IDREES
TEXTILE MILLS LIMITED

Annual Report 2022

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.

CONTENTS

COMPANY INFORMATION

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

Notice is hereby given that the 33rd Annual General Meeting of the Shareholders of Idrees Textile Mills Ltd. will be held on Thursday, October 27, 2022 at 03:30 pm at Hotel Mehran, 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, 2021.
2. To receive, consider and adopt Annual Audited Financial Statements of the Company for the year ended June 30, 2022 together with Chairman's Review, Directors' and Auditors' Report thereon.
3. To appoint Auditors of the Company for the year ending on June 30, 2023 and fix their remuneration. The retiring auditors M/s Yousuf Adil Chartered Accountants , being eligible, offer themselves for re-appointment.
4. To transact any other business that may be placed before the meeting with the permission of the Chairman.

By order of the Board

Karachi
Dated : October 05, 2022

SYED SHAHID SULTAN
Company Secretary

Notes:

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

(ii) Share Transfer Books of the Company will remain closed from October 25, 2022 to November 01, 2022 (both days inclusive).

(iii) A member eligible to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend, and vote for him/her. Proxies must be received at the Registered Office of the Company not less than 48 hours before the time of holding the Meeting.

CDC Account Holders will have to follow the guidelines as laid down in Circular No. 1 dated January 26, 2000. Issued by the Securities & Exchange Commission of Pakistan. In case of corporate entity, the Board's resolution/power of attorney with specimen signature shall be furnished with proxy form to the Company.

(iv) 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 on or before October 24, 2022.

Name of Shareholder	CNIC #	CDC Account No./ /Folio No.	Cell Number	Email Address

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 from which they, emailed to the Company. The login facility will remain open from 03:20 pm till the end of the meeting.

(v) 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.

(vi) As per section 72 of the Companies Act, 2017 every Company is required to replace its physical shares with book entry form within a period not exceeding four years from the commencement of the Companies Act, 2017 i.e May 30, 2017.

The Securities & Exchange Commission of Pakistan through its circular # CSD/ED/Misc./2016-639-640 dated March 26, 2021 has advised the listed Companies to pursue their such members who still hold shares in physical form, to convert their shares into book-entry form.

The shareholder having physical shareholding are accordingly encouraged 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.

(vii) 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.

(viii) In terms of the Companies Act, 2017, members residing in a city holding at least 10% of the total paid up share capital may demand the facility of video-link for participating in the annual general meeting.

If you wish to take this facility, please fill the form appearing below and submit it to the Company at its registered address at least ten (10) days prior to the date of the Meeting.

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of meeting along with complete information necessary to enable them to access such facility.

I/We ______________________________ of __________________email address ___________, being a member of Idrees Textile Mills Ltd. holder of _____________ Ordinary Share(s) as per Register Folio No. /CDC Account No. _________________ hereby opt for video conference facility at _________________________.

(ix) 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.

(x) Shareholders who have not yet collected their dividend/physical shares are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend or shares. Please note that in compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all dividends unclaimed for a period of three (3) years from the date due and payable shall be deposited to the credit of the Federal Government and in case of Shares, shall be delivered to the Securities & Exchange Commission of Pakistan.

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The Directors are pleased to present the audited financial statements of your Company for the year ended June 30, 2022.

FINANCIAL AND OPERATIONAL OVERVIEW

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

During the year, the company acquired 100% ownership of ORA Home LLC (ORA), a limited liability company incorporated in new Jersey, USA on January 5, 2022. One of Directors of the company is the member manager of ORA. Pursuant to the acquisition, ORA has become wholly owned subsidiary of the company.

During the financial year under review, the Company's turnover amounted to Rs. 5,166.2 million as compared to Rs. 4,002.5 million in the previous year. Gross profit amounted to Rs. 798.5 million compared to Rs. 533.8 million for the last year. By the grace of Allah, the Company's revenue has increased by Rs. 1,163.7 million (29 percent) and the gross profit has increased by Rs. 264.7 million (49.5 percent). The Company's profit after tax amounted to Rs. 432.0 million in FY22 as compared to profit of Rs.159.8 million in the corresponding period showing a sizable increase of 170.34 percent.

Post-COVID-19 economic recovery, particularly in Pakistan, contributed to significant increase in volumes and gross margins of the textile industry resulting in healthy bottom line for your Company. Despite enormous increase in the discount rate by the State Bank of Pakistan during the financial year 2021-22, the Company has been able to make good profit for the year under review. The discount rate which stood at 7 percent at the beginning of FY22 was gradually raised to 13.75 percent by the end of the financial year, showing an increase of 6.75 percent in a year. This is almost a two-fold increase in the cost of financing. Expansion in production capacity of the mill is underway. Capital outlay of the project is around Rupees 1.2 billion for which, in addition to own resources, the Company has availed State Bank of Pakistan's financing schemes namely, Temporary Economic Refinance Facility (TERF) and Long Term Finance Facility (LTFF). Given the volatility in price of raw material and quality issues in local cotton, the management procured a mix of various varieties of imported cotton along with local cotton for cost optimization.

EARNINGS PER SHARE

The earnings per share for the year under review worked out to Rs 21.76 as compared to Rs. 8.05 for the corresponding year.

DIVIDEND

While the management is closely monitoring the volatility of Pak Rupee vs the US Dollar, soaring inflation, high interest rates and policy on regionally competitive energy tariff for the textile industry, the Company is committed to increase shareholder value. Expansion in the mill's production capacity is underway and its contribution to the revenue is expected to start in FY23.

In view of the foregoing, the Directors have not proposed dividend for the year ended June 30, 2022.

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, 2021 was Rs. 30,326,483/- (2020 Rs. 26,967,981/-)

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, four Board of Directors, four Audit Committee and one Human Resource & Remuneration Committee (HR & RC) meetings were held and attended as follows:

Name of Directors	Board of Directors Meeting	Audit Committee Meeting	HR & RC Meeting
Mr. Muhammad Idrees Allawala	04	N/A	N/A
Mr. S.M. Mansoor Allawala	04	N/A	N/A
Ms. Azra yaqub Vawda	04	04	01
Mr. Rizwan Idrees Allawala	04	04	01
Mr. Omair Idrees Allawala	04	N/A	N/A
Mr. Muhammad Israil	04	N/A	N/A
Syed Masud Arif	04	04	01

(j) 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 01-07-2021	Purchase	Gift In/(Gift out)	Balance as on June, 30. 2022
Mr. S. M. Mansoor Allawala	7,569,595		(3,237,038)	4,332,557
Mr. Omair Idrees Allawala	4,969,362	173,900	611,334	5,754,596
Mr. Rizwan Idrees Allawala	2,475,572	674,370	2,625,704	5,775,646

(l) We have an audit committee the members of which are from the board of directors and the chairman is a independent 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

The board comprises of seven directors. The composition of the board throughout the year is as follows:

a. Male: 6
b. Female: 1

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 Vaw da	Chairman
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 Vawda	Member
Mr. Rizwan Idrees Allawala	Member

CASUAL VACANCY

Mr. Muhammad Israil, director of the Company passed away on August 21, 2022. The board expresses profound grief on his sad demise. May Allah rest his soul in eternal place and grant fortitude to the bereaved family to bear this loss. His services to the Company shall be remembered for a long time to come.

The Casual vacancy, to created, shall be filled within 90 days as required under the law.

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 35 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.4,382,000 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: 40 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 various.

FUTURE OUTLOOK

According to the United Nations estimates, about 3.6 million acres of our crop land has been destroyed in the recent floods, majority of the devastation being concentrated in Sindh. As a consequence, about thirty per cent of the national cotton crop has either been lost or has been badly affected. There are serious expectations of supply-side constraints in the aftermath of the floods. Resultantly, Pakistan is expected to meet the supply shortfall by importing cotton of around USD 2 billion. Moreover, the United States has downward revised the global output for FY23 by around 3 million bales in recent WASDE reports, with the output now expected at 117 million bales. Erosion in the value of Pak Rupee vs US Dollar must be controlled in order to restore viability of imported raw material for the spinning industry.

With respect to the problems being faced by textile exporters with regard to getting approval from SBP for opening of letters of credit (L/Cs) for import of textile machinery and components, a mechanism should immediately be worked out to resolve the issue. For achieving the target of USD 50 billion in exports over the next 4 years, the textile sector requires adequate supply of energy at regionally competitive tariffs. Other setbacks like inflation, high markup rates and effects of Russia-Ukraine war are also required to be taken care of. The International Monetary Fund (IMF) has indicated that it could ease its program conditions for Pakistan in the wake of massive devastation caused by floods with revised estimates putting losses to the tune of USD 30 billion.

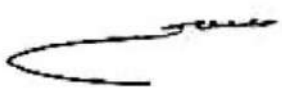
AUDITORS

The retiring Auditors M/s. Yousuf Adil, Chartered Accountants being eligible have offered themselves for re-appointment for the ensuing year 2022-2023.The audit committee in its meeting held on September 30, 2022 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 05 , 2022

S. M. Mansoor Allawala
Chief Executive

I am pleased to present before you my review of the Company and the role of its Board of Directors in achieving the Company's objectives for the year ended June 30, 2022.

As Chairman of the Board, it is my responsibility to monitor and strengthen the Company's governance by encouraging all stakeholders to come forward and share their views. 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. 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. 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 including expansion of the mill, borrowings and appointment of external auditors,. The Audit Committee and the 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.

Increase in volumes and gross margins of the textile industry, owing to Post-COVID-19 economic recovery, particularly in Pakistan, enabled your Company to make good profit for the year under review. The Board is consistently following a balanced strategy and performing its duties and responsibilities diligently while upholding high standards of corporate governance. Major risks to the outlook include shortage of local cotton in the aftermath of the devastating floods which have badly affected the cotton crop, exchange rate volatility, high interest rates, policy on regionally competitive energy tariff for the textile industry and soaring inflation.

Subsequent to the year-end, Mr. Muhammad Israil, non-executive director of the Company, has passed away. He was a very senior member of the Board and during his long association with the Company, he has rendered valuable advices for betterment of the Company. His services to the Company shall be remembered for a long time to come. May Allah reward his soul with the highest place in Jannah.

I highly appreciate the services rendered by the employees of the Company and am thankful for the continued trust of the shareholders, customers, suppliers and bankers.

Muhammad Idrees Allawala
Chairman of the Board

Karachi
October 05, 2022

	2017	2018	2019	2020	2021	2022
Sales	2,215,268,509	2,881,059,482	3,471,595,641	3,239,256,236	4,002,482,731	5,166,171,154
Cost of goods sold	(1,984,882,334)	(2,643,744,807)	(3,076,553,332)	(2,956,416,446)	(3,468,653,953)	(4,367,630,755)
Gross Profit	230,386,175	237,314,675	395,042,309	282,839,790	533,828,778	798,540,399
Other operating Income/loss	62,665,832	35,358,695	3,528,691	10,250,912	25,389,171	137,702,874
	293,052,007	272,673,370	398,571,000	293,090,702	559,217,949	936,243,273
Distribution Cost	(8,170,378)	(15,241,548)	(18,679,321)	(26,603,588)	(35,219,989)	(45,848,895)
Administration expenses	(62,913,405)	(68,988,440)	(77,463,297)	(83,287,664)	(77,063,633)	(96,757,796)
Other operating expenses	(16,467,315)	(16,520,530)	(27,268,831)	(21,414,330)	(52,638,715)	(67,393,550)
Finance cost	(96,819,649)	(113,629,274)	(209,034,475)	(240,606,640)	(171,436,880)	(174,390,261)
	(184,370,747)	(214,379,792)	(332,445,924)	(371,912,222)	(336,359,217)	(384,390,502)
Profit/(Loss) before taxation	108,681,260	58,293,578	66,125,076	(78,821,520)	222,858,732	551,852,771
Taxation	(21,394,127)	20,111,096	(33,811,567)	(23,759,982)	(61,968,354)	(119,845,916)
Profit/(Loss) after taxation	87,287,133	78,404,674	32,313,509	(102,581,502)	160,890,378	432,006,855
Other Comprehensive income for the year	(36,800)	33,776,110	(33,316,294)	45,409,201	327,421,738	18,565,117
Total comprehensive income for the year	87,250,333	112,180,784	(1,002,785)	(57,172,301)	488,312,116	450,571,972
Earning/(Loss) per shares	4.84	4.34	1.63	(5.17)	8.10	21.76

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: 6 (six)
   b) Female: 1 (one)

2. The composition of board is as follows:

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

* *The requirement of Independent Directors is at least two or one-third of members of the Board, whichever is higher. Two independent directors were appointed / elected on the Company's Board and the fraction of 0.33 was not rounded up as one since the Board considers that the two Independent Directors have adequately protected the interests of the minority shareholders.*

* *Subsequent to year end, a casual vacancy has arisen due to the demise of a Non-Executive Directors (Mr. Muhammad Israel), which is not yet filled by the company*

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. The board has ensured that complete record of particulars of significant policies along with their dates of approval or updating is maintained by the Company;

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 the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.

8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The Board remained fully compliant with the provision with regard to their Director's 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. Remaining four members have also completed the Director's Training Program.

10. There was no fresh appointment of Chief Financial Officer (CFO), Company Secretary (CS) and Head of Internal Audit (HOIA) during the year ended June 30 2022. The board has approved appointment of CFO, CS and HOIA, including

their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. Chief financial officer and chief executive officer 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

i. Ms. Azra Yaqub Vawda	Chairman
ii. Mr. Masud Arif	Member
iii. Mr. Rizwan Idrees Allawala	Member

b) Human Resource and Remuneration Committee

i. Mr. Masud Arif	Chairman
ii. Ms. Azra Yaqub Vawda	Member
iii. Mr. Rizwan Idrees Allawala	Member

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:

Committee	**Frequency of meetings**
Audit Committee	Quarterly – Four Meetings
HR and Remuneration Committee	Annually – One Meeting

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 and all their 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 all requirements of the regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and

19. Explanation with respect to compliance with non-mandatory requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 is specified below:

S. No.	Requirement	Explanation	Regulation No.
1.	The Board may constitute the risk management committee, of such number and class of Directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	The Terms of Reference for Risk Committee are covered by the Board of Directors, which in its quarterly meetings to reviews the effectiveness of the Company's risk management procedures, therefore, a separate committee is not considered necessary.	30
2.	The Board may constitute a separate committee, designed as the nomination committee, of such number and class of Directors, as it may deem appropriate in its circumstances.	The Terms of Reference for Nomination Committee are covered by the Human Resource and Remuneration Committee, which timely apprises the Board with regard to any changes therefore a separate committee is not considered necessary.	29

For and on behalf of the Board

S M MANSOOR ALLAWALA
Chief Executive
Dated: October 5, 2022

MUHAMMAD IDREES ALLAWALA
CHAIRMAN

YOUSUF ADIL

Yousuf Adil
Chartered Accountants

Cavish Court, A-35, Block
KCHSU, Shahrah-e-Faisal
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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, 2022 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, 2022.

Yours truly,

Yousuf Adil

Chartered Accountants

Date: October 06, 2022

Yousuf Adil
Chartered Accountants

Cavish Court, A-35, Block 7
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Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Idrees Textile Mills Limited (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2022, and the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated 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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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, 2022 and of the profit and other 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 unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

Key audit matter	How the matter was addressed in our audit
Valuation of stock in trade 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 7 to the unconsolidated financial statements. Stock-in-trade forms material part of the Company's assets comprising 25% of total assets.	Our key audit procedures to address the valuation of stock-in-trade, included the following: • We obtained an understanding of mechanism of recording purchases and valuation of stock-in-trade and evaluated their design and implementation;

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>The valuation of finished goods within stock-in-trade at cost has different components, which includes judgment in relation to the allocation of overhead 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 completion and estimated costs necessary to make the sale) of stock-in-trade items in line with the accounting policy.

Due to the above factors, we have considered the valuation of stock in trade as key audit matter.</td><td>• We tested purchases, on a sample basis, with underlying supporting documents;

• We verified the calculations of the actual labor and overhead costs and checked allocation of labor and overhead costs to the finished goods and work in process;

• We obtained an understanding of management's process for determining the net realizable value and checked:

▪ future selling prices by performing a review of sales close to and subsequent to the year-end; and

▪ determination of cost necessary to make the sales.

• For valuation of goods in transit, verified the supporting documents on sample basis.

• 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.

• Assessed the adequacy and appropriateness of the related disclosures in the financial statements for compliance with the requirement of the applicable financial reporting framework.</td></tr>
</table>

Information Other than the Unconsolidated 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 unconsolidated and consolidated financial statements and our auditor's report thereon.

Our opinion on the unconsolidated 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 unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated 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 Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated 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 unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated 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 Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated financial statements, including the disclosures, and whether the unconsolidated 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 unconsolidated 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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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) zakat was deducted at source and paid in accordance with Zakat and Ushr Ordinance, 1980 (XVIII of 1980.

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

Yousuf Adil
Chartered Accountants

Place: Karachi
Date: October 06, 2022
UDIN: AR202210057HbCP0RIG4

	Note	2022 Rupees	2021 Rupees
ASSETS			
Non-current Assets			
Property, plant and equipment	4	2,334,249,192	2,046,046,950
Long-term deposits		3,129,361	2,887,987
Long term investment	5	-	-
		2,337,378,553	2,048,934,937
Current Assets			
Stores, spares and loose tools	6	57,521,846	43,809,657
Stock-in-trade	7	1,207,120,704	1,090,119,992
Trade debts	8	768,563,631	701,721,202
Loans and advances	9	171,739,107	83,520,710
Prepayments		1,905,463	1,871,858
Other receivables	10	184,464,687	154,695,934
Other financial assets	11	134,473,034	97,094,620
Cash and bank balances	12	5,875,276	8,370,748
		2,531,663,748	2,181,204,721
Total Assets		4,869,042,301	4,230,139,658
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised capital			
22,000,000 ordinary shares of Rs.10/- each		220,000,000	220,000,000
Issued, subscribed and paid-up capital	13	198,528,000	198,528,000
Capital reserves			
Surplus on revaluation of property, plant and equipment - net of tax	14	882,490,524	910,719,758
Equity portion of loan from related parties		15,895,730	25,813,862
Revenue reserves		1,420,418,461	951,551,923
Total Equity		2,517,332,715	2,086,613,543
Non-current Liabilities			
Long-term finance	15	214,521,468	169,100,200
Lease liability	16	1,962,284	10,140,260
Deferred government grant	17	44,261,234	-
Deferred taxation - net	18	229,182,802	252,700,211
Retirement benefit obligation	19	60,143,460	54,932,453
		550,071,248	486,873,124
Current Liabilities			
Trade and other payables	20	607,349,650	236,390,906
Accrued mark-up	21	26,323,596	21,575,812
Short-term borrowings	22	883,049,126	1,215,020,482
Current portion of long-term finance	15	143,862,034	105,354,182
Current portion of lease liability	16	7,767,062	19,268,069
Current portion of deferred government grant	17	5,297,394	-
Unclaimed dividend		2,899,903	2,424,885
Provision for taxation		125,089,573	56,618,655
		1,801,638,338	1,656,652,991
Total Liabilities		2,351,709,586	2,143,526,115
Total Equity and Liabilities		4,869,042,301	4,230,139,658
CONTINGENCIES AND COMMITMENTS	23		

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

Chief Executive | Chief Financial Officer | Director

	Note	2022 Rupees	2021 Rupees
Revenue from contract with customer - net	24	5,166,171,154	4,002,482,731
Cost of sales	25	(4,367,630,755)	(3,468,653,953)
Gross profit		798,540,399	533,828,778
Distribution cost	26	(45,848,895)	(35,219,989)
Administrative expenses	27	(96,757,796)	(77,063,633)
		(142,606,691)	(112,283,622)
		655,933,708	421,545,156
Finance cost	28	(174,390,261)	(171,436,880)
Other operating expenses	29	(67,393,550)	(52,638,715)
		414,149,897	197,469,561
Other income	30	137,702,874	25,389,171
Profit before taxation		551,852,771	222,858,732
Taxation	31	(119,845,916)	(63,057,635)
Profit for the year		432,006,855	159,801,097
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss		-	-
Items that will not be reclassified subsequently to profit or loss			
Surplus on revaluation of property, plant and equipment during the year	14	-	384,049,417
Impact of deferred tax thereon	14	-	(54,171,243)
		-	329,878,174
Adjustment of surplus on revaluation of property, plant and equipment due to change in tax rate	14	19,262,595	(7,130,328)
Remeasurement of retirement benefit obligation	19.5	(982,374)	6,582,947
Related tax	18	284,896	(1,909,055)
		(697,478)	4,673,892
		18,565,117	327,421,738
Total comprehensive income / (loss) for the year		450,571,972	487,222,835
Earnings per share - basic and diluted	32	21.76	8.05

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

Chief Executive

Chief Financial Officer

Director

		Note	2022 Rupees	2021 Rupees
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**			
	Profit before taxation		551,852,771	222,858,732
	Adjustments for :			
	Depreciation	4.1	105,294,291	91,871,591
	Provision for retirement benefit obligation	19.4	19,765,793	17,985,959
	Finance cost	28	174,390,261	171,436,880
	Provision for slow moving stores, spares and loose tools	6.1	1,368,396	-
	Unrealized loss on other financial assets	29	2,055,496	-
	Profit on deposits	30	(5,521,448)	(3,448,187)
	Gain on disposal of property, plant and equipment	30	(1,233,155)	(6,555,071)
	Unwinding of discount on other receivables	30	(6,401,253)	(14,415,117)
	Loss on modification of terms of financial asset	29	-	20,816,370
	Operating cash flows before working capital changes		841,571,152	500,551,157
	(Increase) / Decrease in current assets			
	Stores, spares and loose tools		(15,080,585)	3,771,325
	Stock-in-trade		(117,000,712)	447,937,922
	Trade debts		(66,842,429)	80,376,979
	Loans and advances		(78,270,764)	(2,764,239)
	Prepayments		(33,605)	414,850
	Other receivables		(21,711,462)	(94,652,134)
	(Decrease) / Increase in current liabilities			
	Trade and other payables		371,824,244	(157,106,792)
			72,884,687	277,977,911
	Cash generated from operations		914,455,839	778,529,068
	Finance cost paid		(158,047,560)	(202,333,565)
	Retirement benefit obligation paid		(16,402,660)	(9,089,500)
	Income tax paid		(65,292,553)	(56,659,505)
	Long-term deposits - net		(241,374)	(121,745)
	Net cash generated from operating activities		674,471,692	510,324,753
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
	Purchase of property, plant and equipment		(394,050,878)	(88,660,081)
	Proceeds from disposal of property, plant and equipment		1,787,500	22,648,000
	Purchase of term deposit receipt - net		(32,300,000)	(23,348,300)
	Purchase of shares		(7,133,910)	-
	Profit on deposits received		3,865,410	3,434,826
	Net cash used in investing activities		(427,831,878)	(85,925,555)
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
	Long-term finance repaid to financial institutions		(83,604,014)	(46,041,049)
	Export refinance repaid - net		-	-
	Long-term finance obtained from financial institutions		209,173,634	99,287,300
	Long-term finance repaid to related parties		(2,000,000)	(35,226,790)
	Long-term finance obtained from related parties		-	6,000,000
	Lease liabilities repaid during the year		(21,355,768)	(35,411,488)
	Dividend paid		(19,377,782)	-
	Net cash generated from / (used in) financing activities		82,836,070	(11,392,027)
	Net increase in cash and cash equivalents (A+B+C)		329,475,884	413,007,171
	Cash and cash equivalents at the beginning of the year		(1,206,649,734)	(1,619,656,905)
	Cash and cash equivalents at the end of the year	33	(877,173,850)	(1,206,649,734)

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

Chief Executive | Chief Financial Officer | Director

	Note	Share capital	Capital reserve: Surplus on revaluation of property, plant and equipment - net of tax	Capital reserve: Equity portion of loan from related parties	Revenue reserve: Unappropriated profit	Total
		---------- Rupees ----------				
Balance as at July 1, 2020		198,528,000	633,848,096	33,586,069	731,526,624	1,597,488,789
Total comprehensive income for the year						
Profit for the year		-	-	-	159,801,097	159,801,097
Other comprehensive income for the year		-	322,747,846	-	4,673,892	327,421,738
		-	322,747,846		164,474,989	487,222,835
Transfer from surplus on revaluation of property plant and equipment on account of						
- incremental depreciation charged thereon - net of tax	14	-	(45,876,184)	-	45,876,184	-
Transactions with related parties						
Unwinding of discount on long-term loan from related parties	15.2	-	-	(9,674,126)	9,674,126	-
Fair value effect of interest free loan provided by related parties	15.2	-	-	1,901,919	-	1,901,919
Balance as at June 30, 2021		**198,528,000**	**910,719,758**	**25,813,862**	**951,551,923**	**2,086,613,543**
Total comprehensive income for the year						
Profit for the year		**-**	**-**	**-**	**432,006,855**	**432,006,855**
Other comprehensive income for the year		**-**	**19,262,595**	**-**	**(697,478)**	**18,565,117**
		-	**19,262,595**	**-**	**431,309,377**	**450,571,972**
Transfer to / from surplus on revaluation of property, plant and equipment on account of						
- incremental depreciation charged thereon - net of tax	14	**-**	**(47,491,829)**	**-**	**47,491,829**	**-**
Transactions with shareholders						
Final dividend at Re.1 per share for the year ended June 30, 2021					**(19,852,800)**	**(19,852,800)**
Transactions with related parties						
Unwinding of discount on long-term loan from related parties	15.2	**-**	**-**	**(9,918,132)**	**9,918,132**	**-**
Fair value effect of interest free loan provided by related parties	15.2	**-**	**-**	**-**	**-**	**-**
Balance as at June 30, 2022		**198,528,000**	**882,490,524**	**15,895,730**	**1,420,418,461**	**2,517,332,715**

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.

These are seprate financial statements of the Company in which investment in subsidiary is stated at cost less impairment losses, if any.

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

Karachi	**Purpose**
6-C, Ismail Centre, 1st floor, Central Commercial Area, Bahadurabad	Head Office

Nankana Sahib	**Purpose**
Kot Shah Muhammad, Tehsil & District Nankana Punjab	Regional Office and Production Plant / Factory

During the year, the Company acquired 100% ownership in ORA Home LLC (ORA), a limited liability company incorporated in New Jersey, USA on January 5, 2022. One of the directors of the Company is the member manager of ORA. Pursuant to the acquisition, ORA has become wholly owned subsidiary of the Company (refer note 5).

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 19.1);
- assumptions and estimates used in determining fair value, residual value, useful lives and recoverable amount of property, plant and equipment (notes 3.1, 3.6 and 4.1);
- assumptions and estimates used in determining provision for taxation including deferred taxation (notes 3.11, 18 and 31);
- assumptions and estimates used in determining provision for slow moving stores and spares (notes 3.2 and 6.1);
- assumptions and estimates used in writing down items of stock-in-trade to their net realizable value (notes 3.3 and 7);
- contingencies and commitments (note 23); 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, 2022

The following amendments are effective for the year ended June 30, 2022, however, these amendments are either not relevant to the Company's operations or do not significantly impact the Company's financial statements other than certain additional disclosure.

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021

2.5.2 New accounting standards and amendments that are not yet effective

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

	Effective from accounting period beginning on or after:
- Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
- 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

	Effective from accounting period beginning on or after:
- Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
- 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 IFRSs.

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, 2021.

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 (specific identification basis) and net realisable value (NRV)
- 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 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 in case of local sales and date of bill of lading in case of export sales.

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 Investment in Subsidiary

Investment in subsidiary is measured at cost less any identified impairment loss in the Company's separate financial statements.

At each reporting date, the Company reviews the carrying amount of the investment in subsidiary to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment losses are recognised as expense in the Unconsolidated Statement of Profit or Loss. Investment in subsidiary that suffered an impairment, is reviewed for possible reversal of impairment at each reporting date. An impairment loss is reversed if there has been change in estimates used to determine the recoverable amount but limited to the extent of initial cost of investments. A reversal of impairment loss is recognised in the Unconsolidated Statement of Profit or Loss

The carrying amount of an investment carried at cost is derecognised when it is sold or otherwise disposed of. The difference between the fair value of any consideration received on disposal and the carrying amount of the investment is recorded in the Unconsolidated Profit or Loss account as a gain or loss on disposal.

3.20 Government grants

In accordance with IFRS 9 the benefit of interest rate lower than the market rate on borrowings obtained under State Bank of Pakistan (SBP) Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of the entity and Temporary Economic Refinance Facility (TERF), is accounted for as a government grant which is the difference between amount of loan received and the fair value of the loan on the date of disbursement. The differential amount presented in statement of financial position as deferred government grant. The amortisation of deferred government grant is netted off with finance cost within in the statement of profit or loss.

Government grants are recognised at fair value, as deferred income, when there is reasonable assurance that the grants will be received and the Company will be able to comply with the conditions associated with the grants.

Grants that compensate the Company for expenses incurred, are recognised on a systematic basis in the income for the year in which the related expenses are recognised. Grants that compensate for the cost of an asset are recognised in income on a systematic basis over the expected useful life of the related asset.

A loan is initially recognised and subsequently measured in accordance with IFRS 9. IFRS 9 requires loans at below-market rates to be initially measured at their fair value - e.g. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit, that is the government grant, is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the grant.

3.21 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.

3.22 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.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	**2022 Rupees**	2021 Rupees
Operating fixed assets			
- Owned	4.1.1	**1,940,313,063**	1,964,381,190
- Right of use assets	4.1.2	**37,614,719**	75,948,660
		1,977,927,782	2,040,329,850
Advance against vehicle	4.1.3	**17,340,000**	5,717,100
Capital work in progress:			
- Building		**125,529,930**	-
- Plant & Machinery		**213,451,480**	-
	4.1.4	**338,981,410**	-
		2,334,249,192	2,046,046,950

4.1 OPERATING FIXED ASSETS

	2022											
	Cost / Revaluation					Accumulated Depreciation					Written Down Value	Dep. Rate
Particulars	July 01, 2021	Additions/ (disposal)	Transfers	Revaluation adjustment	June 30, 2022	July 01, 2021	Depreciation/ (disposals)/ write-offs for the year	Transfers	Revaluation adjustment	June 30, 2022	June 30, 2022	%
	-----Rupees-----											
4.1.1 Owned assets												
Land freehold	240,375,000	-	-	-	240,375,000	-	-	-	-	-	240,375,000	-
Mill building on freehold land	218,633,050	-	-	-	218,633,050	-	16,201,975	-	-	16,201,975	202,431,075	5-20%
Labour colony										-		
on freehold land	21,352,625	-	-	-	21,352,625	-	2,371,736	-	-	2,371,736	18,980,889	5-14%
Plant and machinery	1,414,360,500	24,256,491	12,500,000	-	1,450,936,991	-	70,256,740	551,398	-	70,800,825	1,380,136,166	4-33%
		(180,000)				-	(7,313)					
Electric installations	21,988,000	-	-	-	21,988,000	-	3,063,608	-	-	3,063,608	18,924,392	8-25%
Factory equipment	5,251,500	-	-	-	5,251,500	-	595,898	-	-	595,898	4,655,602	7-20%
Office equipment	14,804,158	1,418,292	-	-	16,222,450	11,825,088	692,164	-	-	12,517,252	3,705,198	10%
Furniture and fixtures	3,885,361	298,091	-	-	4,183,452	3,718,712	38,502	-	-	3,757,214	426,238	10%
Vehicle	101,253,134	17,473,694	29,862,030	-	146,591,358	61,978,338	6,704,806	8,845,553	-	75,912,855	70,678,503	20%
		(1,997,500)					(1,615,842)					
	2,041,903,328	43,446,568	42,362,030	-	2,125,534,426	77,522,138	99,925,429	9,396,951	-	185,221,363	1,940,313,063	
		(2,177,500)					(1,623,155)					
4.1.2 Right of use assets												
Plant and machinery	32,500,000	-	(12,500,000)	-	20,000,000	-	1,037,850	(551,398)	-	486,452	19,513,548	4%
Vehicle	51,911,030		(29,862,030)	-	22,049,000	8,462,370	4,331,012	(8,845,553)	-	3,947,829	18,101,171	20%
	84,411,030	-	(42,362,030)	-	42,049,000	8,462,370	5,368,862	(9,396,951)	-	4,434,281	37,614,719	
Total June 30, 2022	2,126,314,358	43,446,568	-	-	2,167,583,426	85,984,508	105,294,291	-	-	189,655,644	1,977,927,782	
		(2,177,500)					(1,623,155)					

Operating fixed assets

	2021												
	Cost / Revaluation					Accumulated Depreciation					Written Down Value	Dep. Rate
Particulars	July 01, 2020	Additions/ (disposal)	Transfers	Revaluation adjustment	June 30, 2021	July 01, 2020	Depreciation / (disposals) for the year	Transfers	Revaluation adjustment	June 30, 2021	June 30, 2021	%
	-Rupees-											
4.1.1 Owned assets												
Land - freehold	110,171,875	-	-	130,203,125	240,375,000	-	-	-	-	-	240,375,000	-
Mill building on freehold land	144,322,067	985,814	-	73,325,169	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	-	-	451,125	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	32,774,000	23,544,028	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	-	-	(6,525,600)	21,988,000	3,417,281	3,417,277	-	(6,834,558)	-	21,988,000	8-25%
Factory equipment	6,487,499	-	-	(1,235,999)	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%
Vehicles	100,981,010	7,737,160 (29,468,536)	22,003,500	-	101,253,134	65,209,418	4,026,672 (13,375,607)	6,117,855	-	61,978,338	39,274,796	20%
	1,713,889,535	82,942,981 (29,468,536)	54,777,500	219,761,848	2,041,903,328	157,854,945	85,242,695 (13,375,607)	7,228,610	(159,428,505)	77,522,138	1,964,381,190	
4.1.2 Right of use assets												
Plant and machinery	61,626,000	-	(32,774,000)	3,648,000	32,500,000	1,313,024	1,008,795	(1,110,755)	(1,211,064)	-	32,500,000	4%
Vehicles	55,309,530	18,605,000	(22,003,500)	-	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	(54,777,500)	3,648,000	84,411,030	10,273,148	6,628,896	(7,228,610)	(1,211,064)	8,462,370	75,948,660	
Total June 30, 2021	1,830,825,065	101,547,981 (29,468,536)	-	223,409,848	2,126,314,358	168,128,093	91,871,591 (13,375,607)	-	(160,639,569)	85,984,508	2,040,329,850	

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, 2022.

4.1.4 This represents construction work in progress which includes new mill building being constructed as part of a new wing to the existing mill building along with plant and machinery purchased through TERF financing which is currently not available for use. This includes Rs. 3,725,524 on account of borrowing cost incurred on TERF finance specifically obtained for acquisition of plant and machinery.

4.2 Depreciation for the year has been allocated as under:

	Note	2022 Rupees	2021 Rupees
Cost of sales	25	**93,527,805**	81,647,853
Administrative expenses	27	**11,766,486**	10,223,738
		105,294,291	91,871,591

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								
Toyota corolla Altis	1,997,500	(1,615,842)	381,658	1,200,000	818,342	Third Party	Negotiation	Pakistan Cars (Abrar Ahmed)
Complete Savior Automatic Cone Winder	180,000	(7,313)	172,687	587,500	414,813	Third Party	Negotiation	Muhammad Babar Saeed
	2,177,500	(1,623,155)	554,345	1,787,500	1,233,155			

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 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 14 and 4.1.1 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, 2022, if the said assets had been carried at historical cost, would have been as follows:

	2022			2021		
	Cost	**Accumulated depreciation**	**Carrying value**	Cost	Accumulated depreciation	Carrying value
	Rupees					
Land - freehold	**8,772,600**	**-**	**8,772,600**	8,772,600	-	8,772,600
Mills building on freehold land	**142,260,822**	**(108,105,013)**	**34,155,809**	142,260,822	(107,287,660)	34,973,162
Labour colony on freehold land	**16,533,266**	**(15,383,625)**	**1,149,641**	16,533,266	(15,383,625)	1,149,641
Plant and machinery	**1,540,925,816**	**(750,202,636)**	**790,723,179**	1,516,849,325	(717,880,696)	798,968,629
Electric installations	**43,144,676**	**(30,899,476)**	**12,245,200**	43,144,676	(29,396,961)	13,747,715
Factory equipment	**6,616,044**	**(4,862,557)**	**1,753,486**	6,616,044	(4,695,709)	1,920,335
	1,758,253,223	**(909,453,307)**	**848,799,916**	1,734,176,733	(874,644,651)	859,532,082

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

		2022 Rupees	2021 Rupees
5.	**LONG TERM INVESTMENT**		
	Cost	**-**	-

5.1 During the year, the Company acquired 100% ownership in ORA Home LLC (ORA), a limited liability company incorporated in New Jersey, USA on January 5, 2022. The Company paid nil consideration for the acquisition of subsidiary due to net liability postion in the books of subsidaiary and accordingly assumed all liablities of the subsidiary as on January 5, 2022. Fair value of net assets/(liabilities) is as follows:

	USD	PKR
Assets		
Stock-in-trade	52,286	9,230,173
Trade receivable	25,000	4,413,284
Cash in hand	1,000	176,531
	78,286	13,819,988
Liabilities		
Loan from related parties	91,061	16,075,147
Trade and other payable	83,171	14,682,210
	174,232	30,757,357
Fair value of net assets acquired	(95,946)	(16,937,369)

		Note	2022 Rupees	2021 Rupees
6.	**STORES, SPARES AND LOOSE TOOLS**			
	Stores and spares		**53,044,427**	45,950,186
	Stores and spares in transit		**12,156,051**	4,169,707
	Loose tools		**64,585**	64,585
			65,265,063	50,184,478
	Less: provision for slow moving items	6.1	**(7,743,217)**	6,374,821
			57,521,846	56,559,299
6.1	**Movement in provision for slow moving items**			
	Balance as at July 1,		**6,374,821**	6,374,821
	Provision made during the year	25	**1,368,396**	-
	Balance as at June 30,		**7,743,217**	6,374,821
7.	**STOCK-IN-TRADE**			
	Raw material			
	- In hand		**787,024,122**	785,996,519
	- In transit		**99,948,162**	155,372,804
	Work-in-process		**56,022,198**	41,992,838
	Finished goods			
	- In hand		**163,228,844**	61,419,155
	- In transit		**27,545,324**	-
	- Third party		**57,888,374**	39,370,268
	Waste		**15,463,680**	5,968,408
			1,207,120,704	1,090,119,992

7.1 Provision on stock-in-trade during the year was nil (2021: nil).

	Note	2022 Rupees	2021 Rupees
8. TRADE DEBTS			
Considered good			
Export - secured		**308,726,383**	83,606,403
Local		**459,837,248**	618,114,799
	8.1	**768,563,631**	701,721,202
Considered doubtful			
Local		**12,413,215**	12,413,215
		780,976,846	714,134,417
Less: Provision for doubtful debts	8.2	**(12,413,215)**	(12,413,215)
		768,563,631	701,721,202

8.1 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.

	2022 Rupees	2021 Rupees
8.2 Movement in provision for doubtful debts		
Balance as at July 1,	**12,413,215**	12,413,215
Provision made during the year	**-**	-
Balance as at June 30,	**12,413,215**	12,413,215
8.3 Ageing of trade debts past due but not impaired		
0 - 90 days	**766,818,903**	573,107,254
91-180 days	**10,001,125**	87,222,961
181 - 360 days	**1,779,918**	51,427,302
Above 360 days	**2,376,900**	2,376,900
	780,976,846	714,134,417

8.4 Following are the details for local and export related trade debts outstanding as at June 30 2022, which are secured against letter of credit:

	Mode of arrangement	Amount in Rupees
Indirect Export	**Confirmed LC**	**44,780,578**
Exports	**Confirmed LC**	**308,726,383**

	Note	2022 Rupees	2021 Rupees
9. LOANS AND ADVANCES			
Considered good			
Loans to employees - unsecured	9.1	**359,000**	632,000
Advance to employees	9.1	**474,481**	475,481
Advances - unsecured			
- to suppliers		**93,029,920**	19,923,795
- for expenses		**6,602,942**	1,164,303
		99,632,862	21,088,098
Advance income tax		**71,272,764**	61,325,131
		171,739,107	83,520,710

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

10. OTHER RECEIVABLES	**Note**	**2022 Rupees**	2021 Rupees
Sales tax			
- considered good		**150,850,078**	21,158,402
- 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 claim receivable	30.1	**22,851,349**	3,279,126
Profit on deposits		**3,757,270**	2,101,232
Others	10.1	**1,133,058**	122,284,242
		189,289,660	159,520,907
Less: provision for doubtful receivables	10.2	**(4,824,973)**	(4,824,973)
		184,464,687	154,695,934

10.1 In previous year, the Company entered into an agreement with a customer whereby overdue balance as of January 1, 2021 was to be paid in instalments until December 31, 2021. This resulted in modification in terms of financial assets and therefore, the Company had recognized modification loss, as disclosed in note 29. As at June 30, 2021, the outstanding balance was Rs. 120.58 million. During the year, the customer repaid full amount as per the agreement and the current balance is presented under trade debts.

10.2 Provision for doubtful receivables	**Note**	**2022 Rupees**	2021 Rupees
As at July 01, 2021		**4,824,973**	4,824,973
Provision recognized during the year		**-**	-
As at June 30, 2022		**4,824,973**	4,824,973

11. OTHER FINANCIAL ASSETS

- At amoritised cost			
Term deposit receipts	11.1	**129,394,620**	97,094,620
- Fair value through profit or loss			
Short term investment in listed company	10.2	**5,078,414**	-
		134,473,034	97,094,620

11.1 These represent term deposit receipts with various banks for a period ranging from six months to one year carrying mark-up at the rates ranging from 5.90% to 13.75% (2021: 6.25% to 9%) 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 16, 2023 (2021: June 09, 2022).

11.2 This represents investment in shares of Lucky Cement Limited a listed company on Pakistan Stock Exchange. Shares acquired during the year and held as at June 30, 2022 are 11,000 at a cost of Rs. 7,133,910. The shares are categorised under fair value through profit and loss account as the Company intends to receive short term profits through trading of shares. The unrealized loss as at June 30, 2022 was Rs. 2,055,496.

12. CASH AND BANK BALANCES	**Note**	**2022 Rupees**	2021 Rupees
Cash in hand		**1,351,699**	1,761,291
Cash at banks			
- in current accounts	12.1	**4,437,477**	6,578,622
- in savings account	12.2	**86,100**	30,835
		5,875,276	8,370,748

12.1 This includes an amount of Rs. 6.68 million (2021: Rs. 6.68 million) on which the bank has created lien on account of guarantee provided by such bank as disclosed in note 23.1.1 to the financial statements.

12.2 It carries markup of 12.25% (2021: 6.56%) per annum.

13. SHARE CAPITAL

2022	2021		**2022**	2021
Number of shares			**Rupees**	Rupees
		Authorised		
22,000,000	22,000,000	Ordinary shares of Rs. 10/- each	**220,000,000**	220,000,000
		Issued, subscribed and paid-up		
19,852,800	19,852,800	Ordinary shares of Rs. 10/- each fully paid in cash	**198,528,000**	198,528,000

13.1 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.

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

	Note	**2022 Rupees**	2021 Rupees
As at July 1,		**1,094,962,264**	769,235,102
Surplus arising during the year		**-**	384,049,417
Less: transferred to unappropriated profit on account of:			
- incremental depreciation - net of tax		**(47,491,829)**	(45,876,184)
- related deferred tax liability		**(11,220,008)**	(12,446,071)
- disposals - net of tax		**-**	-
- related deferred tax liability		**-**	-
		(58,711,837)	(58,322,255)
As at June 30		**1,036,250,427**	1,094,962,264
Less: related deferred tax liability on:			
Revaluation surplus as at July 1,		**184,242,506**	135,387,006
Surplus arising during the year	18	**-**	54,171,243
Adjustment due to change in tax rate	18	**(19,262,595)**	7,130,328
Incremental depreciation charged during the year		**(11,220,008)**	(12,446,071)
Assets disposed-off during the year		**-**	-
	18	**153,759,903**	184,242,506
As at June 30		**882,490,524**	910,719,758

15. LONG-TERM FINANCE

	Note	2022 Rupees	2021 Rupees
Long term portion			
Financial institutions	15.1	**173,059,675**	95,173,061
Related parties	15.2	**41,461,793**	73,927,139
		214,521,468	169,100,200
Current portion			
Financial institutions	15.1	**88,583,958**	90,459,584
Related parties	15.2	**55,278,076**	14,894,598
		143,862,034	105,354,182

15.1 Details and movement are as follows:

Bank	Facility	Balance at July 01, 2021	Obtained during the year	Repaid during the year	Balance at June 30, 2022	Government Grant	Net Balance at June 30, 2022	Payable within one year	Payable later than one year	Payable within one year as at June 30, 2021	Payable later than one year as at June 30, 2021	Mark up rate (per annum)	Principal and mark up payment	Sub-note
		Rupees												
Dubai Islamic Bank	Term Finance 1	4,349,588	-	(3,262,191)	1,087,397	-	1,087,397	(1,087,397)	-	3,262,191	1,087,397	6 month KIBOR +250 bps	Monthly	15.1.1
	Term Finance 2	15,867,775	-	(9,067,299)	6,800,476	-	6,800,476	(6,800,476)	-	9,067,299	6,800,476			
	Term Finance 3	12,857,142	-	(6,428,572)	6,428,570	-	6,428,570	(6,428,570)	-	6,428,572	6,428,570			
	TERF 1	-	5,850,000	-	5,850,000	(667,021)	5,182,979	-	5,182,979	-	-	SBP Rate +400 bps	Quarterly (2 years grace period)	15.1.5
	TERF 2	-	13,230,400	-	13,230,400	(1,289,473)	11,940,927	(1,048,282)	10,892,645	-	-		Quarterly (1 year grace period)	
		33,074,505	19,080,400	(18,758,062)	33,396,843	(1,956,494)	31,440,349	(15,364,725)	16,075,624	18,758,062	14,316,443			
Samba Bank	TERF 1	-	40,868,800	-	40,868,800	(13,646,672)	27,222,128	-	27,222,128	-	-	SBP Rate +400 bps	Quarterly (1 year grace period)	15.1.5
	TERF 2	-	15,672,000	-	15,672,000	(4,458,821)	11,213,179	(50,049)	11,163,130	-	-			
	TERF 3	-	34,238,000	-	34,238,000	(10,284,014)	23,953,986	(657,209)	23,296,777	-	-			
	TERF 4	-	38,037,504	-	38,037,504	(10,283,412)	27,754,092	(256,790)	27,497,302	-	-			
		-	128,816,304	-	128,816,304	(38,672,919)	90,143,385	(964,048)	89,179,337		-			
Askari Bank	Term Finance	-	6,218,450	-	6,218,450	-	6,218,450	(388,653)	5,829,797	-	-	3 month KIBOR +400 bps	Quarterly (1 year grace period)	15.1.7
Bank Al Falah	TERF	-	16,397,280	-	16,397,280	(8,929,219)	7,468,061	-	7,468,061	-	-	SBP Rate +400 bps	Quarterly (2 year grace period)	15.1.5
Bank of Punjab	Term Finance 1	25,895,840	-	(8,638,738)	17,257,102	-	17,257,102	(8,470,140)	8,786,962	8,631,947	17,263,893	6 month KIBOR +250 bps	Quarterly	15.1.2
	Term Finance 2	75,375,000	-	(37,687,500)	37,687,500	-	37,687,500	(37,687,500)	-	50,250,000	25,125,000	SBP Rate +200 bps	Quarterly (6 months grace period)	15.1.3
	Term Finance 3	51,287,300	-	(12,821,825)	38,465,475	-	38,465,475	(12,821,825)	25,643,650	12,819,575	38,467,725	SBP Rate +250 bps	Quarterly	15.1.4
		152,558,140	-	(59,148,063)	93,410,077	-	93,410,077	(58,979,465)	34,430,612	71,701,522	80,856,618			
First Habib Modaraba	Diminishing Musharaka	-	38,661,200	(5,697,889)	32,963,311	-	32,963,311	(12,887,067)	20,076,244	-	-	Three month Kibor + (1.5%-2.0%)	Monthly	15.1.6
Total		185,632,645	209,173,634	(83,604,014)	311,202,265	(49,558,632)	261,643,633	(88,583,958)	173,059,675	90,459,584	95,173,061			

* The loan was converted to LTFF after SBP approval during the year.

15.1.1 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.

15.1.2 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.

15.1.3 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.

15.1.4 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.

15.1.5 The Company has entered into a Temporary Economic Refinance Facility (TERF) agreement with an Islamic bank and conventional banks, with the total limit aggregating to Rs. 615.37 million (2021: 600 million). 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. 451.07 million (2021: 600). These facilities carry mark up of SBP Base Rate + 4% (2021: SBP Base Rate + 4%). The tenure of these facilities ranges from 5 to 10 years with grace period up to 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 Company.

15.1.6 These represent plant and machinery and vehicles acquired under musharaka arrangement. The rates of mark-up ranges from 9.46% to 17.82%.

15.1.7 The loan is secured by way of first pari passu charge over weaving dust and waste removal machine with 0% to 25% margin.

	Note	**2022 Rupees**	2021 Rupees
15.2 Loan from related parties - unsecured			
Opening as at July 01,		**88,821,737**	110,276,320
Receipts during the year	15.2.1	**-**	6,000,000
Repayments during the year	15.2.2	**(2,000,000)**	(35,226,790)
Unwinding of discount	28	**9,918,132**	9,674,126
Release of equity portion of loan due to change in terms of loan		**-**	-
Less: Fair value adjustment		**-**	(1,901,919)
		96,739,869	88,821,737
Payable within one year		**(55,278,076)**	(14,894,598)
Closing as at June 30,		**41,461,793**	73,927,139

15.2.1 In year ended June 30, 2021 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.

15.2.2 During the year, the Company has repaid loan amounting to Rs. 2 million to directors and their closed family members.

As at June 30, 2022, 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 30, 2022	12,894,598	12,894,598
June 03, 2023	22,551,000	19,609,565
June 30, 2023	26,190,000	22,773,913
December 08, 2023	45,000,000	36,625,053
December 14, 2024	6,000,000	4,836,740
	112,635,598	96,739,869

16. LEASE LIABILITY	Note	2022 Rupees	2021 Rupees
Present value of minimum lease payments	16.1	**9,729,346**	29,408,329
Less: current portion shown under current liabilities		**(7,767,062)**	(19,268,069)
		1,962,284	10,140,260

16.1 These represent plant and machinery and vehicles acquired under leases 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:

	2022			2021		
	Future minimum lease payments	**Finance cost**	**Present value**	Future minimum lease payments	Finance cost	Present value
	----------	----------	----------	----Rupees----	----------	----------
Not later than one year	**8,535,294**	**768,232**	**7,767,062**	21,113,822	1,845,753	19,268,069
Later than one year but not later than five years	**2,091,437**	**129,153**	**1,962,284**	10,668,764	528,504	10,140,260
Total future minimum lease payments	**10,626,731**	**897,385**	**9,729,346**	31,782,586	2,374,257	29,408,329

The rates of mark-up ranges from 9.46% to 10.38% (2021: 9.46% to 10.38%) 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.

17. DEFERRED GOVERNMENT GRANT	Note	2022 Rupees	2021 Rupees
Deferred grant against temporary economic refinance facility		**49,558,628**	-
Current portion of deferred government grant		**(5,297,394)**	-
		44,261,234	-

17.1 Deferred government grant relates to the difference between the fair value and actual proceed of temporary economic refinance facility loan obtained under SBP's refinance scheme. It is being amortised over the period of ten years from the date of loan disbursement with an amount equal to the difference between the finance cost charged that would have been charged to statement of profit or loss at market rate and the interest paid as per the scheme.

		Note	2022 Rupees	2021 Rupees
18.	**DEFERRED TAXATION - NET**			
	Balance as at July 1,		**252,700,211**	183,503,681
	Reversal to profit or loss	31	**(3,969,918)**	5,985,904
	Charged to other comprehensive income		**(284,896)**	1,909,055
	Adjustment to the related deferred tax liability on revaluation surplus	14	**-**	54,171,243
	Tax rate adjustment on surplus	14	**(19,262,595)**	7,130,328
	Balance as at June 30,		**229,182,802**	252,700,211
	This comprises of the following:			
	Taxable temporary differences:			
	- accelerated depreciation on property, plant and equipment		**129,240,828**	142,440,082
	- surplus on revaluation of property, plant and equipment		**149,259,371**	184,242,507
			278,500,199	326,682,589
	Deductible temporary differences:			
	- provision for doubtful trade debts		**2,305,039**	3,599,832
	- provision for stores and spares		**1,437,856**	1,360,398
	- carried forward depreciation loss		**-**	8,423,415
	- provision for doubtful other receivables		**895,960**	1,399,242
	- provision for staff gratuity		**11,168,179**	12,323,664
	- minimum tax		**35,360,851**	46,875,827
	- Other financial asset		**381,703**	-
			(51,549,588)	(73,982,378)
			226,950,611	252,700,211

		Note	2022 Rupees	2021 Rupees
19.	**RETIREMENT BENEFIT OBLIGATION**			
	Mill	19.2	**59,891,088**	54,680,081
	Head office	19.10	**252,372**	252,372
			60,143,460	54,932,453

19.1 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, 2022 are as under:

The principal assumptions used are as follows:	2022	2021
- Discount rate	**13.25%**	10.00%
- Expected rate of salary increase	**12.25%**	9.00%
- Mortality rate	**SLIC 2001-2005 set back one year**	SLIC 2001-2005 set back one year

		Note	2022 Rupees	2021 Rupees
19.2	**Liability recognized in the statement of financial position**			
	Present value of retirement benefit obligation (RBO)	19.3	**59,891,088**	54,680,081

		Note	2022 Rupees	2021 Rupees
19.3	**Movement in Retirement benefit obligation (RBO) during the year**			
	Balance as at July 1,		**54,680,081**	48,516,369
	Expense recognized in profit or loss	19.4	**19,765,793**	17,985,959
	Total remeasurements recognized in other comprehensive income	19.5	**982,374**	(6,582,947)
	Benefits paid		**(13,197,160)**	(2,818,600)
	Benefits due but not yet paid	20.4	**(2,340,000)**	(2,420,700)
			59,891,088	54,680,081
19.4	**Expense recognized in profit or loss**			
	Current service cost		**15,074,643**	14,084,738
	Interest cost		**4,691,150**	3,901,221
			19,765,793	17,985,959
19.5	**Total remeasurements recognized in other comprehensive income**			
	Actuarial gain on liability arising on			
	- financial assumptions		**566,441**	260,637
	- experience adjustments		**415,933**	(6,843,584)
			982,374	(6,582,947)

19.6 Sensitivity analysis

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		**Increase / (decrease) in defined benefit obligation due to**	
	Change in assumption	**Increase in assumption**	**Decrease in assumption**
		Rupees	**Rupees**
Discount rate	**1%**	**(3,183,543)**	**3,620,844**
Salary growth rate	**1%**	**3,768,227**	**(3,374,901)**

Prior year		Increase / (decrease) in defined benefit obligation due to	
	Change in assumption	Increase in assumption	Decrease in assumption
		Rupees	Rupees
Discount rate	1%	(2,948,800)	3,363,396
Salary growth rate	1%	3,512,500	(3,139,415)

19.7 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.

19.8 The weighted average duration of the defined benefit obligation as at June 30, 2022 is 6 years (2021: 6 years).

19.9 Number of employees covered by the scheme are 733 (2021: 748).

19.10 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	**2022 Rupees**	2021 Rupees
20. TRADE AND OTHER PAYABLES			
Creditors	20.1	**104,646,065**	38,209,984
Accrued liabilities		**67,130,038**	58,053,169
Contract liabilities		**259,420,029**	21,098,368
Workers' profit participation fund	20.2	**28,773,940**	12,275,733
Workers' welfare fund		**24,437,816**	18,611,659
Infrastructure cess	20.3	**104,121,092**	73,680,135
Payable to provident fund		**458,574**	394,387
Gratuity due but not yet paid	20.4	**1,950,700**	2,816,200
Withholding tax payable		**16,411,396**	11,251,271
		607,349,650	236,390,906

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

	Note	**2022 Rupees**	2021 Rupees
20.2 Workers' profit participation fund			
Balance as at July 1,		**12,275,733**	4,316,249
Allocation during the year	29	**28,773,940**	12,275,733
Interest on funds utilized in Company's business	28	**299,326**	70,413
		41,348,999	16,662,395
Paid during the year		**(12,575,059)**	(4,386,662)
Balance as at June 30,		**28,773,940**	12,275,733

20.3 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 11 & 23.

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 routes 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, during the year, 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.

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	2022 Rupees	2021 Rupees
Balance as at July 1,		**73,680,135**	59,795,206
Charge for the year		**34,548,641**	27,802,430
		108,228,776	87,597,636
Payments made during the year		**(4,107,684)**	(13,917,501)
Balance as at June 30,		**104,121,092**	73,680,135

20.4 Movement in gratuity due but not yet paid

	Note	2022 Rupees	2021 Rupees
Balance as at July 1,		**2,816,200**	6,666,400
Add: transfer from RBO during the year	19.3	**2,340,000**	2,420,700
Less: payments made during the year		**(3,205,500)**	(6,270,900)
		1,950,700	2,816,200

21. ACCRUED MARK-UP

	Note	2022 Rupees	2021 Rupees
Long-term finance		**3,030,069**	437,795
Short-term borrowings		**23,293,527**	21,138,017
		26,323,596	21,575,812

22. SHORT-TERM BORROWINGS

	Note	2022 Rupees	2021 Rupees
Banking companies - secured			
Running finance		**199,352,132**	428,815,076
Cash finance		**94,728,455**	221,806,459
Finance against Imported Merchandise (FIM)		**588,968,539**	564,398,947
	22.1	**883,049,126**	1,215,020,482

22.1 Facilities for running finance, cash finance, FIM and Murabaha are available from various banks up to Rs. 2,682 million (2021: Rs. 3,070 million). These facilities are subject to mark-up at 3 month KIBOR plus 1% to 2.5% (2021: 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, plants and machinery, equitable mortgage on various properties and personal guarantees of all the directors of the Company.

The aggregate unavailed short-term borrowing facilities amounted to Rs.3,429 million (2021: Rs.1,858 million).

23. CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

	2022 Rupees	2021 Rupees
23.1.1 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**	77,576,000
- Excise and Taxation Office	**103,258,600**	68,258,600
Post dated cheques given to Collector of Customs as indemnity	**380,853,295**	306,797,578

23.1.2 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.

On July 6, 2020, the OGRA issued a decision 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.

23.1.3 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.

On September 27, 2021, the Honorable Lahore High Court issued a judgment on writ petition No. 42716 / 2020 whereby it was concluded that all the parties to the petition (including the Company) fall under the category of Industrial Consumers rather than Captive Power Plant and shall remain liable to the tariff applicable to Industrial Consumers.

During the year, 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. However, as a matter of abundant caution and without prejudice to the suits filed, the Company has made aggregate provision of Rs. 5.4 million (2021: Rs. 5.4 million) in respect of GIDC up to June 30, 2022.

23.1.4 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.

			2022 Rupees	2021 Rupees
23.2	**Commitments**			
	Letters of credit opened and outstanding for import of:			
	- plant and machinery		**665,256,522**	599,912,927
	- stores and spares		**30,067,092**	8,858,225
	- raw material		**581,096,452**	621,274,797
	Local bills discounted		**292,314,555**	45,115,491
24.	**SALES - NET**			
	Yam			
	- Local		**1,474,315,047**	3,473,947,661
	- Export		**946,129,335**	678,241,033
	- Indirect export		**3,033,819,964**	-
			5,454,264,346	4,152,188,694
	Raw material - Local		**191,348,293**	187,943,151
	Waste - Local		**290,228,814**	257,032,969
			5,935,841,453	4,597,164,814
	Less:			
	Sales tax		**(738,665,360)**	(572,554,641)
	Brokerage and commission		**(31,004,939)**	(20,805,753)
	Discount		**-**	(1,321,689)
			5,166,171,154	4,002,482,731
25.	**COST OF SALES**			
	Raw material consumed	25.1	**3,466,763,979**	2,524,452,996
	Salaries, wages and benefits	25.2	**203,529,270**	178,805,427
	Fuel and power		**488,123,680**	371,397,711
	Depreciation	4.2	**93,527,805**	81,647,853
	Stores, spares and loose tools consumed		**59,344,788**	57,453,154
	Packing material		**62,188,408**	56,725,436
	Insurance		**10,772,496**	9,297,989
	Repairs and maintenance		**2,996,441**	3,643,256
	Provision of slow moving store & spare	6.1	**1,368,396**	-
	Vehicles running and maintenance		**2,696,061**	1,437,111
	Other manufacturing overheads		**3,406,336**	4,298,757
			927,953,681	764,706,694
			4,394,717,660	3,289,159,690
	Work-in-process			
	Opening stock		**41,992,838**	38,283,787
	Closing stock		**(56,022,198)**	(41,992,838)
			(14,029,360)	(3,709,051)
	Cost of goods manufactured		**4,380,688,300**	3,285,450,639
	Finished goods			
	Opening stock		**106,757,831**	145,315,502
	Yam purchased		**38,150,500**	-
	Closing stock		**(264,126,222)**	(106,757,831)
			(119,217,891)	38,557,671
	Cost of raw material sold		**106,160,346**	144,645,643
			4,367,630,755	3,468,653,953

		2022 Rupees	2021 Rupees
25.1	**Raw material consumed**		
	Opening stock	**785,996,519**	1,004,724,792
	Purchases - net	**3,467,791,582**	2,305,724,723
		4,253,788,101	3,310,449,515
	Closing stock	**(787,024,122)**	(785,996,519)
		3,466,763,979	2,524,452,996

25.2 Salaries, wages and benefits include Rs. 19.77 million (2021: Rs. 17.99 million) in respect of charge for retirement benefit obligations.

		Note	2022 Rupees	2021 Rupees
26.	**DISTRIBUTION COST**			
	Freight and octroi		**22,231,603.00**	17,617,251
	Commission and other charges		**4,059,664.00**	2,538,944
	Clearing and forwarding		**4,965,937.00**	4,996,039
	Business promotion expenses		**12,715,671.00**	8,608,563
	Export development surcharge		**1,876,020.00**	1,459,192
			45,848,895	35,219,989
27.	**ADMINISTRATIVE EXPENSES**			
	Salaries and benefits	27.1	**60,189,946**	44,658,142
	Fees, subscription and periodicals		**4,912,716**	3,220,224
	Entertainment		**861,579**	792,305
	Traveling and conveyance		**437,206**	220,628
	Postage and telephone		**1,429,310**	1,297,724
	Electricity, gas and water		**990,532**	3,371,080
	Vehicles running and maintenance		**8,358,167**	5,699,754
	Depreciation	4.2	**11,766,486**	10,223,738
	Legal and professional		**527,858**	700,000
	Auditor's remuneration	27.2	**1,541,000**	1,073,000
	Printing and stationery		**790,177**	528,251
	Computer		**74,520**	173,450
	Rest house		**-**	426,426
	Advertisement		**146,900**	102,200
	Donation	27.3	**4,382,000**	3,686,878
	Others		**349,399**	889,833
			96,757,796	77,063,633

27.1 Salaries and benefits include Rs. 1.80 million (2021: Rs. 1.50 million) in respect of charge for employer's contribution to provident fund.

		2022 Rupees	2021 Rupees
27.2	**Auditors' remuneration**		
	Audit Services		
	Annual audit fee	**950,000**	800,000
	Consolidation fee	**250,000**	-
	Half year review fee	**175,000**	130,000
	Review of code of corporate governance	**55,000**	50,000
	Other services	**55,000**	50,000
	Out of pocket expenses	**56,000**	43,000
		1,541,000	1,073,000

27.3 No director or their spouse had any interest in the donees' fund. During the year, the Company has donated Rs. 1.55 million (2021: Rs. 1.14 million) to The Citizens Foundation.

	Note	2022 Rupees	2021 Rupees
28. FINANCE COST			
Mark-up on long term finance		**7,774,821**	6,238,778
Mark-up on short-term borrowings		**146,168,030**	143,804,477
Interest on lease liability		**1,676,785**	5,861,753
Unwinding of discount on long-term finance from related parties	15.2	**9,918,132**	9,674,126
Workers' profit participation fund	20.2	**299,326**	70,413
Bank charges, guarantee commission and other related charges		**8,553,167**	5,787,333
		174,390,261	171,436,880
29. OTHER OPERATING EXPENSES			
Workers' profit participation fund	20.2	**28,773,940**	12,275,733
Workers' welfare fund		**5,826,157**	4,429,453
Infrastructure cess	20.3	**30,440,957**	13,884,929
Loss on modification of terms of financial asset	10.1	**-**	20,816,370
Exchange loss - net		**-**	1,232,230
Unrealized loss on other financial assets		**2,055,496**	-
Other		**297,000**	-
		67,393,550	52,638,715
30. OTHER INCOME			
Profit on deposits		**5,521,448**	3,448,187
Gain on disposal of property, plant and equipment		**1,233,155**	6,555,071
Scrap sales		**677,499**	970,796
Exchange gain - net		**13,710,169**	-
Other revenue		**160,274**	-
Unwinding of discount on other receivables	10.1	**6,401,253**	14,415,117
Contract settlement	30.1	**109,999,076**	**-**
		137,702,874	25,389,171

30.1 During the year, certain suppliers defaulted on the cotton supply contract due to increase in cotton prices in the international market whereas the contracts were made at a significantly lower price. Upon such default, the Company negotiated with the suppliers and as a result the suppliers agreed to pay damages to the Company of Rs. 109.99 million out of which the Company has received Rs. 87.14 million till June 30, 2022.

	Note	2022 Rupees	2021 Rupees
31. TAXATION			
Current			
- for the year	31.3	**125,193,345**	56,722,427
- prior year		**(1,377,511)**	349,304
		123,815,834	57,071,731
Deferred	18	**(3,969,918)**	5,985,904
		119,845,916	63,057,635

		2022 Rupees	2021 Rupees
31.1	**Relationship between tax expense and accounting profit**		
	Profit before taxation	**551,852,771**	222,858,732
	Tax rate %	**29%**	29%
	Tax on accounting profit	**160,037,304**	64,629,032
	Prior year tax adjustments	**(1,377,511)**	349,304
	Permanent differences	**4,147,038**	(525,063)
	Impact of FTR income	**(44,151,929)**	(3,300,234)
	Impact of tax credit on donations	**(581,060)**	-
	Adjustment of effective rate	**(12,058,147)**	9,695,239
	Previously unrecognized tax depreciation loss recognized in current year	**-**	(8,423,415)
	Impact of utilisation of Minimum Tax credits under Section 113	**(28,021,331)**	-
	Impact of super tax	**42,202,831**	-
	Others	**(293,279)**	632,772
		119,903,916	63,057,635

31.2 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).

31.3 This includes super tax of Rs. 41.6 million (2021: Nil) as imposed by the Finance Act 2022.

32. 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:

		2022	2021
Profit for the year	**Rupees**	**432,006,855**	159,801,097
Weighted average number of ordinary shares outstanding during the year	13	**19,852,800**	19,852,800
Earnings per share	**Rupees / Share**	**21.76**	8.05

	Note	2022 Rupees	2021 Rupees
33. CASH AND CASH EQUIVALENTS			
Cash and bank balances	12	**5,875,276**	8,370,748
Short-term borrowings	22	**(883,049,126)**	(1,215,020,482)
		(877,173,850)	(1,206,649,734)

34. 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 26 and note 33 respectively. Other significant transaction with a related party is as follows:

Relationship with the Company	Nature of transaction	Note	2022 Rupees	2021 Rupees
Key Management Personnel	Remuneration paid		**22,969,588**	14,121,502
	Post employment benefits		**248,100**	248,100
Post employment contribution plan	Contribution to employees' provident fund	27.1	**1,778,490**	1,501,682

Relationship	Name	Nature of transaction	2022 Rupees	2021 Rupees
Subsidary - 100% holding	ORA Home LLC	Expenses reimbursed	**257,858**	-

35. REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2022				2021			
	Chief Executive	**Directors**		**Executives**	Chief Executive	Directors		Executives
		Executive	**Non-executive**			Executive	Non-executive	
	------	------	------	------	Rupees	------	------	------
Remuneration	**3,200,000**	**2,800,000**	**-**	**9,469,801**	2,400,000	2,000,000	-	4,738,440
House rent allowance	**960,000**	**840,000**	**-**	**2,903,631**	720,000	600,000	-	1,451,530
Utilities	**320,000**	**280,000**	**-**	**946,985**	240,000	200,000	-	443,844
Medical	**320,000**	**280,000**	**-**	**649,171**	240,000	200,000	-	443,844
Meeting fee	**-**	**-**	**70,000**	**-**	-	-	55,000	443,844
	4,800,000	**4,200,000**	**70,000**	**13,969,588**	3,600,000	3,000,000	55,000	7,521,502
Number of persons	**1**	**1**	**5**	**6**	1	1	5	3

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

36. PLANT CAPACITY AND ACTUAL PRODUCTION

	2022	2021
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.	**8,617,952**	9,926,877

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.

37. NUMBER OF EMPLOYEES

The total and average number of employees during the year and as at June 30, 2022 and 2021 respectively are as follows:

	2022	2021
Total number of employees of the Company as at reporting date	**771**	787
Average number of employees of the Company during the year	**786**	769
Employee's working in Company's factory as at reporting date	**733**	748
Average number of employees working in Company's factory during the year	**747**	731

38. 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.

39. FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets as per statement of financial position	**2022 Rupees**	2021 Rupees
At fair value through profit or loss		
Other financial assets	**5,078,414**	-
At amortised cost		
Security deposits	**3,129,361**	2,887,987
Trade debts	**768,563,631**	701,721,202
Loans and advances	**833,481**	1,107,481
Other receivables	**27,741,677**	127,664,600
Other financial assets	**129,394,620**	97,094,620
Cash and bank balances	**5,875,276**	8,370,748
	940,616,460	938,846,638

Financial liabilities as per statement of financial position		
At amortized cost		
Long-term finance		
- from banking companies	**261,643,633**	185,632,645
- from related parties	**96,739,869**	88,821,737
Lease liability	**9,729,346**	29,408,329
Trade and other payables	**174,185,377**	99,473,740
Unclaimed dividend	**2,899,903**	2,424,885
Mark-up accrued	**26,323,596**	21,575,812
Short-term borrowings	**883,049,126**	1,215,020,482
	1,454,570,850	1,642,357,630

40. 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

40.1 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	**2022** Rupees	2021 Rupees
Security deposits		**3,129,361**	2,887,987
Trade debts	40.1.1	**768,563,631**	701,721,202
Loans and advances	40.1.2	**833,481**	1,107,481
Other receivables		**27,741,677**	127,664,600
Other financial assets	40.1.3	**129,394,620**	97,094,620
Bank balances	40.1.3	**4,523,577**	6,609,457
		934,186,347	937,085,347

40.1.1 Trade debts

The trade debts at year end are due from local and foreign customers against local sales and export sales respectively. Trade debt due from foreign customers are secured against letter of credit. For local customers 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.

40.1.2 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.

40.1.3 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	25-Jun-22	PACRA	A1+	AA+
Samba Bank Limited	30-Jun-22	VIS	A1	AA
Dubai Islamic Bank Pakistan Limited	29-Jun-22	VIS	A1+	AA
Habib Metropolitan Bank Limited	25-Jun-22	PACRA	A1+	AA+
The Bank of Punjab	18-Jun-22	PACRA	A1+	AA+
MCB Islamic Bank Limited	23-Jun-22	PACRA	A1	A
National Bank of Pakistan	25-Jun-22	PACRA	A1+	AAA
Silk bank Limited	23-Dec-21	VIS	A2	A-
Bank Islami Pakistan Limited	24-Jun-22	PACRA	A1	A+
Sindh Bank Limited	28-Jun-22	VIS	A1	A+
Meezan Bank Limited	29-Jun-22	VIS	A1+	AAA
J.S Bank Limited	23-Jun-22	PACRA	A1+	AA-
Habib Bank Limited	29-Jun-22	VIS	A1+	AAA
Bank Al-Habib Limited	25-Jun-22	PACRA	A1+	AAA
Soneri Bank Limited	25-Jun-22	PACRA	A1+	AA-
Askari	25-Jun-22	PACRA	A1+	AA+

40.2 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:

	2022			
	Carrying amount	**Contractual maturities**	**Maturity upto one year**	**Maturity after one year**
	Rupees			
Long-term finance				
- from related parties	**96,739,869**	**112,635,598**	**55,278,076**	**57,357,522**
- from banking company	**261,643,633**	**352,235,937**	**110,862,576**	**241,373,361**
Lease liability	**9,729,346**	**10,661,050**	**8,317,563**	**2,343,488**
Trade and other payables	**174,185,377**	**174,185,377**	**174,185,377**	**-**
Unclaimed dividend	**2,899,903**	**2,899,903**	**2,899,903**	**-**
Markup accrued	**26,323,596**	**26,323,596**	**26,323,596**	**-**
Short-term borrowings	**883,049,126**	**883,049,126**	**883,049,126**	**-**
	1,454,570,850	**1,561,990,587**	**1,260,916,217**	**301,074,370**

	2021			
	Carrying amount	Contractual maturities	Maturity upto one year	Maturity after one year
	Rupees			
Long-term financing				
- 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	-
	1,642,357,630	1,683,983,868	1,470,575,118	213,408,750

40.3 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.

40.3.1 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	
	2022	2021
	Rupees	Rupees
Fixed rate instruments		
Financial assets - at amortised cost	**129,394,620**	97,094,620
Financial liabilities - at amortised cost	**287,628,199**	152,558,140
Variable rate instruments		
Financial assets - at amortised cost	**86,100**	107,534
Financial liabilities - at amortised cost	**963,533,775**	1,277,503,316

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. 4.82 million (2021: Rs. 6.39 million). This analysis assumes that all other variables remain constant.

40.3.2 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, 2022		
	USD	**EURO**	**Total**
	----------Rupees----------		
Trade debts	**308,726,383**	**-**	**308,726,383**
	June 30, 2021		
Trade debts	**83,606,403**	**-**	**83,606,403**

	Average rate		Reporting date rate	
	2022	2021	**2022**	2021
	----------Rupees----------			
USD	**177.65**	158.05	**203.9/206.7**	157.8/158.3
Euro	**199.61**	188.42	**214.5/216.5**	188.12/188.71

At June 30, 2022, 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. 15.4 million (2021: Rs. 4.18 million), mainly as a result of foreign exchange losses / gains on translation of US Dollar and Euro - denominated trade debts and trade payables.

40.4 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.

41. 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).

As at June 30, 2022 the Company held the following instruements at fair values:

	June 30, 2022			
	Fair value			
	Level 1	**Leve 2**	**Level 3**	**Total**
	---------- Rupees ----------			
Financial assets measured at fair				
Equity securities - listed	**5,078,414**	**-**	**-**	**5,078,414**

	June 30, 2021			
	Fair value			
	Level 1	Leve 2	Level 3	Total
	---------- Rupees ----------			
Financial assets measured at fair				
Equity securities - listed	-	-	-	-

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.

41.1 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.

42. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 5, 2022 by the Board of Directors of the Company.

Chief Executive	Chief Financial Officer	Director

اظہار تشکر

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

05 اکتوبر 2022ء
کراچی

محمد ادریس اللہ والا
چیئرمین / ڈائریکٹر

ایس ایم منصور اللہ والا
چیف ایگزیکیٹو

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، کیپٹل رسک، پرائس رسک، کاروباری رسک، کمپلائنس رسک اور کرنسی رسک شامل ہیں (منسلک مالیاتی گوشوارے میں نوٹ:40)۔ 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 نکلتے 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 ہوسکتا ہے۔

مستقبل پر نظر

اقوام متحدہ کے اندازوں کے مطابق حالیہ سیلاب میں ہماری تقریباً 3.6 ملین ایکڑ فصل تباہ ہوچکی ہے، زیادہ تر تباہی سندھ میں مرکوز ہے۔ اس کے نتیجے میں کپاس کی قومی فصل کا تقریباً تیس فیصد یا تو ضائع ہوچکا ہے یا بری طرح متاثر ہوا ہے۔ سیلاب کے بعد سپلائی میں رکاوٹوں کی سنگین توقعات ہیں۔ نتیجے کے طور پر، توقع ہے کہ پاکستان تقریباً 2 بلین امریکی ڈالر کی کپاس درآمد کرکے سپلائی کی کمی کو پورا کرے گا۔ مزید برآں، امریکہ نے WASDE کی حالیہ رپورٹوں میں FY23 کے لیے عالمی پیداوار میں تقریباً 3 ملین گانٹھوں کی کمی کی ہے، جس کی پیداوار اب 117 ملین گانٹھوں پر متوقع ہے۔ اسپننگ انڈسٹری کے لیے درآمد شدہ خام مال کی عملداری کو بحال کرنے کے لیے پاکستانی روپے بمقابلہ امریکی ڈالر کی قدر میں کٹاؤ کو کنٹرول کیا جانا چاہیے۔

ٹیکسٹائل کے برآمدکنندگان کو ٹیکسٹائل مشینری اور پرزہ جات کی درآمد کے لیے اسٹیٹ بینک سے لیٹر آف کریڈٹ (L/Cs) کھولنے کی منظوری کے حوالے سے درپیش مسائل کے حوالے سے، اس مسئلے کو حل کرنے کے لیے فوری طور پر ایک طریقہ کار وضع کیا جانا چاہیے۔ اگلے 4 سالوں میں 50 بلین امریکی ڈالر کی برآمدات کے ہدف کو حاصل کرنے کے لیے، ٹیکسٹائل سیکٹر کو علاقائی سطح پر مسابقتی ٹیرف پر توانائی کی مناسب فراہمی کی ضرورت ہے۔ دوسرے دھچکے جیسے مہنگائی، مارک اپ کی بلند شرح اور روس یوکرین جنگ کے اثرات کا بھی خیال رکھنے کی ضرورت ہے۔ بین الاقوامی مالیاتی فنڈ (آئی ایم ایف) نے عندیہ دیا ہے کہ وہ سیلاب سے ہونے والی بڑے پیمانے پر تباہی کے تناظر میں پاکستان کے لیے اپنے پروگرام کی شرائط کو کم کرسکتا ہے، نظر ثانی شدہ تخمینے کے ساتھ 30 بلین امریکی ڈالر کا نقصان ہوسکتا ہے۔

آڈیٹرز:

موجودہ ریٹائر ہونے والے آڈیٹر میسرز یوسف عادل چارٹرڈ اکاؤنٹیٹس نے اہلیت کی بنیاد پر مالی سال 23-2022 کی بابت دوبارہ تقرری کے لئے اپنی خدمات پیش کی ہیں آڈٹ کمپنی کی میٹنگ میں جو ستمبر 30، 2022 کو منعقد ہوئی تھی انکی دوبارہ تقرری کرنے کی تجویز دی گئی۔

ہیومین ریسورسس اور ریمیونریشن کمیٹی کے ممبران درج ذیل ہیں

سید مسعود عارف	چیئر مین
مسز عزرا یعقوب واڈا	ممبر
رضوان ادریس اللہ والا	ممبر
عارضی آسامی	

کمپنی کے ڈائریکٹر جناب محمد اسرائیل کا 21 اگست 2022 کو انتقال ہو گیا۔ بورڈ ان کے افسوسناک انتقال پر گہرے دکھ کا اظہار کرتا ہے۔ اللہ ان کی روح کو جوار رحمت میں جگہ دے اور سوگوار خاندان کو یہ صدمہ برداشت کرنے کی ہمت دے۔ کمپنی کے لیے ان کی خدمات کو آنے والے عرصے تک یاد رکھا جائے گا۔

عارضی اسامی، جو قانون کے تحت مطلوبہ 90 دنوں میں پُر کی جائے گی۔

بورڈ کا جائزہ

کوڈ آف کارپوریٹ گورنس ریگولیشن 2019 کے مطابق بورڈ، بورڈ کے ممبران اور اسکی کمیٹیوں کا جائزہ لیا گیا ہے تا کہ یہ یقینی بنایا جا سکے کے 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 انڈیپینڈنٹ ڈائریکٹرز صرف کمپنی اجلاسوں میں شرکت کی فیس کے حقدار ہیں۔ ڈائریکٹرز کو ادا کی جانے والی مجموعی رقم منسلک مالیاتی گوشواروں کے نوٹ 35 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 4,382,000 روپے کی ادائیگی کی ہے۔

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

ڈائریکٹر کا نام	شیئر 01-07-2021	خریداری	تحفہ	شیئر 30-06-2022
ایس۔ایم۔منصوراللہ والا	7,569,595	–	(3,237,038)	4,332,557
عمیرادریس اللہ والا	4,969,362	173,900	611,334	5,754,596
رضوان ادریس اللہ والا	2,475,572	674,370	2,625,704	5,775,646

۱۲۔کمپنی کی آڈٹ کمیٹی ممبران بورڈ آف ڈائریکٹرز میں سے ہیں۔جس کا چیئرمین انڈیپینڈ ینٹ ڈائیریکٹر ہے۔

۱۳۔ہم نے ایک کاروباری حکمت عملی اوراخلاقیات سے متعلق ایک بیانیہ تمام ڈائیریکٹرزاورملازمین میں تقسیم کیا ہے۔

۱۴۔بورڈ مکمل کارپوریٹ حکمت عملی اورحصول مقاصدے بیانیہ پرکاربند ہے۔

بورڈ آف ڈائریکٹرز

مندرجہ ذیل تفصیل کے مطابق ڈائریکٹران کی تعداد 7 ہے

(ا) مرد 06

(ب) عورت 01

ساخت

انڈیپینڈنٹ ڈائریکٹر	سید مسعود عارف، مسزعذرا یعقوب واڈا
نان ایگزیکٹیوڈائریکٹرز	محمد ادریس اللہ والا، رضوان ادریس اللہ والا، محمد اسرائیل
ایگزیکٹیوڈائریکٹرز	ایس ایم منصوراللہ والا، عمیرادریس اللہ

بورڈ کی کمیٹیاں

بورڈ آف ڈائریکٹرز نے کارپوریٹ کے کوڈ کے تقاضوں مطابق آڈٹ کمیٹی اورہیومین ریسورسس / ریمیونریشن کمیٹی تشکیل دی ہے۔

آڈٹ کمیٹی کی ممبران درج ذیل ہیں

مسزعزرا یعقوب واڈا	چیئرپرسن
سید مسعود عارف	ممبر
رضوان ادریس اللہ والا	ممبر

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 پالیسیز 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 رپورٹینگ 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 فنانشل کنٹرول مناسب اور موئثر بنایا ہے۔ انٹرنل آڈٹ ڈیپارٹمنٹ باقاعدگی سے ساخت اور موئثر ہونے کا جائزہ لیتا ہے اور کسی بھی کمزوری پر اصلاحاتی کاروائی عمل میں لائی جاتی ہے۔ ہمیں یقین ہے کہ انٹرنل کنٹرول کا نظام ساخت کے اعتبار سے مستحکم ہے اور اس پر موءثر انداز سے عمل درآمد کیا گیا ہے۔

۶۔ کمپنی کے فعال انداز سے کارگزار ہونے کی صلاحیت پر کسی قسم کے کوئی شکوک وشبہات 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 2021 کے مطابق صرف 30,326,483 روپے ہے (سال 2020 میں 26,967,981 روپے) کل سٹاف قانونی طور پر گریجوٹی 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 بیانیہ

چھ سالوں کی کلیدی، مالیاتی و کارگذاری کی شاریات۔

۱۰۔ زیر جائزہ سال میں 4 بورڈ آف ڈائریکٹرز، 4 آڈٹ کمیٹی، اور ایک ہیومن ریسورس اینڈ ریمونریشن کمیٹی (HR & RC) کی میٹنگز ہوئی ہیں جن کی حاضری اور تفصیل درج ذیل ہے۔

ڈائریکٹر کا نام	بورڈ آف ڈائریکٹرز میٹنگز	آڈٹ کمیٹی میٹنگز	ایچ آر / آر سی میٹنگز
محمد ادریس اللہ والا	04	–	–
ایس ایم منصور اللہ والا	04	–	–
رضوان ادریس اللہ والا	04	04	01
عمیر ادریس اللہ والا	04	–	–
سید مسعود عارف	04	04	01
عزرا یعقوب واڈا	04	04	01
محمد اسرائیل	04	–	–

آپ کی کمپنی کے ڈائریکٹران 30 جون 2022 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 فروختگی ہے۔ زیرِنظر سال کے دوران، کمپنی کی کاروباری سرگرمیوں میں کوئی اہم تبدیلی نہیں آئی ہے۔

سال کے دوران، کمپنی نے ORA Home LLC (ORA) کی 100٪ ملکیت حاصل کی، ایک محدود ذمہ داری کمپنی 5 جنوری 2022 کو نیو جرسی، USA میں کارپوریٹ کی گئی۔ کمپنی کے ڈائریکٹرز میں سے ایک ORA کے ممبر مینیجر ہیں۔ حصول کے بعد، ORA کمپنی کا ملکیتی ماتحت ادارہ بن گیا ہے۔

زیر جائزہ مالی سال کے دوران خالص فروخت کی مالیت 5166.1 ملین روپے رہی جبکہ تقابلی مدت میں 4002.5 روپے تھی براہ راست منافع 798.5 ملین روپے رہا جبکہ تقابلی مدت میں 533.8 ملین روپے تھا اللہ کے فضل سے کمپنی کی آمدنی میں 1163.7 ملین روپے (29 فیصد) اضافہ ہوا ہے اور مجموعی منافع 264.7 ملین روپے (49.5 فیصد) بڑھا ہے کمپنی بعد از ٹیکس منافع 432 ملین روپے جبکہ تقابلی مدت میں 159.8 ملین روپے جو کہ 170.34 فیصد کا نمایاں اضافہ دکھاتا ہے۔

کوویڈ 19 کے بعد کی معاشی بحالی، خاص طور پر پاکستان میں، ٹیکسٹائل انڈسٹری کے حجم اور مجموعی مارجن میں نمایاں اضافے ہوا ہے جس کے نتیجے میں آپ کی کمپنی کی ترقی کے لئے صحت مند بنیاد فراہم ہوئی ہے۔ مالی سال 2021-22 کے دوران اسٹیٹ بینک آف پاکستان کی جانب سے رعایتی شرح میں زبردست اضافے کے باوجود، کمپنی زیر جائزہ سال کے لیے اچھا منافع کمانے میں کامیاب رہی ہے۔ ڈسکاؤنٹ ریٹ جو مالی سال 22 کے آغاز میں 7 فیصد پر تھا مالی سال کے اختتام تک بتدریج بڑھا کر 13.75 فیصد کر دیا گیا جو کہ ایک سال میں 6.75 فیصد کا اضافہ ظاہر کرتا ہے۔ یہ فنانسنگ کی لاگت میں تقریباً دوگنا اضافہ ہے۔ مل کی پیداواری صلاحیت میں توسیع کا کام جاری ہے۔ اس منصوبے کا سرمایہ تقریباً 1.2 بلین روپے ہے جس کے لیے، اپنے وسائل کے علاوہ، کمپنی نے اسٹیٹ بینک آف پاکستان کی فنانسنگ اسکیموں یعنی عارضی اقتصادی ری فنانس سہولت (TERF) اور طویل مدتی مالیاتی سہولت (LTFF) سے فائدہ اٹھایا ہے۔ مقامی کپاس میں خام مال کی قیمتوں میں اتار چڑھاؤ اور کوالٹی کے مسائل کے پیش نظر انتظامیہ نے لاگت کو بہتر بنانے کے لیے مقامی کپاس کے ساتھ درآمد شدہ کپاس کی مختلف اقسام کا مرکب خریدا۔

فی حصص آمدنی

اس سال فی حصص آمدنی 21 روپے 76 پیسے رہی تقابلی مدت میں 8 روپے 5 پیسے تھی۔

ڈیویڈنڈ

انتظامیہ پاک روپیہ بمقابلہ امریکی ڈالر کے اتار چڑھاؤ، بڑھتی ہوئی افراط زر، بلند شرح سود اور ٹیکسٹائل انڈسٹری کے لیے علاقائی طور پر مسابقتی اور توانائی کے ٹیرف پالیسی پر گہری نظر رکھے ہوئے ہے، کمپنی شیئر ہولڈر کی قدر بڑھانے کے لیے پرعزم ہے۔ مل کی پیداواری صلاحیت میں توسیع جاری ہے اور مالی سال 23 میں آمدنی میں اس کا حصہ شروع ہونے کی امید ہے۔

مذکورہ بالا کے پیش نظر، ڈائریکٹرز نے 30 جون 2022 کو ختم ہونے والے سال کے لیے منافع کی تجویز نہیں کی ہے۔

Consolidated Financial Statements of

IDREES
TEXTILE MILLS LIMITED

and its Subsidiary
for the year ended June 30, 2022

CONTENTS

The Directors are pleased to present their report together with the consolidated financial statements of Idrees Textile Mills Limited (the Holding Company) and its Subsidiary Company, ORA Home LLC (ORA), together referred to as 'Group' for the year ended 30 June 2022. The Holding Company has annexed its consolidated financial statements along with its separate financial statements, in accordance with the requirements of International Financial Reporting Standards and Companies Act, 2017. The Directors' Report on the unconsolidated financial statements of the Holding Company contains a review on the performance of Idrees Textile Mills Limited for the year ended 30 June 2022. It also includes a brief description of the subsidiary company.

For and on behalf of the Board

Muhammad Idrees Allawala
Chairman
Karachi: October 05 , 2022

S. M. Mansoor Allawala
Chief Executive

ڈائریکٹرز کوادریس ٹیکسٹائل ملز لمیٹڈ (دی ہولڈنگ کمپنی) اور اس کی ذیلی کمپنی، ORAORA Home LLC)) کے مجموعی مالیاتی گوشواروں کے ساتھ مل کر 30 جون 2022 کو ختم ہونے والے سال کے لیے گروپ کے طور پر حوالہ دیتے ہوئے اپنی رپورٹ پیش کرنے پر خوشی ہے۔ ہولڈنگ کمپنی نے بین الاقوامی مالیاتی رپورٹنگ اسٹینڈرڈز اینڈ کمپنیز ایکٹ 2017 کے تقاضوں کے مطابق اپنے الگ الگ مالیاتی گوشواروں کے ساتھ ملحقہ مالیاتی بیانات کو جوڑ دیا ہے۔ ہولڈنگ کمپنی کے غیر متفقہ مالیاتی بیانات پر ڈائریکٹرز کی رپورٹ پر ایک جائزہ پر مشتمل ہے۔ 30 جون 2022 کو ختم ہونے والے سال کے لیے ادریس ٹیکسٹائل ملز لمیٹڈ کی کارکردگی۔ اس میں ذیلی کمپنی کی مختصر تفصیل بھی شامل ہے۔

05 اکتوبر 2022ء	محمد ادریس اللہ والا	ایس ایم منصور اللہ والا
کراچی	چیئرمین / ڈائریکٹر	چیف ایگزیکیٹو

Yousuf Adil
Chartered Accountants

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Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Idrees Textile Mills Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at June 30, 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

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 Consolidated Financial Statements* section of our report. We are independent of the Group 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

Key audit matter	How the matter was addressed in our audit
Valuation of stock in trade 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 consolidated financial statements. Stock-in-trade forms material part of the Group's assets comprising 25% of total assets.	Our key audit procedures to address the valuation of stock-in-trade, included the following: • We obtained an understanding of mechanism of recording purchases and valuation of stock-in-trade and evaluated their design and implementation;

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>The valuation of finished goods within stock-in-trade at cost has different components, which includes judgment in relation to the allocation of overhead 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 completion and estimated costs necessary to make the sale) of stock-in-trade items in line with the accounting policy.

Due to the above factors, we have considered the valuation of stock in trade as key audit matter.</td><td>• We tested purchases, on a sample basis, with underlying supporting documents;

• We verified the calculations of the actual labor and overhead costs and checked allocation of labor and overhead costs to the finished goods and work in process;

• We obtained an understanding of management's process for determining the net realizable value and checked:

▪ future selling prices by performing a review of sales close to and subsequent to the year-end; and

▪ determination of cost necessary to make the sales.

• For valuation of goods in transit, verified the supporting documents on sample basis.

• 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.

• Assessed the adequacy and appropriateness of the related disclosures in the consolidated financial statements for compliance with the requirement of the applicable financial reporting framework.</td></tr>
</table>

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 consolidated and unconsolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated 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.

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

Yousuf Adil
Chartered Accountants

Place: Karachi
Date: October 06, 2022
UDIN:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at June 30, 2022

	Note	2022 Rupees	2021 Rupees
ASSETS			
Non-current Assets			
Property, plant and equipment	4	2,334,249,192	2,046,046,950
Long-term deposits		3,129,361	2,887,987
		2,337,378,553	2,048,934,937
Current Assets			
Stores, spares and loose tools	5	57,521,846	43,809,657
Stock-in-trade	6	1,207,120,704	1,090,119,992
Trade debts	7	768,563,631	701,721,202
Loans and advances	8	171,739,107	83,520,710
Prepayments		1,905,463	1,871,858
Other receivables	9	184,464,687	154,695,934
Other financial assets	10	134,473,034	97,094,620
Cash and bank balances	11	18,215,039	8,370,748
		2,544,003,511	2,181,204,721
Total Assets		4,881,382,064	4,230,139,658
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised capital			
22,000,000 ordinary shares of Rs.10/- each		220,000,000	220,000,000
Issued, subscribed and paid-up capital	12	198,528,000	198,528,000
Capital reserves			
Surplus on revaluation of property, plant and equipment - net of tax	13	882,490,524	910,719,758
Equity portion of loan from related parties		15,895,730	25,813,862
Revenue reserves			
Exchange translation reserves		(2,366,429)	-
Unappropriated profit		1,406,774,561	951,551,923
Total Equity		2,501,322,386	2,086,613,543
Non-current Liabilities			
Long-term finance	14	214,521,468	169,100,200
Lease liability	15	1,962,284	10,140,260
Deferred government grant	16	44,261,234	-
Deferred taxation - net	17	229,182,802	252,700,211
Retirement benefit obligation	18	60,143,460	54,932,453
		550,071,248	486,873,124
Current Liabilities			
Trade and other payables	19	617,700,712	236,390,906
Accrued mark-up	20	26,323,596	21,575,812
Short-term borrowings	21	901,048,156	1,215,020,482
Current portion of long-term finance	14	143,862,034	105,354,182
Current portion of lease liability	15	7,767,062	19,268,069
Current portion of deferred government grant	16	5,297,394	-
Unclaimed dividend		2,899,903	2,424,885
Provision for taxation		125,089,573	56,618,655
		1,829,988,430	1,656,652,991
Total Liabilities		2,380,059,678	2,143,526,115
Total Equity and Liabilities		4,881,382,064	4,230,139,658
CONTINGENCIES AND COMMITMENTS	22		

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive	Chief Financial Officer	Director

	Note	2022 Rupees	2021 Rupees
Revenue from contract with customer - net	23	5,177,898,639	4,002,482,731
Cost of sales	24	(4,376,937,319)	(3,468,653,953)
Gross profit		800,961,320	533,828,778
Distribution cost	25	(45,848,895)	(35,219,989)
Administrative expenses	26	(96,757,796)	(77,063,633)
		(142,606,691)	(112,283,622)
		658,354,629	421,545,156
Finance cost	27	(174,390,261)	(171,436,880)
Impairment of goodwill	1.3	(16,937,368)	-
Other operating expenses	28	(68,787,153)	(52,638,715)
		398,239,847	197,469,561
Other income	29	139,969,024	25,389,171
Profit before taxation		538,208,871	222,858,732
Taxation	30	(119,845,916)	(63,057,635)
Profit for the year		418,362,955	159,801,097
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Surplus on revaluation of property, plant and equipment during the year		-	384,049,417
Impact of deferred tax thereon		-	(54,171,243)
		-	329,878,174
Adjustment of surplus on revaluation of property, plant and equipment due to change in tax rate	13	19,262,595	(7,130,328)
Remeasurement of retirement benefit obligation	18.5	(982,374)	6,582,947
Related tax	17	284,896	(1,909,055)
		(697,478)	4,673,892
		18,565,117	327,421,738
Items that may be reclassified subsequently to profit or loss			
Foreign operations - foreign currency translation difference		(2,366,429)	-
		16,198,688	327,421,738
Total comprehensive income for the year		434,561,643	487,222,835
Earnings per share - basic and diluted	31	21.07	8.05

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive | Chief Financial Officer | Director

		Note	2022 Rupees	2021 Rupees
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**			
	Profit before taxation		538,208,871	222,858,732
	Adjustments for :			
	Depreciation	4.1	105,294,291	91,871,591
	Provision for retirement benefit obligation	18.4	19,765,793	17,985,959
	Finance cost	27	174,390,261	171,436,880
	Provision for slow moving stores, spares and loose tools	5.1	1,368,396	-
	Unrealized loss on other financial assets	28	2,055,496	-
	Profit on deposits	29	(5,521,448)	(3,448,187)
	Gain on disposal of property, plant and equipment	29	(1,233,155)	(6,555,071)
	Finance cost on unwinding of discount on long-term finance from related parties	29	(6,401,253)	(14,415,117)
	Loss on modification of terms of financial asset	28	-	20,816,370
	Impairment of goodwill		16,937,368	-
	Operating cash flows before working capital changes		844,864,620	500,551,157
	(Increase) / Decrease in current assets			
	Stores, spares and loose tools		(15,080,585)	3,771,325
	Stock-in-trade		(108,169,813)	447,937,922
	Trade debts		(61,327,536)	80,376,979
	Loans and advances		(78,270,764)	(2,764,239)
	Prepayments		(33,605)	414,850
	Other receivables		(21,711,462)	(94,652,134)
	(Decrease) / Increase in current liabilities			
	Trade and other payables		364,822,392	(157,106,792)
			80,228,627	277,977,911
	Cash generated from operations		925,093,247	778,529,068
	Finance cost paid		(158,047,560)	(202,333,565)
	Retirement benefit obligation paid		(16,402,660)	(9,089,500)
	Income tax paid		(65,292,553)	(56,659,505)
	Long-term deposits - net		(241,374)	(121,745)
	Net cash generated from operating activities		685,109,100	510,324,753
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
	Purchase of property, plant and equipment		(394,050,878)	(88,660,081)
	Proceeds from disposal of property, plant and equipment		1,787,500	22,648,000
	Purchase of term deposit receipt - net		(32,300,000)	(23,348,300)
	Purchase of shares		(7,133,910)	-
	Profit on deposits received		3,865,410	3,434,826
	Net cash acquired on business combination	1.3	176,531	-
	Net cash used in investing activities		(427,655,347)	(85,925,555)
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
	Long-term finance repaid to financial institutions		(83,604,014)	(46,041,049)
	Long-term finance obtained from financial institutions		209,173,634	99,287,300
	Long-term finance repaid to related parties		(2,000,000)	(35,226,790)
	Long-term finance obtained from related parties		-	6,000,000
	Lease liabilities repaid during the year		(21,355,768)	(35,411,488)
	Dividend paid		(19,377,782)	-
	Net cash generated from financing activities		82,836,070	(11,392,027)
	Net increase in cash and cash equivalents (A+B+C)		340,289,823	413,007,171
	Cash and cash equivalents at the beginning of the year		(1,206,649,734)	(1,619,656,905)
	Effects of exchange rate changes in cash and cash equivalents		1,525,824	-
	Cash and cash equivalents at the end of the year	32	(864,834,087)	(1,206,649,734)

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive	Chief Financial Officer	Director

	Note	Share capital	Capital reserve: Surplus on revaluation of property, plant and equipment - net of tax	Capital reserve: Equity portion of loan from related parties	Revenue reserves: Unappropriated profit	Revenue reserves: Exchange translation reserve	Total
		Rupees					
Balance as at July 1, 2020		198,528,000	633,848,096	33,586,069	731,526,624	-	1,597,488,789
Total comprehensive income for the year							
Profit for the year		-	-	-	159,801,097	-	159,801,097
Other comprehensive income for the year		-	322,747,846	-	4,673,892	-	327,421,738
		-	322,747,846		164,474,989		487,222,835
Transfer from surplus on revaluation of property plant and equipment on account of							
- incremental depreciation charged thereon - net of tax	13	-	(45,876,184)	-	45,876,184	-	-
Transactions with related parties							
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
Balance as at June 30, 2021		**198,528,000**	**910,719,758**	**25,813,862**	**951,551,923**	**-**	**2,086,613,543**
Total comprehensive income for the year							
Profit for the year		**-**	**-**	**-**	**418,362,955**	**-**	**418,362,955**
Other comprehensive income for the year		**-**	**19,262,595**	**-**	**(697,478)**	**(2,366,429)**	**16,198,688**
		-	**19,262,595**	**-**	**417,665,477**	**(2,366,429)**	**434,561,643**
Transfer to / from surplus on revaluation of property, plant and equipment on account of							
- incremental depreciation charged thereon - net of tax	13	**-**	**(47,491,829)**	**-**	**47,491,829**	**-**	**-**
Transaction with owners recognized directly in equity							
Transactions with shareholders							
Final dividend at Re.1 per share for the year ended June 30, 2021		**-**	**-**	**-**	**(19,852,800)**	**-**	**(19,852,800)**
Transactions with related parties							
Unwinding of discount on long-term loan from related parties	14.2	**-**	**-**	**(9,918,132)**	**9,918,132**	**-**	**-**
Fair value effect of interest free loan provided by related parties	14.2	**-**	**-**	**-**	**-**	**-**	**-**
Balance as at June 30, 2022		**198,528,000**	**882,490,524**	**15,895,730**	**1,406,774,561**	**(2,366,429)**	**2,501,322,386**

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive | Chief Financial Officer | Director

1. THE GROUP AND ITS OPERATIONS

1.1 The Group consists of Idrees Textile Mills Limited (the Holding Company) and its 100% owned subsidiary ORA Home LLC (ORA) (the Subsidiary). Together referred to as "the Group" and individually as "Group entities".

1.2 The Holding 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 Holding 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 Holding Company is manufacturing, processing and sale of all kinds of yarn.

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

Karachi	**Purpose**
6-C, Ismail Centre, 1st floor, Central Commercial Area, Bahadurabad	Head Office

Nankana Sahib	**Purpose**
Kot Shah Muhammad, Tehsil & District Nankana Punjab	Regional Office and Production Plant / Factory

Following is the geographical location and address of the Subsidiary:

New Jersey, USA	**Purpose**
4 Conklin Lane Raritan, New Jersey 08869-2315	Registered Office

1.3 Business combination

During the year, the Holding Company acquired 100% ownership in ORA Home LLC (ORA), a limited liability company incorporated in New Jersey, USA on January 5, 2022. One of the directors of the Holding Company is the member manager of ORA. Pursuant to the acquisition, ORA has become wholly owned subsidiary of the Holding Company. ORA is engaged in import/export, warehousing and wholesale of textile products.

The Holding Company paid nil consideration for the acquisition of subsidiary due to net liability position in the books of subsidiary and accordingly assumed all liabilities of the subsidiary as on January 5, 2022. Fair value of net assets/(liabilities) acquired, is as follows:

	USD	PKR
Assets		
Stock-in-trade	52,286	9,230,173
Trade receivable	25,000	4,413,284
Cash in hand	1,000	176,531
	78,286	13,819,988
Liabilities		
Loan from related parties	91,061	16,075,147
Trade and other payables	83,171	14,682,210
	174,232	30,757,357
Fair value of net assets acquired / liabilities assumed	(95,946)	(16,937,369)
Consideration paid	-	-
Goodwill recognised on acquisition	95,946	16,937,369
Impairment of goodwill *	(95,946)	(16,937,369)
Net goodwill	-	-

* Goodwill has been impaired and impairment has been recorded in the consolidated statement of profit or loss and other comprehensive income.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated 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 consolidated 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 Group's liability under defined benefit plan (gratuity) is stated at present value of defined benefit obligation.

2.3 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity generally accompanying a share of more than fifty percent of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and up to the date when the control ceases. These consolidated financial statements include Idrees Textile Mills Limited (the Holding Company) and its subsidiary entity ORA Home LLC, i.e., the entity in which the Holding Company directly owns 100%. Accordingly, there is no non-controlling interest.

The financial statements of the Subsidiary have been consolidated on a line-by-line basis. Inter-company balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from inter-company transactions, are eliminated.

2.4 Presentation and functional currency

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

2.5 Use of estimates and judgements

The preparation of consolidated 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 consolidated 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 3.12 and 18);

- assumptions and estimates used in determining fair value, residual value, useful lives and recoverable amount of property, plant and equipment (notes 3.1, 3.8 and 4.1);
- assumptions and estimates used in determining provision for taxation including deferred taxation (notes 3.13, 17 and 30);
- 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 22); and
- impairment of financial assets (notes 3.5.4).

2.6 Changes in accounting standards and interpretations

2.6.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2022

The following amendments are effective for the year ended June 30, 2022, however, these amendments are either not relevant to the Group's operations or do not significantly impact the Group's consolidated financial statements other than certain additional disclosure.

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021

2.6.2 New accounting standards and amendments that are not yet effective

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

	Effective from accounting period beginning on or after:
- Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
- 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' - Classification of liabilities as current or non-current	January 01, 2023
- 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 IFRSs.

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 consolidated financial statements are set out below:

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 Group 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 Holding 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 (specific identification basis) and net realisable value (NRV)
- 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 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group's statement of assets and liabilities when the Group 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 Group recognises loss allowances for ECLs on financial assets. The Group 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 Group 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 Group'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 Business combination

The Group accounts for business combination using the acquisition method when control is transferred to the Group. The consideration transferred (including contingent consideration) in the year of acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill acquired is not amortized but tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. When the initial accounting for a business combination is incomplete at the end of a reporting period, provisional amounts are used. During the measurement period, the provisional amounts are retrospectively adjusted and additional assets and liabilities are recognized, to reflect new information obtained about the facts and circumstances that existed at the acquisition date which would have affected the measurement of the amounts recognized at that date, had they been known. The measurement period does not exceed twelve months from the date of acquisition.

3.7 Goodwill

In a business combination, goodwill is recognised at the acquisition date and measured at the fair value of consideration paid less the fair value of net assets acquired. After initial recognition, it is carried at cost less accumulated impairment, if any. Goodwill is assessed annually for impairment.

3.8 Impairment of non-financial assets

The carrying amounts of the Group'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.

3.9 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.

3.10 Provisions

Provisions are recognised in the statement of financial position when the Group 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.

3.11 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 Group, are payable on demand and form an integral part of the Group's cash management.

3.12 Retirement benefit obligation

3.12.1 Defined benefit plan

The Holding 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 Holding 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 Holding 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.

3.12.2 Defined contribution plan

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

3.13 Taxation

3.13.1 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.

3.13.2 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 Group 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 Group 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.

3.14 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.

3.15 Foreign currency

Foreign currency transactions

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.

Foreign operations

The assets and liabilities of foreign operations are translated to Pakistani rupees at exchange rates prevailing at the date of the statement of financial position. The income and expenses of foreign operations are translated to Pakistani Rupees at average rates of exchange prevailing during the year.

Translation gains and losses

Gains and losses arising from foreign currency translations are taken to the profit and loss account, except those arising from the translation of the net investment in foreign subsidiaries, which are recognized through the statement of other comprehensive income as an Exchange Translation Reserve (ETR). Balances in the ETR are only taken to the profit and loss account on the disposal of the investment.

3.16 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are 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.

3.17 Revenue recognition

The Group manufactures and contracts with customers for the sale of yarn and other goods 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 in case of local sales and date of bill of lading in case of export sales.

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

3.18 Dividend income

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

3.19 Dividend and appropriation to / from reserves

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

3.20 Earnings per share

The Holding 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 Holding 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.

3.21 Leases - Lease liabilities and right-of-use assets

The Group 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 Group.

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 Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group 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 Group 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.

3.22 Government grants

In accordance with IFRS 9 the benefit of interest rate lower than the market rate on borrowings obtained under State Bank of Pakistan (SBP) Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of the entity and Temporary Economic Refinance Facility (TERF), is accounted for as a government grant which is the difference between amount of loan received and the fair value of the loan on the date of disbursement. The differential amount presented in statement of financial position as deferred government grant. The amortisation of deferred government grant is netted off with finance cost within in the statement of profit or loss.

Government grants are recognised at fair value, as deferred income, when there is reasonable assurance that the grants will be received and the Group will be able to comply with the conditions associated with the grants.

Grants that compensate the Group for expenses incurred, are recognised on a systematic basis in the income for the year in which the related expenses are recognised. Grants that compensate for the cost of an asset are recognised in income on a systematic basis over the expected useful life of the related asset.

A loan is initially recognised and subsequently measured in accordance with IFRS 9. IFRS 9 requires loans at below-market rates to be initially measured at their fair value - e.g. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit, that is the government grant, is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the grant.

3.23 Segment reporting

An operating segment is a component of the Group 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 Group.

The Board of Directors and the Chief Executive Officer of the Group 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 Group has a single reportable segment as the CODM views the Group's operations as one reportable segment.

3.24 Commitments

Commitments for capital expenditure contracted for but not incurred are disclosed in the consolidated 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.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	2022 Rupees	2021 Rupees
Operating fixed assets			
- Owned	4.1.1	**1,940,313,063**	1,964,381,190
- Right of use assets	4.1.2	**37,614,719**	75,948,660
		1,977,927,782	2,040,329,850
Advance against vehicle	4.1.3	**17,340,000**	5,717,100
Capital work in progress:			
- Building		**125,529,930**	-
- Plant & Machinery		**213,451,480**	-
	4.1.4	**338,981,410**	-
		2,334,249,192	2,046,046,950

4.1 OPERATING FIXED ASSETS

		2022											
		Cost / Revaluation					Accumulated Depreciation					Written Down Value	Dep. Rate
	Particulars	July 01, 2021	Additions/ (disposal)	Transfers	Revaluation adjustment	June 30, 2022	July 01, 2021	Depreciation/ (disposals)/ write-offs for the year	Transfers	Revaluation adjustment	June 30, 2022	June 30, 2022	%
		----- Rupees -----											
4.1.1	**Owned assets**												
	Land freehold	240,375,000	-	-	-	240,375,000	-	-	-	-	-	240,375,000	-
	Mill building on freehold land	218,633,050	-	-	-	218,633,050	-	16,201,975	-	-	16,201,975	202,431,075	5-20%
	Labour colony on freehold land	21,352,625	-	-	-	21,352,625	-	2,371,736	-	-	- 2,371,736	18,980,889	5-14%
	Plant and machinery	1,414,360,500	24,256,491 (180,000)	12,500,000	-	1,450,936,991	- -	70,256,740 (7,313)	551,398	-	70,800,825	1,380,136,166	4-33%
	Electric installations	21,988,000	-	-	-	21,988,000	-	3,063,608	-	-	3,063,608	18,924,392	8-25%
	Factory equipment	5,251,500	-	-	-	5,251,500	-	595,898	-	-	595,898	4,655,602	7-20%
	Office equipment	14,804,158	1,418,292	-	-	16,222,450	11,825,088	692,164	-	-	12,517,252	3,705,198	10%
	Furniture and fixtures	3,885,361	298,091	-	-	4,183,452	3,718,712	38,502	-	-	3,757,214	426,238	10%
	Vehicle	101,253,134	17,473,694 (1,997,500)	29,862,030	-	146,591,358	61,978,338	6,704,806 (1,615,842)	8,845,553	-	75,912,855	70,678,503	20%
		2,041,903,328	43,446,568 (2,177,500)	42,362,030	-	2,125,534,426	77,522,138	99,925,429 (1,623,155)	9,396,951	-	185,221,363	1,940,313,063	
4.1.2	**Right of use assets**												
	Plant and machinery	32,500,000	-	(12,500,000)	-	20,000,000	-	1,037,850	(551,398)	-	486,452	19,513,548	4%
	Vehicle	51,911,030		(29,862,030)	-	22,049,000	8,462,370	4,331,012	(8,845,553)	-	3,947,829	18,101,171	20%
		84,411,030	-	(42,362,030)	-	42,049,000	8,462,370	5,368,862	(9,396,951)	-	4,434,281	37,614,719	
	Total June 30, 2022	2,126,314,358	43,446,568 (2,177,500)	-	-	2,167,583,426	85,984,508	105,294,291 (1,623,155)	-	-	189,655,644	1,977,927,782	

Operating fixed assets

	Particulars	Cost / Revaluation					Accumulated Depreciation					Written Down Value	Dep. Rate
		2021											
		July 01, 2020	Additions/ (disposal)	Transfers	Revaluation adjustment	June 30, 2021	July 01, 2020	Depreciation / (disposals) for the year	Transfers	Revaluation adjustment	June 30, 2021	June 30, 2021	%
		Rupees											
4.1.1	**Owned assets**												
	Land - freehold	110,171,875	-	-	130,203,125	240,375,000	-	-	-	-	-	240,375,000	-
	Mill building on freehold land	144,322,067	985,814	-	73,325,169	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	-	-	451,125	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	32,774,000	23,544,028	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	-	-	(6,525,600)	21,988,000	3,417,281	3,417,277	-	(6,834,558)	-	21,988,000	8-25%
	Factory equipment	6,487,499	-	-	(1,235,999)	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%
	Vehicles	100,981,010	7,737,160 (29,468,536)	22,003,500	-	101,253,134	65,209,418	4,026,672 (13,375,607)	6,117,855	-	61,978,338	39,274,796	20%
		1,713,889,535	82,942,981 (29,468,536)	54,777,500	219,761,848	2,041,903,328	157,854,945	85,242,695 (13,375,607)	7,228,610	(159,428,505)	77,522,138	1,964,381,190	
4.1.2	**Right of use assets**												
	Plant and machinery	61,626,000	-	(32,774,000)	3,648,000	32,500,000	1,313,024	1,008,795	(1,110,755)	(1,211,064)	-	32,500,000	4%
	Vehicles	55,309,530	18,605,000	(22,003,500)	-	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	(54,777,500)	3,648,000	84,411,030	10,273,148	6,628,896	(7,228,610)	(1,211,064)	8,462,370	75,948,660	
	Total June 30, 2021	1,830,825,065	101,547,981 (29,468,536)	-	223,409,848	2,126,314,358	168,128,093	91,871,591 (13,375,607)	-	(160,639,569)	85,984,508	2,040,329,850	

4.1.3 This represents payment made by lessor on behalf of the Holding Company as per the lease agreement, yet the vehicle have not been received as of June 30, 2022.

4.1.4 This represents construction work in progress which includes new mill building being constructed as part of a new wing to the existing mill building along with plant and machinery purchased through TERF financing which is currently not available for use. This includes Rs. 3,725,524 on account of borrowing cost incurred on TERF finance specifically obtained for acquisition of plant and machinery.

4.2 Depreciation for the year has been allocated as under:

	Note	2022 Rupees	2021 Rupees
Cost of sales	24	**93,527,805**	81,647,853
Administrative expenses	26	**11,766,486**	10,223,738
		105,294,291	91,871,591

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 Group	Mode of Disposal	Particulars of purchaser
Vehicle								
Toyota corolla Altis	1,997,500	(1,615,842)	381,658	1,200,000	818,342	Third Party	Negotiation	Pakistan Cars (Abrar Ahmed)
Complete Savior Automatic Cone Winder	180,000	(7,313)	172,687	587,500	414,813	Third Party	Negotiation	Muhammad Babar Saeed
	2,177,500	(1,623,155)	554,345	1,787,500	1,233,155			

4.4 The Holding 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 market values, which resulted in surplus on revaluation amounting to Rs. 384.05 million.

The Holding 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 4.1.1 to the consolidated 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, 2022, if the said assets had been carried at historical cost, would have been as follows:

	2022			2021		
	Cost	**Accumulated depreciation**	**Carrying value**	Cost	Accumulated depreciation	Carrying value
	Rupees					
Land - freehold	**8,772,600**	**-**	**8,772,600**	8,772,600	-	8,772,600
Mills building on freehold land	**142,260,822**	**(108,105,013)**	**34,155,809**	142,260,822	(107,287,660)	34,973,162
Labour colony on freehold land	**16,533,266**	**(15,383,625)**	**1,149,641**	16,533,266	(15,383,625)	1,149,641
Plant and machinery	**1,540,925,816**	**(750,202,636)**	**790,723,179**	1,516,849,325	(717,880,696)	798,968,629
Electric installations	**43,144,676**	**(30,899,476)**	**12,245,200**	43,144,676	(29,396,961)	13,747,715
Factory equipment	**6,616,044**	**(4,862,557)**	**1,753,486**	6,616,044	(4,695,709)	1,920,335
	1,758,253,223	**(909,453,307)**	**848,799,916**	1,734,176,733	(874,644,651)	859,532,082

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 Holding Company are as follows:

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

		Note	2022 Rupees	2021 Rupees
5.	**STORES, SPARES AND LOOSE TOOLS**			
	Stores and spares		**53,044,427**	45,950,186
	Stores and spares in transit		**12,156,051**	4,169,707
	Loose tools		**64,585**	64,585
			65,265,063	50,184,478
	Less: provision for slow moving items	5.1	**(7,743,217)**	(6,374,821)
			57,521,846	43,809,657
5.1	**Movement in provision for slow moving items**			
	Balance as at July 1,		**6,374,821**	6,374,821
	Provision made during the year	24	**1,368,396**	-
	Balance as at June 30,		**7,743,217**	6,374,821

		2022 Rupees	2021 Rupees
6.	**STOCK-IN-TRADE**		
	Raw material		
	- In hand	**787,024,122**	785,996,519
	- In transit	**99,948,162**	155,372,804
	Work-in-process	**56,022,198**	41,992,838
	Finished goods		
	- In hand	**163,228,844**	61,419,155
	- In transit	**27,545,324**	-
	- Third party	**57,888,374**	39,370,268
	Waste	**15,463,680**	5,968,408
		1,207,120,704	1,090,119,992

6.1 Provision on stock-in-trade during the year was nil (2021: nil).

		Note	2022 Rupees	2021 Rupees
7.	**TRADE DEBTS**			
	Considered good			
	Export - secured		**308,726,383**	83,606,403
	Local		**459,837,248**	618,114,799
		7.1	**768,563,631**	701,721,202
	Considered doubtful			
	Local		**12,413,215**	12,413,215
			780,976,846	714,134,417
	Less: Provision for doubtful debts	7.2	**(12,413,215)**	(12,413,215)
			768,563,631	701,721,202

7.1 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.

		2022 Rupees	2021 Rupees
7.2	**Movement in provision for doubtful debts**		
	Balance as at July 1,	**12,413,215**	12,413,215
	Provision made during the year	**-**	-
	Balance as at June 30,	**12,413,215**	12,413,215

7.3 Ageing of trade debts past due but not impaired

	2022 Rupees	2021 Rupees
0 - 90 days	**766,818,903**	573,107,254
91-180 days	**10,001,125**	87,222,961
181 - 360 days	**1,779,918**	51,427,302
Above 360 days	**2,376,900**	2,376,900
	780,976,846	714,134,417

7.4 Following are the details for local and export related trade debts outstanding as at June 30 2022, which are secured against letter of credit:

	Mode of arrangement	Amount in Rupees
Indirect Export	**Confirmed LC**	**44,780,578**
Exports	**Confirmed LC**	**308,726,383**

8. LOANS AND ADVANCES

	Note	2022 Rupees	2021 Rupees
Considered good			
Loans to employees - unsecured	8.1	**359,000**	632,000
Advance to employees	8.1	**474,481**	475,481
Advances - unsecured			
- to suppliers		**93,029,920**	19,923,795
- for expenses		**6,602,942**	1,164,303
		99,632,862	21,088,098
Advance income tax		**71,272,764**	61,325,131
		171,739,107	83,520,710

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

9. OTHER RECEIVABLES

	Note	2022 Rupees	2021 Rupees
Sales tax			
- considered good		**150,850,078**	21,158,402
- 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 claim receivable	29.1	**22,851,349**	3,279,126
Profit on deposits		**3,757,270**	2,101,232
Others	9.1	**1,133,058**	122,284,242
		189,289,660	159,520,907
Less: provision for doubtful receivables	9.2	**(4,824,973)**	(4,824,973)
		184,464,687	154,695,934

9.1 In previous year, the Holding Company entered into an agreement with a customer whereby overdue balance as of January 1, 2021 was to be paid in instalments until December 31, 2021. This resulted in modification in terms of financial assets and therefore, the Holding Company had recognized modification loss, as disclosed in note 28. As at June 30, 2021, the outstanding balance was Rs. 120.58 million. During the year, the customer repaid full amount as per the agreement and the current balance is presented under trade debts.

		Note	2022 Rupees	2021 Rupees
9.2	**Provision for doubtful receivables**			
	As at July 01, 2021		**4,824,973**	4,824,973
	Provision recognized during the year		**-**	-
	As at June 30, 2022		**4,824,973**	4,824,973
10.	**OTHER FINANCIAL ASSETS**			
	- At amoritised cost			
	Term deposit receipts	10.1	**129,394,620**	97,094,620
	- Fair value through profit or loss			
	Short term investment in listed company	10.2	**5,078,414**	-
			134,473,034	97,094,620

10.1 These represent term deposit receipts with various banks for a period ranging from six months to one year carrying mark-up at the rates ranging from 5.90% to 13.75% (2021: 6.25% to 9%) per annum. The banks have lien on these term deposit receipts on account of guarantees provided by such banks as disclosed in note 22.1.1 to the consolidated financial statements. These will mature latest by June 16, 2023 (2021: June 09, 2022).

10.2 This represents investment in shares of Lucky Cement Limited a listed company on Pakistan Stock Exchange. Shares acquired during the year and held as at June 30, 2022 are 11,000 at a cost of Rs. 7,133,910. The shares are categorised under fair value through profit and loss account as the Group intends to receive short term profits through trading of shares. The unrealized loss as at June 30, 2022 was Rs. 2,055,496.

		Note	2022 Rupees	2021 Rupees
11.	**CASH AND BANK BALANCES**			
	Cash in hand		**1,351,699**	1,761,291
	Cash at banks			
	Local currency			
	- in current accounts	11.1	**16,777,240**	6,578,622
	- in savings account	11.2	**86,100**	30,835
			18,215,039	8,370,748

11.1 This includes an amount of Rs. 6.68 million (2021: Rs. 6.68 million) on which the bank has created lien on account of guarantee provided by such bank as disclosed in note 22.1.1 to the consolidated financial statements.

11.2 It carries markup of 12.25% (2021: 6.56%) per annum.

12. SHARE CAPITAL

2022 Number of shares	2021 Number of shares		2022 Rupees	2021 Rupees
		Authorised		
22,000,000	22,000,000	Ordinary shares of Rs. 10/- each	**220,000,000**	220,000,000
		Issued, subscribed and paid-up		
19,852,800	19,852,800	Ordinary shares of Rs. 10/- each fully paid in cash	**198,528,000**	198,528,000

12.1 The Holding 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.

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

	Note	2022 Rupees	2021 Rupees
As at July 1,		**1,094,962,264**	769,235,102
Surplus arising during the year		**-**	384,049,417
Less: transferred to unappropriated profit on account of:			
- incremental depreciation - net of tax		**(47,491,829)**	(45,876,184)
- related deferred tax liability		**(11,220,008)**	(12,446,071)
- disposals - net of tax		**-**	-
- related deferred tax liability		**-**	-
		(58,711,837)	(58,322,255)
As at June 30		**1,036,250,427**	1,094,962,264
Less: related deferred tax liability on:			
Revaluation surplus as at July 1,		**184,242,506**	135,387,006
Surplus arising during the year	17	**-**	54,171,243
Adjustment due to change in tax rate	17	**(19,262,595)**	7,130,328
Incremental depreciation charged during the year		**(11,220,008)**	(12,446,071)
Assets disposed-off during the year		**-**	-
	17	**153,759,903**	184,242,506
As at June 30		**882,490,524**	910,719,758

14. LONG-TERM FINANCE

	Note	2022 Rupees	2021 Rupees
Long term portion			
Financial institutions	14.1	**173,059,675**	95,173,061
Related parties	14.2	**41,461,793**	73,927,139
		214,521,468	169,100,200
Current portion			
Financial institutions	14.1	**88,583,958**	90,459,584
Related parties	14.2	**55,278,076**	14,894,598
		143,862,034	105,354,182

14.1 Details and movement are as follows:

		Balance at July 01, 2021	Obtained during the year	Repaid during the year	Balance at June 30, 2022	Government Grant	Net Balance at June 30, 2022	Payable within one year	Payable later than one year	Payable within one year as at June 30, 2021	Payable later than one year as at June 30, 2021	Mark up rate (per annum)	Principal and mark up payment	Sub-note
		---------- Rup ees ----------												
Dubai Islamic Bank	Term Finance 1	4,349,588	-	(3,262,191)	1,087,397	-	1,087,397	(1,087,397)	-	3,262,191	1,087,397	6 month KIBOR +250 bps	Monthly	15.1.1
	Term Finance 2	15,867,775	-	(9,067,299)	6,800,476	-	6,800,476	(6,800,476)	-	9,067,299	6,800,476			
	Term Finance 3	12,857,142	-	(6,428,572)	6,428,570	-	6,428,570	(6,428,570)	-	6,428,572	6,428,570			
	TERF 1	-	5,850,000	-	5,850,000	(667,021)	5,182,979	-	5,182,979	-	-	SBP Rate +400 bps	Quarterly (2 years grace period)	15.1.5
	TERF 2	-	13,230,400	-	13,230,400	(1,289,473)	11,940,927	(1,048,282)	10,892,645	-	-		Quarterly (1 year grace period)	
		33,074,505	19,080,400	(18,758,062)	33,396,843	(1,956,494)	31,440,349	(15,364,725)	16,075,624	18,758,062	14,316,443			
Samba Bank	TERF 1	-	40,868,800	-	40,868,800	(13,646,672)	27,222,128	-	27,222,128	-	-	SBP Rate +400 bps	Quarterly (1 year grace period)	15.1.5
	TERF 2	-	15,672,000	-	15,672,000	(4,458,821)	11,213,179	(50,049)	11,163,130	-	-			
	TERF 3	-	34,238,000	-	34,238,000	(10,284,014)	23,953,986	(657,209)	23,296,777	-	-			
	TERF 4	-	38,037,504	-	38,037,504	(10,283,412)	27,754,092	(256,790)	27,497,302	-	-			
		-	128,816,304	-	128,816,304	(38,672,919)	90,143,385	(964,048)	89,179,337		-			
Askari Bank	Term Finance	-	6,218,450	-	6,218,450	-	6,218,450	(388,653)	5,829,797	-	-	3 month KIBOR +400 bps	Quarterly (1 year grace period)	15.1.7
Bank Al Falah	TERF	-	16,397,280	-	16,397,280	(8,929,219)	7,468,061	-	7,468,061	-	-	SBP Rate +400 bps	Quarterly (2 year grace period)	15.1.5
Bank of Punjab	Term Finance 1	25,895,840	-	(8,638,738)	17,257,102	-	17,257,102	(8,470,140)	8,786,962	8,631,947	17,263,893	6 month KIBOR +250 bps	Quarterly	15.1.2
	Term Finance 2	75,375,000	-	(37,687,500)	37,687,500	-	37,687,500	(37,687,500)	-	50,250,000	25,125,000	SBP Rate +200 bps	Quarterly (6 months grace period)	15.1.3
	Term Finance 3	51,287,300	-	(12,821,825)	38,465,475	-	38,465,475	(12,821,825)	25,643,650	12,819,575	38,467,725	SBP Rate +250 bps	Quarterly	15.1.4
		152,558,140	-	(59,148,063)	93,410,077	-	93,410,077	(58,979,465)	34,430,612	71,701,522	80,856,618			
First Habib Modaraba	Diminishing Musharaka	-	38,661,200	(5,697,889)	32,963,311	-	32,963,311	(12,887,067)	20,076,244	-	-	Three month Kibor + (1.5%-2.0%)	Monthly	15.1.6
Total		185,632,645	209,173,634	(83,604,014)	311,202,265	(49,558,632)	261,643,633	(88,583,958)	173,059,675	90,459,584	95,173,061			

* The loan was converted to LTFF 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 Holding 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 Holding Company with 25% margin.

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

14.1.5 The Holding Company has entered into a Temporary Economic Refinance Facility (TERF) agreement with an Islamic bank and conventional banks, with the total limit aggregating to Rs. 615.37 million (2021: 600 million). 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. 451.07 million (2021: 600). These facilities carry mark up of SBP Base Rate + 4% (2021: SBP Base Rate + 4%). The tenure of these facilities ranges from 5 to 10 years with grace period up to 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 Holding Company.

14.1.6 These represent plant and machinery and vehicles acquired under musharaka arrangement. The rates of mark-up ranges from 9.46% to 17.82%.

14.1.7 The loan is secured by way of first pari passu charge over weaving dust and waste removal machine with 0% to 25% margin.

	Note	**2022 Rupees**	2021 Rupees
14.2 Loan from related parties - unsecured			
Opening as at July 01,		**88,821,737**	110,276,320
Receipts during the year	14.2.1	**-**	6,000,000
Repayments during the year	14.2.2	**(2,000,000)**	(35,226,790)
Unwinding of discount	27	**9,918,132**	9,674,126
Release of equity portion of loan due to change in terms of loan		**-**	-
Less: Fair value adjustment		**-**	(1,901,919)
		96,739,869	88,821,737
Payable within one year		**(55,278,076)**	(14,894,598)
Closing as at June 30,		**41,461,793**	73,927,139

14.2.1 In year ended June 30, 2021 the Holding Company obtained loan amounting to Rs. 6 million from the directors of the Holding 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 Holding Company has repaid loan amounting to Rs. 2 million to directors and their closed family members.

As at June 30, 2022, 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 30, 2022	12,894,598	12,894,598
June 03, 2023	22,551,000	19,609,565
June 30, 2023	26,190,000	22,773,913
December 08, 2023	45,000,000	36,625,053
December 14, 2024	6,000,000	4,836,740
	112,635,598	96,739,869

15. LEASE LIABILITY

	Note	2022 Rupees	2021 Rupees
Present value of minimum lease payments	15.1	**9,729,346**	29,408,329
Less: current portion shown under current liabilities		**(7,767,062)**	(19,268,069)
		1,962,284	10,140,260

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

	2022			2021		
	Future minimum lease payments	**Finance cost**	**Present value**	Future minimum lease payments	Finance cost	Present value
	----------Rupees----------					
Not later than one year	**8,535,294**	**768,232**	**7,767,062**	21,113,822	1,845,753	19,268,069
Later than one year but not later than five years	**2,091,437**	**129,153**	**1,962,284**	10,668,764	528,504	10,140,260
Total future minimum lease payments	**10,626,731**	**897,385**	**9,729,346**	31,782,586	2,374,257	29,408,329

The rates of mark-up ranges from 9.46% to 10.38% (2021: 9.46% to 10.38%) per annum and are used as discounting factor. The lease terms are upto 3 years. The Group 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.

16. DEFERRED GOVERNMENT GRANT

	2022 Rupees	2021 Rupees
Deferred grant against temporary economic refinance facility	**49,558,628**	-
Current portion of deferred government grant	**(5,297,394)**	-
	44,261,234	-

16.1 Deferred government grant relates to the difference between the fair value and actual proceed of temporary economic refinance facility loan obtained under SBP's refinance scheme. It is being amortised over the period of ten years from the date of loan disbursement with an amount equal to the difference between the finance cost charged that would have been charged to statement of profit or loss at market rate and the interest paid as per the scheme.

		Note	2022 Rupees	2021 Rupees
17.	**DEFERRED TAXATION - NET**			
	Balance as at July 1,		**252,700,211**	183,503,681
	Reversal to profit or loss	30	**(3,969,918)**	5,985,904
	Charged to other comprehensive income		**(284,896)**	1,909,055
	Adjustment to the related deferred tax liability on revaluation surplus	13	**-**	54,171,243
	Tax rate adjustment on surplus	13	**(19,262,595)**	7,130,328
	Balance as at June 30,		**229,182,802**	252,700,211
	This comprises of the following:			
	Taxable temporary differences:			
	- accelerated depreciation on property, plant and equipment		**130,976,597**	142,440,082
	- surplus on revaluation of property, plant and equipment		**153,759,903**	184,242,507
			284,736,500	326,682,589
	Deductible temporary differences:			
	- provision for doubtful trade debts		**2,372,048**	3,599,832
	- provision for stores and spares		**1,479,656**	1,360,398
	- carried forward depreciation loss		**-**	8,423,415
	- provision for doubtful other receivables		**922,007**	1,399,242
	- provision for staff gratuity		**11,492,847**	12,323,664
	- minimum tax		**34,204,334**	46,875,827
	- WWF liability		**4,690,738**	-
	- Other financial asset		**392,068**	-
			(55,553,698)	(73,982,378)
			229,182,802	252,700,211
18.	**RETIREMENT BENEFIT OBLIGATION**			
	Mill	18.2	**59,891,088**	54,680,081
	Head office	18.1	**252,372**	252,372
			60,143,460	54,932,453

18.1 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, 2022 are as under:

The principal assumptions used are as follows:	2022	2021
- Discount rate	**13.25%**	10.00%
- Expected rate of salary increase	**12.25%**	9.00%
- Mortality rate	**SLIC 2001-2005 set back one year**	SLIC 2001-2005 set back one year

		Note	2022 Rupees	2021 Rupees
18.2	**Liability recognized in the statement of financial position**			
	Present value of retirement benefit obligation (RBO)	18.3	**59,891,088**	54,680,081

		Note	2022 Rupees	2021 Rupees
18.3	**Movement in Retirement benefit obligation (RBO) during the year**			
	Balance as at July 1,		**54,680,081**	48,516,369
	Expense recognized in profit or loss	18.4	**19,765,793**	17,985,959
	Total remeasurements recognized in other comprehensive income	18.5	**982,374**	(6,582,947)
	Benefits paid		**(13,197,160)**	(2,818,600)
	Benefits due but not yet paid	19.4	**(2,340,000)**	(2,420,700)
			59,891,088	54,680,081
18.4	**Expense recognized in profit or loss**			
	Current service cost		**15,074,643**	14,084,738
	Interest cost		**4,691,150**	3,901,221
			19,765,793	17,985,959
18.5	**Total remeasurements recognized in other comprehensive income**			
	Actuarial gain on liability arising on			
	- financial assumptions		**566,441**	260,637
	- experience adjustments		**415,933**	(6,843,584)
			982,374	(6,582,947)

18.6 Sensitivity analysis

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		**Increase / (decrease) in defined benefit obligation due to**	
	Change in assumption	**Increase in assumption**	**Decrease in assumption**
		Rupees	**Rupees**
Discount rate	**1%**	**(3,183,543)**	**3,620,844**
Salary growth rate	**1%**	**3,768,227**	**(3,374,901)**

Prior year		Increase / (decrease) in defined benefit obligation due to	
	Change in assumption	Increase in assumption	Decrease in assumption
		Rupees	Rupees
Discount rate	1%	(2,948,800)	3,363,396
Salary growth rate	1%	3,512,500	(3,139,415)

18.7 The gratuity scheme exposes the Holding 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.

18.8 The weighted average duration of the defined benefit obligation as at June 30, 2022 is 6 years (2021: 6 years).

18.9 Number of employees covered by the scheme are 733 (2021: 748).

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

		Note	2022 Rupees	2021 Rupees
19.	**TRADE AND OTHER PAYABLES**			
	Creditors	19.1	**114,997,127**	38,209,984
	Accrued liabilities		**67,130,038**	58,053,169
	Contract liabilities		**259,420,029**	21,098,368
	Workers' profit participation fund	19.2	**28,773,940**	12,275,733
	Workers' welfare fund		**24,437,816**	18,611,659
	Infrastructure cess	19.3	**104,121,092**	73,680,135
	Payable to provident fund		**458,574**	394,387
	Gratuity due but not yet paid	19.4	**1,950,700**	2,816,200
	Withholding tax payable		**16,411,396**	11,251,271
			617,700,712	236,390,906

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

		Note	2022 Rupees	2021 Rupees
19.2	**Workers' profit participation fund**			
	Balance as at July 1,		**12,275,733**	4,316,249
	Allocation during the year	28	**28,773,940**	12,275,733
	Interest on funds utilized in business	27	**299,326**	70,413
			41,348,999	16,662,395
	Paid during the year		**(12,575,059)**	(4,386,662)
	Balance as at June 30,		**28,773,940**	12,275,733

19.3 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 Holding 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 Holding 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 11 & 23.

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 routes 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, during the year, 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 Holding 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 Holding Company has made provision as follows:

	Note	2022 Rupees	2021 Rupees
Balance as at July 1,		**73,680,135**	59,795,206
Charge for the year		**34,548,641**	27,802,430
		108,228,776	87,597,636
Payments made during the year		**(4,107,684)**	(13,917,501)
Balance as at June 30,		**104,121,092**	73,680,135

19.4 Movement in gratuity due but not yet paid

	Note	2022 Rupees	2021 Rupees
Balance as at July 1,		**2,816,200**	6,666,400
Add: transfer from RBO during the year	18.3	**2,340,000**	2,420,700
Less: payments made during the year		**(3,205,500)**	(6,270,900)
		1,950,700	2,816,200

20. ACCRUED MARK-UP

	Note	2022 Rupees	2021 Rupees
Long-term finance		**3,030,069**	437,795
Short-term borrowings		**23,293,527**	21,138,017
		26,323,596	21,575,812

21. SHORT-TERM BORROWINGS

	Note	2022 Rupees	2021 Rupees
Banking companies - secured			
Running finance		**199,352,132**	428,815,076
Cash finance		**94,728,455**	221,806,459
Finance against Imported Merchandise (FIM)		**588,968,539**	564,398,947
	21.1	**883,049,126**	1,215,020,482
Related party - unsecured			
Loan from ORA Sapphire Inc.	21.2	**17,999,030**	-
		901,048,156	1,215,020,482

21.1 Facilities for running finance, cash finance, FIM and Murabaha are available from various banks up to Rs. 2,682 million (2021: Rs. 2,270 million). These facilities are subject to mark-up at 3 month KIBOR plus 1% to 2.5% (2021: 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 Holding Company, plants and machinery, equitable mortgage on various properties and personal guarantees of all the directors of the Company.

The aggregate unavailed short-term borrowing facilities amounted to Rs.1,799 million (2021: Rs.1,055 million).

21.2 This represents short term loan obtained by the Subsidiary from a related party. This loan is interest free. There is no term of this loan and is repayable on demand. Accordingly, it has been classified as short term.

22. CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

	2022 Rupees	2021 Rupees
22.1.1 Letters of guarantee issued by banks on behalf of the Holding Company to:		
- Lahore Electric Supply Company Limited	**15,310,568**	15,310,568
- Sui Northern Gas Pipelines Limited	**77,576,000**	77,576,000
- Excise and Taxation Office	**103,258,600**	68,258,600
Post dated cheques given to Collector of Customs as indemnity	**380,853,295**	306,797,578

22.1.2 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 Holding Company received gas bills at Rs. 573.28/MMBTU, being considered as CPP by the utility company. The Holding 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 Holding 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 Holding 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 Holding Company.

On July 6, 2020, the OGRA issued a decision whereby, the Holding 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 Holding 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.

22.1.3 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 Holding 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 Holding 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 Holding 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 Holding 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 Holding 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 Holding Company against which payment was made by the Holding 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 Holding 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 Holding 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.

On September 27, 2021, the Honorable Lahore High Court issued a judgment on writ petition No. 42716 / 2020 whereby it was concluded that all the parties to the petition (including the Holding Company) fall under the category of Industrial Consumers rather than Captive Power Plant and shall remain liable to the tariff applicable to Industrial Consumers.

During the year, the Holding 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 Holding Company is not liable to pay GIDC under GIDC Act 2015. The Court granted stay order against recovery of GIDC payable by the Holding Company till the finalization of matter by Sindh High Court. The matter is currently pending in the Sindh High Court. However, as a matter of abundant caution and without prejudice to the suits filed, the Holding Company has made aggregate provision of Rs. 5.4 million (2021: Rs. 5.4 million) in respect of GIDC up to June 30, 2022.

22.1.4 An order dated November 11, 2020 was passed against the Holding Company by Collector of Customs, Karachi creating a demand of Rs. 13.023 million along with a penalty of Rs. 0.5 million. the Holding 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.

		Note	2022 Rupees	2021 Rupees
22.2	**Commitments**			
	Letters of credit opened and outstanding for import of:			
	- plant and machinery		665,256,522	599,912,927
	- stores and spares		30,067,092	8,858,225
	- raw material		581,096,452	621,274,797
	Local bills discounted		292,314,555	45,115,491
23.	**REVENUE FROM CONTRACT WITH CUSTOMER - NET**			
	Yarn			
	- Local		1,474,315,047	3,473,947,661
	- Export		946,129,335	678,241,033
	- Indirect export		3,033,819,964	-
			5,454,264,346	4,152,188,694
	Raw material - Local		191,348,293	187,943,151
	Waste - Local		290,228,814	257,032,969
	Others		11,727,485	-
			5,947,568,938	4,597,164,814
	Less:			
	Sales tax		(738,665,360)	(572,554,641)
	Brokerage and commission		(31,004,939)	(20,805,753)
	Discount		-	(1,321,689)
			5,177,898,639	4,002,482,731
24.	**COST OF SALES**			
	Raw material consumed	24.1	3,466,763,979	2,524,452,996
	Salaries, wages and benefits	24.2	203,529,270	178,805,427
	Fuel and power		488,123,680	371,397,711
	Depreciation	4.2	93,527,805	81,647,853
	Stores, spares and loose tools consumed		59,344,788	57,453,154
	Packing material		62,188,408	56,725,436
	Insurance		10,772,496	9,297,989
	Repairs and maintenance		2,996,441	3,643,256
	Provision of slow moving stores and spares	5.1	1,368,396	-
	Vehicles running and maintenance		2,696,061	1,437,111
	Other manufacturing overheads		3,406,336	4,298,757
			927,953,681	764,706,694
			4,394,717,660	3,289,159,690
	Work-in-process			
	Opening stock		41,992,838	38,283,787
	Closing stock		(56,022,198)	(41,992,838)
			(14,029,360)	(3,709,051)
	Cost of goods manufactured		4,380,688,300	3,285,450,639
	Finished goods			
	Opening stock		106,757,831	145,315,502
	Yarn purchased		38,150,500	-
	Closing stock		(264,126,222)	(106,757,831)
			(119,217,891)	38,557,671
	Cost of raw material sold		106,160,346	144,645,643
	Others		9,306,564	-
			4,376,937,319	3,468,653,953

24.1 Raw material consumed

	2022 Rupees	2021 Rupees
Opening stock	785,996,519	1,004,724,792
Purchases - net	3,467,791,582	2,305,724,723
	4,253,788,101	3,310,449,515
Closing stock	(787,024,122)	(785,996,519)
	3,466,763,979	2,524,452,996

24.2 Salaries, wages and benefits include Rs. 19.77 million (2021: Rs. 17.99 million) in respect of charge for retirement benefit obligations.

25. DISTRIBUTION COST

	Note	2022 Rupees	2021 Rupees
Freight and octroi		22,231,603	17,617,251
Commission and other charges		4,059,664	2,538,944
Clearing and forwarding		4,965,937	4,996,039
Business promotion expenses		12,715,671	8,608,563
Export development surcharge		1,876,020	1,459,192
		45,848,895	35,219,989

26. ADMINISTRATIVE EXPENSES

	Note	2022 Rupees	2021 Rupees
Salaries and benefits	26.1	60,189,946	44,658,142
Fees, subscription and periodicals		4,912,716	3,220,224
Entertainment		861,579	792,305
Traveling and conveyance		437,206	220,628
Postage and telephone		1,429,310	1,297,724
Electricity, gas and water		990,532	3,371,080
Vehicles running and maintenance		8,358,167	5,699,754
Depreciation	4.2	11,766,486	10,223,738
Legal and professional		527,858	700,000
Auditor's remuneration	26.2	1,541,000	1,073,000
Printing and stationery		790,177	528,251
Computer		74,520	173,450
Rest house		-	426,426
Advertisement		146,900	102,200
Donation	26.3	4,382,000	3,686,878
Others		349,399	889,833
		96,757,796	77,063,633

26.1 Salaries and benefits include Rs. 1.80 million (2021: Rs. 1.50 million) in respect of charge for employer's contribution to provident fund.

26.2 Auditor's remuneration

	2022 Rupees	2021 Rupees
Audit services		
Annual audit fee	950,000	800,000
Audit fee for consolidated financial statements	250,000	-
Half year review fee	175,000	130,000
Review of code of corporate governance	55,000	50,000
Other services	55,000	50,000
Out of pocket expenses	56,000	43,000
	1,541,000	1,073,000

26.3 No director or their spouse had any interest in the donees' fund. During the year, the Holding Company has donated Rs. 1.55 million (2021: Rs. 1.14 million) to The Citizens Foundation.

27. FINANCE COST

	Note	2022 Rupees	2021 Rupees
Mark-up on long term finance		7,774,821	6,238,778
Mark-up on short-term borrowings		146,168,030	143,804,477
Interest on lease liability		1,676,785	5,861,753
Unwinding of discount on long-term finance from related parties	14.2	9,918,132	9,674,126
Workers' profit participation fund	19.2	299,326	70,413
Bank charges, guarantee commission and other related charges		8,553,167	5,787,333
		174,390,261	171,436,880

28. OTHER OPERATING EXPENSES

	Note	2022 Rupees	2021 Rupees
Workers' profit participation fund	19.2	28,773,940	12,275,733
Workers' welfare fund		5,826,157	4,429,453
Infrastructure cess	19.3	30,440,957	13,884,929
Loss on modification of terms of financial asset	9.1	-	20,816,370
Exchange loss - net		-	1,232,230
Unrealized loss on other financial assets		2,055,496	-
Other		1,690,603	-
		68,787,153	52,638,715

29. OTHER INCOME

	Note	2022 Rupees	2021 Rupees
Profit on deposits		5,521,448	3,448,187
Gain on disposal of property, plant and equipment		1,233,155	6,555,071
Scrap sales		677,499	970,796
Exchange gain - net		13,710,169	-
Other revenue		2,426,424	-
Unwinding of discount on other receivables	9.1	6,401,253	14,415,117
Contract settlement	29.1	109,999,076	-
		139,969,024	25,389,171

29.1 During the year, certain suppliers defaulted on the cotton supply contract due to increase in cotton prices in the international market whereas the contracts were made at a significantly lower price. Upon such default, the Holding Company negotiated with the suppliers and as a result the suppliers agreed to pay damages to the Holding Company of Rs. 109.99 million out of which the Holding Company has received Rs. 87.14 million till June 30, 2022.

30. TAXATION

	Note	2022 Rupees	2021 Rupees
Current			
- for the year	30.3	125,193,345	56,722,427
- prior year		(1,377,511)	349,304
		123,815,834	57,071,731
Deferred	17	(3,969,918)	5,985,904
		119,845,916	63,057,635

		2022 Rupees	2021 Rupees
30.1	**Relationship between tax expense and accounting profit**		
	Profit before taxation	**538,208,871**	222,858,732
	Tax rate %	**29%**	29%
	Tax on accounting profit	**156,080,573**	64,629,032
	Prior year tax adjustments	**(1,377,511)**	349,304
	Permanent differences	**4,147,038**	(525,063)
	Impact of FTR income	**(44,151,929)**	(3,300,234)
	Impact of tax credit on donations	**(581,060)**	
	Adjustment of effective rate	**(12,058,147)**	9,695,239
	Previously unrecognized tax depreciation loss recognized in current year	**-**	(8,423,415)
	Impact of utilisation of Minimum Tax credits under Section 113	**(28,021,331)**	-
	Impact of super tax	**42,202,831**	-
	Others	**3,605,452**	632,772
		119,845,916	63,057,635

30.2 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 Holdin 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).

30.3 This includes super tax of Rs. 42.2 million (2021: Nil) as imposed by the Finance Act 2022.

31. EARNINGS PER SHARE - BASIC AND DILUTED

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

		2022	2021
Profit for the year	**Rupees**	**418,362,955**	159,801,097
Weighted average number of ordinary shares outstanding during the year	**Number**	**19,852,800**	19,852,800
Earnings per share	**Rupees / Share**	**21.07**	8.05

32. CASH AND CASH EQUIVALENTS

	Note	2022 Rupees	2021 Rupees
Cash and bank balances	11	**18,215,039**	8,370,748
Short-term borrowings - banking companies	21	**(883,049,126)**	(1,215,020,482)
		(864,834,087)	(1,206,649,734)

33. 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 26 and note 34 respectively. Other significant transaction with a related party is as follows:

Relationship with the Group	**Nature of transaction**	**Note**	**2022 Rupees**	2021 Rupees
Key Management Personnel	Remuneration paid		**22,969,588**	14,121,502
	Post employment benefits		**248,100**	248,100
Post employment contribution plan	Contribution to employees' provident fund	26.1	**1,778,490**	1,501,682

34. REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2022				2021			
	Chief Executive	Directors		Executives	Chief Executive	Directors		Executives
		Executive	Non-executive			Executive	Non-executive	
	---------- Rupees ----------							
Remuneration	**3,200,000**	**2,800,000**	**-**	**9,469,801**	2,400,000	2,000,000	-	4,738,440
House rent allowance	**960,000**	**840,000**	**-**	**2,903,631**	720,000	600,000	-	1,451,530
Utilities	**320,000**	**280,000**	**-**	**946,985**	240,000	200,000	-	443,844
Medical	**320,000**	**280,000**	**-**	**649,171**	240,000	200,000	-	443,844
Meeting fee	**-**	**-**	**70,000**	**-**	-	-	55,000	443,844
	4,800,000	**4,200,000**	**70,000**	**13,969,588**	3,600,000	3,000,000	55,000	7,521,502
Number of persons	**1**	**1**	**5**	**6**	1	1	5	3

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

35. PLANT CAPACITY AND ACTUAL PRODUCTION - HOLDING COMPANY

	2022	2021
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.	**8,617,952**	9,926,877

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.

36. NUMBER OF EMPLOYEES - HOLDING COMPANY

The total and average number of employees during the year and as at June 30, 2022 and 2021 respectively are as follows:

	2022	2021
Total number of employees of the Company as at reporting date	**771**	787
Average number of employees of the Company during the year	**786**	769
Employee's working in Company's factory as at reporting date	**733**	748
Average number of employees working in Company's factory during the year	**747**	731

37. 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.

38. FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets as per statement of financial position	**2022 Rupees**	2021 Rupees
At fair value through profit or loss		
Other financial assets	**5,078,414**	-
At amortised cost		
Security deposits	**3,129,361**	2,887,987
Trade debts	**768,563,631**	701,721,202
Loans and advances	**833,481**	1,107,481
Other receivables	**27,741,677**	127,664,600
Other financial assets	**129,394,620**	97,094,620
Cash and bank balances	**18,215,039**	8,370,748
	952,956,223	938,846,638

Financial liabilities as per statement of financial position		
At amortized cost		
Long-term finance		
- from banking companies	**261,643,633**	185,632,645
- from related parties	**96,739,869**	88,821,737
Lease liability	**9,729,346**	29,408,329
Trade and other payables	**184,536,439**	99,473,740
Unclaimed dividend	**2,899,903**	2,424,885
Mark-up accrued	**26,323,596**	21,575,812
Short-term borrowings	**901,048,156**	1,215,020,482
	1,482,920,942	1,642,357,630

39. FINANCIAL RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk

39.1 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 Group's performance to developments affecting a particular industry.

Credit risk of the Group 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	**2022 Rupees**	2021 Rupees
Security deposits		**3,129,361**	2,887,987
Trade debts	39.1.1	**768,563,631**	701,721,202
Loans and advances	39.1.2	**833,481**	1,107,481
Other receivables		**27,741,677**	127,664,600
Other financial assets	39.1.3	**129,394,620**	97,094,620
Bank balances	39.1.3	**16,863,340**	6,609,457
		946,526,110	937,085,347

39.1.1 Trade debts

The trade debts at year end are due from local and foreign customers against local sales and export sales respectively. Trade debt due from foreign customers are secured against letter of credit. For local customers management assesses the credit quality of customers, taking into account their financial position, past experience and other factors. The Group's exposure to credit risk arising from trade debtors is mainly influenced by the individual characteristics of each customer. The Group has no major concentration of credit risk with any single customer. The Group 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.

39.1.2 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.

39.1.3 Other financial assets and balances with banks

The Group 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**
HAB Bank	Un-rated	-	-	-
Bank Al-Falah Limited	25-Jun-22	PACRA	A1+	AA+
Samba Bank Limited	30-Jun-22	VIS	A1	AA
Dubai Islamic Bank Pakistan Limited	29-Jun-22	VIS	A1+	AA
Habib Metropolitan Bank Limited	25-Jun-22	PACRA	A1+	AA+
The Bank of Punjab	18-Jun-22	PACRA	A1+	AA+
MCB Islamic Bank Limited	23-Jun-22	PACRA	A1	A
National Bank of Pakistan	25-Jun-22	PACRA	A1+	AAA
Silk bank Limited	23-Dec-21	VIS	A2	A-
Bank Islami Pakistan Limited	24-Jun-22	PACRA	A1	A+
Sindh Bank Limited	28-Jun-22	VIS	A1	A+
Meezan Bank Limited	29-Jun-22	VIS	A1+	AAA
J.S Bank Limited	23-Jun-22	PACRA	A1+	AA-
Habib Bank Limited	29-Jun-22	VIS	A1+	AAA
Bank Al-Habib Limited	25-Jun-22	PACRA	A1+	AAA
Soneri Bank Limited	25-Jun-22	PACRA	A1+	AA-
Askari	25-Jun-22	PACRA	A1+	AA+

39.2 Liquidity risk

Liquidity risk is the risk that the Group 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 Group 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 Group'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 Group's reputation. The Group 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:

	2022			
	Carrying amount	**Contractual maturities**	**Maturity upto one year**	**Maturity after one year**
	Rupees			
Long-term finance				
- from related parties	**96,739,869**	**112,635,598**	**55,278,076**	**57,357,522**
- from banking company	**261,643,633**	**352,235,937**	**110,862,576**	**241,373,361**
Lease liability	**9,729,346**	**10,661,050**	**8,317,563**	**2,343,488**
Trade and other payables	**184,536,439**	**184,536,439**	**184,536,439**	**-**
Unclaimed dividend	**2,899,903**	**2,899,903**	**2,899,903**	**-**
Markup accrued	**26,323,596**	**26,323,596**	**26,323,596**	**-**
Short-term borrowings	**901,048,156**	**901,048,156**	**901,048,156**	**-**
	1,482,920,942	**1,590,340,679**	**1,289,266,309**	**301,074,370**

	2021			
	Carrying amount	Contractual maturities	Maturity upto one year	Maturity after one year
	Rupees			
Long-term financing				
- 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	-
	1,642,357,630	1,683,983,868	1,470,575,118	213,408,750

39.3 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 Group's income or the value of its holdings of financial instruments. The Group is primarily exposed to interest rate risk and currency risk.

39.3.1 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 Group's exposure to the risk of changes in market interest rates relates primarily to the Group'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 Group's interest-bearing financial instruments is:

	Carrying Amount	
	2022	2021
	Rupees	Rupees
Fixed rate instruments		
Financial assets - at amortised cost	**129,394,620**	97,094,620
Financial liabilities - at amortised cost	**287,628,199**	152,558,140
Variable rate instruments		
Financial assets - at amortised cost	**86,100**	107,534
Financial liabilities - at amortised cost	**963,533,775**	1,277,503,316

Fair value sensitivity analysis for fixed rate instruments

The Group 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. 4.82 million (2021: Rs. 6.39 million). This analysis assumes that all other variables remain constant.

39.3.2 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 Group's exposure to foreign currency risk is as follows:

	June 30, 2022		
	USD	**EURO**	**Total**
Trade debts	**308,726,383**	**-**	**308,726,383**
	June 30, 2021		
Trade debts	**83,606,403**	**-**	**83,606,403**

	Average rate		Reporting date rate	
	2022	2021	**2022**	2021
	----------Rupees----------			
USD	**177.65**	158.05	**203.9/206.7**	157.8/158.3
Euro	**199.61**	188.42	**214.5/216.5**	188.12/188.71

At June 30, 2022, 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. 15.4 million (2021: Rs. 4.18 million), mainly as a result of foreign exchange losses / gains on translation of US Dollar and Euro - denominated trade debts and trade payables.

39.4 Capital risk management

The objective of the group entities 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 Group 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 Group may adjust the amount of dividend to the shareholders or issue bonus / new shares.

The Group is not subject to externally imposed capital requirements.

40. 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 Group 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).

As at June 30, 2022 the Group held the following instruments at fair values:

	June 30, 2022			
	Fair value			
	Level 1	**Leve 2**	**Level 3**	**Total**
	---------- Rupees ----------			
Financial assets measured at fair				
Equity securities - listed	**5,078,414**	**-**	**-**	**5,078,414**

	June 30, 2021			
	Fair value			
	Level 1	Leve 2	Level 3	Total
	---------- Rupees ----------			
Financial assets measured at fair				
Equity securities - listed	-	-	-	-

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

There are no transfers between the levels during the year.

40.1 There are no other assets or liabilities to classify under above levels except the Group'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 Group. 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.

41. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 5 October 2022 by the Board of Directors.

NUMBER OF SHARE HOLDERS	SHARE HOLDINGS			TOTAL SHARES HELD
175	1	-	100	3,227
402	101	-	500	84,566
633	501	-	1,000	354,425
158	1,001	-	5,000	293,231
6	5,001	-	10,000	37,950
11	10,001	-	15,000	126,025
4	15,001	-	20,000	68,250
4	20,001	-	25,000	88,090
2	25,001	-	30,000	55,743
2	30,001	-	35,000	64,900
1	55,001	-	60,000	59,948
1	70,001	-	75,000	71,500
2	105,001	-	110,000	218,000
1	120,001	-	125,000	123,750
1	130,001	-	135,000	130,350
1	180,001	-	185,000	181,500
1	250,001	-	255,000	250,003
1	585,001	-	590,000	586,507
1	1,445,001	-	1,450,000	1,442,039
1	4,330,001	-	4,335,000	4,332,557
1	5,525,001	-	5,530,000	5,525,643
1	5,750,001	-	5,755,000	5,754,596
1,410				**19,852,800**

CATEGORIES OF SHARE HOLDERS	NUMBER OF SHARE HOLDERS	SHARES HELD	PERCENTAGE
Associated Companies, Undertaking and Related Parties	02	19,150	0.096
Directors, CFO & their Spouse and Minor Children	08		
Mr. S. M. Idrees Allawala		550	0.003
Mr. S. M. Mansoor Allawala		4,332,557	21.823
Mr. Rizwan Idrees Allawala		5,775,646	29.092
Mr. Omair Idrees Allawala		5,754,596	28.986
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
Executive	-	17,308,588	
Joint Stock Companies	7	2,531	0.013
NIT & ICP	-		
Others	1	550	0.003
			-
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas & Mutual Funds	04	186,340	0.939
Shareholders holding 5% or more voting interest			
Mr. S. M. Mansoor Allawala		4,332,557	21.823
Mr. Rizwan Idrees Allawala		5,775,646	29.092
Mr. Omair Idrees Allawala		5,754,596	28.986
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		-	-
Directors, CFO & their Spouse & Minor Children	10	17,308,588	87.185
Joint Stock Companies	07	2,531	0.013
Bank, Development Finance Institutions Insurance Companies, Modarabas	04	186,340	0.939
Individuals	1,388	2,355,341	11.864
Others	01		
	1,410	19,852,800	100.00

مجھے آپ کے سامنے کمپنی کے بارے میں اپنا جائزہ اور 30 جون 2022 کوختم ہونے والے سال کے لیے کمپنی کے مقاصد کے حصول میں اس کے بورڈ آف ڈائریکٹرز کے کردار کو پیش کرتے ہوئے خوشی ہورہی ہے۔

بورڈ کے چیئرمین کے طور پر، یہ میری ذمہ داری ہے کہ میں کمپنی کے نظم ونسق کی نگرانی کروں اور تمام اسٹیک ہولڈرز کو آگے آنے اور اپنے خیالات کا اظہار کرنے کی ترغیب دوں۔ زیر جائزہ سال کے لیے، تشخیص کی بنیاد پر، بورڈ کی مجموعی کارکردگی اور تاثیر کو تسلی بخش قرار دیا گیا ہے۔ بورڈ نے کارپوریٹ گورننس کے اعلیٰ معیار کو یقینی بنانے کے لیے اپنا فرض بخوبی نبھایا کیونکہ کارپوریٹ گورننس ایک اچھی طرح سے طے شدہ نظام ہے جو کہ کارپوریٹ احتساب کو بڑھانے کے لیے بہت ضروری ہے۔ زیرنظر سال کے دوران، بورڈ نے کمپنی کے مجموعی انتظام، اہم پالیسیوں کی تشکیل، اپنی کارکردگی کا جائزہ لینے اور بورڈ کی کمیٹیوں کے کام کاج کی نگرانی کے حوالے سے اپنی ذمہ داریوں کو بخوبی نبھایا۔ بورڈ کی تشخیص کا مقصد کارپوریٹ گورننس کے بہترین طریقوں کے مطابق اس کی مجموعی کارکردگی اور کمپنی کے معاملات کے طرزعمل کی پیمائش کرنا ہے۔ مناسب نگرانی اور چوکسی کے ذریعے، قابل اطلاق قوانین اور ضوابط کی تعمیل کو یقینی بنایا گیا۔ کمپنی کی انتظامیہ نے حصص یافتگان کی قدر کی حفاظت کے لیے مسلسل کوشش کی۔ سال کے دوران، بورڈ نے دیگر چیزوں کے علاوہ، سہ ماہی اور سالانہ مالیاتی گوشواروں، مل کی توسیع، قرضے لینے اور بیرونی آڈیٹرز کی تقرری سمیت سرمائے کے اخراجات پر غور کیا اور منظوری دی۔ آڈٹ کمیٹی اور ہیومن ریسورس اینڈ ریمونریشن کمیٹی نے اپنے فرائض کی انجام دہی میں بورڈ کی مناسب مدد کی۔ ان کمیٹیوں نے میٹنگیں کیں اور کارپوریٹ گورننس کے ضوابط کے مطابق بورڈ کو رپورٹ کی۔

ٹیکسٹائل انڈسٹری کے حجم اور مجموعی مارجن میں اضافہ، خاص طور پر پاکستان میں COVID-19 کے بعد کی اقتصادی بحالی کی وجہ سے، آپ کی کمپنی کو اس قابل بنایا کہ وہ زیرنظر سال کے لیے اچھا منافع کما سکے۔ بورڈ مسلسل ایک متوازن حکمت عملی پر عمل پیرا ہے اور کارپوریٹ گورننس کے اعلیٰ معیارات کو برقرار رکھتے ہوئے اپنے فرائض اور ذمہ داریوں کو تندہی سے انجام دے رہا ہے۔ مستقبل کے لیے بڑے خطرات میں تباہ کن سیلاب کے نتیجے میں مقامی کپاس کی کمی شامل ہے جس نے کپاس کی فصل کو بری طرح متاثر کیا ہے، شرح مبادلہ میں اتار چڑھاؤ، شرح سود، ٹیکسٹائل انڈسٹری کے لیے علاقائی سطح پر مسابقتی توانائی کے ٹیرف کی پالیسی اور بڑھتی ہوئی افراط زر۔

ٹیکسٹائل انڈسٹری کے حجم اور مجموعی مارجن میں اضافہ، خاص طور پر پاکستان میں COVID-19 کے بعد کی اقتصادی بحالی کی وجہ سے، آپ کی کمپنی کو اس قابل بنایا کہ وہ زیرنظر سال کے لیے اچھا منافع کما سکے۔ بورڈ مسلسل ایک متوازن حکمت عملی پر عمل پیرا ہے اور کارپوریٹ گورننس کے اعلیٰ معیارات کو برقرار رکھتے ہوئے اپنے فرائض اور ذمہ داریوں کو تندہی سے انجام دے رہا ہے۔ آؤٹ لک کے لیے بڑے خطرات میں تباہ کن سیلاب کے نتیجے میں مقامی کپاس کی کمی شامل ہے جس نے کپاس کی فصل کو بری طرح متاثر کیا ہے، شرح مبادلہ میں اتار چڑھاؤ، شرح سود، ٹیکسٹائل انڈسٹری کے لیے علاقائی سطح پر مسابقتی توانائی کے ٹیرف کی پالیسی اور بڑھتی ہوئی افراط زر۔

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
چیئرمین

کراچی: 5 اکتوبر 2022

ادریس ٹیکسٹائل ملز لمیٹڈ

سالانہ عام اجلاس کا نوٹس

ادریس ٹیکسٹائل ملز لمیٹڈ کے حصص یافتگان کو بذریعہ نوٹس اطلاع دی جاتی ہے کہ 33واں سالانہ اجلاس عام بروز جمعرات 27اکتوبر 2022دوپہر 3:30 بجے بمقام ہوٹل مہران، مین شاہراہ فیصل، کراچی، میں درج ذیل کاروباری امور سے متعلق ہوگا:

عمومی امور

i) 28اکتوبر 2021 کومنعقدہ سالانہ اجلاسِ عام کی کاروائی کی توثیق۔

ii) 30جون 2022 کوختم شدہ سال کے کمپنی کے آڈٹ شدہ حسابات مع چیئرمین، ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی، غوروخوض اور منظوری۔

iii) 30جون 2023 کوختم 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

iv) صدر اجلاس کی اجازت سے کسی دیگر کاروائی کی انجام دہی۔

بحکم بورڈ

(سید شاہد سلطان)

کمپنی سیکریٹری

کراچی

بتاریخ: 5 اکتوبر 2022

نوٹس

i) حصص یافتگان کو مشورہ دیا جاتا ہے کہ وہ اپنے پتے میں کسی تبدیلی کو فوری طور پر مطلع کریں۔

ii) کمپنی کی شیئر ٹرانسفر کے کھاتے 25اکتوبر 2022 سے 01نومبر 2022 (بشمول دونوں دن) بند رہیں گے۔

iii) 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 پراکسی مقرر کرسکتا ہے۔ پراکسی اجلاس ہذا سے کم ازکم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں داخل کرنے ہوں گے۔

CDC اکاؤنٹ ہولڈرز کو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سرکلر نمبر 1 مورخہ 26 جنوری 2000 میں بیان کردہ رہنما خطوط پر عمل کرنا ہوگا۔ کارپوریٹ ادارے کی صورت میں، بورڈ کی قرارداد/ پاور آف اٹارنی نمونہ دستخط کے ساتھ کمپنی کو پراکسی فارم کے ساتھ پیش کیا جائے گا۔

iv) ویڈیو لنک کے ذریعہ سالانہ میٹنگ میں شرکت کے خواہشمند شیئر ہولڈرز سے گذارش ہے کہ وہ 24اکتوبر 2022 کو یا اس سے پہلے ای میل secretary@idreestextile.com کے ذریعہ درج ذیل معلومات فراہم کر کے اپنا اندراج کروائیں۔

شیئر ہولڈر کا نام	CNIC نمبر	CDC اکاؤنٹ نمبر/فولیو نمبر	موبائل نمبر	ای میل ایڈریس

شیر ہولڈرز AGM کے مجوزہ ایجنڈا آئٹمز پر اپنے تبصرے/ تجاویز اوپر دی ہوئی ای میل پر بھی بھیج سکتے ہیں۔

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 سہولت دوپہر 3:20 میٹنگ کے اختتام تک کھلی رہے گی۔

v) ممبران سے گذارش ہے کہ وہ اپنے انٹرنیشنل بینکنگ اکاؤنٹ نمبر (IBAN) کے ساتھ CNIC کی ایک کاپی ہمارے ریکارڈ کو اپ ڈیٹ رکھنے کیلئے فراہم کریں۔ جمع نہ کرانے کی صورت میں مستقبل کے تمام منافع کی ادائیگی روکی جاسکتی ہے۔

vi) کمپنیز ایکٹ 2017 کے سیکشن 72 کے مطابق ہر کمپنی کو اپنے فزیکل حصص کو بک انٹری فارم کے ساتھ ایس ای سی پی کی طرف سے مطلع کردہ مدت یعنی 31-05-2017 کو تبدیل کرنے کی ضرورت ہے۔

پاکستان کے سیکورٹیز اینڈ ایکسچینج کمیشن نے اپنے سرکلر نمبر CSD/ED/Misc./2016-639-640 مورخہ 26مارچ 2021 کے ذریعے لسٹڈ کمپنیوں کو مشورہ دیا ہے کہ وہ اپنے ایسے ممبران سے رابطہ کریں جن کے پاس ابھی بھی فزیکل شکل میں حصص ہیں، اپنے حصص کو بک انٹری فارم میں تبدیل کریں۔

فزیکل شیئر ہولڈنگ رکھنے والے شیئر ہولڈر کو اس کے مطابق حوصلہ افزائی کی جاتی ہے کہ وہ CDC کی انویسٹر اکاؤنٹس سروسز یا کسی بھی بروکرز کے ساتھ ذیلی اکاؤنٹ کھولیں اور اپنے شیئرز کو اسکریپ لیس فارم میں تبدیل کریں۔ اس سے حصص یافتگان کو کئی طریقوں سے سہولت ملے گی بشمول محفوظ کسٹڈی اور حصص کی فروخت جب چاہیں، کیونکہ پاکستان اسٹاک ایکسچینج لمیٹڈ کے موجودہ ضابطے کے مطابق فزیکل حصص کی تجارت کی اجازت نہیں ہے۔

vii) 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 کرسکتے ہیں۔

viii) کمپنیز ایکٹ، 2017 کے مطابق، ایسے شہر میں رہنے والے ممبران جو کل ادا شدہ شیئر کیپیٹل کا کم ازکم 10 فیصد رکھتے ہیں، سالانہ جنرل میٹنگ میں شرکت کے لیے ویڈیو لنک کی سہولت کا مطالبہ کرسکتے ہیں۔

اگر آپ یہ سہولت لینا چاہتے ہیں، تو براہ کرم نیچے ظاہر ہونے والے فارم کو پُر کریں اور میٹنگ کی تاریخ سے کم ازکم دس (10) دن پہلے کمپنی کو اس کے رجسٹرڈ پتے پر جمع کرائیں۔

کمپنی ممبران کو میٹنگ کی تاریخ سے کم ازکم 5 دن پہلے ویڈیو کانفرنس کی سہولت کے مقام کے بارے میں مطلع کرے گی اور اس کے ساتھ اس طرح کی سہولت تک رسائی حاصل کرنے کے لیے ضروری مکمل معلومات فراہم کرے گی۔

میں/ہم ________ ساکن ________ ای میل ایڈریس ________

کے مطابق ادریس ٹیکسٹائل ملز لمیٹڈ کا ممبر ہونے کے ناطے، ہولڈر ________ آرڈنری شیئرز جیسے کا رجسٹر فولیو نمبر/CDC اکاؤنٹ نمبر

________ پر ویڈیو کانفرنس کی سہولت کا انتخاب کرتے ہیں۔

ix) SECP کے ذریعہ دی گئی ہدایات کی روشنی میں، جو شیئر 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.idresstextile.com) پر دستیاب ہے اور شیئر ہولڈرز کے دستخط شدہ مذکورہ فارم کو کمپنی کے شیئر رجسٹرار کو بھیجیں۔

x) جن شیئر ہولڈرز نے ابھی تک اپنے ڈیویڈنڈ/ فزیکل شیئرز وصول نہیں کیے ہیں انہیں مشورہ دیا جاتا ہے کہ وہ اپنے غیر دعویدار ڈیویڈنڈ یا شیئرز کے بارے میں معلومات حاصل کرنے کے لیے ہمارے شیئر رجسٹرار سے رابطہ کریں۔ براہ کرم نوٹ کریں کہ کمپنیز ایکٹ، 2017 کے سیکشن 244 کی تعمیل میں، مقررہ طریقہ کار کو مکمل کرنے کے بعد، مقررہ تاریخ سے تین (3) سال کی مدت کے لیے بغیر دعوی کیے گئے تمام منافع اور وفاقی حکومت کے کریڈٹ میں جمع کیے جائیں گے۔ اور حصص کی صورت میں، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کو پہنچائے جائیں گے۔

پراکسی فارم

سیکریٹری
ادریس ٹیکسٹائل ملز لمیٹڈ
اسمٰعیل سینٹر، پہلی منزل
C-6، سینٹرل کمرشیل ایریا
بہادرآباد، کراچی - 74800

میں/ہم ______________________________

ساکن ______________________________

بحیثیت رکن ادریس ٹیکسٹائل ملز لمیٹڈ مقرر کرتا ہوں/کرتے ہیں مسمیٰ/مسماۃ ______________________________

ساکن ______________________________

کو یا ان کی غیر حاضری میں مسمیٰ/مسماۃ ______________________________

ساکن ______________________________

کو جو خود بھی ادریس ٹیکسٹائل لمیٹڈ کا رکن ہے کہ وہ بطور میرا/ہمارا مختار نامہ (پراکسی) ادریس ٹیکسٹائل لمیٹڈ کے ۳۳ ویں سالانہ اجلاس عام میں جو بروز جمعرات، ۲۷ اکتوبر ۲۰۲۲ کو منعقد ہو رہا ہے، یا اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے اور وہ میری/ہماری جگہ میری/ہماری طرف سے حق رائے دہی استعمال کرے۔

بطور گواہ میرے دستخط آج مورخہ ____________________ ۲۰۲۱ جاری ہوا۔

دستخط متعلقہ پراکسی ______________________________ کی موجودگی میں۔

گواہ ۱	گواہ ۲
دستخط ____________________	دستخط ____________________
نام ____________________	نام ____________________
پتہ ____________________	پتہ ____________________

ممبر فولیو نمبر ____________________ CDC شراکت داری نمبر ______________ I.D./Sub A/c No. ______________

شناختی کارڈ نمبر | | | | | | | | | | | | | | | |

ہدایات : یہ مختار نامہ (پراکسی فارم) مکمل پُر شدہ اور پانچ روپے کی ریونیو ٹکٹ پر دستخط شدہ کمپنی کے رجسٹرڈ دفتر میں اجلاس منعقد ہونے سے کم از کم ۴۸ گھنٹے قبل جمع کرانا ضروری ہے۔

FORM OF PROXY

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

I/We ______________________________

of ______________________________

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

of ______________________________

or failing ______________________________

of ______________________________

As my/our proxy in my/our absence to attend and vote for me/us on my/our behalf at the 33rd Annual General Meeting of the Company to be held on Thursday October 27, 2022 and at any adjournment thereof.

As witness my hand this ______________________ of 2022

Signed by the said ______________________ in the presence of

1. Witness:

Signature ______________

Name: ______________

Address ______________

Signature on
Five Rupees
Revenue Stamp

____
Signature of Member

2. Witness:

Signature ______________ Shareholder's Folio No. ______________

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

Address ______________ CNIC No. | | | | | | | | | | | | | | | |

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

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A MEMBER OF THE

Idrees

ALLAWALA GROUP