری ذمہ داری ہے کہ میں ایک ایسے کلچر کو فروغ دے کر کمپنی کی گورننس کو مضبوط کروں جس کے تحت تمام اسٹیک ہولڈرز کے خیالات پر مناسب غور کیا جائے کوویڈ 19 وبائی بیماری کے تناظر میں بورڈ نے کمپنی کو مشکل کاروباری ماحول میں چلانے کے لئے متوازن حکمت عملی پر عمل کیا اور کارپوریٹ گورننس کے اعلیٰ معیارات کو برقرار رکھتے ہوئے اپنے فرائض اور ذمہ داریاں پوری تندی سے سرانجام دیں۔

اللہ کے فضل سے پاکستان کی معیشت مالی سال 21 میں بہتری کی جانب گامزن ہوئی اور 3.9 فیصد ترقی کی جو پچھلے سال کی منفی (0.47) فیصد سے کافی زیادہ ہے جیسا کہ ریٹیل سیکٹر دنیا بھر میں کھل رہا ہے، کوویڈ 19 لاک ڈاؤن کے بعد پاکستان کے ٹیکسٹائل سیکٹر کا مستقبل امید افزا نظر آ رہا ہے ابھرتے ہوئے مواقع سے فائدہ اٹھانے کے لئے کمپنی نے حکومت کی پیش کردہ رعایتی کریڈٹ سہولیات کو استعمال کرتے ہوئے مل کی بی ایم آر اتوسیع کا منصوبہ بنایا ہے مینجمنٹ زر مبادلہ ریٹ میں اتار چڑھاؤ اور مالیاتی پالیسی کے فیصلوں کی سمت کو بغور دیکھ رہی ہے مستقبل کے خدشات نئے وائرس کا ظہور اور اہم اصلاحات کے نفاذ میں تاخیر شامل ہیں۔

زیر جائزہ سال میں تشخیص کی بنیاد پر بورڈ کی مجموعی کارکردگی موثر اور تسلی بخش رہی بورڈ نے کارپوریٹ گورننس کے اعلیٰ معیار کو یقینی بنانے کے لئے اپنا فرض ادا کیا کیونکہ کارپوریٹ احتساب کو بڑھانے کے لئے ایک اچھی طرح سے متعین کارپوریٹ گورننس سسٹم بہت ضروری ہے مناسب نگرانی کے ذریعے قابل اطلاق قوانین قواعد و ضوابط کی تعمیل کو یقینی بنایا گیا۔ کمپنی کی مینجمنٹ حصص یافتگان کی سرمایہ کاری کی حفاظت کے لئے مسلسل کوشاں ہے سال کے دوران بورڈ نے دیگر امور کے ساتھ ساتھ ماہی اور سالانہ مالی حسابات سرمائے کے اخراجات قرضے اور بیرونی آڈیٹرز کی تقرری پر غور اور منظوری دی بورڈ کی کمیٹیاں یعنی آڈٹ کمیٹی اور انسانی وسائل اور معاوضہ کمیٹی نے بورڈ کو اپنے فرائض کی انجام دہی میں مناسب مدد کی ان کمیٹیوں نے کارپوریٹ گورننس کے ضوابط کے مطابق اجلاس منعقد کیئے اور بورڈ کو رپورٹ دی۔

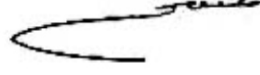
کمپنی کے بورڈ کی تین سالہ معیاد مکمل ہونے کے بعد ڈائریکٹرز کا انتخاب 28 اکتوبر 2020 کو ہونے والی سالانہ عام اجلاس میں ہوا سات ڈائریکٹرز کو قواعد کے مطابق منتخب کیا گیا میں بورڈ کے تمام ممبران کے لئے نیک خواہشات کا اظہار کرتا ہوں۔

اظہار تشکر

ڈائریکٹران مالیاتی اداروں، سپلائرز اور گاہکوں کے تعاون کے مشکور ہیں اور ملازمین کی کاوشوں کی قدر کرتے ہیں۔



ایس ایم منصور اللہ والا  
چیف ایگزیکٹو



محمد ادریس اللہ والا  
چیرمین / ڈائریکٹر

14 اکتوبر 2021ء

کراچی



## بنیادی خدشات اور غیر یقینی صورت حال

بورڈ آف ڈائریکٹرز کمپنی کو درپیش خدشات پر نظر رکھتا ہے ان سے نمٹنے/انتظام کرنے کے لیے اقدامات کرتا ہے۔ کمپنی کو متعدد خدشات کا سامنا کرنا پڑتا ہے جس میں کریڈٹ رسک، لیکویڈیٹی رسک، کپیٹل رسک، پرائس رسک، کاروباری رسک، کمپلائنس رسک اور کرنسی رسک شامل ہیں (منسلک مالیاتی گوشوارے میں نوٹ: 38)۔ کپاس کی فصل، امریکی ڈالر/روپے کی قدر، شرح سود، توانائی کے نرخ، کم از کم اجرت، ٹیکس کے اقدامات وہ شعبے ہیں جو انتظامیہ کی نظر میں رہتے ہیں اور مالی نتائج کو متاثر کرتے ہیں۔

زیر نظر سال کے دوران، ہم نے معیشت کو کوڈ 19 کے منفی اثرات سے نکلنے ہوتے دیکھا۔ تاہم، انتظامیہ اس خطرے کو سنبھالنے کے لیے چوکس اور فعال رہتی ہے جو ویکسین سے بچنے والے مختلف قسم کے وائرس کے ظہور کی وجہ سے پیدا ہو سکتا ہے۔

## مستقبل پر نظر

امید کے مجموعی احساس کے باوجود ٹیکسٹائل کا شعبہ اس وقت خام مال کی بلند قیمت کا سامنا کر رہا ہے مالی سال 2021 میں روئی کی قیمت میں نمایاں اضافہ ہوا ہے پاک روپے بمقابلہ امریکی ڈالر کی قدر میں تیزی سے کمی اور سمندری مال برادری میں اضافی درآمد شدہ خام مال کی قیمت پر منفی اثرات مرتب کر رہا ہے تاہم دوسری طرف کپڑے کے شعبے میں بہتر پیداواری سرگرمی اور پڑوسی ملک میں صحت کی صورتحال کے باعث وبا کی وجہ سے دہائے کی قیمتوں میں تیزی سے اضافہ ہوا ہے۔

کمپنی نے حکومت کی پیش کردہ رعایتی مالیاتی سہولیات کو استعمال کرتے ہوئے مل کی بی ایم آر/توسیع کا منصوبہ بنایا ہے پائیدار ترقی کے لئے، مینجمنٹ کا ارادہ ہے کہ آٹومیشن، انرجی آپٹیمائزیشن اور کارکردگی میں اضافہ کیا جائے ہم پر امید ہیں کہ ان اقدامات کے فوائد مالی سال 23 کے بعد نظر آئیں گے۔

قومی محاذ پر حکومت نے مالی سال 22 کے لئے 4.8 فیصد جی ڈی پی گروتھ کا ہدف مقرر کیا ہے کیونکہ ملک کو نا وائرس وبائی مرض کی بدترین حالت سے نکل رہا ہے۔ مالی سال 22 کے بعد سے برآمدات بڑھنے کی توقع ہے کیونکہ بیرونی حالات زیادہ سازگار ہوتے جا رہے ہیں لیکن توقع ہے کہ بہتر ملکی معاشی سرگرمیوں اور تیل کی قیمتوں میں اضافے کے ساتھ درآمدات میں بھی اضافہ ہوگا۔ مستقبل کے بڑے خطرات میں ویکسین کے خلاف مزاحمت رکھنے والے نئے وائرس کا ظہور اور اصلاحات کے نفاذ میں تاخیر شامل ہے۔

## آڈیٹرز:

موجودہ ریٹائر ہونے والے آڈیٹر میسرز یوسف عادل چارٹرڈ اکاؤنٹنٹس نے اہلیت کی بنیاد پر مالی سال 2021-22 کی بابت دوبارہ تقرری کے لئے اپنی خدمات پیش کی ہیں آڈٹ کمپنی کی میٹنگ میں جو اکتوبر 01، 2021 کو منعقد ہوئی تھی انکی دوبارہ تقرری کرنے کی تجویز دی گئی

## بورڈ کی کمیٹیاں

بورڈ آف ڈائریکٹرز نے کارپوریٹ کے کوڈ کے تقاضوں مطابق آڈٹ کمیٹی اور ہیومن ریسورسز اور ایمپوزیشن کمیٹی تشکیل دی ہے۔

آڈٹ کمیٹی کی ممبران درج ذیل ہیں

مسز عزرا یعقوب واڈا چیئر پرسن

سید مسعود عارف ممبر

رضوان ادریس اللہ والا ممبر

ہیومن ریسورسز اور ایمپوزیشن کمیٹی کے ممبران درج ذیل ہیں

سید مسعود عارف چیئر مین

مسز عزرا یعقوب واڈا ممبر

رضوان ادریس اللہ والا ممبر

عارضی آسامی

زیر نظر سال کے دوران جناب نعیم ادریس اللہ مستعفی ہو گئے اور ان کی جگہ جناب محمد اسرائیل کوڈائریکٹر مقرر کیا ہے

## بورڈ کا جائزہ

کوڈ آف کارپوریٹ گورننس ریویویشن 2019 کے مطابق بورڈ، بورڈ کے ممبران اور اسکی کمیٹیوں کا جائزہ کیا گیا ہے تاکہ یہ یقینی بنایا جاسکے کہ بورڈ کی مجموعی کارکردگی اور افادیت کمپنی کے طے شدہ مقاصد سے ہم آہنگ ہے اس مقصد کے لئے بورڈ نے ایک طریقہ کار طے کیا ہے جسکی بنیاد پر بورڈ اسکے ممبروں اور بورڈ کی کمیٹیوں کی زیر جائزہ سال کے لئے مجموعی کارکردگی تسلی بخش پائی گئی۔

## ڈائریکٹران کے لئے معاوضہ کی پالیسی کے نکات

نان ایگزیکٹیو اور انڈیپنڈنٹ ڈائریکٹرز صرف کمپنی اجلاسوں میں شرکت کی فیس کے حقدار ہیں۔ ڈائریکٹرز کو ادا کی جانے والی مجموعی رقم منسلک مالیاتی گوشواروں کے نوٹ 33 میں ظاہر کی گئی ہے

## ادارے کی سماجی ذمہ داری (CSR)

ادریس ٹیکسٹائل ملز لمیٹڈ کے اچھے کارپوریٹ شہری ہونے کے ناطے معاشرے میں لوگوں کی فلاح و بہبود اور اسکی کارپوریٹ معاشرتی ذمہ داری کی تکمیل میں کردار ادا کر رہا ہے زیر جائزہ سال کے دوران کمپنی نے صحت اور تعلیم کے شعبوں میں انسانیت کی خدمت کرنے والی مختلف تنظیموں کو 3,686,878 روپے کی ادائیگی کی ہے۔

01	03	02	محمد اقبال
-	-	-	نعیم ادریس اللہ والا
-	02	06	رضوان ادریس اللہ والا
-	-	07	عمیر ادریس اللہ والا
01	03	06	محمد اسرائیل
01	03	03	محمد سعید

۱۱۔ اس سال کمپنی سی ای، ڈائریکٹرز اور ان کی ازواج اور نابالغ بچوں حصص نے کوئی تجارت نہیں کی سوئے ذیل کے

شیر	تفہدیا	خریداری	شیر	ڈائریکٹر کا نام
30-06-2021			01-07-2020	
7,569,595	4,442,266	583000	2,544,329	ایس۔ ایم۔ منصور اللہ والا
0	4,442,266	0	4,442,266	نعیم ادریس اللہ والا
2,475,572	0	1,506,210	969,362	رضوان ادریس اللہ والا

- ۱۲۔ کمپنی کی آڈٹ کمیٹی ممبران بورڈ آف ڈائریکٹرز میں سے ہیں۔ جس کا چیئر مین انڈیپنڈینٹ اینٹ ڈائریکٹر ہے۔
- ۱۳۔ ہم نے ایک کاروباری حکمت عملی اور اخلاقیات سے متعلق ایک بیانیہ تمام ڈائریکٹرز اور ملازمین میں تقسیم کیا ہے۔
- ۱۴۔ بورڈ مکمل کارپوریٹ حکمت عملی اور حصول مقاصد کے بیانیہ پر کاربند ہے۔

## بورڈ آف ڈائریکٹرز

مندرجہ ذیل تفصیل کے مطابق ڈائریکٹران کی تعداد 8 ہے

(ا) مرد 06

(ب) عورت 01

## ساخت

انڈیپنڈینٹ ڈائریکٹر	سید مسعود عارف، مسز عذرا یعقوب واڈا
نان ایگزیکٹو ڈائریکٹر	محمد ادریس اللہ والا، رضوان ادریس اللہ والا، محمد اسرائیل
ایگزیکٹو ڈائریکٹر	ایس ایم منصور اللہ والا، عمیر ادریس اللہ

## کارپوریٹ اور مالیاتی رپورٹنگ پر گزارشات

- ۱۔ مالیاتی گوشوارے جیسا کہ کمپنی کی انتظامیہ نے بنائے کمپنی کے معاملات اس کے نتائج نقد بہاؤ اور ایکویٹی میں تبدیلی کو راست انداز میں پیش کرتے ہیں۔
- ۲۔ کمپنی کے کھاتوں کے درست حسابات رکھے گئے ہیں۔
- ۳۔ مالیاتی گوشواروں کی تیاری میں مستقل مناسب اکاؤنٹنگ پالیسی کا اطلاق کیا گیا ہے اور حسابات کے گوشوارے مناسب عاقلانہ فیصلوں پر مبنی ہیں۔
- ۴۔ مالیاتی حسابات کی تیاری میں، پاکستان میں مستعمل بین الاقوامی مالیاتی رپورٹنگ کے معیارات (آئی ایف آر ایس) کا خیال رکھا گیا ہے اور ان سے کسی بھی قسم کے انحراف کو مناسب انداز میں ظاہر کیا گیا ہے۔
- ۵۔ بورڈ نے اپنی ذمہ داری نبھاتے ہوئے انٹرنل کنٹرول مناسبت اور موثر بنایا ہے۔ انٹرنل آڈٹ ڈیپارٹمنٹ باقاعدگی سے ساخت اور موثر ہونے کا جائزہ لیتا ہے اور کسی بھی کمزوری پر اصلاحاتی کارروائی عمل میں لائی جاتی ہے۔ ہمیں یقین ہے کہ انٹرنل کنٹرول کا نظام ساخت کے اعتبار سے مستحکم ہے اور اس پر موثر انداز سے عمل درآمد کیا گیا ہے۔
- ۶۔ کمپنی کے فعال انداز سے کارگزار ہونے کی صلاحیت پر کسی قسم کے کوئی شکوک و شبہات موجود نہیں ہیں۔
- ۷۔ کارپوریٹ گورننس کے بہترین طریقہ عمل سے کسی قسم کا قابل ذکر انحراف نہیں ہوا ہے، جیسا کہ پی ایس ایکس کی رول بک میں بیان کیا گیا ہے۔
- ۸۔ ہیڈ آفس اسٹاف کے ایمپلائز پروویڈینٹ فنڈ میں سرمایہ کاری کی مالیت آڈٹ شدہ گوشوارے 2019 کے مطابق صرف 21,699,826 روپے ہے (سال 2019 میں 24,110,967 روپے) مل اسٹاف قانونی طور پر گریجویٹ کے حقدار ہیں اور اخراجات مناسب طور پر مالیاتی گوشواروں میں مختص کر لئے گئے ہیں۔
- ۹۔ کوڈ کے مطابق درج ذیل معلومات اس رپورٹ کے ساتھ منسلک ہیں:  
شیئر ہولڈنگ کی ترتیب کا متن  
ایسوسی ایٹس ادارے اور متعلقہ پارٹیوں کے شیئر ہولڈنگ کا بیان  
چھ سالوں کی کلیدی، مالیاتی و کارگزاری کی شماریات۔
- ۱۰۔ زیر جائزہ سال میں 7 بورڈ آف ڈائریکٹرز، 5 آڈٹ کمیٹی، اور ایک ہیومن ریسورس اینڈ ریمونڈیشن کمیٹی (HR & RC) کی میٹنگز ہوئی ہیں جن کی حاضری اور تفصیل درج ذیل ہے۔

ڈائریکٹر کا نام	بورڈ آف ڈائریکٹرز	آڈٹ کمیٹی	ایچ آر آر سی
محمد ادریس اللہ والا	07	-	-
ایس ایم منصور اللہ والا	07	-	-
سید مسعود عارف	04	02	-
عزرا یعقوب واڈا	04	02	-

آپ کی کمپنی کے ڈائریکٹران 30 جون 2021 کے ختم ہونے والے سال کے آڈٹ شدہ مالیاتی گوشوار پیش کرنے میں مسرت محسوس کرتے ہیں۔

## عملی اور مالیاتی کارکردگی کا جائزہ:

کمپنی کی بنیادی سرگرمی دھاگے اور کپڑے کی پیداوار اور فروخت کی ہے۔ زیر نظر سال کے دوران، کمپنی کی کاروباری سرگرمیوں میں کوئی اہم تبدیلی نہیں آئی ہے۔ زیر جائزہ مالی سال کے دوران خالص فروخت کی مالیت 4002.5 ملین روپے رہی جبکہ تقابلی مدت میں 3239.3 روپے تھی براہ راست منافع 533.8 ملین روپے رہا جبکہ تقابلی مدت میں 282.8 ملین روپے تھا بعد از ٹیکس منافع 158.9 ملین روپے جبکہ پچھلے سال اس ہی مدت میں نقصان (10.26) ملین تھا کمپنی کی آمدنی میں 23.6 فیصد اضافہ ہوا ہے اور مجموعی منافع میں 250.9 ملین روپے کا اضافہ ہوا ہے

کوویڈ 19 وبائی امراض کے تناظر میں اسٹیٹ بینک آف پاکستان نے مالی سال 2020 میں پالیسی ریٹ کی شرح کو 13.25 فیصد سے کم کر کے 7 فیصد کر دیا اور اسے 20 ستمبر 2021 تک برقرار رکھا جس سے کمپنی کو فائدہ ہوا اور مالی سال 2021 میں مالیاتی لاگت میں 147.4 ملین روپے کمی ہوئی ہے جو بڑھتے ہوئی فروخت کی اور بہتر مجموعی منافع کے ساتھ قابل تحسین نتیجہ ہے۔ پاکستان کی معیشت نے مالی سال 2021 میں مضبوطی سے ترقی کی جو کہ 3.9 فیصد ہے جو پچھلے سال کی منفی تعداد (0.47) فیصد سے کافی زیادہ ہے حکومت کی طرف سے مناسب پالیسی اقدامات کے نتیجے میں معاشی بحالی ہوئی اس کے نتیجے میں کمپنی دھاگے کی اچھی قیمتیں حاصل کرنے میں کامیاب رہی ہے بجلی کے نرخ میں 17.5 امریکی سینٹ سے 9 امریکی سینٹ تک اضافہ ہوا جسکی وجہ سے لاگت کے بوجھ میں اضافہ ہوا ہے اللہ کے فضل سے پاکستان کا ٹیکسٹائل سیکٹر مالی سال 2021 میں ترقی کی طرف واپس آ گیا جس کے نتیجے میں فروخت میں اضافہ ہوا چونکہ ملک کی کپاس کی فصل مقامی ڈیمانڈ کو پورا کرنے سے قاصر ہے اس لئے ہم نے مارکیٹ میں قیمتوں میں اضافہ دیکھا چنانچہ کمپنی کی انتظامیہ نے خام مال کی قیمت کو بہتر بنانے کے لئے مقامی کپاس کے ساتھ درآمد شدہ کپاس کی مختلف اقسام کی خریداری کو جاری رکھا۔

## فی حصص نقصان / آمدنی

اس سال فی حصص آمدنی 8 روپے 5 پیسے رہی تقابلی مدت میں نقصان 5 روپے 17 پیسے تھا۔

## ڈیویڈنڈ

بورڈ آف ڈائریکٹران نے ستمبر 04، 2021 کو اپنے اجلاس میں کمپنی کی کارکردگی، کاروباری ضروریات، اور توسیع ابی ایم آر منصوبوں جیسے مختلف امور پر غور کرتے ہوئے۔ بورڈ آف ڈائریکٹرز نے 10 فیصد یعنی 1/- روپے نقد فی شیئر حتمی نقد ڈیویڈنڈ کی سفارش کی ہے۔



# ادریس ٹیکسٹائل ملز لمیٹڈ

## سالانہ عام اجلاس کا نوٹس

ادریس ٹیکسٹائل ملز لمیٹڈ کے حصص یافتگان کو بذریعہ نوٹس اطلاع دی جاتی ہے کہ 32 واں سالانہ اجلاس عام بروز جمعرات 28 اکتوبر 2021 صبح 12:00 بجے بمقام ریجنٹ پلازہ ہوٹل اور کنونشن سینٹر، مین شاہراہ فیصل، کراچی، میں درج ذیل کاروباری امور سے متعلق ہوگا:

### عمومی امور

- 28 اکتوبر 2020 کو منعقدہ سالانہ اجلاس عام کی کارروائی کی توثیق۔
- 30 جون 2021 کو ختم شدہ سال کے کھتی کے آڈٹ شدہ حسابات مع ان پیپر مین، ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی، غور و خوض اور منظوری۔
- بورڈ آف ڈائریکٹرز کی سفارش کے مطابق حصص یافتگان کو نقد منافع @ 10 فیصد (یعنی 1/1 روپے فی شیئر) منظور کرنا۔
- 30 جون 2022 کو ختم ہونے والے سال کے آڈیٹرز کا تقرر اور ان کے مشاہرے کا تعین کرنا۔ سبکدوش ہونے والے آڈیٹرز میسرز یوسف عادل، چارٹرڈ اکاؤنٹنٹس نے خود کو اہل ہونے کی بناء پر دوبارہ تقرری کیلئے پیش کیا ہے
- صدر اجلاس کی اجازت سے کسی دیگر کارروائی کی انجام دہی۔

بجلم بورڈ  
(سید شاہ سلطان)  
کمپنی سیکریٹری

کراچی

تاریخ: 14 اکتوبر 2021

### نوٹس

- 1) حصص یافتگان کو مشورہ دیا جاتا ہے کہ وہ اپنے پتے میں کسی تبدیلی کو فوری طور پر مطلع کریں۔
- 2) کمپنی کی شیئرز اسٹاکس کے کھاتے 25 اکتوبر 2021 سے 01 نومبر 2021 (بشمول دونوں دن) بند رہیں گے تاکہ کیش ڈیویڈنڈ حاصل کرنے کے حقدار ارکان کے ناموں کا تعین کیا جاسکے اور مینٹگ میں شرکت کی جاسکے۔
- 3) ایک ممبر جو کہ سالانہ اجلاس عام میں حاضر ہونے اور ووٹ دینے کا حق رکھتا ہے/ ہو وہ اپنی طرف سے کسی دوسرے ممبر کو اجلاس میں حاضر ہونے اور ووٹ دینے کے لیے پراسی مقرر کر سکتا ہے۔ پراسی اجلاس ہذا سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹری آفس میں داخل کرنے ہوں گے۔
- 4) کووڈ-19 کی صورتحال کی وجہ سے ممبران کو ویڈیو لنک یا پراسی کے ذریعہ حاضری کی ترغیب دی جاتی ہے۔ ویڈیو لنک کے ذریعہ سالانہ مینٹگ میں شرکت کے خواہشمند شیئرز ہولڈرز سے گزارش ہے کہ وہ 24 اکتوبر 2021 کو یا اس سے پہلے ای میل secretary@idreestextile.com کے ذریعہ درج ذیل معلومات فراہم کر کے اپنا اندراج کروائیں۔

شیئرز ہولڈرز کا نام	CNIC نمبر	ICDC اکاؤنٹ نمبر/ فوئیو نمبر	موبائل نمبر	ای میل ایڈریس
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- 5) شیئرز ہولڈرز AGM کے مجوزہ ایجنڈا آئٹمز پر اپنے تہرے/تہاویز اور بری ہوئی ای میل پر بھی بھیج سکتے ہیں۔
- 6) ممبران کو ضروری تصدیق کے بعد رجسٹرڈ کیا جائے گا اور کمپنی اسی ای میل ایڈریس پر ایک ویڈیو لنک اور لاگ ان کی اسناد فراہم کرے گی، جس پر انہوں نے کمپنی کو ای میل کیا تھا۔ لاگ ان کی ہولڈنگ 11:45 صبح سے مینٹگ کے اختتام تک کھلی رہے گی۔
- 7) کمپنی کے شیئرز ہولڈرز جن کے حصص ان کے اکاؤنٹ/ذیلی اکاؤنٹ میں سینٹرل ڈپازٹری سسٹم (CDC) میں رجسٹرڈ ہیں، ان سے درخواست کی جاتی ہے کہ وہ اصل CNIC کے ہمراہ اکاؤنٹ نمبر کے ساتھ آئیں۔ اکاؤنٹ ہولڈرز اور سب اکاؤنٹ ہولڈرز کی طرف سے پراسی کی تقرری کی صورت میں سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاہر کردہ سرکل نمبر 1، مورخہ 26-01-2020 میں دی گئی ہدایات پر عمل کیا جائے گا۔
- 8) ممبران سے گزارش ہے کہ وہ اپنے انٹرنیشنل بینکنگ اکاؤنٹ نمبر (IBAN) کے ساتھ CNIC کی ایک کاپی ہمارے ریکارڈ کو اپ ڈیٹ رکھنے کیلئے فراہم کریں۔ بیج نہ کرانے کی صورت میں مستقبل کے تمام منافع کی ادائیگی روکی جاسکتی ہے۔
- 9) انکم ٹیکس آرڈیننس 2001 کے سیکشن 150 کے تحت ڈیویڈنڈ ادائیگیوں سے انکم ٹیکس کی کوئی کی شرح مندرجہ ذیل ہوگی۔
  - (i) فعال ٹیکس دہندگان کی فہرست (ATL) میں ظاہر ہونے والے افراد 15%
  - (ii) فعال ٹیکس دہندگان کی فہرست (ATL) میں شامل نہ ہونے والے افراد 30%
 ڈیویڈنڈ آمدنی سے ٹیکس کی چھوٹ کی اجازت صرف اس صورت میں دی جائے گی جب چھوٹ کے حقیقت کی کاپی یا کسی مجاز عدالت سے حکم اتنا ہی JWAFS رجسٹرار سروسز پرائیویٹ لمیٹڈ کو کتاب بند ہونے کے پہلے دن تک دستیاب ہو جائے۔ مزید یہ کہ فزیکل بورڈ آف ریویو (ایف بی آر) سے موصول ہونے والی وضاحت کے مطابق، دو ہولڈنگ ٹیکس پرنسپل شیئرز ہولڈرز کے ساتھ ساتھ جو اسٹ ہولڈرز کی فائلر/ٹیکس فائلر کی حیثیت پر الگ سے طے کیا جائے گا۔ اس سلسلے میں تمام شیئرز ہولڈرز جو شیئرز کے طور پر شیئرز رکھتے ہیں ان سے درخواست کی جاتی ہے کہ وہ شیئرز کے حوالے سے پرنسپل شیئرز ہولڈرز اور جو اسٹ ہولڈرز کے شیئرز ہولڈنگ تناسب ہمارے شیئرز رجسٹرار کو درج ذیل تحریری طور پر فراہم کریں۔

کمپنی کا نام	فوئیو/ICDC اکاؤنٹ نمبر	نام اور CNIC نمبر	پرنسپل شیئرز ہولڈرز	مشترک شیئرز ہولڈنگ
		نام اور CNIC نمبر	شیئرز ہولڈنگ کا تناسب (شیئرز کی تعداد)	شیئرز ہولڈنگ کا تناسب (شیئرز کی تعداد)

اس نوٹس کے 10 دن کے اندر مطلوبہ معلومات ہمارے رجسٹرار تک پہنچانے ضروری ہے، ورنہ یہ سمجھا جائے گا کہ حصص پرنسپل شیئرز ہولڈرز اور جو اسٹ ہولڈرز کے برابر ہیں۔

- 8) کمپنیز ایکٹ 2017 کے سیکشن 72 کے مطابق ہر کمپنی کو اپنے فزیکل حصص کو ایک انٹری فارم کے ساتھ ایس ای سی پی کی طرف سے مطلع کردہ مدت یعنی 31-05-2017 کو تبدیل کرنے کی ضرورت ہے۔
- 9) فزیکل شیئرز ہولڈنگ رکھنے والے شیئرز ہولڈرز کو اس کے مطابق حوصلہ افزائی کی جاتی ہے کہ وہ CDC کی انویسٹراکٹو سروسز یا کسی بھی بروکرز کے ساتھ ذیلی اکاؤنٹ کھولیں اور اپنے شیئرز کو اسکرپس فارم میں تبدیل کریں۔ اس سے حصص یافتگان کو کوئی طریقوں سے سہولت ملے گی، بشمول محفوظ کھڈی اور حصص کی فروخت جب چاہیں، کیونکہ پاکستان اسٹاک ایکسچینج لمیٹڈ کے موجودہ ضابطے کے مطابق فزیکل حصص کی تجارت کی اجازت نہیں ہے۔
- 9) کمپنیز ایکٹ 2017 کے سیکشن 143 سے سیکشن 145 اور پاکستان اسٹاک ایکسچینج ریگولیشن 2018 کے قابل اطلاق شق کے تقاضوں کو پورا کرتے ہوئے ممبران پول کا مطالبہ کرنے کے لیے اپنے حق کا استعمال کر سکتے ہیں۔
- 10) SECP کے ذریعہ دی گئی ہدایات کی روشنی میں، جو شیئرز ہولڈرز مستقبل میں سالانہ فنانشل رپورٹ بذریعہ ای میل وصول کرنا چاہتے ہیں، انہیں کمپنی کے منظور شدہ درخواست فارم پر اپنے درست ای میل ایڈریس کے ساتھ اپنی باضابطہ رضامندی دینے کا مشورہ دیا جاتا ہے جو کمپنی کی ویب سائٹ (www.idreestextile.com) پر دستیاب ہے اور شیئرز ہولڈرز کے دستخط شدہ مذکورہ فارم کمپنی کے شیئرز رجسٹرار کو بھیجیں۔























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