

made of belief.

Annual Report
2021

Gadoon Textile Mills Limited

7-A, Muhammad Ali Society
Abdul Aziz Haji Hashim Tabba Street
Karachi 75350 Pakistan

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table of contents.

002	Organizational Overview and External Environment
026	Strategy & Resource Allocation
032	Risk & Opportunities
044	Stakeholders' Engagement
052	Sustainability & Corporate Social Responsibility
062	Corporate Governance
104	Performance & Position
140	Outlook
144	Excellence in Corporate Reporting
150	Financial Statements
204	Notice & Checklist



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Organizational Overview & External Environment

004	company information
005	gadoon at a glance
006	business model
008	geographical spread
011	vision, mission, culture & core values
012	business conduct & code of ethics
013	group profile
018	organizational chart
019	senior management
020	value chain positioning
022	pestle analysis
024	seasonality of business
024	significant changes from prior year
024	composition of local vs. imported material / sensitivity analysis
025	awards & achievements

company information

Board of Directors

Mr. Muhəmməd Yunus Tabba (Chairman)
Mr. Muhəmməd Sohəil Tabba (CEO)
Mr. Muhəmməd Ali Tabba
Mr. Jawed Yunus Tabba
Ms. Zulekhə Tabba Maskətiya
Mr. Səleem Zəmindar (Independent Director)
Mr. Zəfər Məsud (Independent Director)

Audit Committee

Mr. Səleem Zəmindar (Chairman)
Mr. Zəfər Məsud
Mr. Muhəmməd Ali Tabba
Mr. Jawed Yunus Tabba

HR & Remuneration Committee

Mr. Səleem Zəmindar (Chairman)
Mr. Jawed Yunus Tabba
Ms. Zulekhə Tabba Maskətiya

Budget Committee

Mr. Zəfər Məsud (Chairman)
Mr. Muhəmməd Ali Tabba
Mr. Muhəmməd Sohəil Tabba
Mr. Jawed Yunus Tabba

Executive Director Finance

Mr. Abdul Səttər Abdullah

Chief Financial Officer

Mr. Muhəmməd Imran Moten

Chief Internal Auditor

Mr. Haji Muhammad Mundia

Company Secretary

Mr. Muhəmməd Umair

Auditors

Yousuf Adil
Chartered Accountants
Independent correspondent firm of
Deloitte Touche Tohmatsu

Registered Office

200-201, Gadoon Amazai Industrial Estate,
Distt. Swabi, Khyber Pakhtunkhwa.
Phone: 093-8270212-13
Fax: 093-8270311
E-mail: secretary@gadoontextile.com

Head Office

7-A, Muhammad Ali Society, Abdul Aziz Haji
Hashim, Tabba Street, Karachi 75350.
Phone: 021-35205479-80
Fax: 021-34382436

Liaison Office

Syed's Tower, Third Floor, Opposite Custom
House, Jamrud Road, Peshawar.
Phone: 091-5701496
Fax: 091-5702029

Factory Locations

- 200-201, Gadoon Amazai Industrial Estate,
Distt. Swabi, Khyber Pakhtunkhwa.
- 57 km on Super Highway, near Karachi.

Bankers

Allied Bank Limited
Askari Bank Limited
Bank Al-Falah Limited (Islamic Banking)
Bank AL Habib Limited
Bank Islami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Industrial and Commercial Bank of China Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Standard Chartered Bank Pakistan Limited
The Bank of Khyber
The Bank of Punjab
United Bank Limited

E-Communication

Website: www.gadoontextile.com
Facebook: www.facebook.com/Gadoontextile
LinkedIn: <https://www.linkedin.com/company/gadoontextilemillslimited>

Share Registrar/Transfer Agent

CDC Share Registrar Services Limited
CDC House 99-B, Block B, S.M.C.H.S.
Main Shahrāh-e-Faisal, Karachi.
Toll-Free: 0800 23275

gadoon at a glance

Our Story

In the late '80s, the Government invited the corporate sector of Pakistan to set up industrial units in the Gadoon Amazai area of District Swabi, Khyber Pakhtunkhwa, to eradicate prevalent poppy cultivation and provide an alternative source of employment.

The Yunus Brothers Group (YBG), considering this corporate social responsibility, participated towards this noble cause, collaborating with the Government and laid the foundations of Gadoon Textile Mills Limited (GTML) in 1988. The Company continued its operations, despite the unilateral withdrawal of incentive, offered by the Government for setting up industrial units, in 1991.

With an aim to achieve its goal through a sustainable strategy and principle of no poverty & zero hunger, GTML made further expansion and growth, as an additional production facility was set up in Karachi, followed by a merger with Fazal Textile Mills Limited (FTML). This timeless effort and devotion towards society made GTML "one of the largest spinning unit of Pakistan."

Our Business

GTML primarily engaged in the textile industry of Pakistan operates in the B2B segment. Involved in the fiber spinning and knitting sector markedly, its production facilities have the capacity of spinning and processing all categories of cotton and manmade fiber, including knitted bedding products.

With reference to our enormous business performance over the decades, we are dedicated in creating a clear-cut difference among the textile industry of Pakistan. The innovative and quality products and ethical and professional standards have helped maintain a customer's portfolio, comprising some of the industry's greatest names at home and abroad. These connections have been strengthening the fabric for the previous thirty-three years.

After marking a strike within the textile industry, the Company also operates in the dairy segment where the prime business is the production and sale of milk with a current herd size of over 1,000 animals.

Product Portfolio

The Company offers a diverse product portfolio mentioned as follows:

Yarns

- 100% Grey Cotton Ring Spun Yarn
- Compact Yarn
- Core Spun Yarn
- Fancy Yarn
- Man-Made / Cellulose Yarn
- Melange / Heather Grey Yarn
- Multi Count Yarn
- Multi Slub Yarn
- Murata Jet Spun Yarn
- Murata Vortex Spun Yarn
- Open-End Yarn
- Poly / Cotton Yarn
- Siro Yarn
- Slub Core Spun Yarn
- Slub Yarn
- TFO Yarn
- Zero Twist Yarn

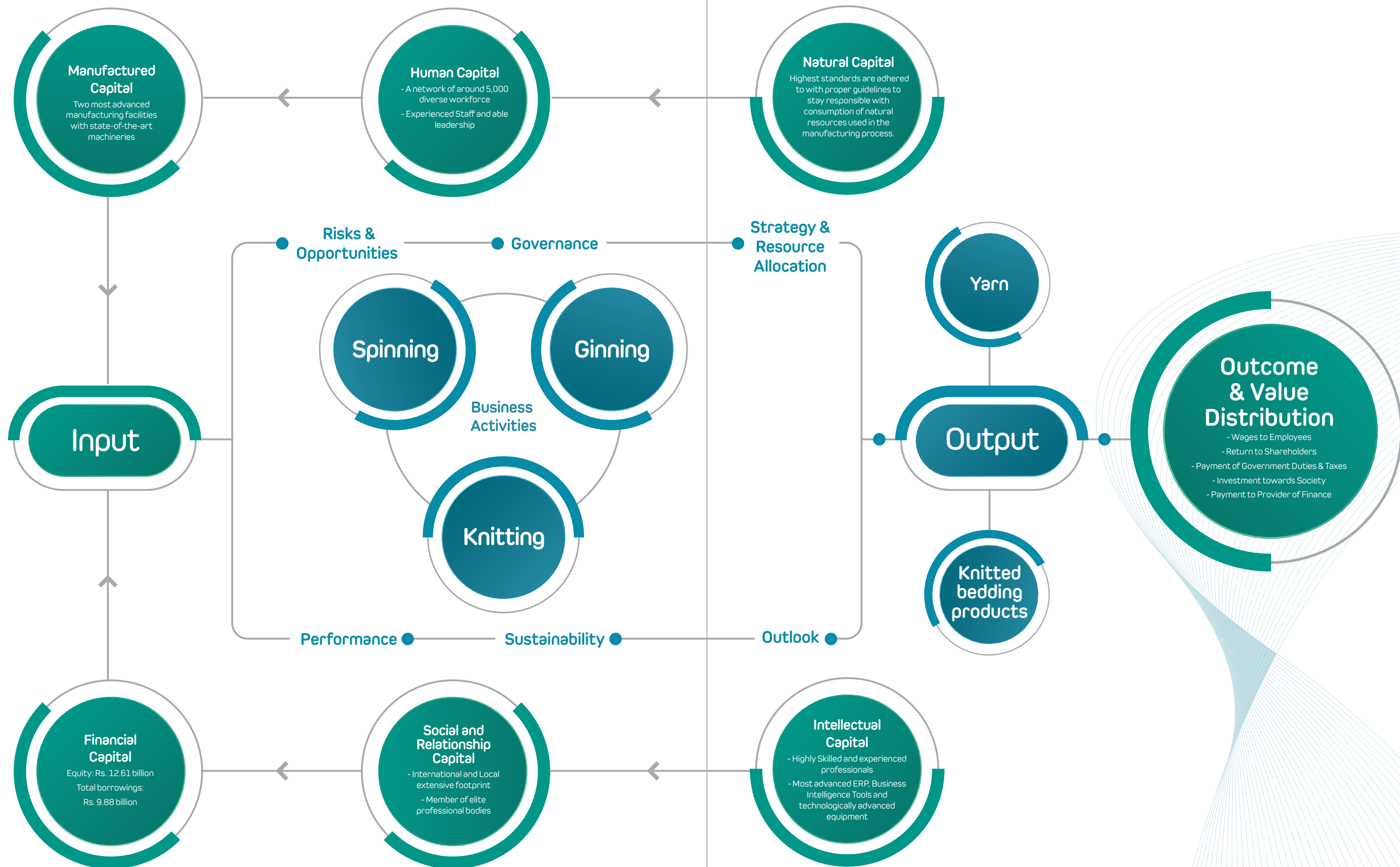
Knitted Bedding Products

- Grey and Dyed Fabrics
- Knitted Fitted Sheets
- Institutional Sheets
- Nursery Kids Sheets
- Pillowcases
- Mattress Covers
- Sheet Sets with Fitted / Flat Sheets & Pillowcases
- Duvet Cover Sets
- Comforters

Our Brands

Koyal and Peach are our two brands having a significant prominence in the market.

business model



geographical spread





vision, mission, culture & core values

Vision

To be the textile manufacturer of the first choice for customers at home and abroad, doggedly pursuing sustained leadership in the markets where it competes and making its valuable contribution to the Country's exports.

Mission

Our mission is to manage a textile business entity aimed at producing quality yarns through innovative technology and effective resource management, maintaining high ethical and professional standards, and coming up to the expectations of all our customers.

We persevere to achieve the highest possible operating efficiencies and lowest costs and expand the business through selective expansion so that we are able to deliver maximum value to stakeholders.

Culture

GTML embraces a culture that is driven by a people-oriented approach and empowers a collaborative environment for employees. The management is committed to promoting a coherent culture and facilitating effective teamwork at the workplace; thus, our strong belief in cultivating open communication is reflected in all that we do. Frequent feedback and performance evaluation on various levels are ensured to sustain equity and transparency of employees, which supplement mutual trust and respect among employees and with management.

Core Values

- Total Quality Management
To maintain the quality throughout the value chain
- Ethical Practices
To synergize and promote equity among all stakeholders
- Environmentally Conscious
To cover the possible aspects of sustainability & corporate social responsibility
- Innovation
To build and enhance the future of innovation within the industry

business conduct & code of ethics

Statement of Intent

The Company ensures that ethical standards are highly maintained and observed in conducting business functions. The Code of Conduct policy has been devised to provide direction to the Company employees in meeting the standards of professional and personal integrity and guiding them towards the proficient conduct. The Human Resource department serves its purpose in ensuring that the employees are well aware of the guidelines. Following are the salient features of Code of Conduct:

Compliance with Laws & Regulations

Each employee must comply with all the applicable laws and regulations. Further, it is also imperative to ensure that the rights of all stakeholders are being protected.

Conflict of Interest

Employees are required to avoid engaging in activities that conflict with the Company's best interest. In case an employee or their close relatives are suppliers or competitors of the Company, it shall be disclosed upon the date of joining, as it might result in a situation of conflict of interest. Under the sustainable goal of peace, justice & strong institution, GTML strongly condemns the abuse of position to achieve any sort of self-interest.

Anti-Bribery & Anti-Corruption

Employees are required to conduct business operations fairly and honestly to maintain the Company's integrity and reputation. Involvement in the acts of bribery or corruption for business or financial gain is prohibited and must be reported.

The Company does not associate itself or is involved with any political party. Thereby, all employees are instructed to refrain from utilizing the assets of the Company in indulgence and appearance for any political activities by any means.

Confidentiality

Confidential information must not be disclosed to unauthorized personnel or used for personal benefit by the employees. Disclosure of sensitive data is permissible in the provision of written approval from authorized individuals, or the information is required by the court, regulatory body, or governmental agency. Confidentiality of the Company information shall be adhered to

throughout the employment period, and even after leaving the Company.

Property Protection

The Company expects its employees to abide by the laws of refraining from any embezzlement of its property, both tangible and intangible assets, entrusted to them, and handle them responsibly.

Fair and Respectful Workplace

Providing a positive work environment for its employees is the utmost priority. The Company has high intolerance for disrespect, gender discrimination, favoritism, harassment, and misuse of authority. GTML is an equal opportunity employer and encourages diversity & gender equality in the workforce.

The Company expects its employees to withhold similar principals while conducting business functions decently, as employees are representatives of the Company.

Health, Safety, & Environment

Ensuring the health and safety of its employees and environmental protection is the focus of GTML. In this regard, the Company has adopted measures to offer a safe working environment and minimize its environmental impact.

The possession of firearms or other weapons or any other dangerous or illegal articles on Company premises or while on Company business, with the exception of employment / job requirement in the Company operations, is strictly prohibited.

Quality Assurance

Product quality is the core focus of GTML. The Company is committed to discovering, developing, manufacturing high-quality products without compromising on the contractual or agreed quality of the product.

Separation from the Company's Employment

Employees must ensure that on leaving the Company's employment due to any reason, the charge and all Company belongings are handed over duly to the satisfaction of management. All the material, electronic equipment, computer and accessories, mobile set and SIM card, soft or hard copies of Company documents, or any Company information or property in any shape or form is returned.

group profile



About YBG

YBG is one of the biggest conglomerates in Pakistan with diversified interests in textiles, building materials, real estate, power generation, chemicals, pharmaceuticals, food, and automotive. The group was established in 1962 as a trading house and then grew rapidly over the years. Currently, YBG is one of the largest export houses in Pakistan.

Holding Company



YB Holdings (Private) Limited (YBHPL)

YBHPL was incorporated in Pakistan in the year 2013 as a Group Holding Company. The company invests mainly in its group companies and has a diverse portfolio in building materials, textiles, energy, chemical, trading, food, and real estate.

Associates



ICI Pakistan Limited (ICIP)

ICIP is incorporated in Pakistan and is listed on Pakistan Stock Exchange Limited (PSX). The company, along with its subsidiaries, is engaged in the manufacturing of polyester staple fiber, POY Chips, soda ash, specialty chemicals, sodium bicarbonate, and polyurethanes; marketing of seeds, toll manufactured and imported pharmaceuticals and animal health products; and merchandising of general chemicals. It also acts as an indenting agent and also deals in the manufacturing of infant milk powder.



Lucky Holdings Limited (LHL)

LHL is a subsidiary of Lucky Cement Limited (LCL) and was incorporated in Pakistan in the year 2012 as a public unlisted company under the Companies Ordinance, 1984. Lucky Cement Limited holds 75% shares of LHL. The main source of earning of LHL is the royalty income received from ICIP.



Yunus Energy Limited (YEL)

YEL was incorporated as a Special Purpose Vehicle (SPV), with a corporate structure of a public unlisted company, in the year 2011, to exclusively develop a 50 MW Wind Power Project in Deh Kohistan, Jhimpir, District Thatta.

The project is equipped with state-of-the-art European technology. Wind Turbine Generators (WTGs) have been manufactured by Nordex Energy Germany, one of the top WTG manufacturers from Europe; an electrical balance of plants has been supplied by Alstom France, a leading grid solution provider; whereas construction activities have been carried out by Descon Engineering Limited, the biggest construction, and engineering company of Pakistan.

It is a clean energy project, harnessing renewable wind resources for the generation of electric power without any carbon emissions. The project is supplying electricity to the national grid on a regular basis post commencing commercial operations in September 2016.

Associated Companies



Aziz Tabba Foundation

Aziz Tabba Foundation (ATF)

ATF is a not-for-profit organization, incorporated in the year 1987. It is a well-reputed platform which undertakes to provide welfare supports to the financially deprived people for maintaining their lives. Welfare supports include providing financial assistance for their shelters, education, marriage, vocational training, laptop support, equipment support, monthly aid, self-employment scheme (motorcycles & rickshaws), Ramadan rations and healthcare treatment. In order to address the acute water shortages in different colonies and underdeveloped areas of Karachi, the Foundation ventures into setting-up tube wells besides arranging water through boring source for the residents of these localities of the city.

ATF is also running 2 hospitals namely Tabba Heart Institute and Tabba Kidney Institute which cater to world-class healthcare services to the community coming from across the country.



Lucky Motor Corporation Limited (LMCL)

LMCL, a subsidiary of Lucky Cement Limited, has completed its 2nd Year of operations at the end of this year. Along with an ongoing relationship with KIA Corporation, part of the Hyundai Motor Group of South Korea, which is South Korea's 2nd largest business group and the world's 5th largest automobile group, LMCL has entered into a License Agreement with the Stellantis Group to assemble and distribute one of their European brands in Pakistan. The Stellantis Group is the world's 4th largest Automobile group which was recently formed and contains a portfolio of 14 international brands. LMCL is set to create history in the automobile industry of Pakistan by manufacturing and distributing two different international brands from under one roof.

LMCL has received and continues receiving an overwhelming response from the market on all its products including the "KIA SORENTO", its most recently launched product. The "KIA SORENTO" is Pakistan's most powerful, locally assembled 7-Seater SUV available in 3 Variants and 2 Engine Sizes, a

2.4L V4 and a 3.5L V6. LMCL currently operates in 19 Cities of Pakistan through an ever-growing network of 33 Dealerships to serve its wide customer base across Pakistan. With several new products in the pipeline, LMCL plans to keep surprising the market with unprecedented innovative products.



Lucky Air (Private) Limited (LAPL)

LAPL was incorporated in Pakistan in the year 2012 as a private company limited by shares. The Company operates an Aircraft of Lucky Cement Limited and provides services for crew, management, technical and engineering services on inbound and outbound flights of the Aircraft.



Lucky Cement Limited (LCL)

Founded in 1993, LCL stands as the flagship company of YBG. LCL is the largest producer of cement in Pakistan with a production capacity of 12.15 MTPA and remains one of the Country's leading exporters of quality cement. LCL is listed on the Pakistan Stock Exchange (PSX). The company has also issued Global Depository Receipts (GDRs), listed and traded on the Professional Securities Market of the London Stock Exchange, and is the first Shariah Compliant company of Pakistan certified by the SECP.

Over the years, the company has grown substantially and is expanding its business operations with production facilities at strategic locations in Karachi to cater to the southern regions and Pezu, Khyber Pakhtunkhwa, to serve the northern areas of the Country. LCL is Pakistan's first company to export sizable quantities of loose cement, being the only cement manufacturer to have its own loading and storage export terminal at Karachi Port.

LCL strives to remain an efficient and low-cost producer and is one of the pioneers to introduce and install Waste Heat Recovery, Refuse Derived Fuel (RDF), and Tyre Derived Fuel (TDF) plants in Pakistan. It also has a self-sufficient captive power generation facility of 180 MW and supplies additionally generated electricity to support the national grid. LCL owns a fleet of bulkers and trailers, which gives added advantage in terms of logistics and efficient deliveries to all types of customers spread across the length and breadth of the Country.

LCL remains focused on the responsible and rational use of natural resources, a strategy that allows it to reduce any adverse impact of its operations and increase its operational efficiency. The company has embedded sustainability at the core of its operations. All the initiatives developed in relation to eco-efficiency are based on its commitment towards the United Nations Sustainable Development Goals 2030.



Lucky Commodities (Private) Limited (LCPL)

LCPL is a trading arm of YBG and is the leading supplier of South African coal in Pakistan. LCPL aims to be the preferred supplier for customers by conducting business with integrity, unparalleled services, and professionalism. Pakistan is currently facing a severe shortage of electricity with the Government's initiative, and the execution of coal-fired power plants in the Country, many industries in Pakistan are moving towards coal as their first priority for electricity and steam generation. As one of the largest suppliers of South African RB1 coal in Pakistan, LCPL makes an important contribution to the industrial sector by fulfilling its coal requirements.

Being part of the largest business conglomerate of Pakistan, LCPL has a strong market presence, which supports the company to build up a network of high-profile clients, which include power, chemical, textile, steel, and other major manufacturing industries.



Lucky Electric Power Company

Lucky Electric Power Company Limited (LEPCL)

LEPCL envisions being the premier energy producer from the private sector to provide economical, safe, and reliable power to the off-taker and deliver sustainable value to all stakeholders. LEPCL is setting up a 660 MW Supercritical Coal-Fired Power Plant (CFPP) at Bin Qasim, Karachi, fueled by Thar lignite coal. It will be Pakistan's first indigenous fuel power plant outside Thar. The project will usher in a new era of indigenous fuel utilization for baseload power generation, in line with the national objective of reducing reliance on imported fuel. Latest technology for emission control is being installed, which includes Flue Gas Desulphurisation (FGD), Electrostatic Precipitators (ESP) along with associated environmentally

friendly equipment. This project is scheduled to be operational in the fourth quarter of 2021. The power generated will be fed into the national grid in line with a power purchase agreement signed with the Government.



Lucky Energy (Private) Limited (LEPL)

LEPL is a Captive Power Producer (CPP) under the National Electric Power Regulatory Authority (NEPRA) incorporated in July 1993. LEPL, is a gas-based thermal power generation unit, with a total production capacity of 56.575 MW. It is equipped with one of the most sophisticated and highly-efficient generators and supplies uninterruptible power to its group companies.



Lucky Entertainment (Private) Limited (LEL)

LEL is involved in managing the Onederland, which is regarded as one of the largest and safest Family Entertainment Center (FEC) in Pakistan, located in Karachi's largest mall LuckyOne. Based on two levels, Onederland features technologically advanced indoor attractions and was awarded the 14th Consumer Choice Award 2019 as "Best FEC and Best Indoor Roller Coaster."

The company has partnered with internationally acclaimed and award-winning manufacturers to provide one-of-a-kind entertainments centers in the city. Featuring arcade games, thrill rides, and virtual reality entertainment, being a member of IAAPA (The Global Association for the Attractions Industry), and the Middle East and North Africa Leisure Attractions Council (MENALAC), Onederland is a one-stop amusement spot for kids and adults alike.



Lucky Exim (Private) Limited (LEXL)

LEXL an indenting arm of YBG, is the largest indenter of South African coal in Pakistan. LEXL is the preferred supplier of customers as the business is conducted with integrity, unparalleled service, and professionalism. Therefore, customers are provided with premium coal that offers the best value for money

without compromise on quality. With an initial focus on coal trading, the company plans to diversify its trade activities to various energy and dry bulk commodities.



Lucky Foods (Private) Limited (LFPL)

Incorporated in 2015, LFPL has a strategic aim to be one of the leading corporate dairy farms in Pakistan. The company is currently focusing on local animals and has also developed its retail shops and home delivery network to reach household consumers. The company has also ventured into the marketing of yogurt and plans to add more value-added dairy products. The farm is located at Super Highway, Karachi. LFPL aims to be a leading player in food-related products, across Pakistan and in the export market.



Lucky Knits (Private) Limited (LKL)

LKL started its operations in 2005. Located in Karachi, the factory consists of a vertically integrated set up, having its own knitting, dyeing, cutting, printing, stitching & packing facilities. The company manufactures a substantial variety of knitted garments, and product line ranges from T-shirts, polo shirts, hoodies, jackets, shorts, trousers, and face masks. As LKL is one of the premier apparel manufacturers in Pakistan with the advantage of having all the facilities “under one roof”, it has succeeded in building effective systems in quality control and inspection procedures.



Lucky Landmark (Private) Limited (LLPL)

Situated in the heart of the city, LLPL owns the LuckyOne Mall, which opened its doors for the public on May 6, 2017. One of the largest malls of Pakistan, with more than 200 retail outlets, the LuckyOne Mall provides an unprecedented retail space that includes a Health & Wellness Avenue, Wedding Galleria, Fashion Alley, Banking Enclave, and one of the largest Food Court, in the country.

Having the largest Carrefour and the biggest atrium in Pakistan, LuckyOne Mall is the first in the industry to have an in-mall open-air Food Street and an international standard Family Entertainment Center - Onederland to facilitate the customers, the mall also offers a double-story basement car parking lot sufficient for around 1500 cars. It is one of the only malls where there is an International Standard - Learning Studio for constant training of management and staff. Recognized for providing an ultimate shopping experience, LuckyOne Mall continues to expand, renovate, and offer an innovative and engaging experience to its customers, making it truly the “Place to Be”.



Lucky Textile Mills Limited (LTML)

LTML was established in 1983 and has since remained one of the leading textile manufacturers in the Country. The company is engaged in the activity of manufacturing and export of fabrics, home textiles, and garments. It has two state-of-the-art weaving mills that altogether have 425 Sulzer Shuttleless looms and 408 Air Jet looms, which are equipped with a computerized back process comprising of Karl Mayer warping and sizing machines.

It has the capacity to process 72 million meters per annum of fabric. Further, LTML has its own power generation facility of 6 MW. The stitching division is equipped with sophisticated high-tech machines that can stitch fabrics and transform them into home textile as well as apparel products with a high degree of precision. Stitching machines include Juki, Brother, Kansai, and automated Texpa plants.



LuckyOne (Private) Limited (LOPL)

LOPL is a project company that has constructed LuckyOne Mall and LuckyOne Apartments. LuckyOne Apartments is a magnificent, multifaceted, first-of-its-kind high-end residential complex that will revolutionize the luxury living experience in Pakistan. LuckyOne Apartments integrates seven elegant residential towers and a large 8-acre rooftop park. The project comprises two phases, of which Phase-1 is being launched.

Conveniently situated at the prime location of Karachi on main Rashid Minhas Road, opposite UBL Sports Complex, the apartments are easily accessible through major flyovers of Karachi. The unbeatable mix of top-class luxury apartments and high-end amenities like swimming pool, gymnasium, jogging track, tennis courts, reading room, event hall, play areas, and the amazing 8-acre rooftop park make LuckyOne Apartments the premiere lifestyle destination for urban living in Karachi.



Tabba Heart Institute (THI)

It is a leading cardiac care hospital of 170-bed with the vision of Quality Care. Since its inception in 2005, the hospital has carved a niche for itself in the Cardiac healthcare sector of the country and has grown manifolds in its reach and magnitude. The hospital was awarded the prestigious Platinum Performance Achievement Award by American College of Cardiology. THI is the FIRST & ONLY Hospital in Pakistan which has been bestowed this distinction for the past three years consecutively. THI is certified by ISO for Quality & Safe Environment practices with ISO 9001 & 14001 standards respectively and accredited by College of Physicians and Surgeons Pakistan for its fellowship training programs.

Besides offering the complete range of therapeutic and preventive care for cardiovascular diseases, OPD consultations are also available for Electrophysiology, Diabetology, Pulmonology, Nephrology, Neurology, Infectious Diseases, Gastroenterology, Physiotherapy, Psychiatry, Geriatrician and General Medicine. THI also has a structured & recognized fellowship training program in Interventional Cardiology, Cardiac Surgery & Cardiac Anesthesiology. Moreover, hospital also offers core skills training program in nursing and Allied Health services.



Tabba Kidney Institute (TKI)

It is a 100-bed Post Graduate Training & Research Center with state-of-the-art technology and expertise of well-experienced doctors, famous for the cure of kidney-related diseases, extends Emergency, In-Patient Department, Consultant Clinics / OPD, Clinical Laboratory, Pharmacy, Radiology services besides providing High-Tech Operation theaters facility equipped with Flexible Ureterorenoscopy, 3D Laparoscopic, 140-watt Laser,

Trilithology and 4K Camera technology.

It is certified by the International Organization for Standardization (ISO) and accredited by the College of Physicians and Surgeons Pakistan for post-graduate training in Nephrology and Urology.



Tricom Wind Power (Private) Limited (TWPPL)

TWPPL is another step of YBG towards sustainable green energy, incorporated as a Special Purpose Vehicle (SPV), with a corporate structure of a private limited company, to exclusively develop a 50 MW Wind Power Project in Deh Kohistan, Jhimpir, District Thatta.

The company has achieved its financial close on November 18, 2019, and is currently under the construction phase. The company is expected to commence operations in third quarter of 2021. The project is financed by a consortium of local and foreign lenders.



Y.B. Pakistan Limited (YBPL)

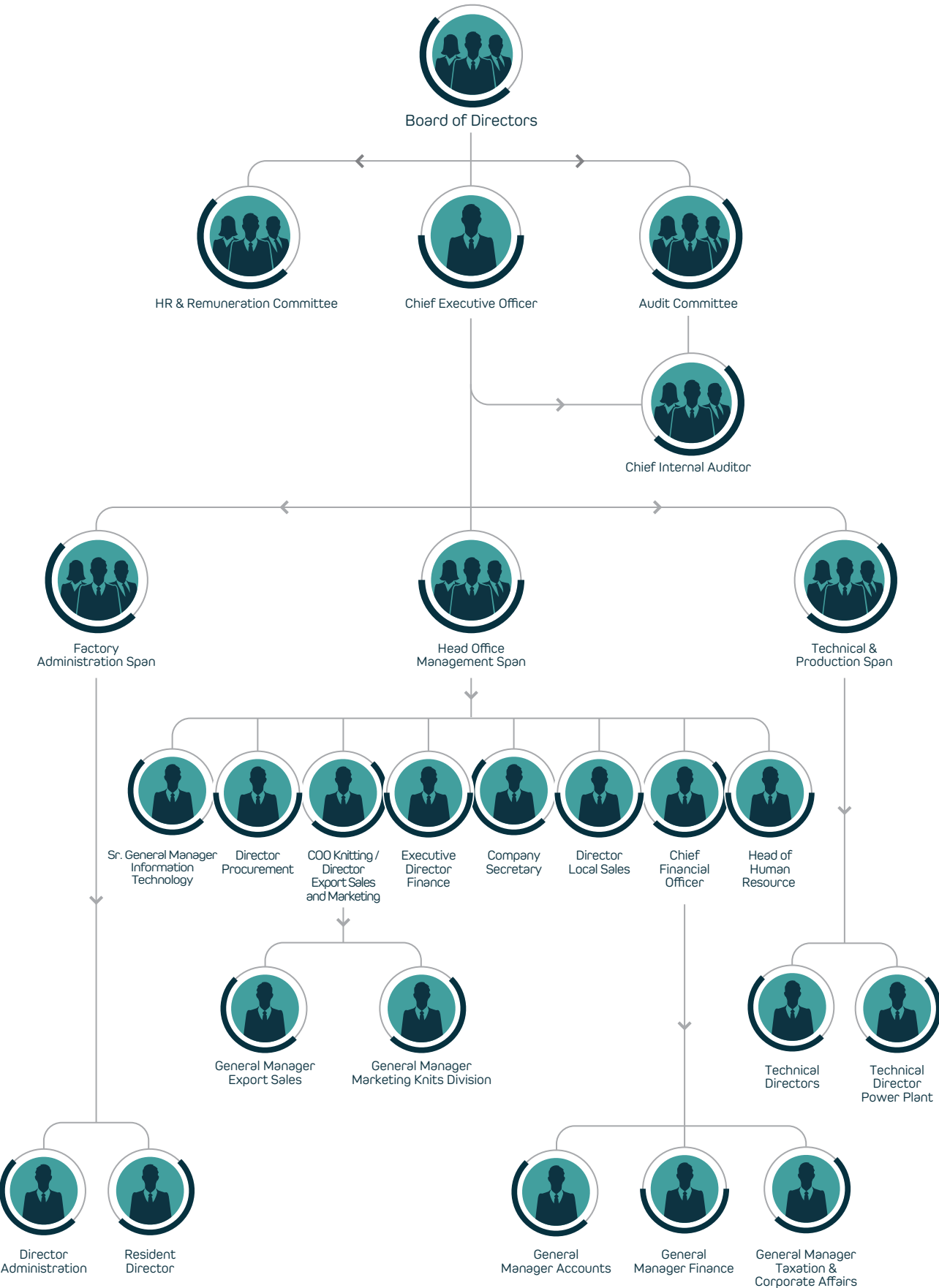
Yunus brothers started business in 1962 as a partnership with Mr. Abdul Razzak Tabbā and Mr. Yunus Tabbā. Initially, the trading grey cloth was the main business. However, with time the firm started in other commodity items e.g., wheat, rice, corn, and other pulses. To encourage corporate culture, the management decided in 2012 to convert the partnership firm into a public limited company with the name and style of Y.B. Pakistan Limited. The company has a diversified portfolio of investment in various segments of businesses.



Yunus Textile Mills Limited (YTML)

YTML is a vertically integrated home textile unit established in 1998, consisting of spinning, weaving, printing, dyeing, finishing and cut & sews with a workforce of 4,500 employees. In a span of 10 years, it became the number 1 home textile exporter of Pakistan with 10% share (approx.) of all Home Textiles exported. The company has its international warehousing, distribution and design development offices in USA, UK and France.

organizational chart



senior management

Head Office

Mr. Muhammad Sohail Tabba
Chief Executive Officer

Mr. Abdul Sattar Abdullah
Executive Director Finance

Mr. Imroz Iqbal
COO Knitting / Director Export Sales and Marketing

Mr. Muhammad Imran Moten
Chief Financial Officer

Mr. Salam Chottani
Director Local Sales

Mr. Haji Muhammad Mundia
Chief Internal Auditor

Mr. Salman Lakhani
Director Procurement

Mr. Muhammad Umair
Company Secretary

Gadoon Amazai Plant

Mr. Waqar Ahmed Khan
Director Administration

Mr. Iftikhar Ahmed
Director Technical

Mr. Mohammad Nadeem Riaz
Director Technical

Mr. Shafqat Mumtaz Ahmed
Director Technical

Mr. Asad Ansari
Director Technical Power Plant

Karachi Plant

Mr. Tahir Saleem
Executive Director Technical

Mr. Akhtar Kamdar
Resident Director

Key Quantitative Information
The number of persons employed as on the date of financial statements and the average number of employees during the year, along with factory employees, is disclosed in note 35 of the financial statements.

value chain
positioning



pestle analysis

significant factors affecting the external environment & organization’s response

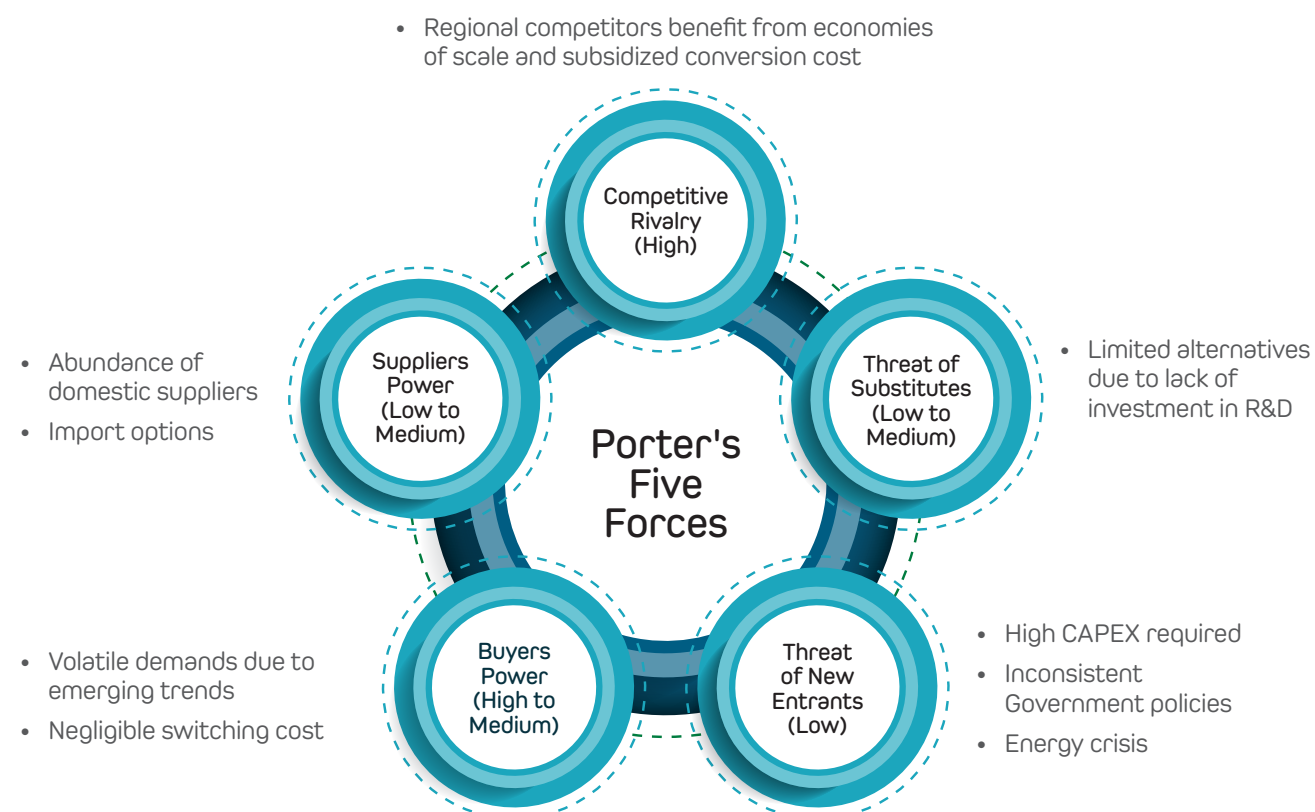
Organizations are affected directly or indirectly by the external environment in which they operate. It is stated with certitude that it is not possible for companies to work in a vacuum or in isolation with their surroundings. The different elements of the external environment are discussed as under:

Factors	Political	Economic	Social
Possible Impacts	Stable political conditions impede the growth of any economy. Frequent changes in Government policies affects the confidence level of the investors, and accordingly, overall business operations are suffered.	Economic conditions have a direct impact on the Company’s performance. An adverse movement in the exchange rate, interest rates, inflation rate, etc. might negatively impact the business of the Company.	Being socially responsible is another significant factor of critical importance that adds to the Company’s performance levels. The organizations involved in playing an active role in the betterment of society earn a name in the market and, accordingly, tend to attract and retain their customers, employees, and other stakeholders.
Organization’s response	<ul style="list-style-type: none">Consistent market analysis by the senior management and proactive planning to mitigate any unfavorable outcome on the Company’s businessArranging sessions with investors / stakeholders to boost their confidence	<p>The Company actively monitors the economic factors and takes steps to minimize its negative impact. Some of the steps taken during the past couple of years are:</p> <ul style="list-style-type: none">Conversion from foreign currency-denominated borrowings to local borrowings, and vice versa, owing to possible devaluation of the currency or increase in interest ratesEfficient cotton procurementInvestment in diversified avenues	<p>The Company not only participates diligently in the CSR activities but also encourages its employees to devote their time to the betterment and well-being of the society. In this respect, different activities are planned each year.</p>

Factors	Technological	Legal	Environmental
Possible Impacts	Technological developments and innovation determine the progression of an organization	Compliance with legal / regulatory requirements is necessary for the Company’s smooth operations.	Company activities have an impact on the environment in which they operate. With the rise in the importance of corporate responsibility, environmental factors are becoming increasingly crucial for the growth of the Company.
Organization’s response	<ul style="list-style-type: none">In order to gain a competitive advantage, the Company regularly invests significant amounts on new technologically advanced machinery, which is evident from Rs. 1.21 billion CAPEX this year as wellThe Company also ensures participation of its senior management in various national / international exhibition / training session, to acquaint them with the latest technology	<p>In addition to its professional team, the Company also hires lawyer / tax expert services, on a need basis, to ensure compliance with all legal / regulatory requirements.</p>	<p>In addition to ensuring compliance with applicable environmental laws and regulations, the Company also takes additional steps regularly, few instances are:</p> <ul style="list-style-type: none">Successfully installed Waste Heat Recovery Steam Generator (WHRSG) plant. This plant operates by transforming the engine’s heat and smoke into power that is used for further processesInstallation of RO water plant within the premises of factory in order to provide the clean water & sanitation for the entire workforce

Competitive Landscape and Market Positioning

Porter's Five Forces model has been used to analyze the industry structure and the corporate strategy of GTML for further measuring the competition intensity, attractiveness, and profitability of the textile industry.



Seasonality Of Business

The Company's major business is derived from the manufacturing and sale of yarn. During this year, the demand and supply in the cotton and related markets noticed significant fluctuation from time to time, due to earlier than expected resumption in business activities.

The Marketing team performs regular trend analysis to pursue upcoming demand well before regional and international festivals. However, the export to China gets stagnant during the vacation on account of Chinese New Year.

Significant Changes from Prior Years

There were no significant changes within the organization regarding the information disclosed in this section.

Composition of Local vs. Imported Material / Sensitivity Analysis

As a yarn manufacturer, raw cotton is the main raw material. The composition of the raw material procured during the fiscal year is stated as follows:

For the Year	Imported		Local		Total	
	KG (in '000)	(Rupees in '000)	KG (in '000)	(Rupees in '000)	KG (in '000)	(Rupees in '000)
2021	71,232	20,257,263	19,857	3,602,358	91,089	23,859,621
2020	67,678	17,713,321	27,541	5,638,968	95,219	23,352,290

The Company is exposed to foreign currency fluctuation for its imported raw material. If the Pakistani Rupee had strengthened / weakened by 10% against the US Dollars, Euros and Swiss Franc with all variables held constant, the raw material cost for the year would have been higher / lower by Rs. 2.03 billion (2020: 1.77 billion). This analysis assumes that all other variables, in particular, interest rates remain constant.

awards & achievements

- Top 25 Companies for the Year Awards
- Top Line Exporters Award
- Top Exporter (Foreign Exchange Earner) of the Province
- Top Importer of the Province
- Top Income Tax Payer of the Province
- Best Consumer Award
- Businessman of the Year Gold Medal Award
- Business Excellence Award
- ACCA and ICAEW Approved Employer Status
- ICAP's Outside Practice Scheme's Enrollment
- Awarded with Best Corporate Report Awards
- Secured First Place in National Finance Olympiad (NFO) 2016 organized by ICAP

Awards Received During the FY 2020-2021

Best Corporate Report Award

The Company believes in providing the stakeholders with a well-integrated corporate annual report and ensures the quality and transparency of information provided to them.

Keeping in view, the Company's best corporate reporting practices, the Company's Annual Report for the year 2019 was able to secure the second position in the Textile sector in the Best Corporate Report Award competition jointly held by Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMAP).



Top Line Exporters Award

GTML has achieved another milestone after being listed among the top line exporters of the year 2020. The Exporters Recognition Award was presented by the honourable President of Pakistan, Dr. Arif Alvi, at the ceremony organized by Employer's Federation of Pakistan (EFP) at Aiwan-e-Sadar Islamabad.



Top 25 Companies Award

The PSX has adopted a practice to acknowledge the performance of the top 25 companies every year based on comprehensive criteria which include; capital efficiency, profitability, free-float of shares, transparency, corporate governance & investor's relation, and compliance with the listing of companies & securities regulations.

GTML once again bagged the Top 25 Companies Award for the year 2019 for its remarkable performance in the areas highlighted in the criteria.





made of commitment.

Strategy & Resource Allocation

- 028 strategic objectives & plans
- 030 factors affecting the strategic approach
& resource allocation
- 030 strategic decision-making process
- 031 plans & decisions
- 031 changes in objectives & strategies
- 031 liquidity strategy

strategy & resource allocation

The foundation of an organization’s planning lies upon the identifiable goals towards which all organizational activities are directed. Objectives serve the basis of managerial functions and organizational existence of any organization. GTML devises challenging objectives for attaining profitable results and gaining a competitive advantage in the market. The strategic objectives are an integral part of a business that plays a pivotal role in the organization’s success. The objectives of GTML are mentioned below.

Strategic Objectives and Plans

Objectives	Priority	Timeline	Current Status	Strategy	Resource Allocated
Sales maximization and global footprint	High	Short Term	Ongoing Process	Maximize sales by exploring and entering new markets, hence increasing the global footprint of the Company.	Financial Capital, Social and Relationship Capital and Manufactured Capital
Attaining business synergy through operational efficiency	High	Short Term	Ongoing Process	Regularly monitor the business processes and look for ways to make the overall process lean and efficient.	Human Capital
Diversification of risk and businesses to maximize shareholders return	High	Medium Term	Ongoing Process	Expand within and outside the spinning sector by continuously seeking for viable avenues.	Financial Capital and Human Capital
Sustain industry leadership	High	Long Term	Ongoing process – Targets for the year achieved.	Planned and regular upgradation of production facilities; timely deployment of the latest technological innovations and manufacturing techniques to maximize overall efficiencies and production of a customer - centric product.	Manufactured Capital, Human Capital and Intellectual Capital
Maintaining high ethical, professional, and environmental standards	High	Long Term	Ongoing Process	To continuously monitor and incorporate the best industry practices within the Company that contributes to the stakeholders’ well-being.	Social and Relationship Capital and Human Capital
Contribution towards the sustainability of the society at large	High	Long Term	Ongoing process – The Company has conducted several CSR activities and R&D throughout the year in order to serve the society.	Continuing a chain of sustainability through elimination of carbon and by investing in environmentally friendly energy projects. Further contribution towards social initiatives related to employment, health and education.	Financial Capital, Manufactured Capital and Natural Capital

Resource Allocation Plan	KPIs
In addition to the budget allocated for marketing to boost export sales (financial capital) and to explore new markets, the management is placing efforts to build a global image of the Company (social and relationship capital). For these reasons, various activities are being planned for the coming year too. The Company, being a member of various forums / associations, also attends investment conferences and seminars both locally and globally, thus promoting its corporate image (social capital). In addition, to ensure presence at various events / seminars, our Corporate and Branding team continuously monitors possible avenues and participates actively.	1. Market Share 2. Number of new Countries tapped
The Company keeps a significant focus on investment in the training and development of its staff and executives at various local and international levels. This helps staff and executives improve their management and technical skills and equip them with the latest production techniques to enhance overall efficiency and effectiveness (human capital).	1. Impact on costs 2. Internal and External Training sessions
In order to achieve this objective, GTML has strong financial standing and has sufficient available limits (financial capital). In order to manage the investment in diversified projects, GTML has an experienced management pool. The roles and responsibilities have also been appropriately assigned to a dedicated team of professionals (human capital) who are responsible for managing investments, and their competency level has been ensured.	1. Profitability ratios 2. Return on Capital Employed
In order to sustain industry leadership, the Company has been investing in technologically advanced machines (manufactured capital) and most advanced Enterprise Resource Planning (ERP) and business intelligence tools (intellectual capital). It anticipates that in the coming years, the Company will be able to rationalize its workforce (human capital), which will bring in further value addition to the Company.	1. Profitability ratios 2. Market share
The management of the Company places strong emphasis to ensure that all regulatory requirements and best industry standards are complied with (social and relationship capital). Achievement of this objective would help maintain healthy relations with employees (human capital) and other stakeholders.	1. Employee retention ratio 2. Long term relations with stakeholders
In order to provide for the society, the management of the Company has taken keen interest in different kind of CSR activities and allocated fund for the same (financial capital). Further, in order to promote sustainability, regular research is being done to eliminate the carbon footprints and install technologically advanced power generation plants to re-use the natural sources (manufactured capital). In order to emphasize on the minimal wastage of natural resources used in manufacturing process, techniques are adopted for effective use of natural resources (natural capital).	1. Allocation of funds for CSR 2. Percentage of SDG’s compliance 3. Percentage of Energy saved

The KPIs stated will continue to be relevant in the future.

Factors Affecting the Strategic Approach and Resource Allocation

The Company’s management is confident over its strategic approach & resource allocation plan for the progressive success within the industry. However, there are still a number of MACRO factors that might affect the plan either directly or indirectly. Following are some factors and its possible effect on the strategic approach and resource allocation plan.

Factors	Effect on Strategic Approach	Effect on Resource Allocation Plan
Technological changes	The change in technology & innovation, opens the door of progress. However, this may also change the consumer behavior and their pattern of use of products / services. The strategic approach needs to be amended with any possible change in technology in order to cope with the technological changes.	The possible lack of trained staff and risk of wrong handling of the equipment or malfunctioning of new machinery, might impact the resource allocation plan.
Environmental challenges	Environmental challenges are inevitable, such as climatic changes, shortage of resources and the loss of ecosystem, however, through implementation of more sustainable strategy we can ensure the safety of the environment and more effective use of natural resources.	Environmental change alters consumer behavior, this can be detrimental to the business activity. However, by ensuring strict compliance with the regulations and more environmentally friendly practices, we can manage to achieve the strategic goal of the Company to strive and thrive.
Societal Issues	Societal issues such as health, poverty, and educational system affects the pattern of consumer behavior and thus have an impact on the businesses globally. However, the Company has a strategy to cater the change in consumer patterns over time by continuous research & development to produce environmentally sustainable products.	Any change in the societal issues may require the Company to lay further emphasis on corporate social responsibility, change workplace culture, possible allocation of resources towards green or ecological products, and more positive attitude towards use of renewable energy etc.

Strategic Decision-Making Process

The committees of Board members are being formed to make strategic decisions and to establish and monitor the culture of the organization, including its attitude to risk and mechanisms for addressing integrity and ethical issues. Such matters are discussed and updated on monthly basis and reviewed by members of the committees on quarterly basis.



Plans and Decisions

From time to time, the Company has diversified its business operation through expansion, restructuring, including the merger. However, there are no plans for any significant restructuring, expansion of business operations, or discontinuance of any operation in the near future.

Changes in Objectives and Strategies

The business objectives and strategies of the Company are developed through extensive research, planning, and benchmark practices. The objectives and strategies have been designed in alignment with the vision statement of the Company. To measure the Company’s performance against the stated objectives, key performance indicators have been set, which are regularly measured and monitored by the management.

There has been no material deviation from the targets’ set to achieve the strategic objective during the current year.

Liquidity Strategy

Current Liquidity Position

The liquidity position of the Company is on a solid foundation, and it has an adequate capital structure mainly supported by equity.

	2021	2020
	(Rupees in ‘000)	
Equity	12,610,075	9,084,358
Long Term Finance	4,839,538	3,594,781

The Company stands on a strong repayment legacy as the Company has never defaulted any payment against financial institutions, vendors, Government agencies, etc. and the management is confident that the Company would not face any liquidity issues in the future. The Company has sufficient liquid resources in hand to meet its working capital requirement. The Company has managed to improve its current ratio over the years, which is evident from an increase in the current ratio from 0.80 in 2016 to 1.31 in 2021. This depicts the performance of the management in achieving the targets set by the Board. The management ensures all necessary measures to manage the ratio at the optimum level.

The increase in long term finance is mainly on account of CAPEX during the year. The principal repayment of Rs. 1.49 billion out of Rs. 4.84 billion appearing as long-term finance as at June 30, 2021, will be due after five years.

Financing Arrangements

The Company has cordial business relations with all the reputed banks and financial institutions of the Country. Adequate unutilized financing facilities are available at the Company’s disposal. The Company has a sustainable growth with business stability. Moreover, the gearing of the Company has also been monitored and controlled in line with business objectives. The Company regularly monitors the debt-equity ratio to keep the Company from any excessive debt pressure.





made of dedication.

Risk & Opportunities

- 034 risk management
 - methodology
 - framework
 - policy
- 036 risk and opportunity report
- 039 robust assessment of risk
- 039 capital structure & payment of debts
- 039 promoting & enabling innovation
- 040 materiality determination
- 043 swot analysis

risk management

Methodology

Risk Management Methodology are the key components of Risk Management Framework, which are mainly distributed into three segments. The management is committed to follow the international standard of risk management methodology to mitigate or minimize the risk at an acceptable level.



Framework

Effective risk management plays an essential role in the operational phenomenon of the Company. Whereas, the implementation of an affirmed risk management framework that embeds best practices into the Company's risk culture can be the cornerstone for the future. On the behalf of the Risk Management Framework (RMF) following are the major aspects which are in practice to assure the mitigation of risk at all levels.

- Identification of Risk
- Measurement of Risk
- Mitigation of Risk
- Reporting and Monitoring of Risk
- Governance of Risk

Based on the above, the management has developed the Risk Management Policy.

Policy

The purpose of the Risk Management Policy (RMP) is to identify the risk, which may create hindrances for management to achieve the Company's objective and introduce appropriate and effective controls to mitigate the identified risk. The Board of Directors (BOD), Chief Executive Officer (CEO), and concerned Head of Department (HOD) are responsible for the Risk Management Policy.

Following are the salient features of the Risk Management Policy:

- Management must ensure that every HOD must identify the risk of his / her department and describe the measures to mitigate the identified risk. Every department must be updated about relevant regulatory requirements, laws, and codes of conduct pertaining to the activity of his / her department, and it should be observed and implemented at various execution levels.
- Each risk should be categorized in 4 levels, namely low, medium, high, and crucial.
- HOD should set and change the levels of risk with the consultation of the Chief of Internal Audit (CIA). HOD will also be empowered to modify the measures to cope up with already identified risk.
- The monitoring and reporting level of each risk will be defined by the CEO with the consultation of CIA and HOD.
- Every HOD will prepare a document of the identified risk of his / her department along with the control measure to mitigate the risk. The HOD will keep the record of change in the level of risk and will keep track of reporting to higher authority and measures taken by the concerned department to control the situation. Every change in the level of risk shall be reported to the CIA for assessment and updating in the Risk Register.



Risk Register & Annual Presentation to Board

The Internal Audit department shall prepare and update the Risk Register. The Internal Audit department shall evaluate the effectiveness of control and should also check the reporting of the risk to the CEO / BOD when it is being required to be reported. CIA will present the report to the Board annually about the newly identified risk of every department and control measures taken by the HOD along with the Risk Register of already identified risk.

risk and opportunity report

The management of the Company follows a rigorous approach to risk management, which is essential to running a successful and sustainable business. The Board of Directors of the Company is closely connected to effective risk management. Risk assessment, reporting, and control help enhance governance and control policies and keep the Company aligned with its objectives.

Potential Risks

Our Board members have diversified skills, knowledge, and experience, which enable them to identify and manage the key risks that are likely to arise. They also steer the culture of an organization, which promotes an appropriate balance between risk and opportunities.

Category of Risk	Risk	Form of Capital	Source	Assessment
Strategic Risk	Economic and Political stability of the Country	Social and Relationship Capital / Financial Capital	External	Likelihood: Medium Magnitude: High
	New Laws and Regulations	Social and Relationship Capital	External	Likelihood: Medium Magnitude: Medium
Commercial Risk	Increased competition between local and international suppliers of the product	Social and Relationship Capital / Financial Capital	External	Likelihood: Medium Magnitude: High
	Disposal of waste in an appropriate manner	Manufactured Capital / Social and Relationship Capital	Internal	Likelihood: Low Magnitude: Medium
Operational Risk	Safety and security of assets	Manufactured Capital	Internal	Likelihood: Low Magnitude: Medium
	Employee turnover	Human Capital	Internal	Likelihood: Low Magnitude: Medium
Financial Risk	Adverse changes in interest rates	Financial Capital	External	Likelihood: Medium Magnitude: Medium
	Defaults in payments by Debtors	Financial Capital	External	Likelihood: Low Magnitude: Medium

Effect on Strategic Objectives	Plans and Strategies to Mitigate Risk
Unstable conditions cause hindrances for the management to take strategic decisions in order to maximize returns. Further, it can impact the Company's reputation in the global market, making it difficult to expand its global footprint.	The Company believes in an open and transparent relationship with the Government, regulator, and other political stakeholders. As part of the larger industry, the Company, through its representatives, provides valuable suggestions to regulators / committees / sub-committees. We regularly monitor the economic and legal impacts of Government policies and political actions on the Company as well as the textile industry.
Non-compliance with the laws and regulations can negatively reflect on the Company's image.	The Legal and Corporate department proactively monitors and ensures that all relevant laws and regulations are complied with.
Intense competition can impede in sustaining industry leadership.	The Company believes that its years of experience, quality, research and development, brand image, and customer loyalty are success factors to sustain even in this global economic scenario.
Failure to comply with the appropriate mannerisms can sabotage the Company's reputation in the market.	Management proactively monitors the arrangement of disposal and treatment of waste material in place and ensures that all environment-related laws, specifically as are recommended in the Sustainable Development Goals (SDG) are complied with.
Damage to the assets can cause financial loss and affect the profitability of the Company.	The Company has formulated and implemented a safety and security mechanism throughout its manufacturing and administrative facilities. Moreover, all assets are insured through reputable institutions in order to safeguard assets against any unforeseen event.
High employee turnover would prevent the Company from achieving overall business synergies.	The Company provides a good working environment and optimal growth opportunities to its employees in order to keep them motivated and to keep them connected with the Company without any sort of gender discrimination & inequality.
Fluctuation in interest rates can complicate the decision-making process for diversification of business which accordingly will have an impact on shareholder's return.	The Company mainly meets its working capital requirements through short term financing facilities. In order to mitigate the risk of rising interest rates, management negotiates prevailing market rates and maintains an efficient portfolio of sources of funds.
Defaults in payments may impact the Company's cash flows, which in turn may impact the profitability.	The Company regularly monitors the credit period and balance of major parties. Reconciliation and confirmations are also obtained from parties periodically.

Potential Opportunities

Pakistan is one of those countries where the upper-middle class and middle-class population forms the majority. This factor opens up the opportunity to sell knitted wear and garments to the Country's local mainstream population. The ever so competitive local and international market has made it difficult for companies to sustain. This provides our Company with the opportunity to acquire smaller players of the market and increase its market share and economic efficiencies.

Key Opportunities	Form of Capital	Source	Effect on Strategic Objectives	Strategy to Materialize
Increasing profits and growing demand in the market	Social and Relationship Capital / Financial Capital	External	Enable the Company to maximize sales and returns, facilitating the sustainability of industry leadership.	The Company continuously strives to increase its productivity and profitability and efficiently manages business operations to cope with the growing demand.
Maintaining healthy external relationships strengthen the Company portfolio	Social and Relationship Capital	External	Aids in expansion and sales maximization, which in turn would maximize shareholder return.	The Company works on managing external relations, promoting the brand by enhancing its social media presence, and branding activities to cultivate its brand image.
Hiring of quintessential employees. Skilled resources would assist in continually changing the business climate	Human Capital	Internal	Help the Company achieve overall business synergies.	The Company participates in Talent Hunt Programs in reputed universities, regularly updates its job application process, and develops talent assessment tests to hire right-fit candidates without any discrimination. The Company actively conducts learning and development programs for improving the interpersonal and technical skills of the employees so that innovation and change can be brought about.
Technology Advancement	Manufactured Capital / Intellectual Capital	External	Use of latest technology would help the Company stay ahead of the competitors and sustain industry leadership.	The Company continuously invests considerable amounts in technologically advanced machinery in order to remain competitive and cost-efficient. The core strategy behind this ideation is to uplift the level of innovation within the industry.
Diversification of Product Range	Social and Relationship Capital / Manufactured Capital	External	Enhance the overall productivity of the Company and maximize sales.	The Company keeps itself updated regarding new trends, customer choices, thus; the Company cope with the new ideas accordingly.

Robust Assessment of Risk

As disclosed in the Directors' report, the Board of Directors has carried out a robust assessment of the principal risks which the Company is facing and are confident that the Company has adequate plans / resources to outweigh the possible negative impact of these risks.

Capital Structure and Payment of Debts

As discussed in the Strategy and Resource Allocation section, the Company has an adequate capital structure, mainly supported by equity. Further, the Company has a practice of settling obligations on a timely basis, and as per the approved policy there is no history of any default with respect to payment of the debt at all.

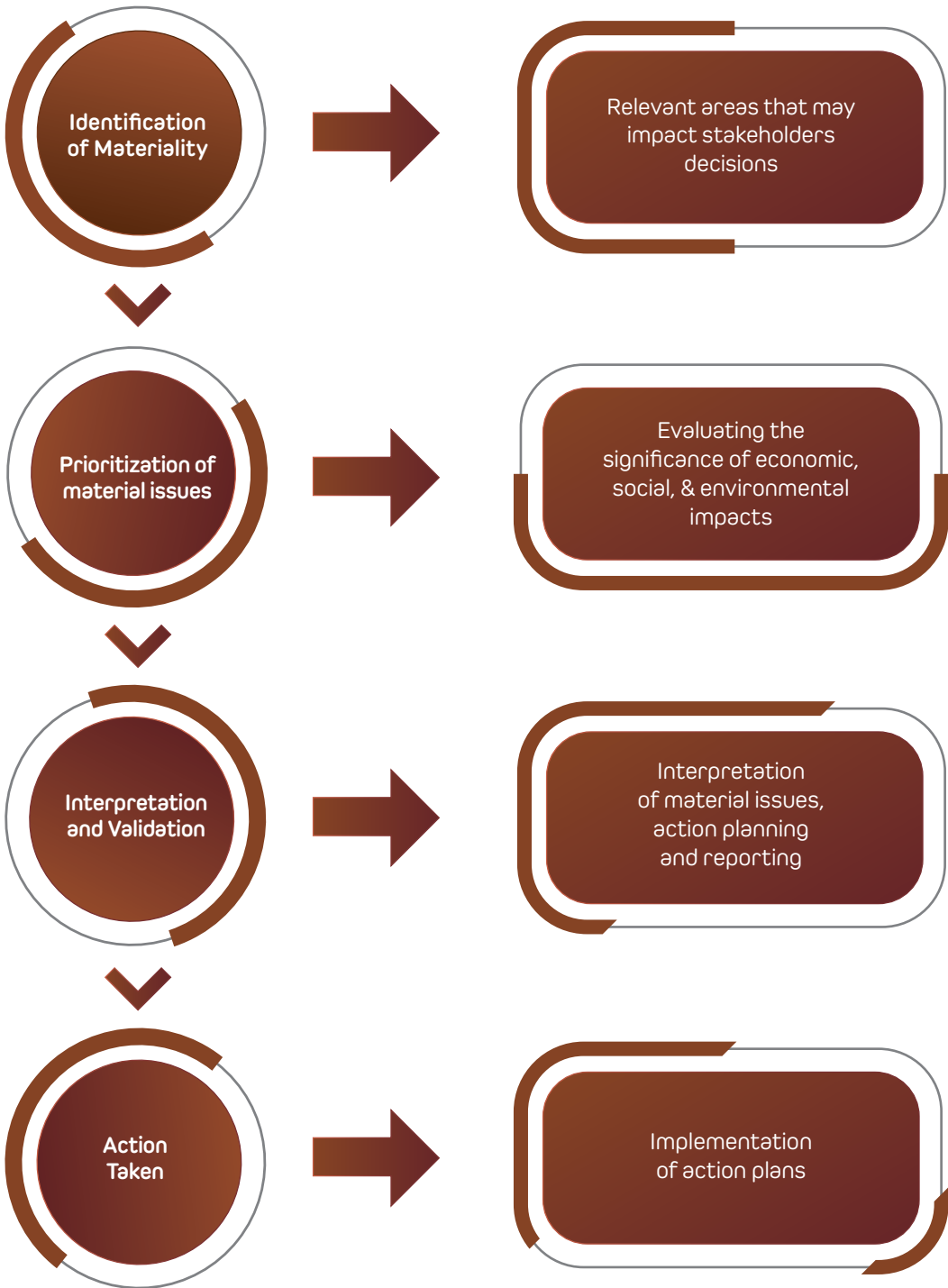
promoting & enabling innovation

Under the context of sustainable development goals, it is our utmost duty to contribute for the innovation & growth of the industry. We continuously innovate our processes and invest in the state-of the-art technology to stay ahead in our production & operational activities. Therefore, we are always focused on striking towards the implementation of latest innovation day by day.

materiality determination

Materiality Analysis

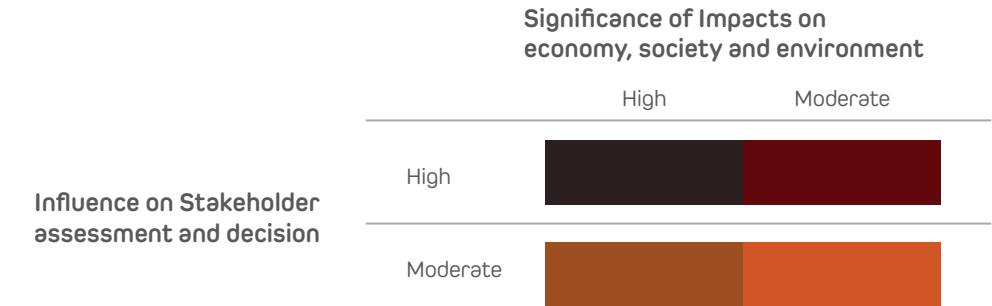
Materiality determination of the Company is the value-creation strategy that prioritizes the most impactful areas of society, environment and economy. The issues highlighted to influence the decision-making process of the stakeholders and the responses, needs to be timely identified, evaluated, and formulated.



Materiality Matrix

The identified material issues have been presented in the table below. The matters have been marked on the basis of their effect on stakeholders’ assessment and decisions, and significance of their impact on the economy, society and environment. The materiality analysis not only helps in identifying issues to the stakeholder but also assists us in deciding the area of focus of our internal resources.

Sustainability Area	Material Topic	Marking	Boundary
Social	Business Ethics		GTML / Supplier / Customer
	Human Rights		GTML
	Health and Safety		GTML
	Training and Education		GTML
	Compliance		GTML / Regulator
	Marketing Communications		GTML
	Data Privacy and Cyber Security		GTML
	Stakeholder and Community Involvement		GTML / Community
Environment	Energy and Water		GTML
	Carbon Emissions		GTML / Community
	Material Consumption		GTML / Supplier
Economic	Economic Performance		GTML
	Economic Returns		GTML
	Market Presence		GTML





SWOT analysis

SWOT analysis is an approach to watch out for the strengths, weaknesses, opportunities, and threats of the business.

GTML ensures that it uses its strength to utilize the opportunities available, eliminate the threats, and turn its weaknesses into the business's strengths.



Strengths

- Market dominance
- In-house power generation
- Strong group structure
- Economies of scale / financial position
- Brand positioning / customer loyalty
- Availability of a wide range of products
- State-of-the-art plant and production facilities
- Global reach to internationally acclaimed clients
- Experienced and professional workforce

Weaknesses

- Mature market with a number of product substitutes
- Labor-intensive operations
- Substantial portion of production based on the volatile cotton market
- Dependence on a particular region for sales
- Major reliance on the spinning segment

Opportunities

- Overall exposure of untapped export market
- Availability of expansion in segmented market with bare minimum capital expenditure
- Diversification of product range. Target the niche market due to a wide range of product manufactured
- Increasing profits and growing demand in the market
- Technological advancement
- Horizontal & vertical integration

Threats

- Continuous increase in operating cost
- Political instability
- Poor economy & inflation fluctuation
- Imposition of innovative taxes and uncertain Government policies
- Shortage of raw material due to natural disasters
- Abrupt fluctuation in interest and exchange rates
- Availability of subsidized yarn by regional competitors



made of adaptability.

Stakeholders' Engagement

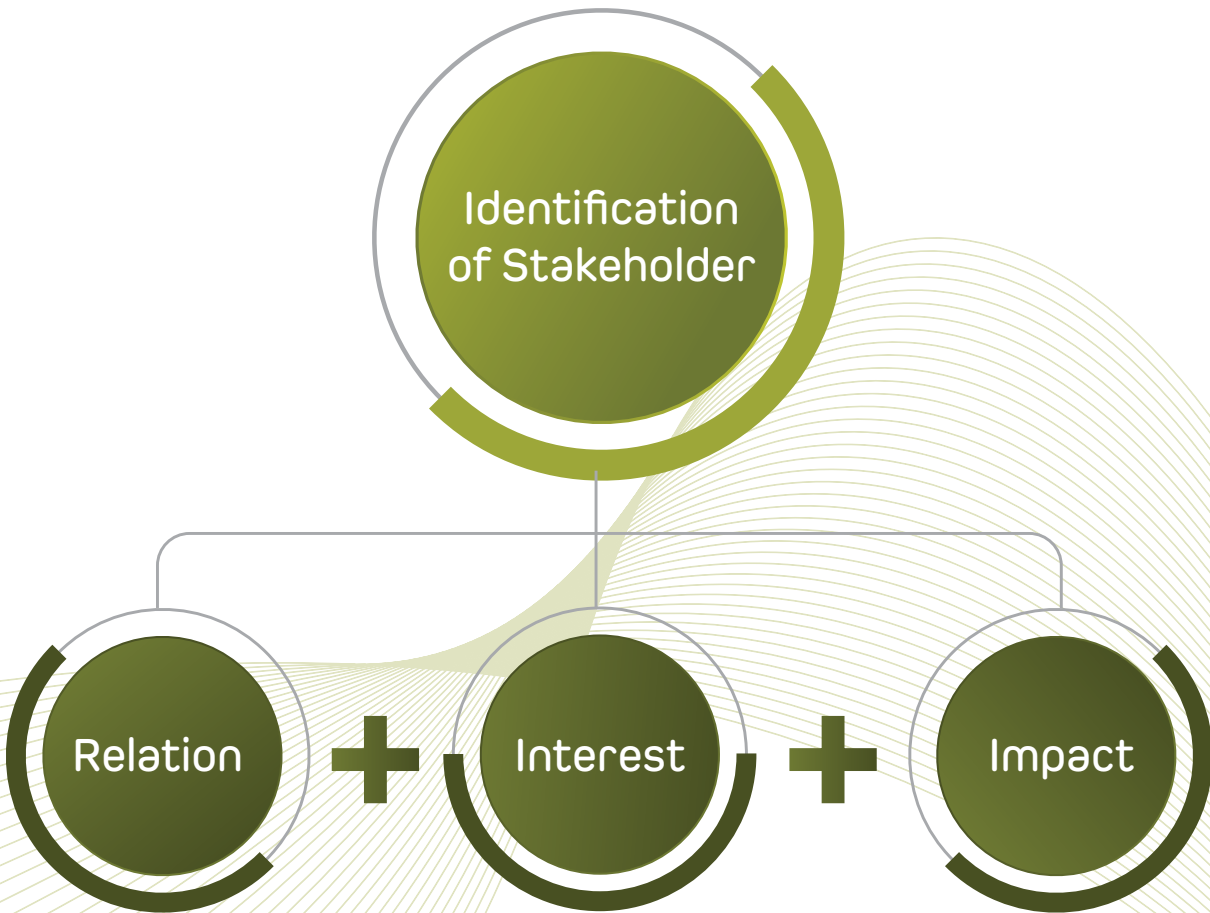
- 046 identification of stakeholders
- 047 stakeholders' engagement
- 048 relation with stakeholders
- 048 senior management's video presentation
- 049 statement of value addition & its distribution
- 050 stakeholders' engagement policy
- 050 investor roadshows / corporate briefing program
- 051 redressal of investors' complaints

Identification of stakeholders

GTML focuses on identifying and establishing strong relationships with its stakeholders to encourage the growth and existence of the Company. A stakeholder is said to be an individual or a group that can be affected by or can affect the business operation either directly or indirectly. There are several factors involved in identifying the type or nature of a stakeholder from which some are as follows:

- Relation of a stakeholder with the business;
- Interest of a stakeholder in the business; and
- Impact of a business operation / decision on the stakeholder.

Nature / Type	Relation	Interest	Impact	Examples
Primary Stakeholder	Shares direct relation with the business activities	Are interested in day-to-day operations of the business	Are directly impacted by the decisions taken by the Company	Investors, employees, customers, and suppliers
Secondary Stakeholder	Are indirectly related to the business operations / activities	Take interest once in a while or when major decision has been taken by the Company	Are indirectly impacted by the decisions taken by the Company	Media groups, regulators, community, and other external groups



stakeholders’ engagement

GTML focuses on establishing strong relationships with its stakeholders to encourage the growth and existence of the Company. The Company makes use of commitment, sincerity, competence, effective communication, and reliable behavior to collaborate with its stakeholders.

Stakeholders	Description	Frequency
Investors and Shareholders	To update investors / shareholders about the Company’s current performance / future plans and provide them with a platform for raising their concerns, the Company engages with them through Annual General Meetings, Quarterly / Half Yearly / Annual Reports, websites, and investor/corporate briefing sessions.	Annually / Quarterly / Continuous / as required
Customer and Suppliers	The Company strives to come up with new ways to interact with its customers and suppliers. It engages with all its customers and suppliers through get-togethers, market visits and customer satisfaction surveys, and feedback on a periodic basis.	Continuous
Banks and Lenders of Finance	GTML considers the providers of funds to be our partners in success and ensure that they are frequently engaged with the Company and taken into confidence as and when required. The Company maintains excellent relationships with all the leading financial institutions of the Country.	Continuous / as required
Media	GTML engages with the media and disseminates news and other happenings to its stakeholders through press releases, corporate briefings, media announcements, and presentations, etc. Further, our Corporate Branding team regularly updates our social media platforms and website.	As required
Regulators	GTML believes in strict compliance with applicable laws and regulations. To remain compliant, GTML ensures that all the regulators’ queries are responded to on a timely basis, including the filing of various statutory returns / forms.	Periodic / as required
Local Communities	GTML actively participates in various CSR initiatives and activities in the health, education, and social sector.	As required

relation with stakeholders

A healthy relationship with stakeholders is the key of successful business. Under the context of this fact our management understands that any dispute with the stakeholder can have hindrances in day-to-day business operations and therefore give due importance to their feedback / suggestion. Accordingly, stakeholders are allowed to have direct access to the Company Secretary in case of any grievance. Furthermore, the Company also ensures that all business activities between stakeholders are conducted through fair, legal, and ethical means.

Minority Shareholders

The shareholders hold immense value for the Company. GTML prioritizes the interests of its shareholders, and so their views are of utmost importance to us.

Regardless of their shareholding value, we encourage all shareholders to attend the General Meetings.

The Company has adopted the following steps to encourage minority shareholders to attend the General Meeting:

- Notice is circulated within the regulatory timeframe
- Notice is sent electronically on request
- Notice is issued in English and Urdu newspapers having nationwide circulation
- Notice is updated on the PSX portal as well as on official website of the Company

Apart from timely submission of accounts and notices to shareholders, the Company in order to

encourage minority shareholders to attend the General Meetings and on the basis of section 132(2) of the Companies Act, 2017, have provided the video conferencing facility to shareholders (having shareholding of 10% or more in aggregate), subject to availability of video conference facility in that city and receipt of intimation from the shareholders at least seven days prior to the date of the meeting. In addition to that and in consideration of the current COVID-19 situation the Company has also arranged the video conference facility for those shareholders who are interested to participate virtually in the Annual General Meeting.

Further, to provide an additional opportunity to minority shareholders to interact with the management of the Company, the Company has been conducting corporate briefings and roadshows on a regular basis.

Investors' Relations Section

The Company communicates all major financial information needed for investors' decision making by uploading it on the corporate website, i.e. (www.gadoontextile.com) under the section of Investor Relations, on a timely basis.

Senior Management's Video Presentation

Video presentation by senior management briefing about the business overview, performance, strategy and outlook has been uploaded on the media section of the Company's website and can be viewed at (www.gadoontextile.com/media)

statement of value addition & its distribution

Wealth Generated

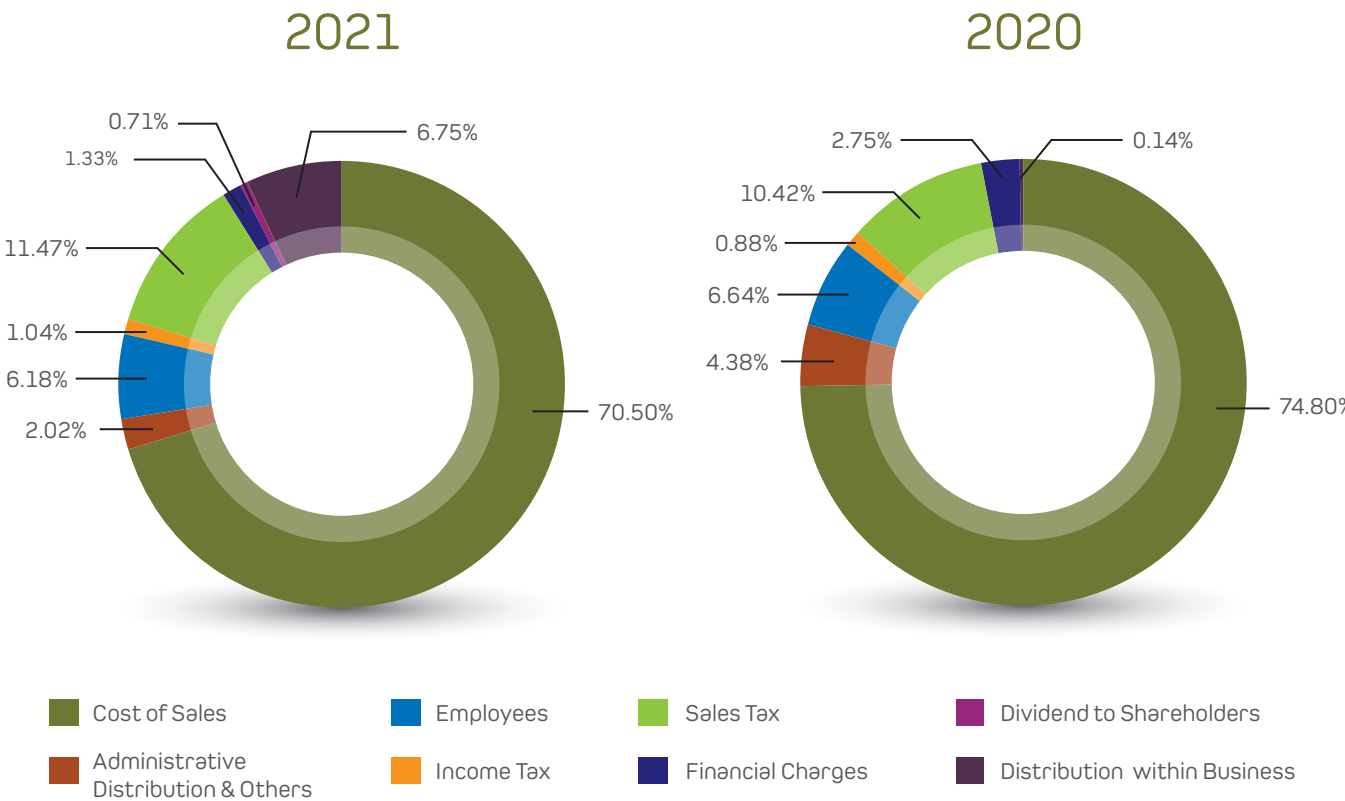
Sales including Sales Tax
Other Operating Income

Wealth Distribution

Cost of Sales
Administrative, Distribution and Others
Employees
Income Tax
Sales Tax
Financial Charges
Dividend to Shareholders
Distribution within Business

2021		2020	
(Rupees in '000)	%	(Rupees in '000)	%
46,441,579	98.07%	32,435,679	97.99%
914,679	1.93%	666,178	2.01%
47,356,258	100.00%	33,101,857	100.00%
33,386,546		24,760,149	74.80%
956,232	2.02%	1,448,827	4.38%
2,924,581	6.18%	2,197,186	6.64%
491,999	1.04%	292,218	0.88%
5,431,738	11.47%	3,448,898	10.42%
631,061	1.33%	909,080	2.75%
336,355	0.71%	-	-
3,197,746	6.75%	45,499	0.14%
47,356,258	100.00%	33,101,857	100.00%

Wealth Distribution



stakeholders' engagement policy

GTML is fully committed to developing an effective working relationship with all its stakeholders. The objective of this policy is to lay down key principles of engagement with stakeholders.

- With respect to the engagement of its stakeholders, GTML is committed to:
- Providing accurate and timely information to all stakeholders
 - Obtaining regular feedback from stakeholders
 - Evaluating the effectiveness of stakeholders' engagement activities and working continually to improve such engagements

Frequency of engagements is based on the corporate and business requirements as laid down by the corporate laws, contractual obligations or as and when required.

Investor Roadshows / Corporate Briefing Program

Our stakeholder extends valuable contributions towards our growth and existence. The Company understands the importance of continuous collaboration with all its stakeholders.

The Board has devised a mechanism to arrange interactive sessions between the management of the Company and its shareholders to solicit and understand the views of shareholders. The purpose of these sessions is to brief shareholders about the performance of the Company, macro

and micro economic factors affecting the Company, prospects of the Company, and the steps taken by the Company to improve its performance in challenging circumstances. These communications help the Company to understand and resolve the concerns of the shareholders and to add a synergy factor to achieve better results in the Company's prospects.

The Board is pleased to inform that the Company, held the Corporate Briefing Session for the year ended June 30, 2020 on October 7, 2020, and for the half year ended December 31, 2020 on February 22, 2021, through a live Zoom session. An interactive session was held between research analysts, fund managers, and management representatives where insight on the

Company's current year performance was discussed along with the future prospects.

Looking forward, the Board has set the intentions, and the management has planned to hold the corporate briefing session for the year ended June 30, 2021, in the month of October 2021.

Redressal of Investors' Complaints

The Company practices the strategic support system to address & monitor the investors' complaints reported. In order to resolve the issues reported within the given time frame, online investor grievances form is available over official website of the Company.

A full-page background image featuring a mountain biker in a green jersey and black shorts, wearing a helmet and sunglasses, riding a black mountain bike on a rugged, rocky ridge. The rider is positioned on the left side of the frame, leaning forward. The background shows a vast, hazy mountain range under a sky with soft, golden light from a low sun, creating a silhouette effect on the distant peaks. A vertical line runs down the center of the image, separating the rider from the text on the right.

made of skills.

Sustainability & Corporate Social Responsibility

- 054 expressions of sustainability
- 056 mark of corporate social responsibility
- 057 sustainable development goals
- 059 certifications acquired for environmental sustainability
- 061 corporate affiliations

expressions of sustainability

Organizations accomplish sustainable development by implementing the numerous business strategies that protect, sustain, and enhance the human and natural resources.

In terms of Safety, Health and Environment, GTML sets a great example of contribution towards the improvement of society. The main focus of GTML is sustainability which is shown in every part of its organizational operations and is also engaged in compliance, environmental protection, and occupational health and safety.

Following are the numerous features of sustainability covering the company performance, policies, initiatives, and plans:

Economic

The economic aspect of sustainability is regarded to have comprised the potential to amalgamate sustainable practices, technology, and money - making tools.

GTML aims to deliver value along with consistent growth to its stakeholders. The Company's presence in the market positively impacts the economic development of Pakistan by opening up employment and business opportunities. However, for enhanced productivity and growth the Company uses advanced technology that contributes to economic development.

Environmental

Environment is the central part of the sustainability which is now integrated in corporate values. In GTML, healthy environment holds a great significance without which a society cannot be sustained. GTML obeys the environmental laws and improving the environmental management system continuously.

Mitigating Adverse Risk of Industrial Effluents

The Company also implement the policy of clean environment and healthy life. The management of GTML make sure that waste material and

chemicals are disposed in a way that are not injurious for the environment. For this case, multiple training sessions had been given to employees and staff for awareness.

Energy Saving Measures

GTML has installed a state-of-the-art Waste Heat Recovery Steam Gas (WHRSG) plant to conserve natural resources and reduce energy consumption.

WHRSG plant does not need any externally fed fuel to operate, but it uses the excess heat from the system as fuel. The design of these plants hinges on the idea of encapsulating all the excess heat from the production system and using this heat to generate steam from boilers, which drive the turbine engines, thus producing electricity.

Furthermore, to save energy, GTML continuously make efforts, by turning off unnecessary lights, switches or computers during office breaks or as immense as using energy-efficient office equipment.

Paper-Waste Disposal

GTML is a socially responsible organization and encourage employees to reduce the utilization of paper. Technology like scanning, and digital data storage is implemented wherever possible.

GTML, this year also, has made an effort to donate tons of waste paper for recycling. Such recycled papers were used in making beautiful frames in order to decorate the office.



Social

The goal of GTML in respect of the social pillar of sustainability is to give priority to the health, wellness, and education to the people and also encourage the employees to focus on the quality of life over everything. The Company believes in the promotion of the betterment of society.

Industrial Relations / Employment

Developing astound connection with all the employees is the integral part of GTML. The management of the Company makes sure a strong connection and fair treatment between the line managers and employees in all the matters. If in case of any issue emanates, the Company's management resolves the matter instantly, politely and with fair treatment.

GTML takes part in corporate social activities actively and also believes in spreading ethical values amongst society by giving employment opportunities. Residents of Swabi used to take part in the cultivation of opium and

poppy on their lands as their source of income. GTML started their operations in Swabi which provided employment opportunities to residents and nearby people which helps them to avoid these injurious activities.

GTML left no stone unturned when it comes to social and emotional needs of its people. GTML has stretched to an extent and made continuous efforts to provide accommodations space for employees at both factory locations, amenities like subsidized food at mess, medical services, and commute services. GTML also maintains the retirement plans for its employees and provide them financial security after their retirement.

Communities

Every year, GTML takes plentiful initiatives and fulfills its commitment towards the wellbeing of communities. This year, only few of the events were executed due to certain restrictions of COVID-19 pandemic. Some of the event details are mentioned in the next section of Corporate Social Responsibility.



mark of corporate social responsibility

GTML places itself as one of the diligent members of the corporate community. The Company has worked compassionately to several charitable causes in the segment of health, education, and social sectors. Keeping necessary SOPs in mind, the company conducted some of the activities:

International Children's Day

International Children's Day is celebrated throughout the globe to encourage international togetherness, spread awareness among children, and improving children's welfare.

On account of this day, volunteers of GTML in collaboration with the ChildLife Foundation visited Children Emergency Rooms at Sindh Govt. Hospital Korangi-5, and distributed toys amongst children to bring smiles to their faces.



Blood Donation Drive

There is nothing like a charity that saves a life. This year on 'World Blood Donor Day', GTML in partnership with NIBD had arranged a Blood Donation drive at head office, Karachi. The employees of GTML had eagerly participated in this drive keeping in view that their single drop of blood can save several lives.



sustainable development goals



Gender Equality

(Saying No to Discrimination)

GTML is no doubt an equal opportunity provider within the industry. Thus, we always practice a transparent employment without any sort of gender discrimination, favoritism & racism to provide the same surface for all candidates. A significant employment strength at the head office of the Company is filled by women in different departments. Meanwhile, our policies are in place to monitor, enforce and promote equality and protection of rights for all employees.



Clean Water & Sanitation

(Purifying the Needs of Future)

The Company always put its contribution towards the healthy environment & water sanitation. GTML urges to control the wastage of water by pouring every single drop from the source to the tap. The Company has installed RO plant within the manufacturing premises by implementing integrated water resources management at all levels, in order to balance the consumption of water resources for a sustainable future.



Affordable & Clean Energy

(Conserving Energy, Achieving Synergy)

When it comes to the efficiency of the energy GTML always goes for an extra mile to protect the community by meeting the goal of affordable & clean energy as a reputed textile organization. In an effort to save energy and to reduce the wastage of natural resources i.e. Gas, the Company has installed the WHRSG plant at the Amazi factory, Swabi in addition to making investment in efficient gas generators.



Decent Work and Economic Growth

(Sharing Same Platform)

GTML is passionate enough to explore new talent & acquiring future possibilities with the collaboration of youth. Therefore, the Company offers several internship opportunities & decent jobs on the regular basis. In order to meet this objective, promoting the congenial and decent work environment, GTML has always ensured that work norms are maintained and growth opportunities are provided to all its employees.

Respective labour laws on national and provincial levels are adhered to, ensuring the compliance with the legislation and commitment to fulfilment of labour rights.



Industry, Innovation, & Infrastructure

(Adopting the Technology)

Concerning the evolution & innovation of industry, GTML contributes its part for the growth of technology by enhancing scientific research & associated infrastructure. The willingness to contribute towards innovation, the Company recently invested an amount of Rs. 1.21 billion for the installation of heavy duty & state-of-the-art equipment's within the manufacturing area, in addition to the significant CAPEX incurred over the years.



Responsible Consumption & Production

(Sustaining the Community)

GTML believe in better community standards for the future environment. The Company's manufacturing and supply chain department, with an aim to reduce, reuse and recycle, has a practice of responsible consumption of natural resources in its production process.

certifications acquired for environmental sustainability

Management Approach

As a reputed name in the spinning industry, GTML knows its mission & commitment towards the sustainability of society. The Parliament of Pakistan unanimously approved the SDGs as the national development agenda on 16th February 2016. The Company is here to put its endeavor by fulfilling the mentioned Sustainable Development Goals (SDG). The Company's management is actively exploring & collaborating with the government & local bodies to make the planet a sustainable place for all.



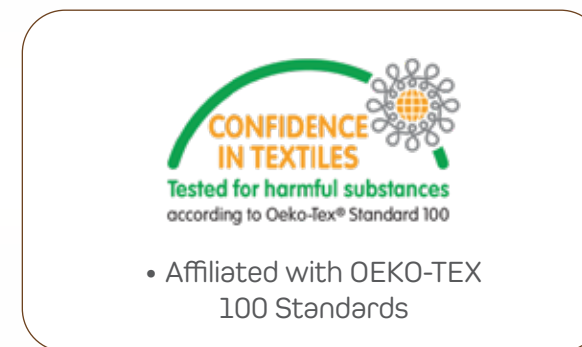
corporate affiliations



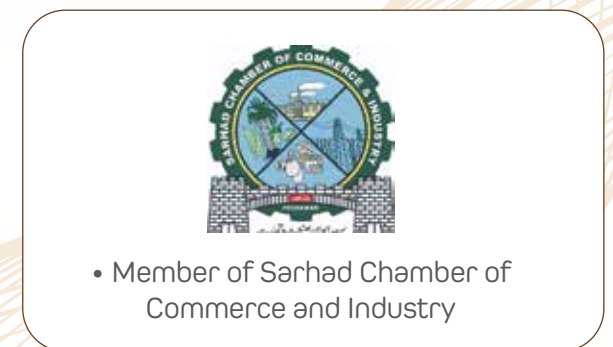
Member of Management Association of Pakistan



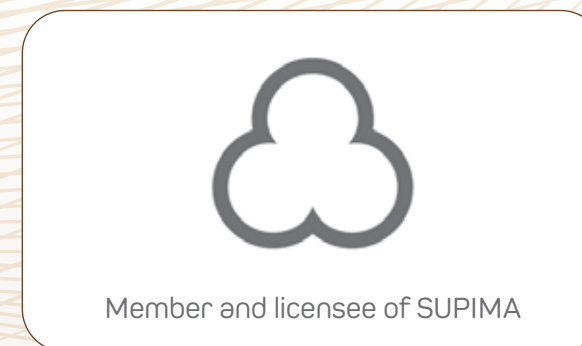
Member of Karachi Chamber of Commerce and Industry



Affiliated with OEKO-TEX 100 Standards



Member of Sindh Chamber of Commerce and Industry



Member and licensee of SUPIMA



Licensee of Cotton USA



Member of Fair Trade



Member of Better Cotton Initiative (BCI)



made of audacity.

Corporate Governance

065	directors' profile	088	review by the board of the business continuity or disaster recovery plan
072	chairman's review	089	whistle blowing policy
074	directors' report	090	human resource excellence
082	ceo's message	093	social and environmental responsibility policy
084	decision taken by the board & delegated to management	094	beneficial ownership / group shareholding
084	annual appraisal of the board's performance	095	review report on the statement of compliance
084	orientation courses & directors' training program	096	statement of compliance with ccg 2019
084	credibility of internal controls & systems	098	role of chairman & ceo
084	policy for remuneration to directors	098	shares held by sponsors / directors / executives
085	security clearance of foreign directors	099	board committees
085	governance practice exceeding legal affairs	101	report of audit committee
085	diversity	103	attendance in annual general meeting
086	related party policy	103	chairman's significant commitments
086	details of board meetings outside Pakistan	103	pandemic recovery
086	conflict of interest		
087	investors' grievance policy		
088	information technology governance		

board of directors

Under the direction of our profound and astute leaders, we have successfully marshaled our people's drive and passion towards the road of prosperity.

Our Board of Directors have played a pivotal role in transforming GTML throughout the course of its operations; they have led GTML from the front and, at the same time, have stayed by their workforce through thick and thin. Their determination to achieve excellence and staying by their employees is what drives GTML every day.

We assure that all the applicable legal and regulatory requirements have been complied, with regards to the composition of the Board of Directors of GTML.

directors' profile



Mr. Muhammad Yunus Tabba
Chairman

Mr. Muhammad Yunus Tabba started his over fifty-nine years-long career with YBG as one of its founding members and has seen its progress through manufacturing, sales, management, marketing management, and general management. With his expertise and diversified experience, he has taken YBG to a level that is appreciated by both local and international business communities.

Mr. Muhammad Yunus Tabba has also been awarded "Businessman of the year" by the Chambers of Commerce several times during his awe-inspiring entrepreneurial career. In recognition of his outstanding services rendered in the field of entrepreneurship and public service, the President of the Islamic Republic of Pakistan conferred upon Mr. Muhammad Yunus Tabba "Sitara-e-Imtiaz," one of the highest awards the Government of Pakistan bestows upon a civilian.



Mr. Muhammad Sohail Tabba Chief Executive Officer

Mr. Muhammad Sohail Tabba one of the Pakistan's leading business leaders and a philanthropist, leads a conglomerate of businesses and export houses bearing the YBG brand name. His proficient leadership in diverse sectors - textiles, cement, energy, entertainment, real estate and philanthropy - spanning over almost three decades - has earned laurels and accolades for the group and the country.

Being the Chief Executive Officer of Gadoon Textile Mills Limited, Lucky Knits (Private) Limited and Director of Yunus Textile Mills Limited, Lucky Textile Mills Limited, he has made YBG renowned both locally and globally. The flourishing industries and manufacturing houses have provided employment opportunities to over 15,000 people and are key drivers of the economy.

Mr. Muhammad Sohail Tabba, the Chairman of ICI Pakistan started as a Non-Executive Director on the Board of ICI Pakistan Limited in 2012 and was appointed Chairman of the Company in 2014. He is also the Chairman of NutriCo Morinaga (Private) Limited - the state-of-the-art infant formula Morinaga manufacturing facility, which was established in Pakistan in 2016 as a joint venture with Morinaga Japan and Unibrands. Mr. Muhammad Sohail Tabba's leadership, personal credibility and strong interpersonal skills have been instrumental to the success of this joint venture.

Mr. Muhammad Sohail Tabba's relentless energy, his vision, and his ability to think outside the box created LuckyOne Mall, which attracts both the elite and people from humble backgrounds. His vision was to provide a

world class entertainment facility that would be enjoyed by children of all status and income groups and, today Onderland at LuckyOne Mall is children's favorite entertainment hub.

Besides being the Chairman of Yunus Energy Limited & CEO of Lucky Energy (Private) Limited, Lucky One (Private) Limited; he is the Director of Lucky Cement Limited, Lucky Motor Corporation Limited (formerly known as KIA Lucky Motors Pakistan Limited) and several other companies. Mr. Muhammad Sohail Tabba's strong social presence in the business community led him to become the founding member and first Vice President of the Italian Development Council. He is playing an instrumental role in contributing to the educational landscape of Pakistan by serving on the Board of Governors at Textile Institute of Pakistan. He has also previously served on the board of Hamdard University.

Driven to contribute to the community, Mr. Muhammad Sohail Tabba is playing a pivotal role as Director of Aziz Tabba Foundation that runs the Tabba Heart and Kidney Institutes besides several other welfare projects. Mr. Muhammad Sohail Tabba's determination to contribute to the community has metamorphosed the children emergency rooms of the government hospitals and he became Founding Trustee of ChildLife Foundation Pakistan in 2012. His altruistic contribution to the healthcare sector of Sindh and Balochistan has manifested in the treatment of 3.1 million children in ChildLife Emergency Rooms and 4.7 million children in ChildLife Clinics. In the past decade, ChildLife Foundation has evolved extraordinarily and today, 10 contemporary emergency rooms are functioning efficiently in the under resourced hospitals of Sindh and Balochistan.



Mr. Muhammad Ali Tabba Director

Mr. Muhammad Ali Tabba is the Chief Executive Officer of Lucky Cement Limited.

Succeeding his late father in 2005. He also serves as the Chief Executive Officer of Yunus Textile Mills Limited, a state-of-the-art home textile mill with subsidiaries in North America and Europe. Simultaneously spearheading both these organizations, he also plays a pivotal role in providing strategic vision to ICI Pakistan Limited as its Vice-Chairman.

He started his career with Yunus Brothers Group a family conglomerate in 1991. Mr. Muhammad Ali Tabba was the past Chairman of Pakistan Business Council (PBC), a business advocacy forum comprising of leading private sector businesses. He is the Chairman of Lucky Motor Corporation Limited (formerly known as KIA Lucky Motors Pakistan Limited) and Lucky Electric Power Company Limited.

He is Chairman of All Pakistan Cement Manufacturing Association (APCMA), a regulatory body of cement manufacturers in Pakistan. In recognition of his outstanding services and contributions in the social development sector of Pakistan, World Economic Forum

(WEF) in 2010 bestowed the title of Young Global Leader (YGL) to Mr. Muhammad Ali Tabba. He is also the recipient of the Karachi Chamber of Commerce and Industry "Businessman of the Year" Gold Medal Award for 2012-2013.

He is also Chairman of Pakistan Textile Council (PTC) in Pakistan, a think tank, advocacy, and research-based body. With extensive engagements in many Communities Welfare Projects, Mr. Muhammad Ali Tabba serves on the Board of Governors at numerous renowned Universities, Institutions, and Foundations. He is the Vice-Chairman of Aziz Tabba Foundation.

In recognition of his outstanding services and contribution to the business as well as the social development sector of Pakistan, the Government of Pakistan has awarded him with Sitara-e-Imtiaz in 2018.



Mr. Jawed Yunus Tabba
Director

Mr. Jawed Yunus Tabba has a rich experience in the textile industry and is currently the Chief Executive Officer and Director of a renowned textile mill, Lucky Textile Mills Limited. His untiring efforts helped him acquire deep insight and expertise in export and manufacturing activities.

He has been instrumental in managing the textile concerns of the YBG and has transformed Lucky Textile Mills Limited into one of the premier textile companies in Pakistan. Lucky Textile Mills Limited is among the top five home textile exporters from Pakistan, and it has been a story of rapid expansion and diversification in the textile industry under his leadership and guidance. He is also the Vice-Chairman of YBG.

He is on the Board & related subcommittees of Lucky Cement Limited, ICI Pakistan Limited, Gadoon Textile Mills Limited, and Lucky Motor Corporation Limited (formerly known as KIA Lucky Motors Pakistan Limited). He is keenly involved in the formulation of vision, strategies & governance structures of these companies.

Mr. Jawed Yunus Tabba is also managing the real estate project LuckyOne, which is the largest mall in Pakistan. Mr. Jawed Yunus Tabba is extensively engaged in community welfare projects, which include the Aziz Tabba Foundation. He is also a member of the Young President Organization (YPO).



Ms. Zulekha Tabba Maskatiya
Director

Having pursued a Bachelor's degree in Management Sciences from the University of Warwick and a Master's degree in Management, Organizations and Governance from the London School of Economics and Political Science, Ms. Zulekha Tabba Maskatiya has been an indispensable part of the business.

She not only holds a prestigious position within the YBG, but her educational background brings the values of business focus, corporate governance, and social responsibility to the organization.



Mr. Saleem Zamindar Director

Mr. Saleem Zamindar has a Bachelor of Arts (BA) degree in Economics from Boston University, USA, and a Master of Business Administration (MBA) from Durham University Business School, UK.

He has over 26 years of experience across several countries in investment management, board-level general management in the public & private sector, international banking, think tanks, private country clubs & international organizations like English Speaking Union & Rotary International. He is a Certified company Director by the Pakistan Institute of Corporate Governance and additionally also holds the globally prestigious Certificate in Company Direction from the Institute of Directors (IoD) the UK.

He is an IFC Certified Trainer on Corporate Governance and is a member of the faculty of the Pakistan Institute of Corporate Governance (PICG). He serves on the Board of Directors of several publicly listed & private limited companies. He is the past President of the Rotary Club of Karachi, the largest and oldest Rotary Club in District 3271,

and also a Paul Harris Fellow. He is a former member of the Managing Committee of the Karachi Boat Club, and a current member of the Board of Governors of the Karachi Council on Foreign Relations & Life Member of English-Speaking Union. Mr. Zamindar attended the World Economic Forum at Davos, Switzerland in January 2019 as part of the Pakistan private sector delegation.



Mr. Zafar Masud Director

Mr. Zafar Masud, an international banker, and entrepreneur has extensive experience working at the Board of Directors level, including State Bank of Pakistan (SBP) and Barclays Bank Southern Africa, while he is currently serving as the President and CEO of Bank of Punjab.

Mr. Zafar Masud obtained his MBA in Banking from the Institute of Business Administration, Karachi, and a Bachelor of Commerce from the Hailey College of Commerce, University of the Punjab, Lahore.

He was previously working as the CEO (Interim) for InfraZamin Pakistan, which will be the first of its kind credit enhancement for a social infrastructure financing company in Pakistan. He was also engaged as a Consultant with Karandaz Pakistan on National Savings and as a Senior Advisor with Capital Resource - a Corporate Finance and Advisory Services Company.

Formerly, he has worked as Director General - National Savings, Ministry of Finance. Being a member of the Board of Directors of the SBP, he has served as a member of the Independent Monetary Policy Committee of the Government of Pakistan. He was also the Chairman of Publications Review and Member of Human Resources and Investment Sub-Committees of SBP.

He served as a Member of the Board of Directors and Chairman of the HR Committee of Oil and Gas Development Company Limited. In addition to this, he also served as the member of the Board of Directors and Chairman of the Board Technology and Digitization Committee of National Bank of Pakistan, Member of the Board of Directors and Chairman of the HR Committee of Port Qasim Authority, Member Advisory Council, Ministry of Maritime Affairs, Member of the Board of Directors of Quaid-e-Azam Thermal Power Plant (Private) Limited and Member of Board of Directors of TAF Foundation. He was also the Founding Partner of Burj Capital.

He has a rich experience working as the Regional Managing Director & CEO for Southern Africa, Barclays Bank PLC. Prior to Africa, he was also responsible for establishing one of the prime global Islamic banking franchises – Dubai Islamic Bank - in Pakistan. At Citibank, he was a member of the Country Management Committee and responsible for handling Government and Public Sector business. He was involved in all the major deals done by Citibank between 1999-2005. He also joined American Express Bank Pakistan as Management Trainee. Being the trainee, he was appointed member of the Country Capital Markets Taskforce, implemented special initiatives / projects of bonding business and launched a corporate business in the peripherals of Lahore city (Sialkot, Gujranwala, Gujrat, etc.)

chairman's review

The Board comprises of competent and proficient leaders with expertise in diverse fields of the corporate world.

The Board devises all major policies and strategies to efficiently and effectively manage the Company and is adamant about promoting and enabling innovation within the Company. The governance of the Board is in accordance with the relevant laws and regulations, and its obligations, rights, responsibilities, and duties are as specified and prescribed therein.

During the financial year 2020-2021, five board meetings and six audit committee meetings were conducted. The Board, as per its practice, strictly monitored its own performance along with the performance of its sub-committees.

The comprehensive and effective board meetings led to conducive decisions for the Company. The Board ensures integration of all policies conforming to the Company's mission and vision. In addition, the Board also ensures that the Company acts in consonance with pertinent laws and regulations, and the best industry practices.

The Board continuously strives to achieve the set business goals and objectives and remains vigilant of the Company's financial performance. Oversight on these measures was carried out on a consistent basis through the presentations by the management and auditors. The Board also keeps continuous supervision of the following:

- Quality standards of its product.
- Stable and continual growth.
- Encouraging diversity and upholding ethical behavior.
- Development of skillful resources to attain advancement and excellence.

During the year, the Board recommended and approved among other things:

- Routine BMR;
- Quarterly and annual financial statements;
- Internal audit and audit committee reports and findings;
- Appointment of external auditors; and
- Distribution of dividends.

Accordingly, the Board completed its annual self-evaluation for the year 2021, and I am pleased to report that the overall performance benchmarked on the basis of criteria set for the year 2021, remained satisfactory.



Muhammad Yunus Tabba
Chairman

Karachi: August 06, 2021



directors' report

Dear Members

The Directors of your Company take the pleasure in presenting before you the financial results of your Company for the financial year ended June 30, 2021.

Overview

The principal business activities of your Company are the manufacturing and sale of yarn and knitted bedding product and production and sale of milk. To facilitate and expand its customers' base and to minimize the cost effect, the Company has strategically set its manufacturing facilities in two regions: North and South.

Alhamdulillah, during this year your Company has managed to secure the highest ever net revenue of Rs. 41.01 billion as compared to Rs. 28.98 billion for the Same Period Last Year (SPLY) with an increase of 41.5%, mainly on account of acceleration in sales price of yarn coupled with an increase in yarn quantities.

The gross margins increased to 12.1% in this Financial Year (FY) as compared to 7.7% SPLY, primarily because of increased quantities and better sales price due to the boost in global economic activity post-pandemic, resulting in an increase in demand, in the value-added sector of the textile industry. The Company recorded net profit of Rs. 3.53 billion during the year as compared to Rs. 45.49 million recorded in the SPLY with an increase of Rs. 3.48 billion. Apart from an increase in gross profit margins, the Company also benefitted from exchange gains of Rs. 62.18 million on their foreign currency loans during the year (as opposed to Rs. 889.35 million exchange loss incurred last year) and a decrease in finance cost by Rs. 278.02 million in comparison with SPLY, resulted in increase in the profit margins of 8.62% this FY as compared to a net profit margin of 0.16% SPLY.

Economic Prospects

Prospects of economic growth are visible. The post-pandemic economic recovery and favorable government reforms for inclusive and sustainable growth has built investors' confidence and allowed the local industry to flourish in both the local and

international market in the current FY. During the year, the exports of the Country, increased by 18.3% to USD 25.3 billion in the current FY as compared to USD 21.4 billion SPLY. The increase in overall exports is contributed mainly by the growth in exports of textile sector especially the value-added products. The major exported commodities, which performed well, include Knitwear, Towel, Bed wear, and Readymade garments. However, as far as imports are concerned, the total imports in the current FY increased to USD 56.4 billion as compared to USD 44.6 billion SPLY, thus posting increase by 26.6%. Main commodities imported were Petroleum products, Palm Oil, Petroleum Crude, Iron & Steel, and Liquefied Natural Gas.

Despite such rise in imports, the current account deficit declined significantly by 58.4% and reached USD 1.9 billion from USD 4.4 billion in the current FY mainly on account of inflows from remittances which have increased by 26.9% (in USD term) thereby, adding a positive impact on the Country's foreign reserves.

The inflation rate, is mainly dependent on fiscal and monetary policies, international commodity prices, the USD exchange rate and seasonal factors. In the last quarter of the FY, the Year on Year (YoY) inflation rate witnessed a declining trend, wherein the general inflation for June 2021, was recorded at 9.7% compared to 11.1% in April 2021, (the highest month-end inflation of this FY). However, Month on Month (MoM) inflationary impulses in July 2021 can be considered as 2nd round effect of previous increase in international commodity prices, from recent increase in gasoline prices, currency depreciation and monetary expansion. On the other hand, international food prices declined in June 2021 and Government efforts to increase the efficiency of domestic food markets are still in place and are continuously being monitored and strengthened which eventually will help to control the inflation.

Financial Results

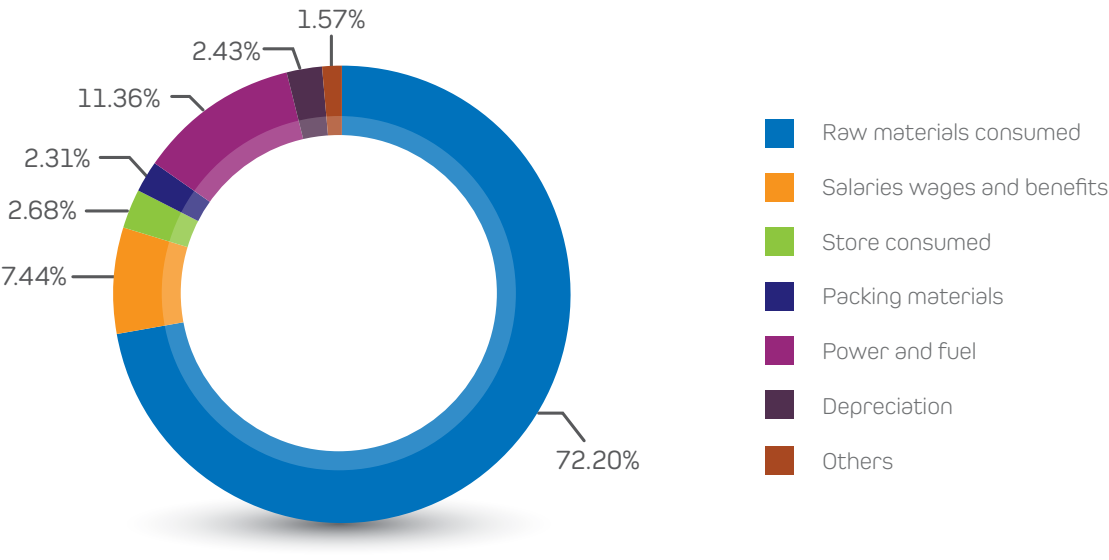
A comparison of the key financial results of the Company for the year ended June 30, 2021, are as under:

Profit or loss summary	June 30, 2021	June 30, 2020	Favorable / (Unfavorable)
	(Rupees in '000)		Percentage
Direct Export	8,894,336	8,640,883	2.9
Indirect Export	14,999,436	9,263,094	61.9
Local	17,116,069	11,082,804	54.4
Sales (net)	41,009,841	28,986,781	41.5
Gross Profit	4,975,580	2,241,286	122.0
Distribution Cost	(633,224)	(474,356)	(33.5)
Administrative Expenses	(314,810)	(267,881)	(17.5)
Finance Cost	(631,061)	(909,080)	30.6
Other Income	914,679	666,178	37.3
Profit Before Taxation	4,026,100	337,717	1092.2
Profit After Taxation	3,534,101	45,499	7667.4
Earnings Per Share (Rs.)	126.08	1.62	

The overall export sales of yarn have decreased in this period as compared to SPLY mainly on account of the impact of the COVID-19 pandemic globally, however, during the second half of this FY a significant increase has been witnessed in the export sales of yarn with an increase of 167.5% as compared to first half of this FY. Further, a significant improvement has been noticed in the export sales of knitted bedding product which has increased by 73.4% in this period as compared to SPLY.

However, post first wave of COVID-19 pandemic, led to resumption of global economic activities to the significant extent, which resulted in an increase in local sales with the overall increase of 57.9% as compared to SPLY.

The breakup of manufacturing cost is as follows:



The significant portion of the cost of goods manufactured consists of raw material, which is 72.2%, and power cost is 11.4%, which has always been the concern for the management to control.

In an effort to rationalize average production cost, management procured sagaciously with a mix of local and imported cotton. However, due to boost in global economic activity post-pandemic, and the increase in local / global demand for textile products and consequently yarn, the supply and demand factors effecting the global raw material prices which took a sharp rise, was the major reason for increase in raw material cost in the current FY.

With regards to the power, the Company has placed efforts to generate maximum electricity using a cheaper source of inputs, i.e., Natural Gas over Furnace oil and through maximum utilization of efficient generators. However, the increase in gas rates from Rs. 786 per MMBTU to Rs. 819 per MMBTU, w.e.f. October 1, 2020, impacted the overall power cost.

The distribution cost has mainly increased on account of an increase in revenue and increase in freight charges for both local and foreign sales. Further, the increase in administrative cost is mainly attributable to uncontrollable features, such as inflation, employee costs, etc.

The increasing gross margins were further supported by the decrease in finance cost by 30.6% mainly due to the decrease in discount rate from 13.25% (applicable in SPLY) as compared to 7% (applicable for this period).

The overall boom in the economic activity in the current FY, accounted for the increasing returns from the Company's strategic investments in diversified avenues which increased by Rs. 184.96 million in this FY as compared to SPLY, thereby, strengthening the Company's profitability and protecting the Company from risk exposure from a specific segment.

Therefore, the net profits of the Company have increase by Rs. 3.48 billion in this FY compared to SPLY.

Segmental Review of Business Performance

The operations of your Company are primarily divided into three operating segments:

- Manufacturing and sale of yarn
- Manufacturing and sale of knitted bedding products
- Unallocated segments include production and sale of milk

The segment wise results of the reportable segments of the Company are as follows:

	Spinning	Knitting	Spinning	Knitting
	2021		2020	
	(Rupees in '000)			
Revenue	38,275,366	2,411,173	27,527,717	1,265,048
Profit / (loss) before tax	2,955,352	380,119	(410,446)	254,839

During the year, both the reportable segments of the Company have shown significant improvement both in term of revenue and returns.

Status of Strategic Investments

As a part of strategic investments, the Company has further invested Rs. 1.50 million as subordinated loan in Tricom Solar Power (Private) Limited in the current year.

Previously, the Company had obtained the approval for investment in Tricom Solar Power (Private) Limited and Yunus Wind Power Limited on April 13, 2018. Upon expiry of initial 12 months period from previous approval, the Company obtained extension from the shareholders in Extraordinary General Meeting (EOGM) dated March 20, 2019 for a period of four years or until the Project achieves commercial operations; whichever is later.

Composition of the Board

The Board of Directors as at June 30, 2021, consist of:

Total number of directors	
a) Male	06
b) Female	01

Composition	
a) Independent Directors	02
b) Other Non-Executive Directors	03
c) Executive Director	01
d) Female Non-Executive Director	01

Committees of the Board

Following are the details of the members of each committee:

Audit Committee	
1 Mr. Saleem Zamindar	Chairman
2 Mr. Zafar Masud	Member
3 Mr. Muhammad Ali Tabba	Member
4 Mr. Jawed Yunus Tabba	Member

Human Resource and Remuneration Committee

1 Mr. Saleem Zamindar	Chairman
2 Mr. Jawed Yunus Tabba	Member
3 Ms. Zulekha Tabba Maskatiya	Member

Budget Committee

1 Mr. Zafar Masud	Chairman
2 Mr. Muhammad Ali Tabba	Member
3 Mr. Muhammad Sohail Tabba	Member
4 Mr. Jawed Yunus Tabba	Member

Attendance of Board Meetings and its Committees

S.No	Directors	Attendance		
		Board of Directors	Audit Committee	HR and Remuneration Committee
1	Mr. Muhammad Yunus Tabba – Chairman	5/5	N/M	N/M
2	Mr. Muhammad Sohail Tabba – CEO	5/5	6/6*	1/1*
3	Mr. Muhammad Ali Tabba	3/5	4/6	N/M
4	Mr. Jawed Yunus Tabba	5/5	6/6	1/1
5	Ms. Zulekha Tabba Maskatiya	4/5	N/M	0/1
6	Mr. Saleem Zamindar	5/5	6/6	1/1
7	Mr. Zafar Masud	0/5	0/6	N/M

* Mr. Sohail Tabba attended all meetings of the Audit and HR&RC, by way of invitation.
N/M: Not a member

Leave of absence was granted to directors who could not attend the Board and its Committee's meetings.

Remuneration Policy of Non-Executive Directors

Through the Articles of the Company, the Board of Directors is authorized to fix the remuneration of the Directors. In this regard, the Board of Directors has developed a comprehensive Remuneration policy for Non-Executive and Independent Directors of the Company. As per the policy:

- The remuneration of the Board of Directors shall be market-based in accordance with their experience and competencies
- The Company will not pay any remuneration to its Non-Executive directors by way of salary except as meeting fees for attending the Board and its Committee meetings
- The remuneration of a Director for attending meetings of the Board of Directors or its Committees shall be determined from time to time and approved by the Board of Directors
- The Human Resource & Remuneration Committee (HR & RC) shall determine and recommend the remuneration of a Director for attending meetings of the Board of Directors or its Committees subject to approval by the Board, from time to time. The Remuneration of the Non-Executive Directors shall be linked to their actual attendance of Board / Board Committee meetings
- A Director shall be provided or reimbursed for all traveling, hotel, and other expenses incurred by him / her for attending meetings of the Board or its Committees or General Meetings of the Company
- Any Director who performs services, which, in the opinion of the Board, are outside the scope of the statutory duties of a Director, may be paid such extra remuneration

Detail of Directors Remuneration

The Company has only one Executive Director, who is also the Chief Executive of the Company. Following are the details of remuneration paid to the Chief Executive of the Company during the year:

	2021	2020
	----- Rupees (in '000)-----	
Remuneration	13,200	12,210
House rent	3,600	3,330
Utilities	1,200	1,110
Bonus	2,700	-
Other benefit	1,500	-
	<u>22,200</u>	<u>16,650</u>

No remuneration has been paid to other Non-Executive Directors of the Company except for a meeting fee of Rs. 1.41 million (2020: Rs. 1.34 million).

Principal Risks & Uncertainty

Businesses face numerous risks and uncertainties, which, if not properly addressed, might cause serious loss to the Company. The Board of Directors of the Company has carried out a vigilant and thorough assessment of both internal and external risks that the Company might face. Following are some of the risks which the Company is facing:

- Technological advancement making it more challenging for the Company to compete on the national / international level
- Declining export sales due to trade war and increased competition at global as well as regional levels coupled with the impact of the COVID-19 pandemic
- Currency volatility, abrupt Rupee devaluation, resulting in an increased cost of imported raw material
- Rising trend of conversion, power cost on account of increasing fuel / gas prices, and other inflationary impacts
- Increasing discount rate resulting in increased financing costs
- Withdrawal of Custom Duties / Regulatory Duties on import of Yarn, making the import cheaper

Change in the Nature of Business

No significant changes have occurred during the FY concerning the nature of the business of the Company.

Pattern of Shareholding

The pattern of shareholding and additional information as at June 30, 2021, is part of the Annual Report of your Company. Associated companies and public sector companies own 69.57%, Banks / Insurance Companies / Mutual Funds own 10.32%, Directors’ own 0.07%, and individuals own 20.04% of the entire shareholding.

Repayments of Debts / Loans

Your Company has an effective cash flow strategy in place whereby inflows and outflows are projected and monitored on a regular basis. This comprehensive strategy has always empowered your Company in smooth settlement of its financial commitments and hopes to cater to any and every challenge that will come in its way. In compliance with the above, the management has put constant endeavors to rationalize borrowing cost, which is done by managing a balanced portfolio of sources of funds and efficient

financing arrangements. The Company has a practice of settling obligations on a timely basis, and accordingly, there is no history of any default with respect to payment of debts, including this year.

Adequacy of Internal Financial Control

The effective system of internal financial control has been established by the Board of Directors of the Company. The controls have been put in place to ensure the efficient and smooth running of the business, prevention, and detection of fraud and errors, safeguarding the Company’s assets, compliance with laws and regulations, accuracy, completeness of books of accounts, and timely preparation of reliable financial information. Internal Financial Controls are periodically reviewed to ensure these remain effective and are updated with amendments in any laws and regulations.

Health, Safety, & Environment

Being a part of the most reputed group in the Country, we feel responsible for the health and safety of not only our employees but also the people near our factory premises. Furthermore, a qualified team manages an efficient clinic / dispensary where medicine and care is provided as and when needed.

We also ensure the compliance of our production facility with all the environmental standards. WHRSG plant, water treatment RO plant and investment in green energy projects are some of the examples. Our production facility does not discharge any harmful material. Moreover, we have strict compliance with wastage and disposal.

Furthermore, in an effort to combat the COVID-19 impact on the society, the Company is fully compliant with all the SOPs. In addition to this, the Vaccination drive was arranged for the employees at all locations in the current year in order to ensure health and safety of the employees.

Corporate Social Responsibility (CSR)

The Company, whose foundations were laid as a socially responsible entity, is always on the lookout for innovative ways to impact the community and the environment positively. Our intention is to not only contribute in monetary terms but also to utilize this opportunity by involving our employees and members of the society. Being responsible towards all its stakeholders, the Company aims to uplift the community and create an inclusive environment. For this purpose, the Company collaborated with a not-for-profit organization and visited Children Emergency Rooms at a government hospital facility on International Children's Day. Volunteers

distributed toys to kids to bring smiles to their faces. Moreover, several development programs were organized to boost employee performance and enhance creativity when faced with challenges at work.

In addition, the Company’s goal is to invest in the development of our future generations and the women of our community. For this, a session was conducted by senior management, to promote the benefits of gender diversity in the workforce. The Company also organized blood donation drive and COVID vaccination campaign to ensure health and safety for the society at large.

Directors’ Training

The Directors of the Company are adequately trained to perform their duties and are aware of their powers and responsibilities under the Companies Act, 2017 and the Regulations of PSX rule book.

Auditors

The present External Auditors, M/s. Yousuf Adil, Chartered Accountants have completed the annual audit for the year ended June 30, 2021, and issued a clean audit report. The auditors will retire on the conclusion of the Annual General Meeting of the Company and, being eligible, have offered themselves for reappointment. As proposed by the Audit Committee, the Board recommends their appointment as auditors of the Company for the year ending June 30, 2022.

Future Outlook

Post-pandemic the Pakistan economy has shown significant signs of economic recovery with fast resumption of economic dynamism. In recent budget 2021-22, government has taken growth-oriented initiatives and will continue to follow the positive reform momentum which will help to boost the competitiveness of Pakistan’s economy and lay a strong foundation for a more robust, inclusive and sustainable recovery.

The certainty in the policies / decisions is essential for the sustainable growth of any business. Accordingly, the Company believes that the Government would continue to supply the required utilities and services in a consistent and economical manner in order to ensure the long-term growth of the industry as well as the overall economy.

The risk of pandemic still exists with surge in positive cases of delta variant of COVID-19 emerging across the country. The government on account of acceleration in vaccination process may avoid complete lockdown measures, however, strictness in application of COVID-19 related SOPs may be enforced.

In the meeting held on July 27, 2021, the Monetary Policy Committee (MPC) decided to maintain the policy rate at 7 percent. The continued domestic recovery and improved inflation outlook following the recent decline in food prices and core inflation have allowed the consumer's and business's confidence to rise to multi-years high.

Furthermore, the market-based flexible exchange rate system, resilience in remittances, an improving outlook for exports, and appropriate macroeconomic policy settings would help contain the economy unless uncertainty created by the on-going fourth COVID-19 wave in Pakistan and the global spread of new variants warrants for closure of business activities and strict lockdown measures.

Despite significant challenges, the current fiscal performance is largely in line with government's strategy to ensure fiscal discipline. With increasing revenues and controlling expenditures, FBR's tax collection exceeds the target by Rs. 41 billion during current FY (18.4% increase as compared to tax collection SPLY). This in fact is the reflection of growing economic activities. It is also expected that the Government, in order to boost the economy and confidence of investors, would continue its footprint in the coming year as well and will timely release the sales tax refunds / income tax refunds / DLT claim, etc.

Since September 2020, the SBP's Roshan Digital Account initiative for Overseas Pakistanis has generated new financial inflows of USD 1.8 billion. The current account deficit in the current FY fell to only 0.6% of GDP. This is the lowest current account deficit in 10 years, supported by all-time high exports and remittances. SBP's Foreign exchange reserves rose by USD 5.2 billion during the current FY to end at over USD 17 billion. Given the expected growth in foreign remittances and an improving industrial export coupled with the commercial, official, portfolio and Foreign Direct Investment (FDI) inflows, Pakistan's foreign exchange reserves are projected to rise further which shall help Pak Rupee to maintain its stability.

Furthermore, in an effort to improve its global image, Pakistan has also made considerable progress on the FATF front, becoming compliant to almost 26 out of the 27 action items. Although, FATF has retained Pakistan in the grey list, efforts are being made to comply with the remaining

action plans in the FY22. Moreover, the improvement in Pakistan's rating from 136 to 108 spot in the World Bank Ease of Doing Business will also help the Country to increase its global footprint.

During the current FY, increase in international prices of cotton has helped the Company to take benefit of the increased sale price of yarn with sufficient inventory in hand. Moving forward, on account of the removal of regulatory duty and custom duty on import of cotton and synthetic yarn, the Company may face competition selling yarn in the local market; however, the Company believes that its long-term business relations with its customers spreading over the span of 33 years long along with its quality product will provide a competitive edge, and the investment in latest technological advance machinery will help the Company to remain cost effective.

With regards to the Company's operations, the management has always placed strong efforts to sustain its cost through maximum capacity utilization, cost rationalization, effective procurement strategy, etc. Accordingly, the Company is following its footprint to ensure that maximum wealth can be generated for the well-being of the Company's stakeholders.

Further, the knitting segment of the Company has performed well during this year with an increase in overall revenue by 90.6% and it is expected that it will improve further in the upcoming years with the additional focus to cater the increasing global demand for textile products in the retail market. Additionally, the Company expects that return from its investments in diversified avenue will also increase in upcoming years and will add a positive impact on Company's bottom line.

Dividend Policy

Bearing in mind our strategic investment, business need for future working capital requirement and Company's ability to generate cash, the Board of Directors is pleased to propose a final cash dividend of Rs. 12 per share for the year ended June 30, 2021.

Subsequent Events

There are no material changes and commitments affecting the financial position of the Company between the end of the FY and the date of this report.



Muhammad Yunus Tabba
Chairman

Karachi: August 06, 2021



Muhammad Sohail Tabba
Chief Executive Officer

Acknowledgments

The Directors record their appreciation of the performance of the Company's workers, staff, and executives.

For and on behalf of the Board

CEO's message

We, a group of diversified workforces with progressive technological background, aims at serving the stakeholders globally without compromising on the sustainability of the society.

Alhamdulillah, the financial year 2020-2021, marks the thirty-third year of continuous operations of GTML. In the current year, the Company managed to secure the highest ever net revenue and net profits since its inception. We have also strived with our utmost efforts to fulfil our commitments with the stakeholders. Such benchmarks and targets achieved this year would not have been possible without the timely and strategic decisions of the leadership and efforts of their team.

The economic prospects and market review, has reflected that the Government's policy measures has set the Country back on track of economic stability, post-pandemic. The increase in exports and foreign remittances have contributed positively to the foreign reserves of the Country. However, as far as GTML is concerned, the overall export sales of yarn have decreased in this period as compared to SPLY mainly on account of the impact of the COVID-19 pandemic globally, however, significant improvement has been witnessed in the local sales which has increased by 57.9% as compared to SPLY, which indicates that the Company is catering to the increasing demand of value added sector.

During the year, the Company continued to invest in new technologically advance machinery in order to be remain cost effective. The increase in international prices of cotton has helped the Company to take benefit of the increased sale price of yarn with sufficient inventory in hand. Moving forward, on account of the removal of regulatory duty and custom duty on import of cotton and synthetic yarn, the Company may face competition selling yarn in the local market; however, the Company believes that its long-term business relations with its customers spreading over the span of 33 years long along with its quality product will provide a competitive edge and shall reap higher turnover in the coming years. The Company also contributed Rs. 2,666 million (2020: Rs. 1,303

million) in the National Exchequer on account of all kinds of duties and taxes during the year. Being a socially responsible corporate entity, the Company continued its practice of investing in CSR activities throughout the year. We believe in curtailing our impact and continually improve our social footprint.

This year, the Company, being the only textile company in the list, has received "PSX Top 25 Companies Awards for the year 2019", along with the Best Corporate Report Award with 2nd position in the textile category at "Best Corporate & Sustainability Report Awards 2019" held by the Joint Committee of the Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMAP).

Looking ahead, on account of acceleration in vaccination process, the possibility of lockdown is remote, therefore, it is expected that the Company will continue to operate at its full capacity and accordingly, both local / global demand of the textile products will increase unless uncertainty created by the on-going fourth COVID-19 wave in Pakistan and the global spread of new variants warrants for closure of business activities and strict lockdown measures.

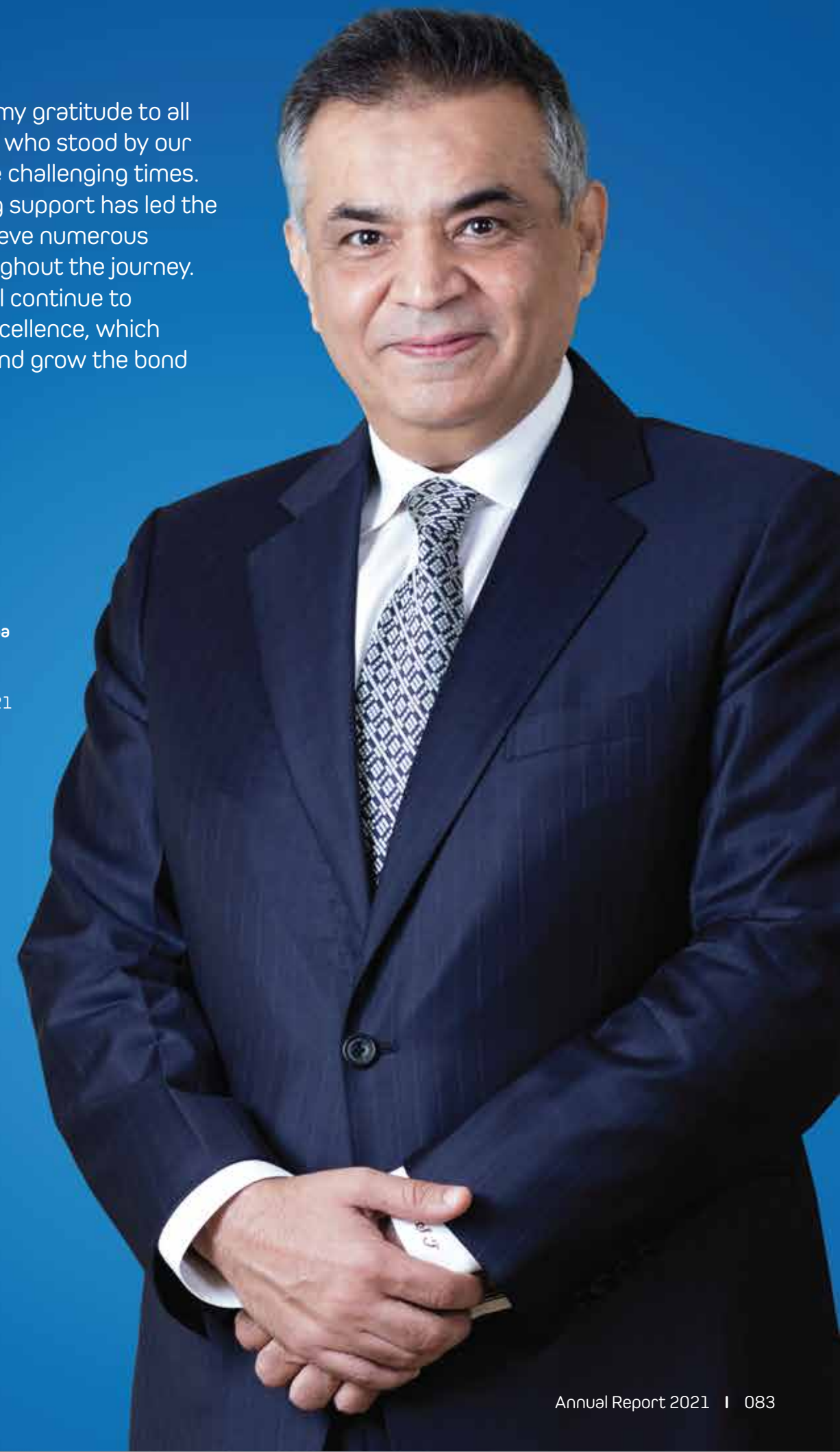
The management, in addition to curtailing the conversion cost by identifying and implementing an efficient process to improve the Company's profitability, has also taken measures to contain its cost by procuring the right mix of raw material. Further, the Company will continue to explore new markets for its product, especially the international market. In addition to that, the Company's new site for the knitting segment, has performed well during this year, and it is expected that it will improve further in the upcoming years with the additional focus to cater the global demand for textile products in the retail market.

Lastly, I express my gratitude to all the stakeholders who stood by our side during these challenging times. Their unwavering support has led the Company to achieve numerous milestones throughout the journey. The Company will continue to work towards excellence, which will strengthen and grow the bond we share.



Muhammad Sohail Tabba
Chief Executive Officer

Karachi: August 06, 2021



Decision Taken by the Board & Delegated to Management

The Board meetings of the Company are usually held quarterly to decide the matters requiring Directors’ approvals. Further, if a decision on any matter is required on an urgent basis and is not practicable to arrange a meeting, such matters are decided based on a circular resolution, duly signed by each Director, then presented in the next Board meeting for ratification.

The Board members ensure that they fulfill all responsibilities assigned to them as required under applicable laws and regulations. Moreover, the Board places more attention on strategic investments, business expansion, internal control & risk management, governance, review, and approval of policies.

The Board also delegates its tasks to subcommittees and the management and keeps follow up in Board meetings. The day-to-day operational matters and the task assigned by the Board or its subcommittees are dealt with by the management in consultation with the CEO.

Annual Appraisal of the Board’s Performance

As per the criteria of Listed Companies (Code of Corporate Governance) Regulations, 2019, the Board of Directors are required to carry out an annual evaluation of their own performance, members of the Board and its Committees.

This year, the evaluation was carried out by the Board of Directors of the Company, and results were found to be satisfactory as expected.

Following major criteria are used to measure the Boards own performance and its committees, including the CEO and the Chairman:

- The Board demonstrates integrity, credibility, trustworthiness, and active participation in its affairs, and has the ability to handle conflict constructively
- The Board provides guidance and direction, rather than management of the Company
- The Board reviews management succession planning as needed
- The level of communication between the Board and relevant parties (i.e., committees, auditors, management and business heads, etc.) is appropriate
- The Board receives and reviews all compliance needs

- The Board reviews adequacy of internal controls and risk management procedures
- The Board has developed a strategy for the organization that is central to its vision and mission statement
- The Board receives signals of potential issues that may adversely affect the Company’s key targets or financial performance
- The Board ensures that professional standards and corporate values are put in place that promotes integrity for the Board, senior management, and employees in the form of the Company’s Code of Conduct
- The Board reviews reliable projections of future cash flows for the short and medium-term and is confident that the available funding will enable the Company to develop and operate as planned

Orientation Courses & Directors’ Training Program (DTP)

The Company has arranged orientation courses for the Directors and its senior management in the preceding years.

However, during this year there was no Directors Training Program held as 4 out of 7 Directors already meet the exemption criteria, and three Directors have already acquired the required training in previous years.

Credibility of Internal Controls & Systems

Enhancing the credibility of internal controls & systems is a value-adding function rather than just a cost center in the business. A control over the internal departments that encompasses the overall operation function of an organization contribute to anticipate and respond effectively to changes in business risk measures.

We believe in continuous growth & striking innovation therefore, our code of practice is mainly involved in enhancing control of internal systems within the Company. Throughout the year a number of professional training programs has been held under the roof of reputed institutions of Pakistan to improve the overall efficiency & credibility of concerned departments.

Policy for Remuneration to Directors

The Remuneration Policy applies to all Non-Executive Directors, including independent Directors who attend the Board and its Committee meetings. The policy for the Remuneration of Directors, including the members of senior management, has been framed considering all the applicable laws and regulations. As per the policy:

- The remuneration of the Board of Directors shall be market-based in accordance with their experience and competencies
- The Company will not pay any remuneration to its Non-Executive directors by way of salary except as meeting fees for attending the Board and its Committee meetings
- The Human Resource & Remuneration Committee (HR&RC) shall determine and recommend the remuneration of a Director for attending meetings of the Board of Directors or its Committees subject to approval by the Board, from time to time. The Remuneration of the Non-Executive Directors shall be linked to their actual attendance of Board / Board Committee meetings
- The remuneration of a Director for attending meetings of the Board of Directors or its Committees shall be determined from time to time and approved by the Board of Directors
- A Director shall be provided or reimbursed for all traveling, hotel, and other expenses incurred by him for attending meetings of the Board or its Committees or General Meetings of the Company
- Any Director who performs services which, in the opinion of the Board, are outside the scope of the Directors’ statutory duties of a Director, may be paid such extra remuneration

Security Clearance of Foreign Directors

The Board of Directors of the Company did not include any foreign Directors during the year.

Governance Practice Exceeding Legal Affairs

The Board of Directors of the Company ensures adequate adherence with any new legal and regulatory requirements and ensures that the governance mechanism prevents any event that can cause serious financial and / or reputational loss to the Company. The compliance team headed by the CFO actively monitors global best practices and takes all the necessary measures to ensure that the Company adopts the same practice.

The Company, in the past, has proactively complied with many additional legal requirements, which were not mandatory at that time. Some of the examples are:

1. Currently, the Board of Directors has one female Director. Previously from March 2013 to March 2019, there were two female Directors on the Board of Directors of the Company. This requirement was not mandatory in the past and has been introduced by CCG 2017, which requires each listed company to have at least one female Director
2. Chairman of the Board and Chief Executive Officer of the Company are separate persons since May 2005. This requirement was introduced through CCG 2012
3. The Company has a past practice to get all the related party transactions approved from shareholders since 2014, as the majority of Directors of the Company are deemed interested in such transactions on account of their common Directorship. The same practice has now been made mandatory by the Companies Act, 2017 and CCG 2017. In addition to that, the Company has been providing additional details in related party disclosure in the financial statements for many years, in order to ensure transparency
4. CCG 2012 has made it mandatory for each company to have at least one independent Director. However, the Company has had an independent Director on its Board since September 2010
5. The Company arranged Directors Training Program for two of its HODs in the previous years. However, as per CCG 2019, it is encouraged to arrange the training every year for at least one female executive from July 2020 and at least one HOD from July 2022.

Diversity

Diversity is the core of GTML on which we put our strong efforts along with the collaboration & communication, while respecting the differences of the diverse workforce that include people of varying gender, ethnicity, national origin, caste, creed, age, religion, cultural background, languages, educational background, abilities, etc.

Under the favor of this ethical practice our Board lays particular emphasis on the fair treatment of employees irrespective of their background and restricts discrimination. Further, the management ensures that the talent hunt programs must reflect that we are an equal opportunity employer in all areas that strives to embrace a work environment constructed on the premise of gender and diversity equity.

The management of GTML always remain committed to promote diversity in the workplace and female representation in all departments, thus taking several initiatives to progress.

Related Party Policy

The objective of this policy is to set out the framework for the transactions between the Company and its related parties based on the applicable laws and regulations.

As per the policy, the management must ensure that all the necessary details concerning related party transactions must be sent to the Audit Committee and Board of Directors at least seven days prior to the Board meeting and ensure that the following steps must be complied with in order to finalize the review and approval of related party transactions:

- The details of all related party transactions shall be placed before the Audit Committee of the Company, and upon recommendations of the Audit Committee, the same shall be placed before the Board for review and approval
- The related party transactions which are not executed at arm's length price also be placed separately at each Board meeting along with necessary justification for consideration and approval of the Board on the recommendation of the Audit Committee of the Company
- The Board of Directors of the Company shall approve the pricing methods for related party transactions that were made on the terms equivalent to those that are prevalent for arm's length transactions, only if such terms can be substantiated. The preferable pricing method for the transaction with related party shall be the comparable price method
- Any Board member who has a potential interest in any Related Party Transaction will abstain from voting on

Conflict of Interest

The Company believes in handling actual or perceived conflict of interest constructively. Conflict of interest is a situation that has the potential to undermine the impartiality of a person because of the possibility of a clash between the person's self-interest, professional & public interest.

All employees are directed to avoid situations where there is a possibility of conflict. An inability to conform to these ethical policies may render an individual at risk of disciplinary action, even subsequent dismissal in an instance where a severe breach occurs.

Management of Conflict of Interest

The conflict of interests is managed and monitored in the following ways:

- Instructing employees about managing and avoiding conflict of interest

the approval or ratification of the said Related Party Transaction, but may participate in all or a portion of the Board's discussions of the Related Party Transaction not related to the said Board member, if requested by the Chairman of the Board

- During the review and approval of related party transactions, if the majority of the Directors approving any transaction are interested and the transaction is not carried on an arm-length basis, then this matter shall be placed before the general meeting as a special resolution
- In case if the majority of the Directors either directly or indirectly becomes interested in related party transaction due to Group's structure; accordingly, additional approval from shareholders in respect of transactions with a related party shall be obtained at the beginning of each year in the Annual General Meeting so that the Company can carry its business smoothly
- The records in respect of transactions with a related party shall be kept minimum for the period of 15 years or such longer time as required by relevant laws and regulations

The detailed disclosure regarding transactions with related parties has been disclosed in note 36 of the financial statements.

Details of Board Meetings Outside Pakistan

During the year, no board meeting was held outside Pakistan.

- Staying away from any kind of actual and perceived conflict
- Imparting the conflict to the stakeholders
- Enforcement of strategies to handle conflict of interest

Further, the Directors are also reminded on a periodic basis to avoid actual, potential, or perceived conflict of interests and to excuse themselves from any discussion on the matter that would give rise to a conflict of interests.

Investors' Grievance Policy

The grievance is defined as any complaint, problem, or concern of the affected person. This policy's objective is to safeguard and protect investors / shareholders' interest by handling their grievances.

Under the context of investor's grievance policy our management is committed to ensure that the investors' grievance are handled and resolved efficiently without any discrimination, at an appropriate level within the shortest possible time. The Company's Grievance policy follows the following principles:

- Queries and complaints are treated efficiently and fairly, ensuring confidentiality in a courteous manner

- The Company's employees work in good faith, and investors are informed of avenues to raise their queries and complaints within the organization and their rights if they are not satisfied with the resolution of their complaints
- Appropriate remedial action is taken immediately to ensure avoidance in the future

Records & Safety

The Company has implemented stringent controls to ensure that the records maintained are not only in compliance with the standard procedures but are also stored in a way that ensures their safety along with the timely retrieval of data when required.

In order to ensure the safety of records, the Company has adopted the following measures

- Introduction of the 'paperless environment' initiative in the past under which all the records and relevant documents are being scanned so that they are available electronically, addressing the safety and time-bound concerns of records
- Implementation of precautionary measures such as fire-extinguishers and fire-resistant measures ensures the security of the Company's sensitive documents.
- Efficient disposal of records and information when it is no longer required

The Company has so far scanned more than 3 million documents that have reduced paper consumption, markedly, as the access to print these scanned documents are also controlled



information technology governance

In today's highly competitive and dynamic environment, companies must align themselves with modern times' advancements. Today's technology not only helps in precise dissemination and accurate presentation of information but, in particular, saves time and cost.

In this regard, we at GTML have consistently developed and monitored our IT framework and ensured that the systems implemented effectively help in storing, safeguarding, retrieving, and sharing information. We possess a talented & professional team, who have been working tirelessly to make sure that the methods adopted and implemented by the Company are in line with the best practice of the industry.

The Company has formed an IT Steering Committee comprising senior executives to review and approve IT strategic plans, oversee major initiatives, govern all IT policies, and allocate resources appropriately. The committee meets quarterly and mainly focuses on;

- Ensuring that the Company continues to utilize IT resources effectively
- Identifying and managing risks
- Aligning the IT service objectives with business objectives
- Deploying Business Continuity Management including Disaster Recovery Plan
- Implementation of IT governance

Major Projects During the year

Business Continuity Management

Companies need to have a backup disaster recovery plan, as no one can predict when they will strike. We have dedicated BCP infrastructure at our backup location with adequate workstations for the continuation of business activity.

Centralize Database & Communication

We are constantly working on the centralization concept in terms of database and infrastructure. Our centralized tier-3 level data center is well equipped with all standard features including independent GENSET and state-of-the-art fire separation system.

In this year of 2021, we have further upgraded our centralized server equipment to cope with the proposed expansion in business applications and the potential risk of cyber-attacks.

Network & Data Security

The organization's data security always remains our top priority. The secured VPN connections

between multiple locations through a physical firewall ensures data integrity and security. Secured VPN infrastructure significantly contributed to the current COVID pandemic situation by facilitating our staff members to manage the work-from-home strategy efficiently.

Equipment Integration & Automation

Equipment integration with an IT system can significantly improve data accuracy, efficiency, and innovation. We already have a comprehensive SCADA system in our Power Plant division. In early 2020, we initiated an equipment integration pilot project with the Spinning and Auto-Cone division and completed the same within six months.

This integration played a vital role in accurate and timely data collection, process controls, and optimization efforts.

IT Compliance & Security Audit

At GTML, IT department has a dedicated division for IT compliance and security. We have documented IT Policies and Procedures as per the standard of ISO-27001. We have engaged an expert consultant as an independent IT auditor for formal IT Audit, Risk Assessment, and Penetration test for the years 2021-22.

Paperless Strategy

GTML aims to minimize the usage of physical papers wherever possible in the daily routine task. We have successfully integrated various divisions into a paperless strategy like IT compliance, Approvals, HR-related tasks, etc.

We have a huge volume of scanned documents duly archived in a secured environment through our Electronic Document Management System. This makes it easy to access desired documents to an authorized person instantly.

Review by the Board of the Business Continuity or Disaster Recovery Plan

The Board of Directors periodically monitors the Business Continuity and Disaster Recovery of the Company for the smooth functioning of the systems and servers, and for the prevention of any unforeseen adversary. Further, the Board is also involved in continuous monitoring of the risk which is exposed to the Company and the relevant strategies in place to mitigate them.

whistle blowing policy

This policy sets out guidelines to encourage individuals if they believe or have discovered malpractice or impropriety in the activities of the Company.

The Company is committed to the highest standards of openness, honesty, and accountability. In line with its commitment, the Company encourages employees and / or third parties (suppliers, customers, dealers, etc.) with serious concerns about any aspect of the Company's work, to come forward and blow the whistle on those concerns. These concerns may include but not be limited to the following:

- Financial malpractice or impropriety or fraud
- Failure to comply with a legal obligation
- Disclosure of confidential information within or outside the Company
- Deviation from full and fair reporting of the Company's financial position

- Dangers to health and safety or the environment
- Unlawful civil and criminal activity
- Improper conduct or unethical behavior

All reporting shall be handled in a confidential manner. It shall be ensured that the person raising the issue, if not anonymous, is not targeted or penalized for raising the matter in all circumstances. Confidentiality shall be maintained to the fullest extent possible. However, if the person raising the issue has acted with false / malicious intent, disciplinary action shall be taken against the person.

Number of Incidences Reported

No such incidences were reported to the Audit Committee during the year.



human resource excellence

Organizations cannot build a proficient team of working professionals without an effective Human Resource. As the pace of business accelerates and competition strengthens, companies are antagonized with greater uncertainty and intricacy.

While facing such contests, our human resource has the potential to be a crucial asset by ensuring that the Company has the desired human capital to compete and the ability to react fast to changing environments. They are determined to take Company to new heights, and this commitment helps us strive against the impossible and try to break the benchmarks that we have set in the industry over time. The wonderful relationship that we share with our employees is the key reason why the Company has considerably low employee turnover.

Human Resource Management Policy

The objective of this policy is to lay down salient features of the Company's philosophy with respect to its human resource management and its succession planning. As per the policy, the Human Resource department of GTML shall ensure the implementation of the following practices:

- Attract and retain top talent at all levels
- Performance-based / Market-based compensation & benefit to be provided to all employees
- Performance evaluation of all employees shall be carried out on a periodic basis
- Performance should be reviewed against the stated goals / KPIs that have developed overtime
- Succession Plans for all critical positions to be documented and required action has been implemented with highlighted improvement areas
- To develop strong skill set and provide development opportunities through cross-functional exposure
- On job Training & development to be provided to all employees
- Responsibility matrix should be clearly defined.
- High achievers shall be awarded
- Code of Conduct should be disseminated to all employees, and their adherence must be ensured

- Ensuring Gender Diversity / Non-Discriminatory work environment
- Providing a safe, secure, and healthy working environment
- Encouraging effective & open communication
- Encouraging work life balance
- To carry out employee engagement surveys on regular basis

Succession planning is a continuous process which is designed to identify, evaluate and develop the potential employees from within the organization who would be able to take up the leadership roles in future. The purpose of this is to have a pool of talented and competent employees who can replace their potential seniors in leadership roles. In this respect, the HR department adequately plans employee recruitment, on job training / sessions, development of managerial skills so that a person can easily fill the needed role.

Employee Engagement

GTML always encourages the relationship between the organization and its employees. In order to empower employee bonding and teamwork, different activities were planned during the year. Detail of some of the activities are as follows:

Independence Day 2020

Keeping the spirit of Independence alive, GTML celebrated 14th August with the same zest and vigor. This year however, instead of gathering all employees together physically at one place, GTML took a safe and strategic step towards ensuring a healthy collaboration among employees by celebrating Independence Day online. Employees from all departments were connected through Zoom link on 13th August, the participants sang national anthem followed by a key note message and an ending note by senior management.

Women's Day Celebration

At GTML, we strongly believe in creating a non-discriminated workplace environment. With this zeal of promoting balanced and diverse workplace, we celebrated International Women's Day on March 8, 2021, whereby a session was carried out to highlight how women add value to the workforce. Ms. Fariha Salahuddin (Chief Human Resource Officer-ICI) honored us with her presence and delivered a short speech highlighting the strengths of women at workplace.



Training & Succession Planning

Training is the key to improve employee's performance and to help them achieve the required level of knowledge and skills needed for the job.

To help them achieve those skills, the Company plans to organize training activities both internally and externally. The training keeps the human capital motivated, thus creating value for the organization in the long run.

This year also many training sessions were planned, however on account of the COVID-19 pandemic, some of the sessions did not take place as planned. Details of some of the In-house training sessions are as follows:

Creativity, Critical Thinking & Communication Skills Training

In 21st century learning, people have almost unlimited access to information. On the other hand, many of them lack the skills to benefit from this abundance of information. People gather and read information from libraries, textbooks, and digital materials. To be updated in accordance to the changing global demands, employees must learn how to develop and apply four competencies within core content areas and beyond - critical thinking, creative thinking, collaboration, and communication.



Focusing on this, we conducted two training sessions emphasizing on these subjects. Sessions were held in-house which consisted audience from all departments from Officer level to Deputy Managers.

Another session was conducted for support staff for basic workplace ethics which proved to be very beneficial concerning their professional grooming.

Health & Safety Trainings

Being the responsible employer, GTML has ensured a safe and healthy working environment by regularly conducting awareness sessions among employees.

In light of World Day for Safety and Health at Work, a session was organized for the factory employees to raise awareness about how they can protect themselves by taking precautionary measures and mitigate and prevent accidents and spread of diseases, especially stressing on COVID-19.

Moreover, various security and surveillance cameras have been installed throughout our factory premises and offices, which are regularly monitored by security personnel to address the security concerns (if any). Safety drills are regularly carried out to train and educate employees for emergencies.



World No-Tobacco Day

World Tobacco Day was celebrated at GTML uniquely. All the staff members participated actively and shared their resolution and a disadvantage of usage of tobacco in any form on sticky note which was placed on the notice board so that employees can get the benefit out of it. Employees enjoyed this activity and it facilitated employees in reaching out forward to help each other in staying healthy and physically fit.



Talent Acquisition & Management

The Company's Talent acquisition team had planned to visit universities in order to conduct job fairs, however, the execution couldn't have been possible due to restrictions of COVID-19 pandemic. In order to provide fresh candidates with an equal opportunity to get hired, multiple interviews were conducted over video call, adhering to the SoPs enforced.

Internship Program

The future of any country is dependent on its youth. Hence, we must play our part in building future leaders of

the Country. Guiding these young minds at an early stage can help them plan their careers.

Realizing the importance of the contribution's students can make towards the Country; the Company organized its Internship Program. The program not only proved beneficial in attracting potential candidates but also helped in recognizing the future prospective employees. It also played a vital role in developing and promoting organizational culture through factory visits, CSR activities and research projects. Interns performed with their full potential focusing on the projects assigned to them by their respective line managers, who in return provided their recommendations / suggestions for contractual / permanent position to be offered in the future.



Health & Safety

At GTML, we have a strong commitment to ensuring that our employees work in a healthy and safe environment. When and if the need arises, we have contingency action plans and the capacity to deal with such situations.

The HSE department of the Company has been strengthened over the year by the hiring of thorough professionals, with the main aim to ensure that GTML is compliant with all international standards. This will not only portray a positive image of the Company but will also help in minimizing the calamities. Further, a well-managed dispensary at both the locations is maintained by the Company for the welfare of the employees, to ensure proper health and safety.

Moreover, various security and surveillance cameras have been installed throughout our factory premises and offices, which are regularly monitored by security personnel to address the security concerns (if any). Safety drills are regularly carried out to train and educate employees for emergency situations.

social and environmental responsibility policy

The purpose of this policy is to set guidelines for GTML's objective to achieve protection of the environment, people, and planet through creating shared values for business and community.

GTML is committed to create a more equitable and inclusive society by supporting processes that lead to sustainable transformation and social integration. Our primary focus of social responsibility is to craft business policies that are ethical, equitable, environmentally conscious, and gender-sensitive. GTML shall strive to ensure the highest quality for its products and customer services, with responsible consumption & production. GTML ensures that all dimension of sustainable development goals are considered when developing its strategies, policies, practices, and procedures. In order to protect the environment, GTML shall:

- Meet or exceed the requirements of relevant legislative, regulatory, and environmental standards
- Identify, reduce, and dispose of waste arising from our operations in a manner that minimizes harm to the environment and prevents pollution of land, air, and water
- Reduce the consumption of energy and water and use renewable and / or recyclable resources wherever practicable

Supporting the Communities

Sustainability and community development shall form a part of the core values at GTML.

- As a responsible social entity, GTML shall provide support to national and local charities or entities to promote the cultural and economic development of local communities
- GTML shall ensure community development and uplift the standards of living of the masses through health, education, and environmental interventions

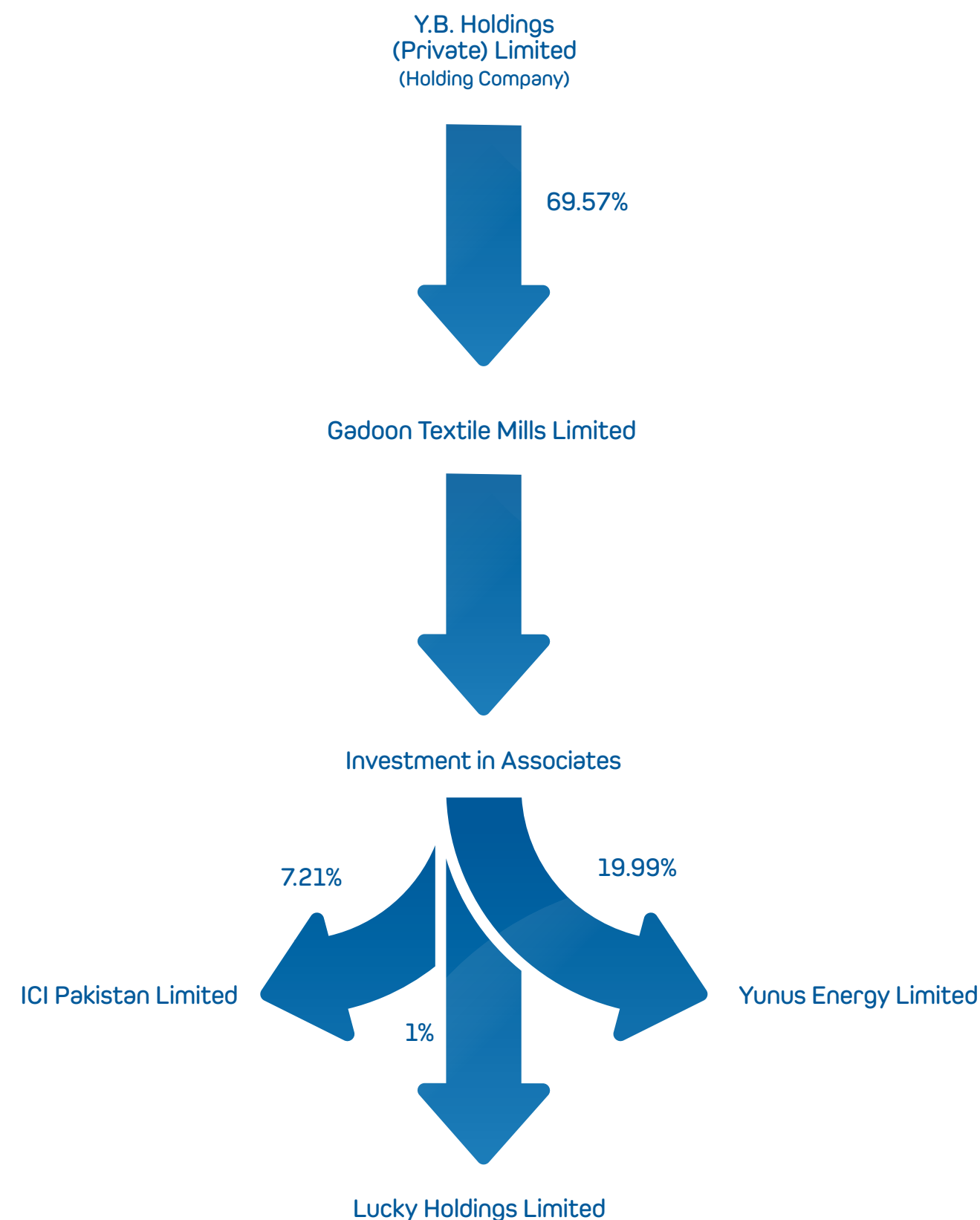
- GTML shall support the development of quality human resources in the Country by sponsoring scholarship programs at leading universities / schools. Moreover, GTML shall support the provision of facilities / resources to such places of learning
- GTML shall provide free medical facilities through welfare dispensaries located at factory sites
- GTML also encourages its employees to share their time and skills in a socially constructive manner for the development of society

Our People

GTML recognizes that its human resources are its most valuable asset, and it is committed to providing careers and working environments in which its people can achieve their full potential.

- GTML is dedicated to protecting human rights through its "Code of Conduct" and the provision of equal opportunity to potential employees and exercises all fair labor practices
- GTML shall ensure that its activities do not directly or indirectly violate human rights at any of GTML's sites (e.g., forced labor, child labor, etc.). As a policy, GTML does not hire minors as a workforce
- GTML shall employ differently-abled persons wherever business requirements allow
- GTML shall make every reasonable and practicable effort to provide safe and healthy working conditions in all its sites, and offices

beneficial ownership / group shareholding



review report on the statement of compliance

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

INDEPENDENT AUDITOR’S REVIEW REPORT TO THE MEMBERS OF GADOON TEXTILE MILLS LIMITED

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 Gadoon Textile Mills Limited for the year ended June 30, 2021 in accordance with the requirements of Regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company’s compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2021.

Yousuf Haidi
Chartered Accountants

Place: Karachi
Date: August 21, 2021

statement of compliance with CCG 2019

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of Company: Gadoon Textile Mills Limited (the Company)
Year ended: June 30, 2021

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

1. The total number of Directors are 7 as per the following:
 - a. Male: 6
 - b. Female: 1
2. The composition of the Board is as follows:

Category	Names
a) Independent Directors	Mr. Saleem Zamindar Mr. Zafar Masud
b) Non-Executive Directors	Mr. Muhammad Yunus Tabba (Chairman) Mr. Muhammad Ali Tabba Mr. Jawed Yunus Tabba
c) Executive Director	Mr. Muhammad Sohail Tabba (CEO)
d) Female Non-Executive Director	Ms. Zulekha Tabba Maskatiya
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 the significant policies along with their date of approval 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 the 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 the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. All the directors are either exempt or have acquired the prescribed certification under directors' training program specified and approved by the Commission;
10. The Board has approved appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. 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:

Committee	Name of members and Chairman
a) Audit Committee	Mr. Saleem Zamindar (Chairman) Mr. Zafar Masud Mr. Muhammad Ali Tabba Mr. Jawed Yunus Tabba
b) HR and Remuneration Committee	Mr. Saleem Zamindar (Chairman) Mr. Jawed Yunus Tabba Ms. Zulekha Tabba Maskatiya

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 Committees were as per following:

Committee	Frequency of meetings
a) Audit Committee	Quarterly
b) HR and Remuneration Committee	Annually

15. The Board has set up an effective internal audit function, and its members are considered 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 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 Institute of Chartered Accountants of Pakistan 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 regulations 3, 7, 8, 27, 32, 33 and 36 of the Regulations of the Listed Companies (Code of Corporate Governance) Regulations, 2019 have been complied with, promulgated on September 25, 2019. The Election of Directors of the Company were held in March 2019, therefore, the Regulation 6 of the CCG regarding electing at least two (02) or one-third of members, whichever is higher as independent directors was not applicable at that time. Compliance of the said regulation will be ensured in the next Election of Directors which will be held in the year 2022.



Muhammad Yunus Tabba
Chairman

Karachi: August 21, 2021



Muhammad Sohail Tabba
Chief Executive Officer

role of chairman & ceo

The Company’s Chairman is in charge of the Board’s leadership and guarantees that the Board plays a compelling role in satisfying every one of its duties. In contrast, the Chief Executive Officer is an executive Director and responsible for acting as the Head of the Company.

The Roles & Responsibilities of the Chairman include

- Setting agendas for the Board’s consideration.
- Leading the Board and discussing all proposals put forward by the executive team.
- Liaising and coordinating with subcommittee chairs.
- Identifying and participating in the selection of the Board members and overseeing a formal succession plan for the Board, CEO, CFO, and key senior management.
- Maintaining an effective team by managing conflicts of interest within the Company.
- Ensuring that interrelationship are maintained with the Company’s strategic stakeholders.
- To ensure that stakeholders’ trust and confidence is maintained in the Company.

The Roles and Responsibilities of the CEO include

- Serving as Chief Representative of the Company.
- Overseeing the business operations and implementing the policies and strategies recommended and approved by the Board.
- Closely monitor the operating and financial results of the Company against plans and budgets on a consistent basis.

- Ensuring that effective reporting mechanisms exist within the organization to provide feedback at all levels of management.
- Ensuring that the Company complies with all relevant laws and corporate governance principles and that these principles are recommended and adopted by the Board to mitigate key risks.
- Setting the tone in providing ethical leadership and creating an ethical environment.

Shares held by Sponsors / Directors / Executives

The total number of shares held by sponsors / Directors as of June 30, 2021, are 19,519,106, i.e., 69.64% of the total paid-up capital of the Company.

No shares are held by any executives of the Company. The detailed breakup of shares has been mentioned in the section Pattern of Shareholding of this Annual Report.



board committees

Audit Committee

- 1) Mr. Saleem Zamindar (Chairman)
- 2) Mr. Zafar Masud
- 3) Mr. Muhammad Ali Tabba
- 4) Mr. Jawed Yunus Tabba

The Audit Committee comprises of four members including its Chairman. All members are Non-Executive Directors, while chairman and one member of Committee are independent Directors.

The committee held six meetings during the year. The attendance of each member is disclosed in the “Directors’ Report”.

Terms of Reference

The terms of reference of the Audit Committee include the following:

- a) Determination of appropriate measures to safeguard the company’s assets;
- b) Review of annual and interim financial statements of the company, prior to their approval by the Board of Directors, focusing on:
 - Major judgmental areas;
 - Significant adjustments resulting from the audit;
 - Going concern assumption;
 - Any changes in accounting policies and practices;
 - Compliance with applicable accounting standards;
 - Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 and other statutory and regulatory requirements; and
 - All related party transactions;
- c) Review of preliminary announcements of results prior to external communication and publication;
- d) Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- e) Review of management letter issued by external auditors and management’s response thereto;
- f) Ensuring coordination between the internal and external auditors of the company;

- g) Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the company;
- h) Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management’s response thereto;
- i) Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
- j) Review of the company’s statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
- k) Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive Officer and to consider remittance of any matter to the external auditors or to any other external body;
- l) Determination of compliance with relevant statutory requirements;
- m) Monitoring compliance with applicable Code of Corporate Governance Regulations and identification of significant violations thereof;
- n) Review of arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
- o) Recommend to the Board of Directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements, measures for redressal and rectification of non-compliances with the Regulations. The Board of Directors shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof; and
- p) Consideration of any other issue or matter as may be assigned by the Board of Directors.

Review of Terms of Reference - Audit Committee

The terms of reference of the Committee may be revised and modified with the approval of the Board of Directors

Human Resource & Remuneration Committee

- 1) Mr. Saleem Zamindar (Chairman)
- 2) Mr. Jawed Yunus Tabba
- 3) Ms. Zulekha Tabba Maskatiya

The Human Resource and Remuneration (HR&R) Committee comprises of three members. The Chairman of the Committee is an independent Director. The Committee held one meeting during the year.

Terms of Reference

The terms of reference of the - HR&R Committee shall include the following:

- Recommended to the Board for consideration and approval a policy framework for determining the remuneration of Directors and senior management, preferably taking into consideration that such remuneration commensurate with the performance of the Company and evaluation of the Board and management (as applicable). The definition of senior management will be determined by the Board which shall normally include the first layer of management below the chief executive officer level;
- Undertaking a formal process of evaluation of the performance of the Board as a whole and its committees annually, either directly or by engaging independent external consultant and if so appointed, a statement to that effect shall be made in the Directors' Report disclosing the name, qualifications and major terms of appointment;
- Recommending Human Resource Management policies to the Board;
- Recommending to the Board the selection, evaluation, development, compensation (including retirement benefits) of Chief Operating Officer, Chief Financial Officer, Company Secretary and Chief Internal Auditor;

- Consideration and approval on recommendations of Chief Executive Officer on such matters for key management positions who report directly to the Chief Executive Officer or Chief Operating Officer; and
- Reviewing the audit observations, if any, raised by the internal and external auditors of the Company relating to the HR function.

Review of Terms of Reference - Human Resource & Remuneration Committee

The terms of reference of the Committee may be revised and modified with the approval of the Board.

Budget Committee

- 1 Mr. Zafar Masud (Chairman)
- 2) Mr. Muhammad Ali Tabba
- 3) Mr. Muhammad Sohail Tabba
- 4) Mr. Jawed Yunus Tabba

The Budget Committee comprises four members. The Chairman of the Committee is an independent Director.

Terms of Reference

- To review and analyze the operational plans and annual budgets especially for revenues, expenses and capital expenditures as prepared by the management, according to specified parameters and to suggest any revisions before Board's consideration / approval;
- To recommend the budget for the Board's approval;
- To review budget variance on a periodic basis; and
- To recommend any matter of significance in relation to the budget to the Board of Directors.

Review of Terms of Reference - Budget Committee

The terms of reference of the Committee may be revised and modified with the approval of the Board.

report of audit committee

The Audit Committee has concluded its annual review of the conduct and operations of the Company for the financial year ended June 30, 2021

The Audit Committee comprises of four members including its Chairman. All members are Non-Executive Directors, while chairman and one member of Committee are independent Directors. The Committee as a whole possess significant economic, financial and business acumen and all Directors qualify as financial literate.

The Audit Committee has concluded its annual review of the conduct and operations of the Company for the financial year ended June 30, 2021 and reports that:

- The Company has complied with the mandatory requirements specified under 'The Listed Companies (Code of Corporate Governance) Regulations, 2019 (Regulations);
- The Company has issued a Statement of Compliance with the Regulations which has also been reviewed and certified by the external auditors of the Company;
- The Company's Code of Conduct has been disseminated across the organization;
- Appropriate accounting policies have been consistently applied except for the changes, if any, which have been appropriately disclosed in the financial statements. Applicable International Financial Reporting Standards were followed in the preparation of the financial statements of the Company on a going concern basis for the financial year ended June 30, 2021, which present fairly the state of affairs, results of operations, cash flows and changes in equity of the Company for the year under review;
- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the applicable laws, and the financial reporting is consistent with management processes and adequate for shareholder needs;
- These financial statements have been prepared in accordance with approved accounting

standards as applicable in Pakistan. Accordingly, approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017 (the Act), provisions of and directives issued under the Act. In case requirements differ, the provisions of or directives under the Act shall prevail;

- The Audit Committee reviewed quarterly, half yearly and annual financial statements of the Company and recommended them for approval of the Board of Directors. It has also reviewed preliminary announcements of results prior to publication;
- The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) attended Audit Committee meetings by invitation;
- The CEO and the CFO have endorsed the financial statements of the Company. They acknowledge their responsibility for a true and fair presentation of the Company's financial statements, accuracy of reporting and compliance with Regulations and applicable accounting standards;
- The Committee has reviewed the Annual Report and concluded that it is fair, balanced and understandable. The Annual Report discloses and provides information to shareholders to assess the Company's position and performance and its business model and strategy. Similarly, it has also reviewed all related party transactions carried out during the year, which were subsequently approved by the Board;
- The Committee regularly reviews the mechanism for employees and management to report concerns to the Audit Committee and ensures that any allegations are scrutinized seriously; and
- The Board has a practice to carry out the annual evaluation of its committees and its members. The results of the evaluation carried out were found to be satisfactory.

Internal Audit and Risk Management

- The Chief Internal Auditor (CIA) attended the Audit Committee meetings and also acted as secretary to the Audit Committee
- The CIA has direct access to the Chairman of the Audit Committee and the Committee has ensured staffing of personnel with sufficient internal audit acumen
- The internal audit function plays a vital role in improving the overall control environment of the Company
- The Internal Audit Department carried out independent audits under an internal audit plan and reported functionally to the Audit Committee
- The Audit Committee reviewed the internal audit reports presented by the CIA which encompasses Audit findings, process improvement avenues, control weaknesses, and recommendations. A risk rating system is used based on likelihood and impact and as a result, high to the low-risk rating is assigned; and
- The Company's system of internal controls is designed to manage and minimize the risk of not achieving business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The committee has ascertained that the risk management and internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of business

transactions, and the reporting structure are adequate and effective

External Audit

- The External Auditors were allowed direct access to the Audit Committee
- The Audit Committee has reviewed and discussed Key Audit Matters and observations with the external auditors. The final Management Letter is required to be submitted within 45 days of the date of the Auditors' Report on the financial statements as required by the Regulations and shall, therefore, accordingly be discussed in the next Audit Committee meeting
- The external auditors M/s. Yousuf Adil Chartered Accountants, formerly known as M/s. Deloitte Yousuf Adil Chartered Accountants have been engaged as the external auditors of the Company since 2005 and have completed their audit assignment and review of the Statement of Compliance with the Regulations. They shall retire on the conclusion of the 34th Annual General Meeting
- Being eligible for reappointment as Auditors of the Company, the Audit Committee has recommended the appointment of M/s. Yousuf Adil Chartered Accountants as external auditors of the Company for the year ending June 30, 2022

Saleem Zamindar

Mr. Saleem Zamindar
Chairman Audit Committee

Karachi: August 06, 2021

Attendance in Annual General Meeting

Mr. Saleem Zamindar (the Chairman of Audit Committee) attended the Annual General Meeting of the Company for the year 2020 held on Wednesday, October 28, 2020 to answer shareholders concerns/questions / queries, if any, on audit committee's scope, roles and responsibilities.

During the meeting, no significant issues were raised.

Chairman's Significant Commitments and any changes thereto

The Chairman of GTML Mr. Muhammad Yunus Tabba also serves LCL as the Chairman of the Board. Being one of the founding members of the YBG, he directs the two companies with his immense experience and commitment to the industry. Besides the GTML and LCL, he does not have any significant devoir in the present context.

Pandemic Recovery

Policy Statement

As a responsible corporate body GTML aims to minimize the impact of the pandemic and ensure that all stakeholders' issues are addressed, and business is maintained as usual smooth operations of business activities without facing any misshapes at all.

Recovery Planning

With reference to COVID-19, the Pandemic Recovery Management Team implemented a Pandemic Recovery Plan at each business unit of GTML. Certain measures are taking to ensure the health and minimize the spread among, the employees.

- Ensuring the availability of vaccination for all the employees
- Disinfecting the office premises and vehicles on a daily basis

- Installation of a sanitizing tunnel and wall-mounted hand sanitizer dispenser
- Daily temperature checks at entry-points
- Distribution and use of face masks
- Maintaining social distance with reduced staff
- Practice to conduct meetings online

Moreover, regular awareness sessions and informative posters were also placed throughout the office and factory premise and on social media platforms. In case an employee experienced COVID-19 symptoms, the Company provided them with testing facilities. If an employee tested positive for COVID-19, the employee was granted a minimum of 14 days of paid leaves. For this reason, departmental employees were cross-trained in case the concerned staff could not perform their duties due to illness.



A full-page background image showing a person in a red shirt and blue pants climbing a dark rock overhang. The climber is suspended by ropes and gear. Below the rock, the sea is visible with a small rocky island in the distance. The sky is a mix of blue and orange from the setting or rising sun.

made of strength.

Performance & Position

- 106 analysis of financial and non-financial performance
- 107 key performance indicators
- 110 six years at a glance
- 111 graphical presentation
- 112 financial ratios
- 119 dupont analysis
- 120 free cash flow
- 121 economic value added
- 122 horizontal analysis
- 126 vertical analysis
- 130 summary of cash flow
- 132 statement of cash flows – direct method
- 133 quarterly performance analysis
- 134 segmental view of business performance
- 135 share price sensitivity analysis
- 136 history of major events
- 138 calendar of notable events
- 139 major capital expenditure
- 139 details of taxes duties & levies

analysis of financial and non-financial performance

Financial Performance

a) Financial Performance in comparison with Prior year

During the year the Company has managed to secure a hefty net revenue of Rs. 41.01 billion as compared to Rs. 28.99 billion for the SPLY with an increase of 41.48%, mainly on account of acceleration in Sales price of yarn coupled with an increase in yarn quantities. The Company recorded net profit of Rs. 3.53 billion in this year as compared to Rs. 45.49 million recorded in the SPLY. During the year, apart from increase in gross profit margin, the Company realized the exchange gain of Rs. 62.18 million on its foreign currency loan as against the exchange loss of Rs. 889.35 million in SPLY and is also one of the main factors when comparing the net profit margins of 8.62% this FY with the net profit margin of 0.16% SPLY.

The detailed analysis of the Company's performance in comparison to the previous year has been reported in the section Financial Results of Directors' Report. Further details can also be viewed in the section Horizontal / Vertical Analysis of this Annual Report.

b) Financial Performance in comparison with Budget

The management has a practice of making yearly budgets and monitor performance against the same. Deviation, if any, is bifurcated into controllable and non-controllable factors in order to assess the effectiveness of teams responsible for setting the budget. For controllable factors, timely corrective actions are taken. For non-controllable factors, risk management policies are considered, and strategies are designed to minimize its negative effect.

The Company's sales and profits exceeded budgeted numbers for the current financial year. Better recovery of the Country's economy post pandemic and favorable government reforms for inclusive and sustainable growth of the economy, has built investor's confidence and allowed the local industry to flourish. The overall sales of yarn have increased in this period as compared to the budget mainly on account of higher selling prices and greater demand having a positive impact on profitability.

key performance indicators

Key Performance Indicators

Key Performance Indicators (KPIs) are the measurable values that determine the effectiveness and efficiency of achievement of the key business objectives. The Company has used the KPIs to evaluate the success of the business on reaching the targets. The business function of GTML evaluated through KPIs to measure achievement against objectives has been detailed below:

Revenue Rs. in million 41,010 ₂₀₂₁ 28,987 ₂₀₂₀ % change 41.48%	Operating Profit Rs. in million 4,657 ₂₀₂₁ 1,247 ₂₀₂₀ % change 273.53%
Profit Before Tax Rs. in million 4,026 ₂₀₂₁ 338 ₂₀₂₀ % change 1092.15%	Profit After Tax Rs. in million 3,534 ₂₀₂₁ 45 ₂₀₂₀ % change 7667.43%
EBITDA Rs. in million 5,640 ₂₀₂₁ 2,261 ₂₀₂₀ % change 149.49%	EBITDA in % of Sales 13.75% ₂₀₂₁ 7.80% ₂₀₂₀ % change 76.34%
Equity Rs. in million 12,610 ₂₀₂₁ 9,084 ₂₀₂₀ % change 38.81%	Return on Capital Employed in % 30.92% ₂₀₂₁ 10.15% ₂₀₂₀ % change 204.54%
Return on Fixed Assets in % 33.95% ₂₀₂₁ 0.45% ₂₀₂₀ % change 7495.04%	Earnings Per Share Rupees 126.08 ₂₀₂₁ 1.62 ₂₀₂₀ % change 7682.72%
Market Capitalization Rs. in million 7,245 ₂₀₂₁ 4,471 ₂₀₂₀ % change 62.03%	Capital Expenditure Rs. in million 1,214 ₂₀₂₁ 1,367 ₂₀₂₀ % change -11.17%
Net Cash from Operating Activity Rs. in million 7,790 ₂₀₂₁ (1,884) ₂₀₂₀ % change 513.53%	SoP from Associates Rs. in million 677 ₂₀₂₁ 493 ₂₀₂₀ % change 37.55%

Non-Financial Indicators

Capital Form	Objectives	KPI Monitored
Manufactured Capital	Implementation of innovative technology and techniques	Reduction in defect ratio by adopting techniques to ensure total quality management.
	Sustain industry leadership	Significant CAPEX made during the year in technologically advanced machines.
Human Capital	Provide a healthy working environment for our employees	Strengthening the HSE department and implementation of organizational safety programs, especially w.r.t. sanitization and health check measures in order to counter the impact of COVID-19 pandemic.
	Maintaining operational efficiencies	Results of external / internal training sessions were evaluated, and significant improvements in employees technical / interpersonal skills were noted.
Natural Capital	Encouraging best customs to support environmental sustainability	Participated in environmental sustainability activities, including tree plantation. Further also ensured efficient use of sustainable raw material for manufacturing yarn and efficient use of gas for power generation.
Financial Capital	Sales maximization and global footprint	Increase in overall sale of yarn and knitted bedding products has enabled the Company to spread its footprint both locally and globally.
Social and Relationship Capital	Contribute effectively as a corporate entity	Active participation in events and activities for creating a corporate image and building a sense of shared values and mutual respect.
Intellectual Capital	Achieve overall business synergies by maintaining operational efficiencies	Operational efficiencies of the Company are maintained by utilizing the strength of high profile and skilled employees and along with the upgradation of IT system.

Budget

In addition to setting budgets for its financial indicators, the Company also places emphasis on its non-financial indicators and accordingly has allocated budget for the development of its manufactured / human / social / relationship capital for the upcoming year.

The management continuously monitors the above KPIs and significant deviations from the previous year are investigated for corrective actions to be taken. Further, the Board also reviews these KPI on a quarterly basis. The management anticipates these KPIs to be relevant in the future in order to assess the Company's performance.

Methods and Assumptions used in compiling the indicators

The Company uses different sets of methods and assumptions while compiling its financial and non-financial indicators.

For compiling non-financial indicators, the Company considers its market positioning, competitor's strengths, employee's capabilities, working environment, and technological advancements.

For financial indicators, the Company analyzes sales, gross profit, profit after tax, EPS, DPS, and market value of its share on a regular basis to gauge its performance.

The comparison of profit after tax to sales depicts how much the Company is able to retain the distributable profit for the provider of equity in comparison to its sales.

The dividend payment indicates that how much the Company wants to retain the amount from the distributable profits of shareholders for future business expansion / growth.

The Company also compares the market price of share with its book value to assess investors' confidence in the script.

In addition, the Company also monitors cash flow from operating activities access to its liquidity position and working capital requirements.



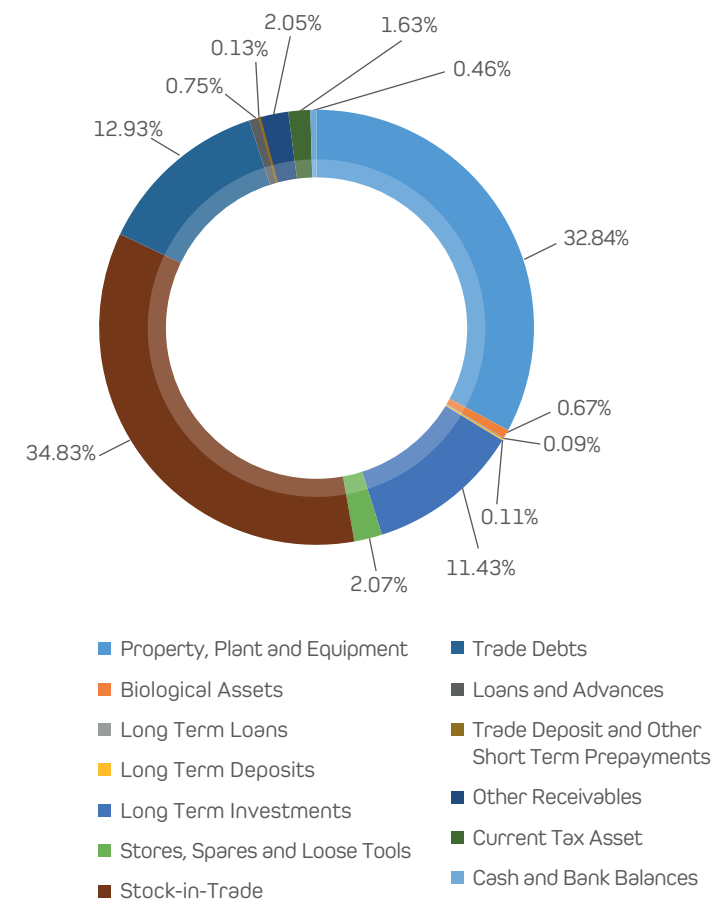
six years at a glance

	2021	2020	2019	2018	2017	2016
(Rupees In '000)						
Assets Employed						
Property, Plant and Equipment	10,253,638	10,165,007	9,870,359	7,791,928	7,447,694	7,727,013
Biological Assets	208,396	190,214	129,665	-	-	-
Long Term Loans and Deposits	62,526	69,137	72,804	63,050	51,180	41,340
Long Term Advances	-	-	-	-	-	-
Current Assets	17,131,011	17,258,436	14,342,045	12,600,632	10,028,260	9,132,266
Long Term Investments	3,570,625	3,150,556	2,890,606	2,686,920	2,472,715	2,194,332
Total Assets Employed	31,226,196	30,833,350	27,305,479	23,142,530	19,999,849	19,094,951
Equity and Liabilities						
Shareholder's Equity	12,610,075	9,084,358	9,209,433	8,213,510	7,366,723	6,533,605
Long Term Finance	3,906,240	3,526,689	2,622,363	594,338	-	-
Deferred Government Grant	144,078	-	-	-	-	-
Current Portion Of Long Term Finance	735,143	68,092	52,728	-	-	-
Current Portion Of Deferred Government Grant	54,077	-	-	-	-	-
	4,839,538	3,594,781	2,675,091	594,338	-	-
Retirement Benefit Obligation	714,068	629,205	562,984	533,769	446,314	447,453
Deferred Tax Liabilities	780,817	810,001	890,390	696,275	668,382	642,313
Current Liabilities	13,070,918	16,783,097	14,020,309	13,104,638	11,518,430	11,471,580
Current Portion of Long Term Finance	(789,220)	(68,092)	(52,728)	-	-	-
	12,281,698	16,715,005	13,967,581	13,104,638	11,518,430	11,471,580
Total Equity and Liabilities	31,226,196	30,833,350	27,305,479	23,142,530	19,999,849	19,094,951
Turnover and Profit						
Turnover	41,009,841	28,986,781	31,217,479	27,554,687	23,248,578	21,269,477
Gross Profit	4,975,580	2,241,286	2,892,723	1,944,890	1,328,793	726,192
Operating Profit	4,657,161	1,246,797	2,768,530	2,048,328	1,427,539	357,012
Profit / (Loss) Before Taxation	4,026,100	337,717	1,668,457	1,473,646	1,084,938	(92,164)
Profit / (Loss) After Taxation	3,534,101	45,499	1,186,102	1,185,296	806,986	(273,845)
Cash Dividend	336,355	-	238,251	434,459	140,148	-
Unappropriated Profit	10,464,905	6,939,188	7,064,263	6,068,340	5,221,553	4,388,435
Earning Per Share (PKR)	126.08	1.62	42.32	42.29	28.79	(9.77)
Book Value Per Share (PKR)	449.88	324.10	328.56	293.03	262.82	233.10

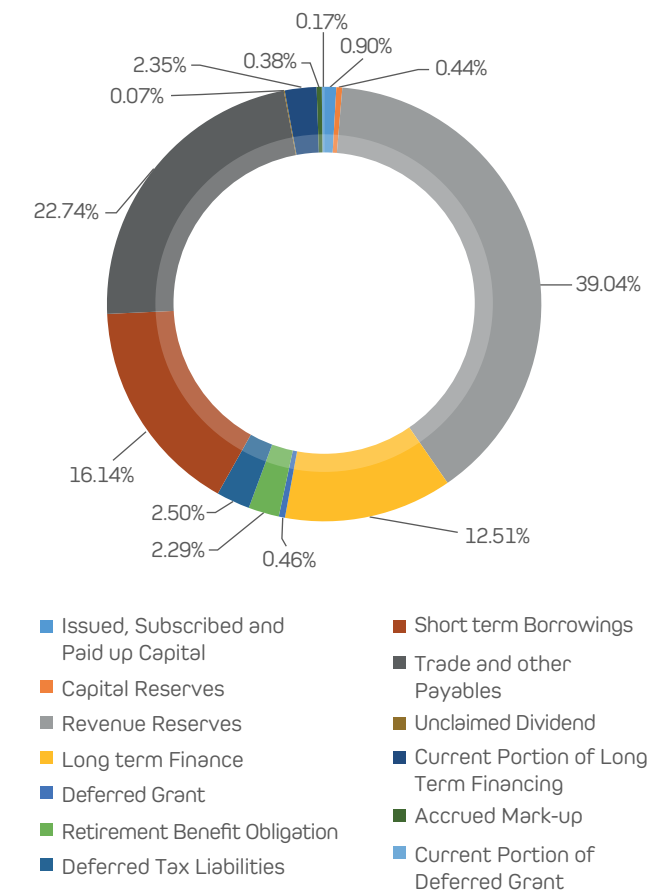
graphical presentation

statement of financial position & profit or loss for the year June 30, 2021

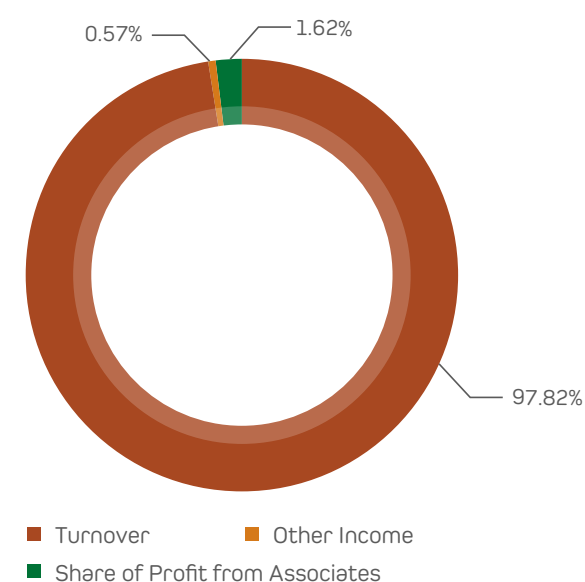
Total Assets



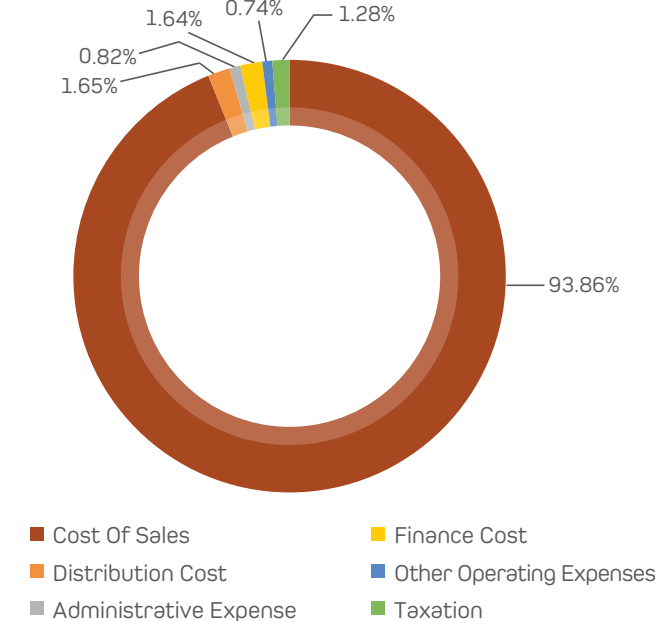
Total Equity and Liabilities



Income



Expense

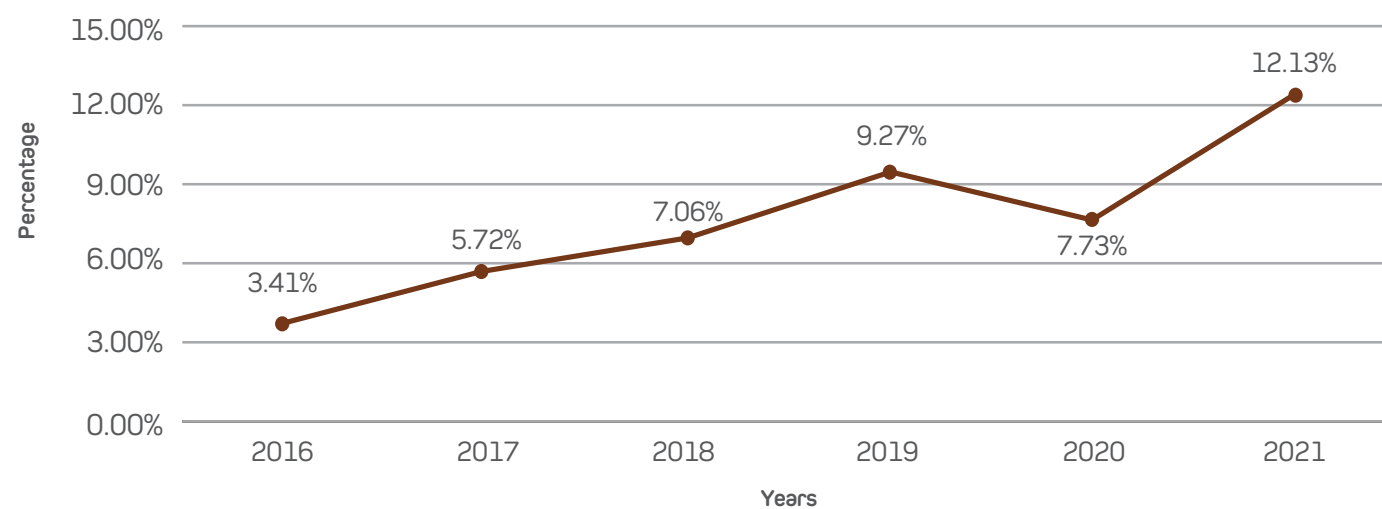


financial ratios

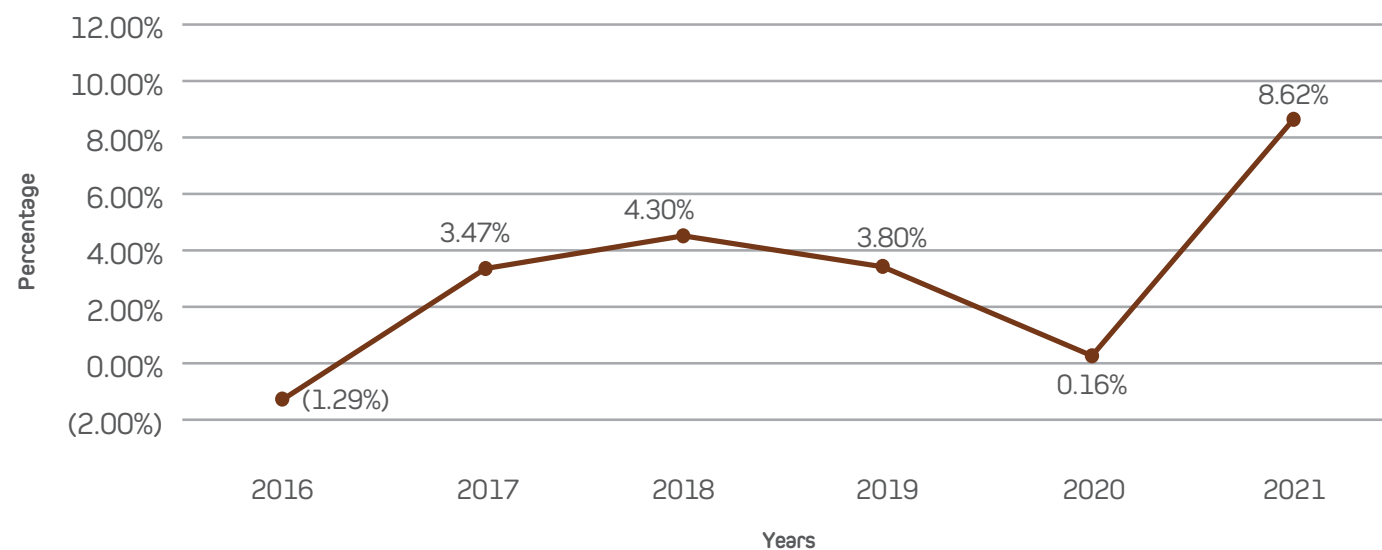
Profitability Ratios

	UoM	2021	2020	2019	2018	2017	2016
GP to Sales	Percentage	12.13%	7.73%	9.27%	7.06%	5.72%	3.41%
PAT to Sales	Percentage	8.62%	0.16%	3.80%	4.30%	3.47%	(1.29%)
EBITDA to Sales	Percentage	13.75%	7.80%	11.41%	10.11%	9.34%	5.49%
Operating Leverage	Times	6.59	2.35	2.65	7.69	32.23	6.51
Return on Equity After Tax	Percentage	32.58%	0.50%	13.62%	15.22%	11.61%	(4.10%)
Return on Capital Employed	Percentage	30.92%	10.15%	26.76%	25.33%	20.54%	5.34%
Return on Fixed Assets	Percentage	33.95%	0.45%	13.33%	15.56%	10.64%	(3.41%)

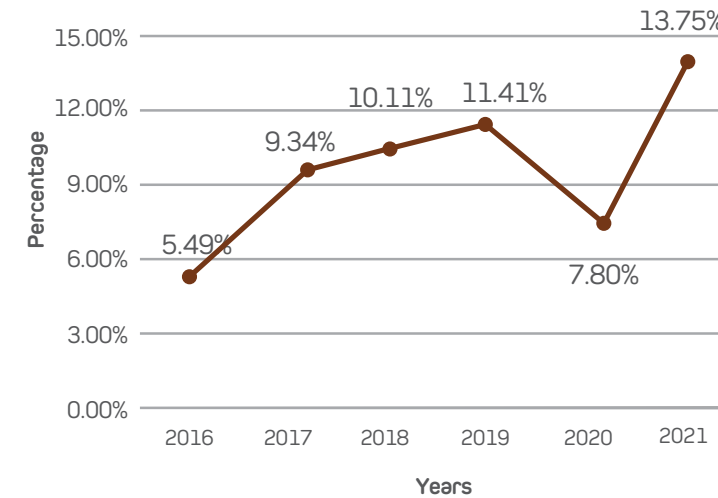
GP to Sales



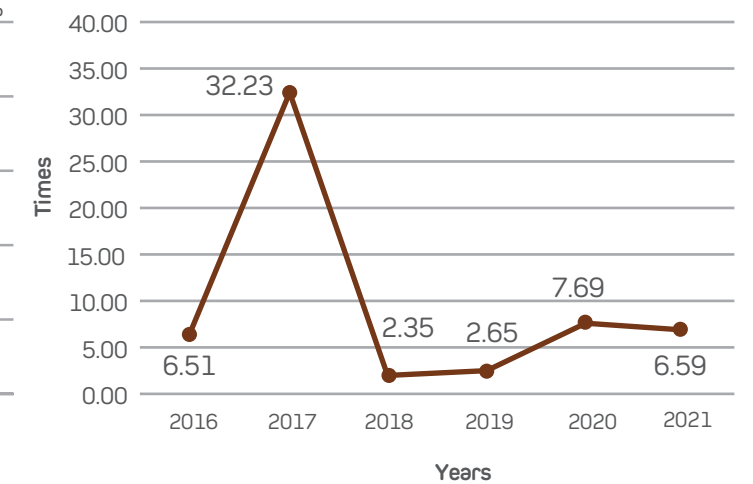
PAT to Sales



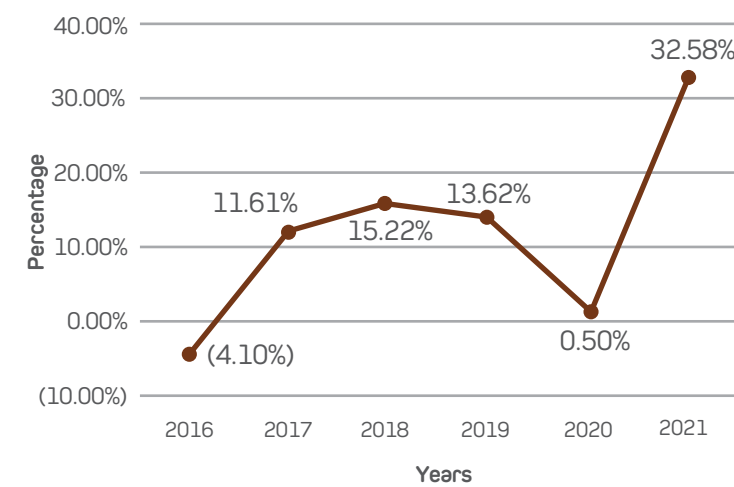
EBITDA to Sales



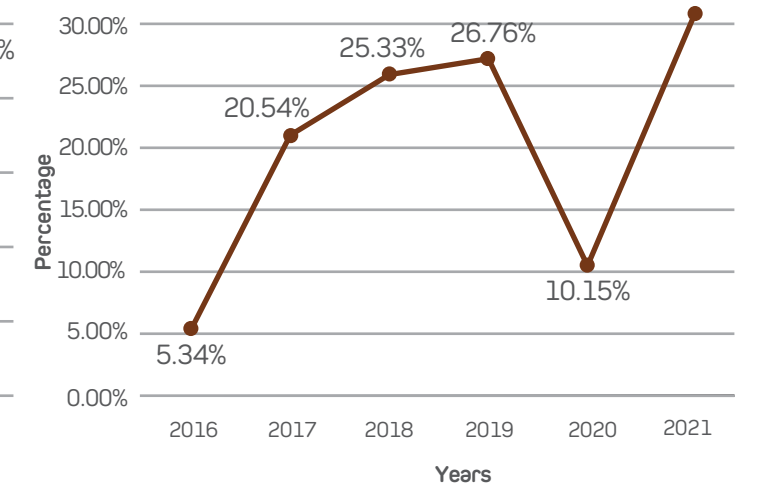
Operating Leverage



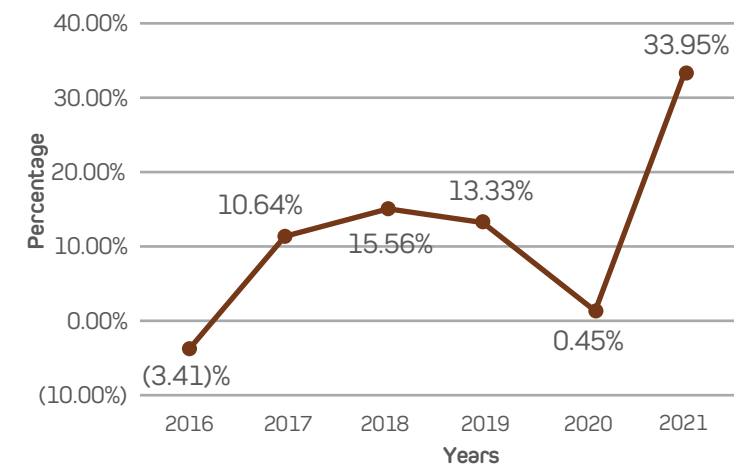
Return on Equity After Tax



Return on Capital Employed



Return on Fixed Assets



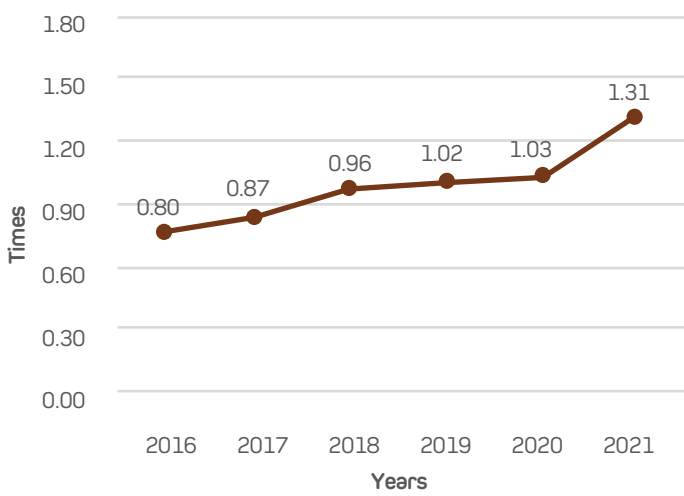
Comments:

The profitability ratios has once again shown an increasing trend in the current year after a decline in the prior year mainly owing to COVID-19 pandemic coupled with the abrupt devaluation of currency. The increase in the CY can be attributed to the increase in sales prices of yarn together with an increase in yarn quantities and the exchange gain of Rs.62.18 million on foreign currency loan as against the exchange loss of Rs.889.35 million in the prior year.

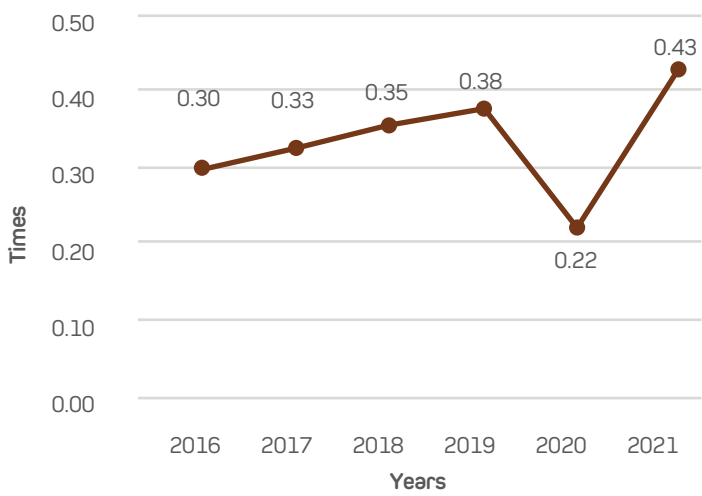
Liquidity Ratios

	UoM	2021	2020	2019	2018	2017	2016
Current Ratio	Times	1.31	1.03	1.02	0.96	0.87	0.80
Quick Ratio	Times	0.43	0.22	0.38	0.35	0.33	0.30
Cash to Current Liability	Times	0.01	0.01	0.01	0.01	0.01	0.03
Cash Flow from Operation to Sales	Times	0.19	(0.06)	0.03	(0.03)	0.06	0.06

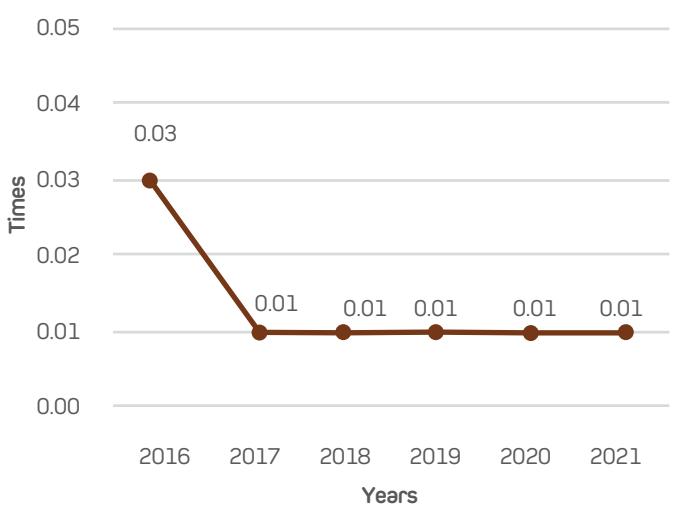
Current Ratio



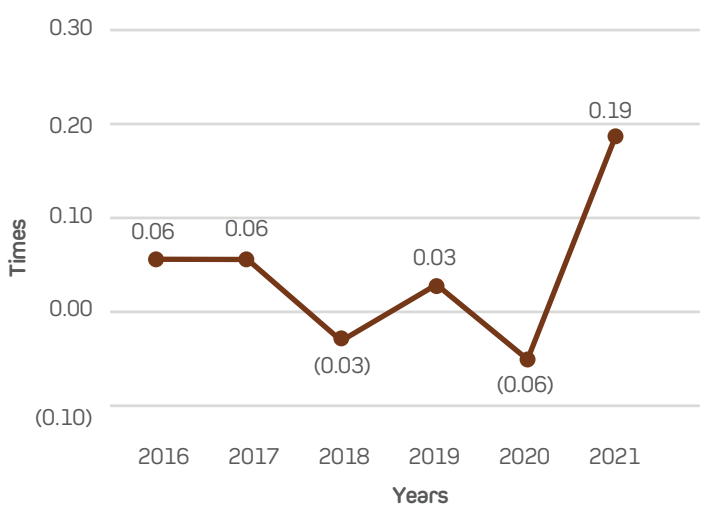
Quick Ratio



Cash to Current Liability



Cash Flow from Operation to Sales



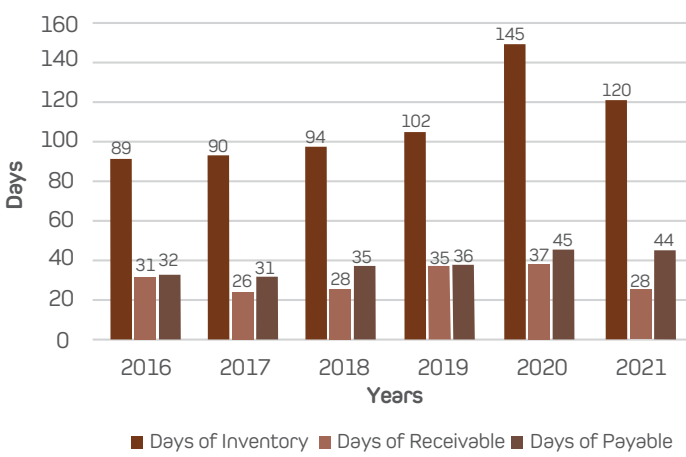
Comments:

Liquidity ratios have been consistent over the years, mainly on account of strong working capital management policies. The current ratio of 1.31 as at June 30, 2021, is the highest since 2016. However, during the year, the quick ratio has increased on account of decrease in inventory levels as at June 30, 2021 as compared to the prior years.

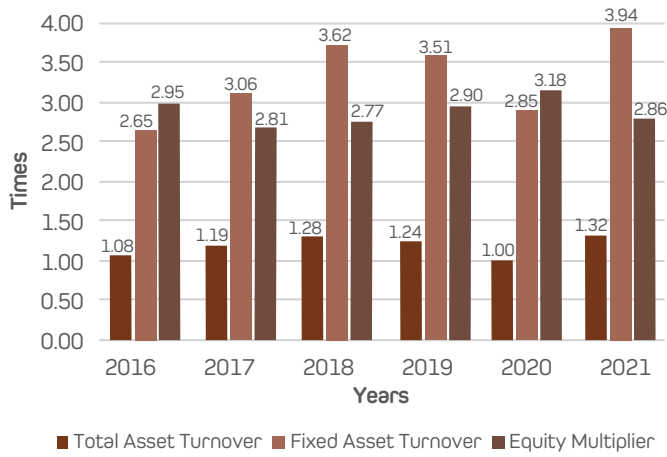
Operating Ratios

	UoM	2021	2020	2019	2018	2017	2016
Inventory Turnover	Times	3.03	2.51	3.57	3.89	4.04	4.09
No. of Days in Inventory	Days	120	145	102	94	90	89
Debtor Turnover	Times	12.87	9.91	10.44	13.07	14.10	11.92
No. of Days in Receivable	Days	28	37	35	28	26	31
Creditor Turnover	Times	8.31	8.03	10.00	10.35	11.96	11.54
No. of Days in Payable	Days	44	45	36	35	31	32
Operating Cycle	Days	104	137	101	87	85	88
Total Assets Turnover	Times	1.32	1.00	1.24	1.28	1.19	1.08
Fixed Assets Turnover	Times	3.94	2.85	3.51	3.62	3.06	2.65
Equity Multiplier	Times	2.86	3.18	2.90	2.77	2.81	2.95

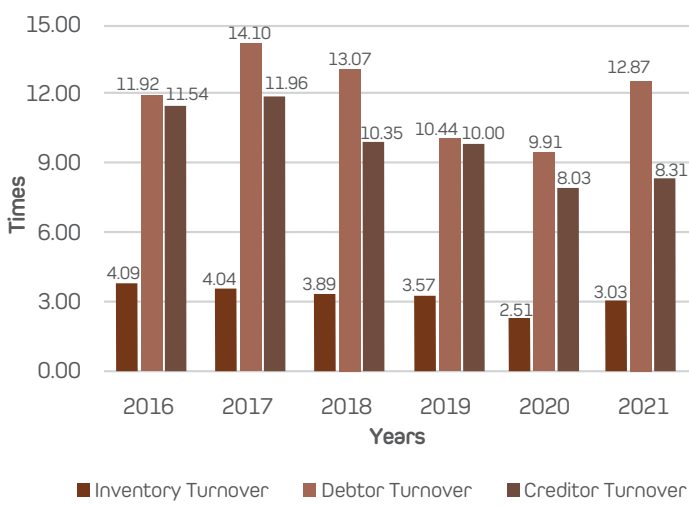
Working Capital Ratios (in Days)



Turnover Ratios (in Times)



Working Capital Ratios (in Times)



Comments:

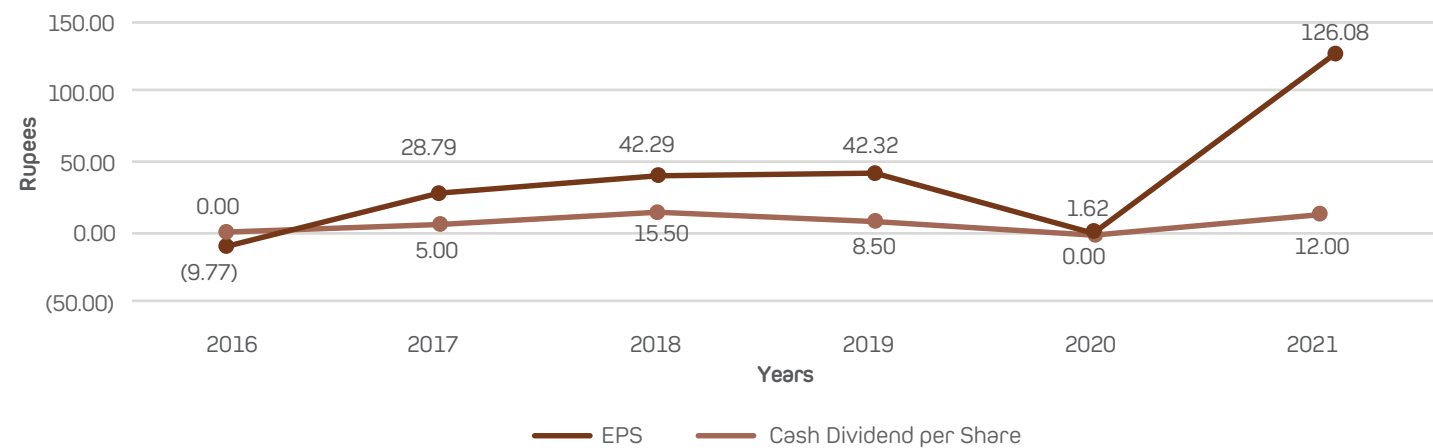
The operating cycle of the Company has been at quite a manageable level this year, after it increased significantly in the prior year mainly on account of the COVID-19 pandemic. The decrease in the current year can be attributed to increase in sales in the third and fourth quarter, thus, inventory levels being on a lower side as at year end. Accordingly, the overall operating cycle has decreased to 104 days in the current year.

Fixed assets turnover and total assets turnover have increased on account of an increase in sales, as discussed in the profitability ratio above.

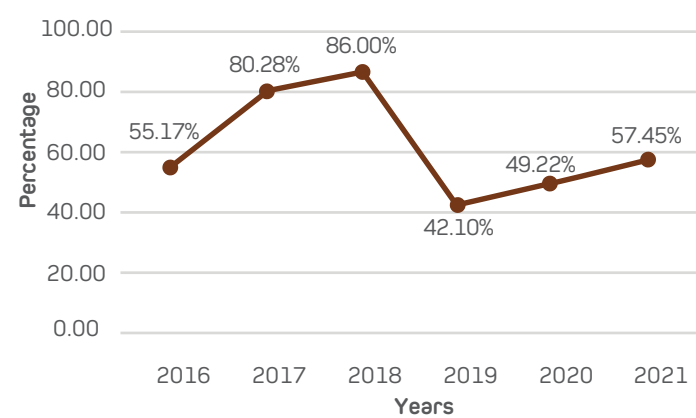
Market Ratios

	UoM	2021	2020	2019	2018	2017	2016
EPS	Rupees	126.08	1.62	42.32	42.29	28.79	(9.77)
Price to Earnings Ratio	Times	2.05	98.46	3.27	5.96	7.33	-
Price / Book Ratio	Percentage	57.45%	49.22%	42.10%	86.00%	80.28%	55.17%
Dividend Yield	Percentage	4.64%	-	6.14%	6.15%	2.37%	-
Dividend Payout Ratio	Percentage	9.52%	-	20.09%	36.65%	17.37%	-
Dividend Cover	Times	10.51	-	4.98	2.73	5.76	-
Cash Dividend per Share	Rupees	12.00	-	8.50	15.50	5.00	-
Book Value per Share as at June 30th	Rupees	449.88	324.10	328.56	293.03	262.82	233.10
Market Value per Share as at June 30th	Rupees	258.46	159.51	138.34	252.00	211.00	128.59
Highest Share Price During the Year	Rupees	267.08	257.89	315.00	264.00	323.62	153.20
Lowest Share Price During the Year	Rupees	164.00	115.00	138.34	176.00	128.50	112.10

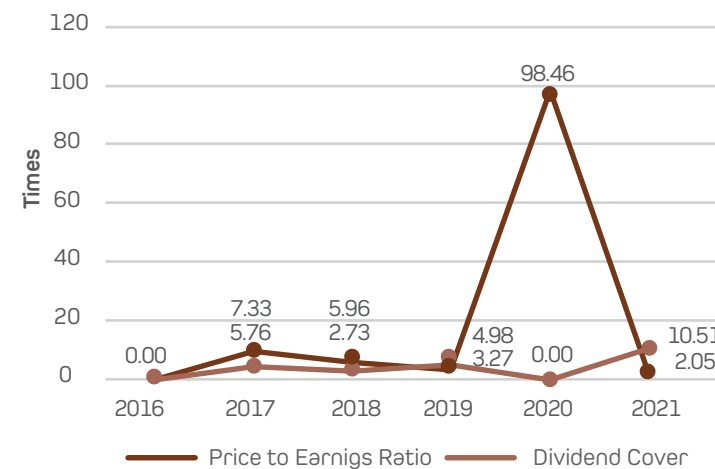
EPS vs DPS



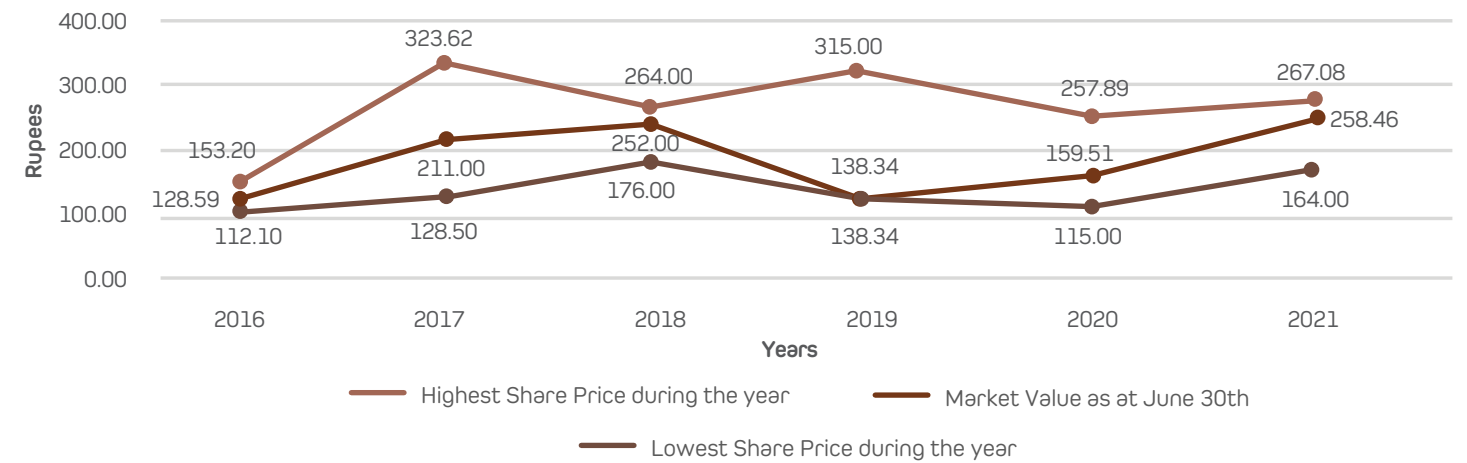
Price / Book Ratio



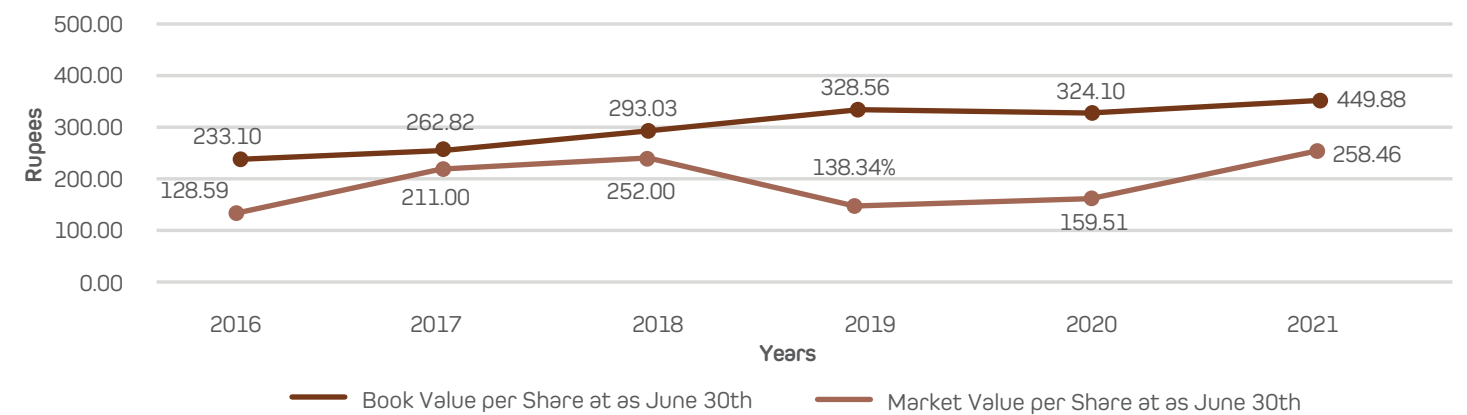
Earnings ratio



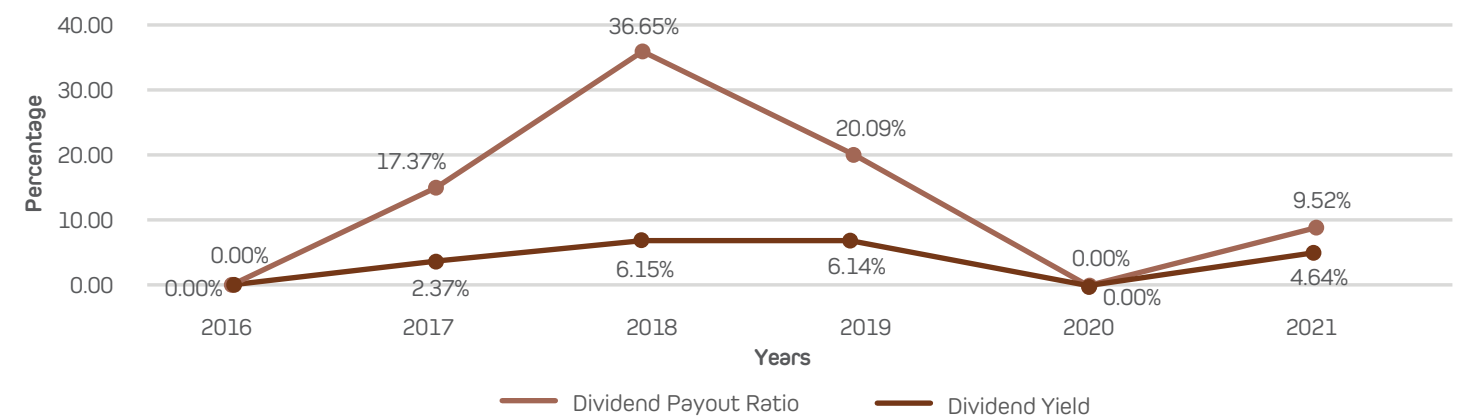
Market Value



Book Value vs Market Value



Dividend Ratio



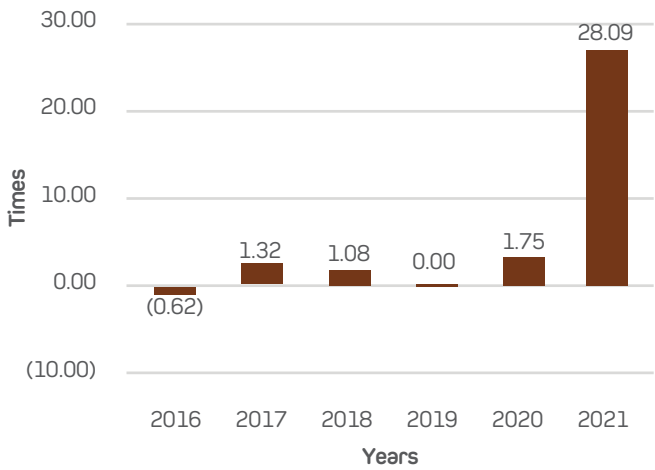
Comments:

The PSX Index witnessed a growing trend from the start of this financial year, as Pakistan's economy has shown significant signs of economic recovery with fast resumption of economic dynamism. Accordingly, the Company's share has also performed well thereby increasing to Rs. 258.46 as at 30 June 2021 owing to strong financial performance coupled with higher investors' confidence.

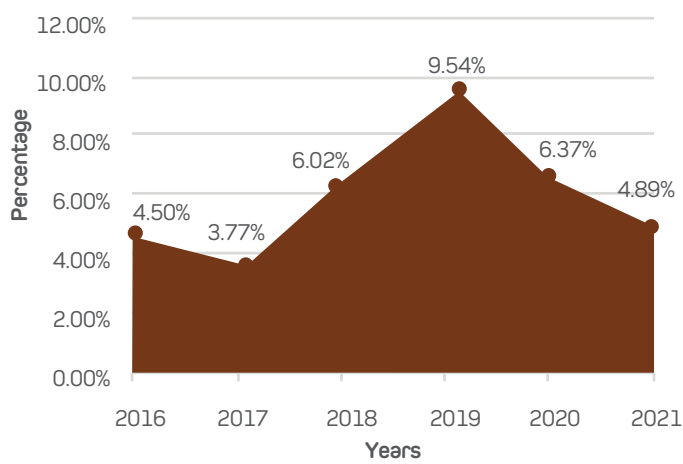
Capital Structure Ratios

	UoM	2021	2020	2019	2018	2017	2016
Degree of Financial Leverage Ratio	Times	28.09	1.75	-	1.08	1.32	(0.62)
Weighted Average Cost of Debt	Percentage	4.89%	6.37%	9.54%	6.02%	3.77%	4.50%
Debt to Equity Ratio (Book Value)	Percentage	38.38%	39.57%	29.05%	7.24%	-	-
Debt to Equity Ratio (Market Value)	Percentage	66.80%	80.40%	68.99%	8.41%	-	-
Interest Coverage Ratio	Times	7.38	1.37	2.52	3.56	4.17	0.79

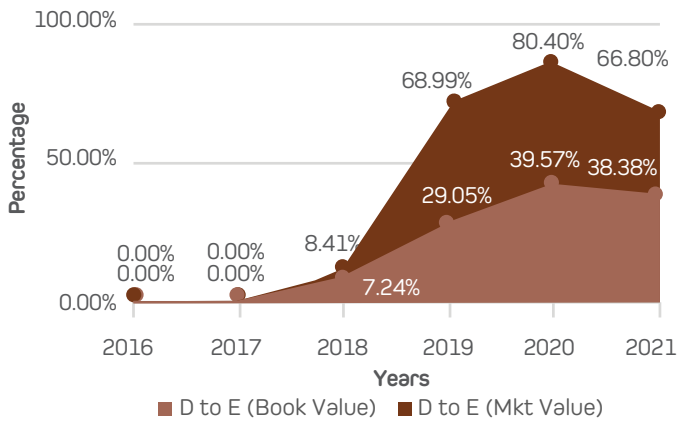
Degree of Financial Leverage Ratio



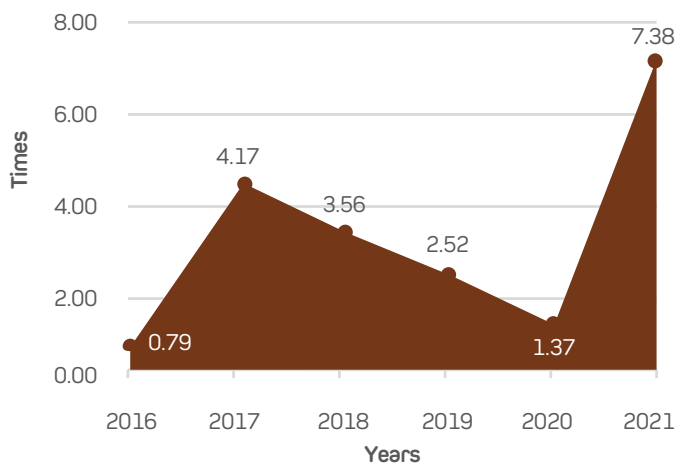
WAC of Debt



Debt to Equity Ratios



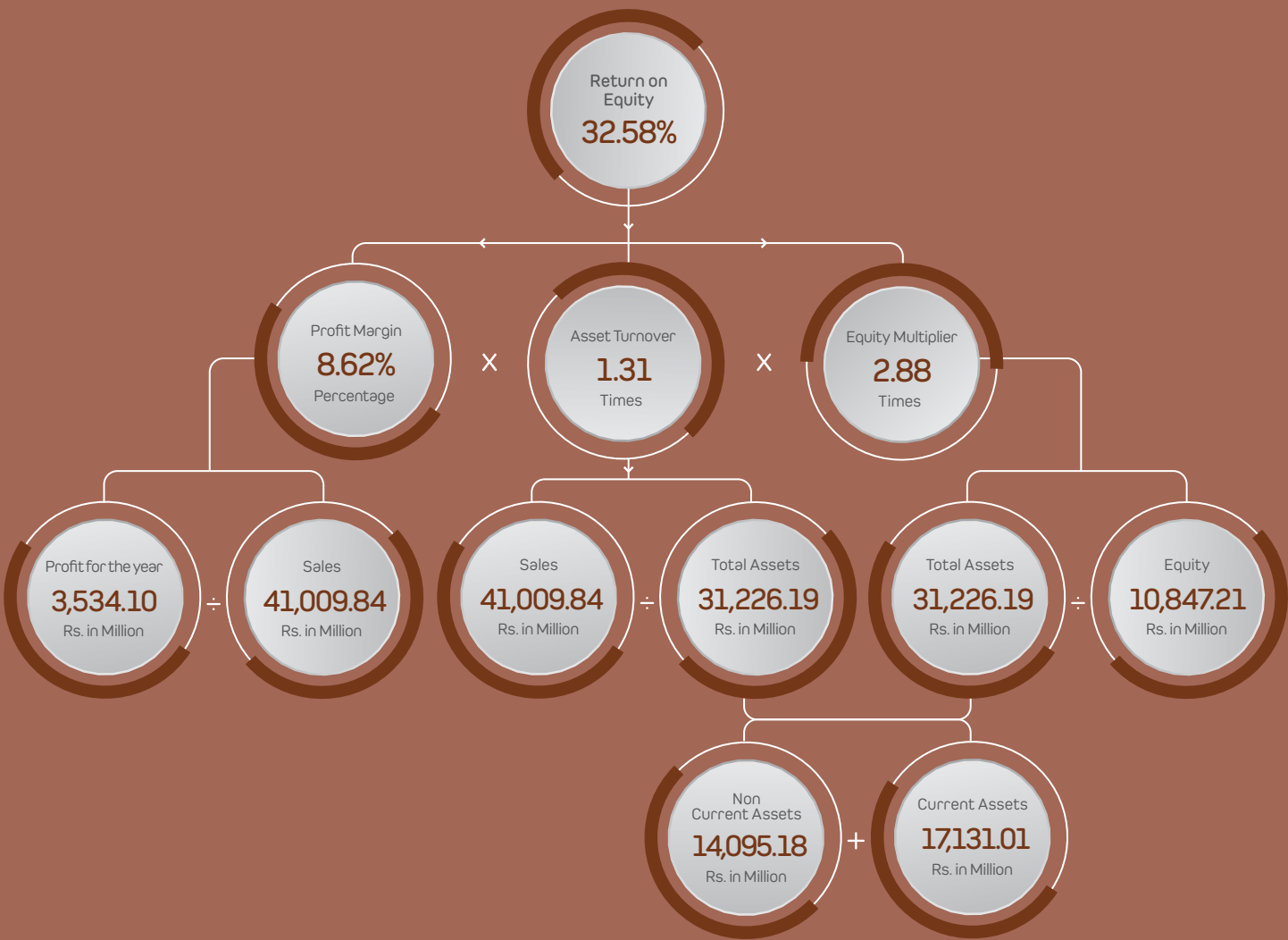
Interest Coverage Ratio



Comments:

The Company has further availed the long term finance facility in the current year to finance its new plant and machinery and to finance the repayment of salaries. However, despite having obtained new facilities during the year amounting to Rs. 1.39 billion, the Debt to Equity Ratio has reduced from 39.57% to 38.38% owing to record breaking profit of Rs. 3.54 billion in the current year. Further, during the year, on account of lower discount rates and cheaper long term finance facilities available, WAC of debt for the year has decreased. Moreover, on account of the increase in earnings of the Company in this year, the interest coverage ratio has also significantly increased.

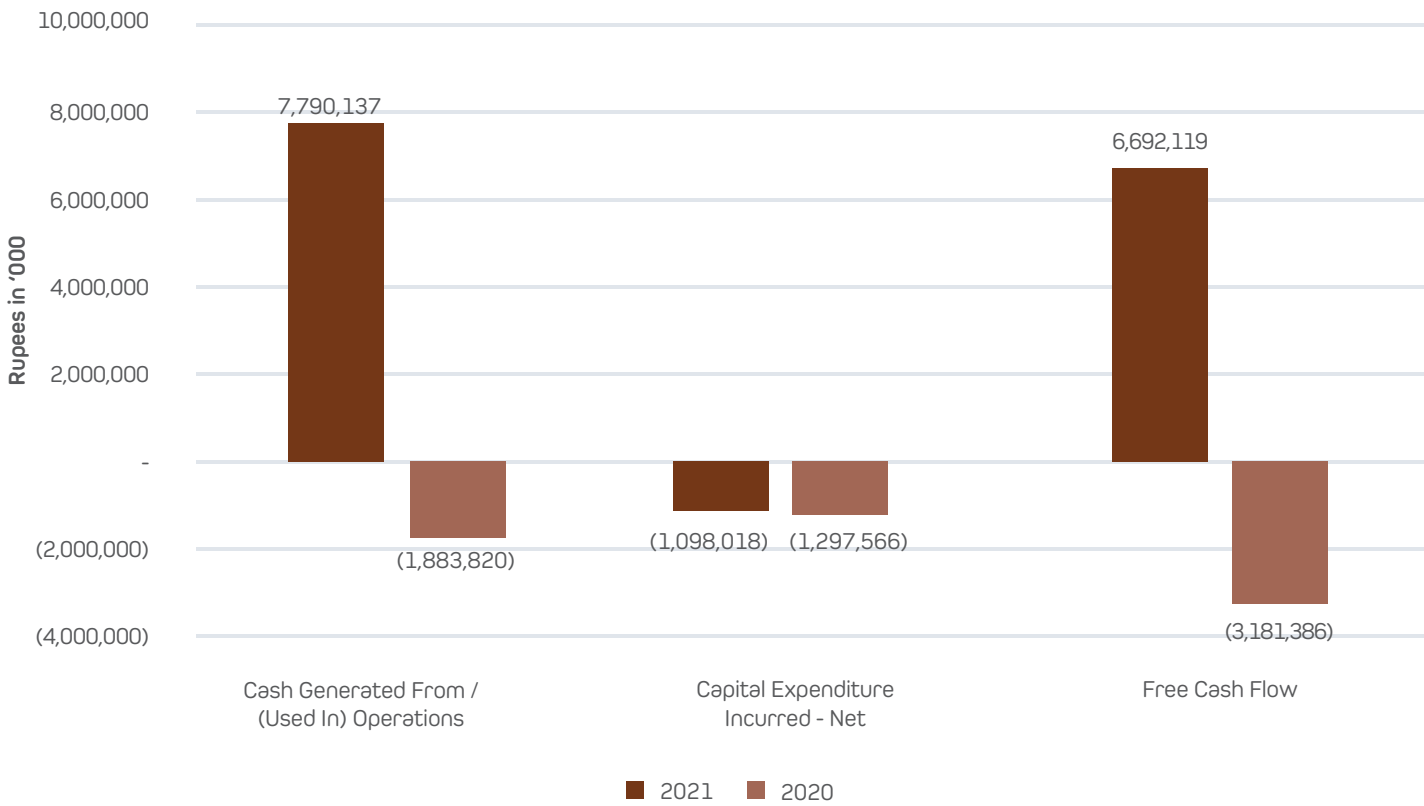
dupont analysis



Years	Profit Margin (A)	Asset Turnover (B)	Equity Multiplier (C)	ROE A x B x C
2021	8.62%	1.31	2.88	32.58%
2020	0.16%	0.94	3.37	0.50%
2019	3.80%	1.14	3.13	13.62%
2018	4.30%	1.19	2.97	15.22%
2017	3.47%	1.16	2.88	11.61%
2016	(1.29%)	1.11	2.86	(4.10%)

free cash flow

	2021	2020
	(Rupees in '000)	
Cash Generated from / (Used in) Operations	7,790,137	(1,883,820)
Capital Expenditure Incurred - Net	(1,098,018)	(1,297,566)
Free Cash Flow	6,692,119	(3,181,386)



Comment:

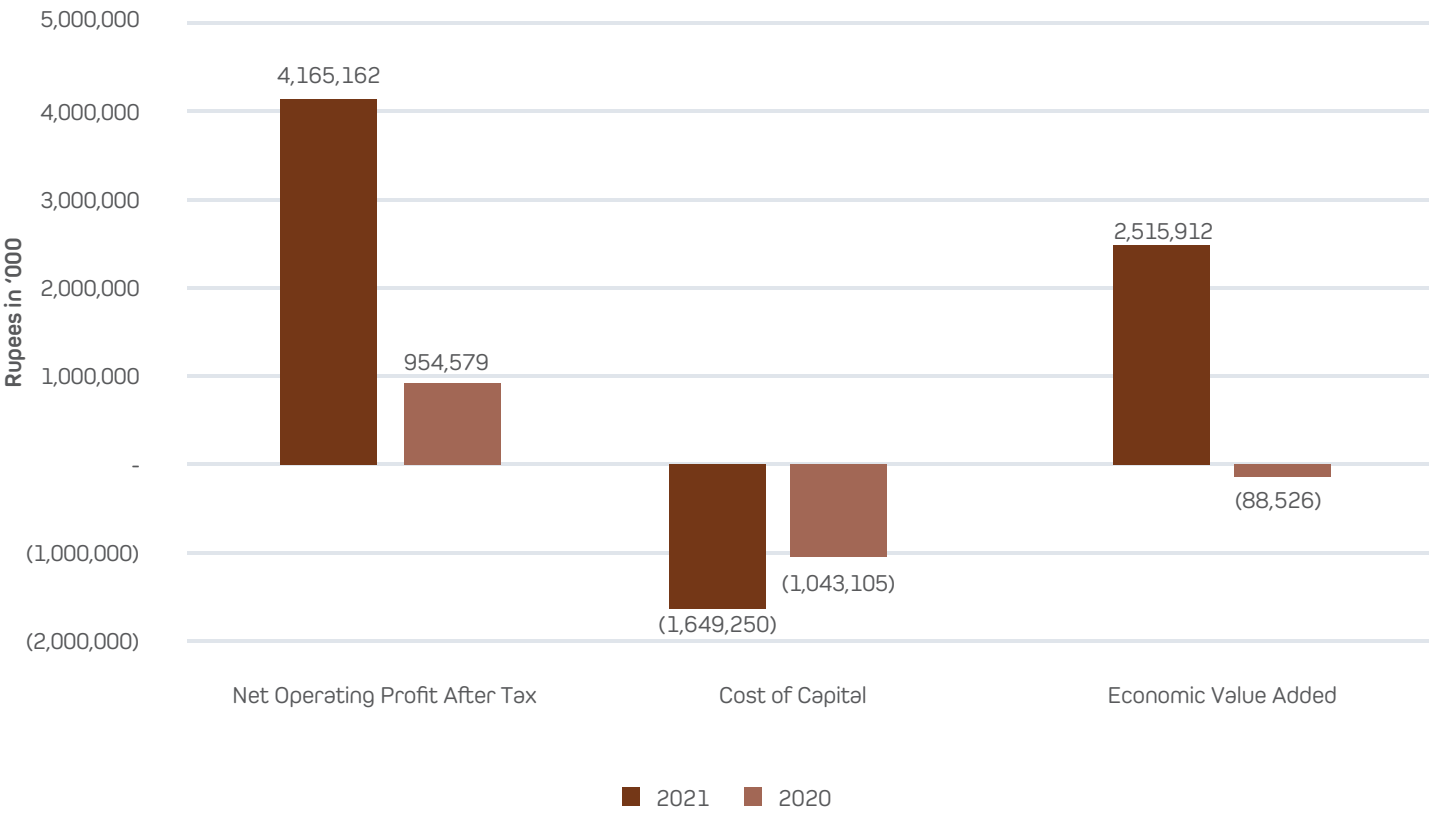
Despite having made the same level of capital expenditure this year amounting to Rs. 1.09 billion in comparison to last year, free cash flow has improved significantly in the current year on account of improvement in cash generated from operating activities by Rs. 9.67 billion owing increasing sales prices of yarn and quantity coupled with the reduced finance cost due to lower discount rate.

economic value added

	2021	2020
	(Rupees in '000)	
Net Operating Profit After Tax	4,165,162	954,579
Cost of Capital	(1,649,250)	(1,043,105)
Economic Value Added	2,515,912	(88,526)

Cost of Capital

Total Assets	31,226,196	30,833,350
Less: Current Liabilities	(13,776,583)	(18,154,211)
Invested Capital	17,449,613	12,679,139
WACC	9.45%	8.23%
Cost of Capital	1,649,250	1,043,105



Comment:

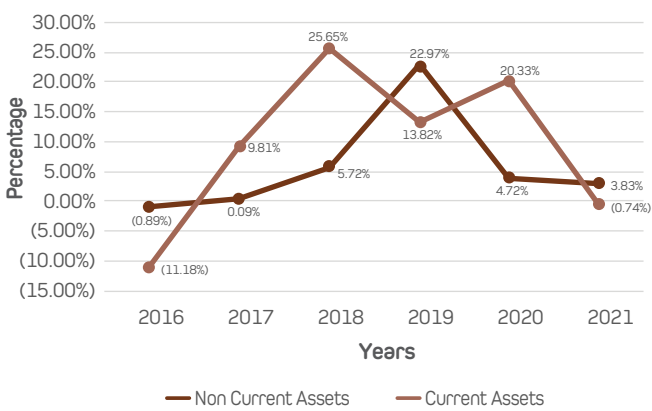
Economic value addition is better than last year as the Company has better operating profit. WACC increased mainly on account of an increase in KSE All index over the period and due to an increase in equity portion in comparison with long-term finance obtained by the Company.

horizontal analysis

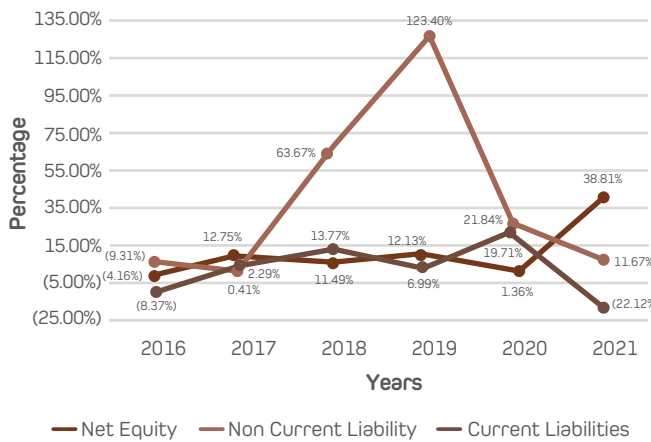
Statement of Financial Position - Horizontal Analysis

	2021 vs 2020	2020 vs 2019	2019 vs 2018	2018 vs 2017	2017 vs 2016	2016 vs 2015
Assets						
Non Current Assets						
Property, Plant and Equipment	0.87%	2.99%	26.67%	4.62%	(3.61%)	(7.15%)
Biological Assets	9.56%	46.70%	100.00%	-	-	-
Long Term Advances	-	-	-	-	-	-
Long Term Loans	(26.95%)	(9.26%)	23.62%	50.50%	44.18%	(25.42%)
Long Term Deposits	13.80%	1.30%	5.08%	0.05%	10.56%	0.41%
Long Term Investment	13.33%	8.99%	7.58%	8.66%	12.69%	30.36%
	3.83%	4.72%	22.97%	5.72%	0.09%	(0.89%)
Current Assets						
Stores, Spares and Loose Tools	2.41%	4.30%	10.42%	11.70%	(4.68%)	(2.35%)
Stock in Trade	(15.77%)	53.61%	12.55%	31.03%	10.72%	5.17%
Trade Debts	73.10%	(33.68%)	42.76%	40.75%	13.13%	(23.46%)
Loans and Advances	90.44%	(38.53%)	(30.32%)	9.31%	(2.15%)	15.14%
Receivable from Associates	-	-	-	-	-	(100.00%)
Short Term Investments	-	-	-	-	(100.00%)	26.76%
Trade Deposit and Other Short Term Prepayments	79.22%	156.45%	(72.42%)	82.55%	(40.22%)	269.94%
Other Receivables	12.54%	(20.85%)	(24.86%)	3.23%	106.97%	19.81%
Current Tax Asset	(11.90%)	(12.38%)	1.07%	(8.63%)	0.29%	6.66%
Sales Tax Refund Bond	-	(100.00%)	100.00%	-	-	-
Cash and Bank Balance	66.24%	(23.46%)	(40.42%)	15.21%	(57.69%)	(23.51%)
	(0.74%)	20.33%	13.82%	25.65%	9.81%	(11.18%)
Total Assets						
	1.27%	12.92%	17.99%	15.71%	4.74%	(6.09%)
Equity & Liabilities						
Issued, Subscribed and Paid-up Capital	-	-	-	-	-	19.59%
Capital Reserves	-	-	-	-	-	(84.10%)
Revenue Reserves	40.68%	(1.42%)	12.78%	12.19%	13.62%	6.95%
Total Equity	38.81%	(1.36%)	12.13%	11.49%	12.75%	(4.16%)
Non Current Liabilities						
Long Term Financing	10.76%	34.49%	341.22%	100.00%	-	-
Deferred Government Grant	100.00%	-	-	-	-	-
Retirement Benefit Obligation	13.49%	11.76%	5.47%	19.59%	(0.25%)	28.50%
Deferred Tax Liabilities	(3.60%)	(9.03%)	27.88%	4.17%	4.06%	(0.99%)
	11.67%	21.84%	123.40%	63.67%	2.29%	9.31%
Current Liabilities						
Short Term Borrowings	(59.24%)	24.53%	0.63%	14.23%	(9.61%)	(8.19%)
Trade and Other Payables	69.83%	12.99%	19.83%	11.12%	49.69%	(5.04%)
Unclaimed Dividend	(4.76%)	7.85%	2.13%	39.53%	(0.50%)	(0.37%)
Current Portion of Long Term Financing	979.63%	29.14%	100.00%	-	-	(100.00%)
Current Portion of Deferred Government Grant	100.00%	-	-	-	-	-
Accrued Mark-up	(19.64%)	(53.62%)	145.09%	48.09%	92.23%	(65.96%)
	(22.12%)	19.71%	6.99%	13.77%	0.41%	(8.37%)
Total Liability						
	(14.40%)	20.19%	21.21%	18.17%	0.57%	(7.06%)
Total Equity and Liability						
	1.27%	12.92%	17.99%	15.71%	4.74%	(6.09%)

Horizontal Analysis of Total Assets



Horizontal Analysis of Total Equity & Liabilities



Comments on Statement of Financial Position - Horizontal Analysis

Fixed Assets

Fixed assets of the Company grew by 24.39% over the past six years due to continuous capital expenditure on innovative machines.

Long Term Investments

Long term investments have increased over the years on account of an increasing share of profits from associates.

Stores, Spares & Loose Tools, Stock-in-Trade and Trade Debts

Stores, spare & loose tools, and stock in trade have been increasing over the past four years on account of an increase in operations and expansions. However, in the current year, trade debts have increased due to an increase in sales in the last two quarters of the financial year.

Other Receivables

Other receivables mainly include sales tax and rebate receivable. Sales tax refunds have shown both increasing / decreasing trends over the years, and its recovery depends on multiple factors including but not limited to funds available at the Government treasury, pending verification of sales tax claim by the sales tax department on the basis of the sales tax audit.

Share Capital and Reserves

Reserves of the Company grew over the years (except for the prior year). However, significant increase has been witnessed in the reserves for current year owing to higher profit.

Long term Finance

In order to avail the benefit of a reduced rate of financing, the Company this year also has obtained additional long term financing facility in the form of temporary economic refinance facility and long term finance facility for its new machines. Moreover, the Company also obtained Salary refinance facility for the repayment of salaries which also has resulted in an increase in long term finance.

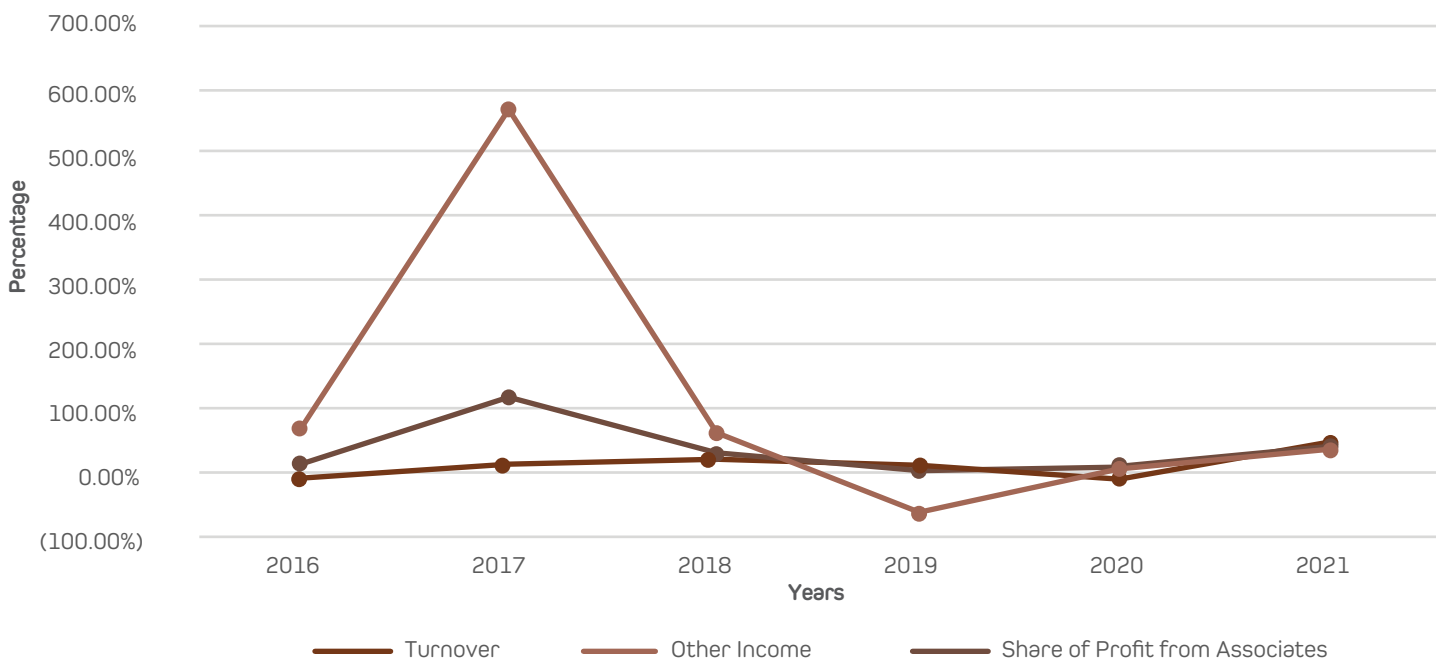
Current Liabilities

The Company has maintained its current liability at a manageable level. Current liabilities mainly decreased due to a decreased in short term finance owing to higher realization made in the current year on account of higher sales.

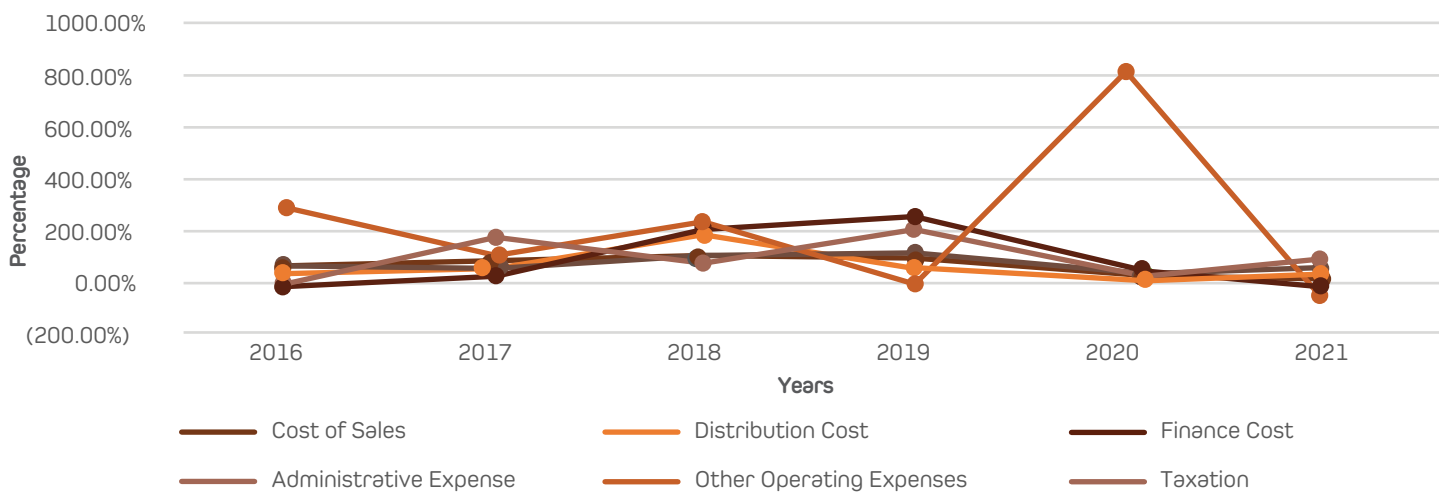
Profit or Loss - Horizontal Analysis

	2021 vs 2020	2020 vs 2019	2019 vs 2018	2018 vs 2017	2017 vs 2016	2016 vs 2015
Turnover	41.48%	(7.15%)	13.29%	18.52%	9.30%	(7.54%)
Cost of Sales	34.73%	(5.58%)	10.60%	16.83%	6.70%	(6.08%)
Gross Profit	122.00%	(22.52%)	48.73%	46.37%	82.98%	(35.73%)
Distribution Cost	33.49%	18.07%	(8.13%)	56.28%	(6.54%)	(19.14%)
Administrative Expense	17.52%	(3.29%)	23.52%	15.64%	(10.10%)	(4.92%)
Operating Profit	168.67%	(32.29%)	72.52%	50.09%	305.08%	(60.37%)
Finance Cost	(30.58%)	(17.36%)	91.42%	67.74%	(23.73%)	(43.25%)
Other Operating Expenses	(68.96%)	829.90%	(38.80%)	80.73%	15.66%	253.60%
Other Income	36.59%	1.68%	(61.98%)	61.77%	588.10%	65.25%
Share of Profit from Associates	37.55%	2.07%	1.13%	24.23%	110.14%	10.14%
Profit / (Loss) Before Taxation	1092.15%	(79.76%)	13.22%	35.83%	1277.18%	(2.09%)
Taxation	68.37%	(39.42%)	67.28%	3.74%	52.99%	(39.85%)
Profit / (Loss) for the Year	7667.43%	(96.16%)	0.07%	46.88%	(394.69%)	30.20%

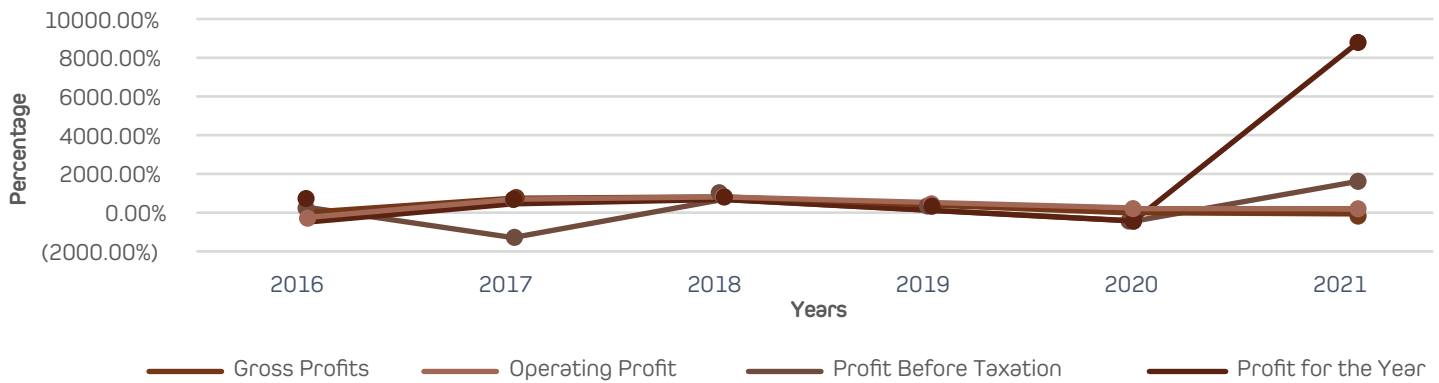
Horizontal Analysis of Income



Horizontal Analysis of Expense



Horizontal Analysis of Profit



Comments on Profit or Loss - Horizontal Analysis

Turnover

Turnover increased over the years (except for prior year owing to the impacts of Covid-19), mainly on account of aggressive marketing strategy, including identification of new markets (locally and internationally) and widening product range, along with appreciation in market prices. In the current year, the turnover increased significantly in the third and fourth quarters, mainly due to an increase in market demand and sales price.

Gross profit

Steady increase in gross profit over the years shows the prosperous growth of the Company. The increase in gross profit was mainly attributable to the better market price of the product, along with procuring the right mix of raw material at the most economical rates.

Finance Cost

Finance cost, which was on the increasing trend for the last few years, has been showing a decline for the last two years as the Company has shifted its exposure to a cheaper source of finance, including the long-term finance facility, and repayment of short-term borrowings owing to higher realizations made during the year on account of higher sales.

Net profit

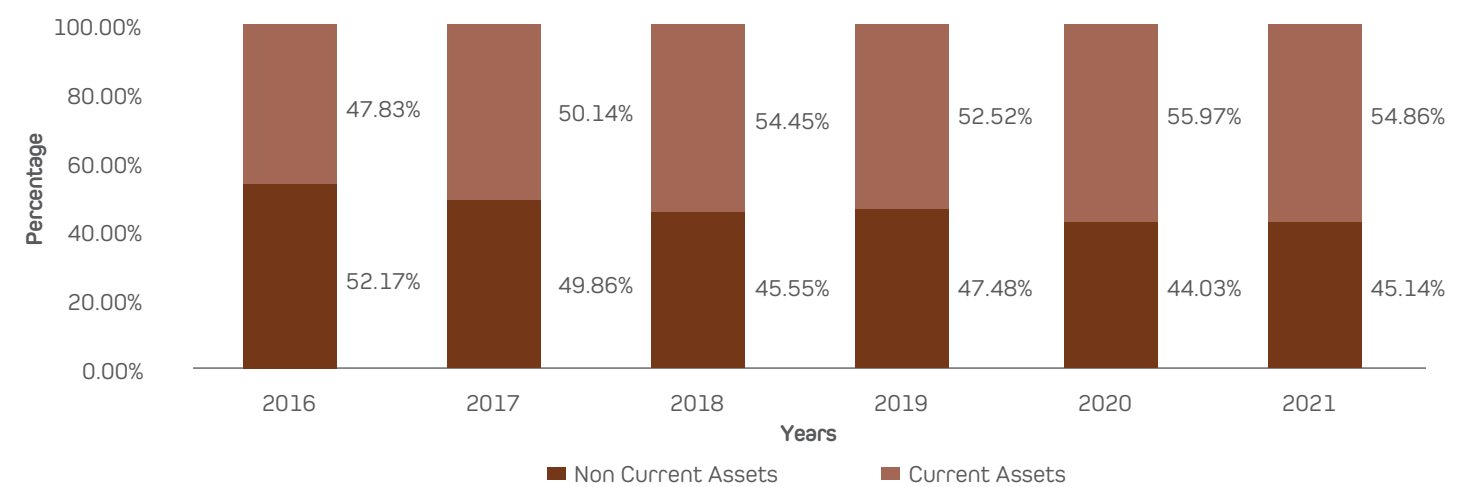
In addition to the increasing gross profit in this year on account of higher sales, the Company also benefited from exchange gains of Rs. 62.18 million on their foreign currency loans during the year (as opposed to Rs. 889.35 million exchange loss incurred last year) and a decrease in finance cost by Rs. 278.02 million in comparison with SPLY, resultantly the Company's net profit has again shown an increasing trend thereby increasing by 7,667.43% as compared to prior year.

vertical analysis

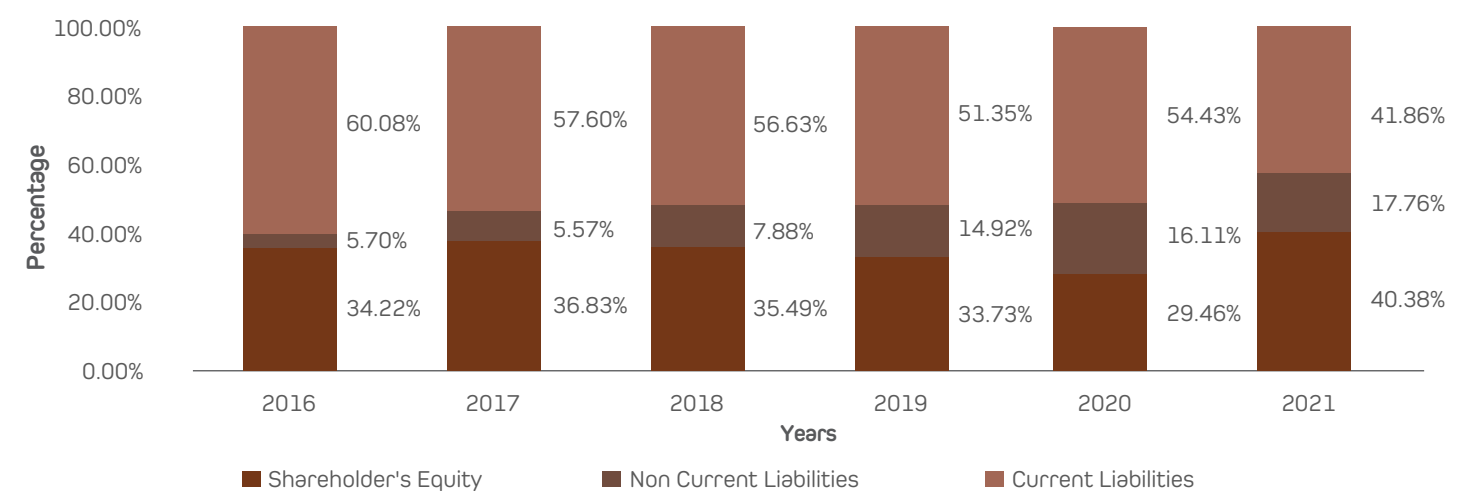
Statement Of Financial Position – Vertical Analysis

	2021	2020	2019	2018	2017	2016
Assets						
Non Current Assets						
Property, Plant and Equipment	32.84%	32.96%	36.15%	33.67%	37.24%	40.46%
Biological Assets	0.67%	0.62%	0.47%	-	-	-
Long Term Advances	-	-	-	-	-	-
Long Term Loans	0.09%	0.13%	0.16%	0.15%	0.12%	0.09%
Long Term Deposits	0.11%	0.10%	0.11%	0.12%	0.14%	0.13%
Long Term Investment	11.43%	10.22%	10.59%	11.61%	12.36%	11.49%
	45.14%	44.03%	47.48%	45.55%	49.86%	52.17%
Current Assets						
Stores, Spares and Loose Tools	2.08%	2.05%	2.22%	2.37%	2.46%	2.70%
Stock in Trade	34.83%	41.88%	30.79%	32.28%	28.51%	26.97%
Trade Debts	12.93%	7.57%	12.88%	10.65%	8.75%	8.10%
Loans and Advances	0.75%	0.40%	0.73%	1.24%	1.31%	1.41%
Short Term Investments	-	-	-	-	-	0.40%
Trade Deposit and Other Short Term Prepayments	0.13%	0.07%	0.03%	0.14%	0.09%	0.15%
Other Receivables	2.05%	1.85%	2.64%	4.14%	4.64%	2.35%
Current Tax Asset	1.63%	1.87%	2.41%	2.81%	3.56%	3.72%
Sales Tax Refund Bond	-	-	0.41%	-	-	-
Cash and Bank Balance	0.46%	0.28%	0.41%	0.82%	0.82%	2.03%
	54.86%	55.97%	52.52%	54.45%	50.14%	47.83%
Total Assets	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Equity & Liabilities						
Issued, Subscribed and Paid-up Capital	0.90%	0.91%	1.03%	1.21%	1.40%	1.47%
Capital Reserves	0.44%	0.45%	0.50%	0.59%	0.69%	0.72%
Revenue Reserves	39.04%	28.11%	32.20%	33.69%	34.74%	32.03%
Total Equity	40.38%	29.46%	33.73%	35.49%	36.83%	34.22%
Non Current Liabilities						
Long Term Financing	12.51%	11.44%	9.60%	2.56%	-	-
Deferred Government Grant	0.46%	-	-	-	-	-
Retirement Benefit Obligation	2.29%	2.04%	2.06%	2.31%	2.23%	2.34%
Deferred Tax Liabilities	2.50%	2.63%	3.26%	3.01%	3.34%	3.36%
	17.76%	16.11%	14.92%	7.88%	5.57%	5.70%
Current Liabilities						
Short Term Borrowings	16.14%	40.09%	36.35%	42.63%	43.18%	50.03%
Trade and Other Payables	22.75%	13.56%	13.55%	13.35%	13.90%	9.73%
Unclaimed Dividend	0.07%	0.08%	0.08%	0.09%	0.08%	0.08%
Current Portion of Long Term Financing	2.35%	0.22%	0.19%	-	-	-
Current Portion of Deferred Grant	0.17%	-	-	-	-	-
Accrued Mark-up	0.38%	0.48%	1.17%	0.56%	0.44%	0.24%
	41.86%	54.43%	51.35%	56.63%	57.60%	60.08%
	59.62%	70.54%	66.27%	64.51%	63.17%	65.78%
Total Liability	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Vertical Analysis of Total Assets



Vertical Analysis of Total Equity and Liabilities



Comments on Statement Of Financial Position - Vertical Analysis

Property, Plant and Equipment

Ratio of property, plant, and equipment to total assets has remained in line over the years. This is evidence of the fact that the Company places a strong emphasis on machineries and keeps itself regularly updated with the latest technological advancement.

Stock-in-Trade

Ratio of stock in trade to total assets has remained in line over the years except for the prior year, where a significant increase was witnessed, due to a decrease in sales in the last year on account of the COVID-19 pandemic.

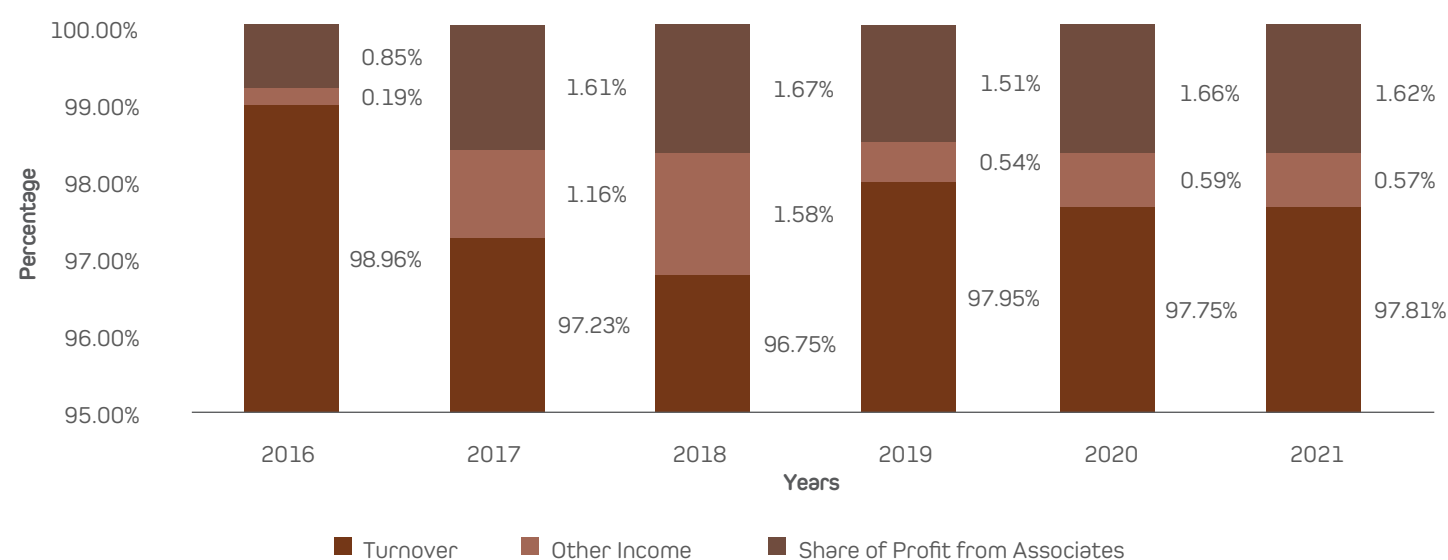
Equity/Long Term Finance

The Company has started to obtain long term finance facilities from the year 2018, which has resulted in an increase in long term finance percentage. Further, in the current year, in order to finance the additional capital requirements for plant and machinery, the Company obtained further long-term financing. However, owing to record breaking profits of Rs. 3.53 billion and realization of sales, the Company managed to increase its equity to 40.38%.

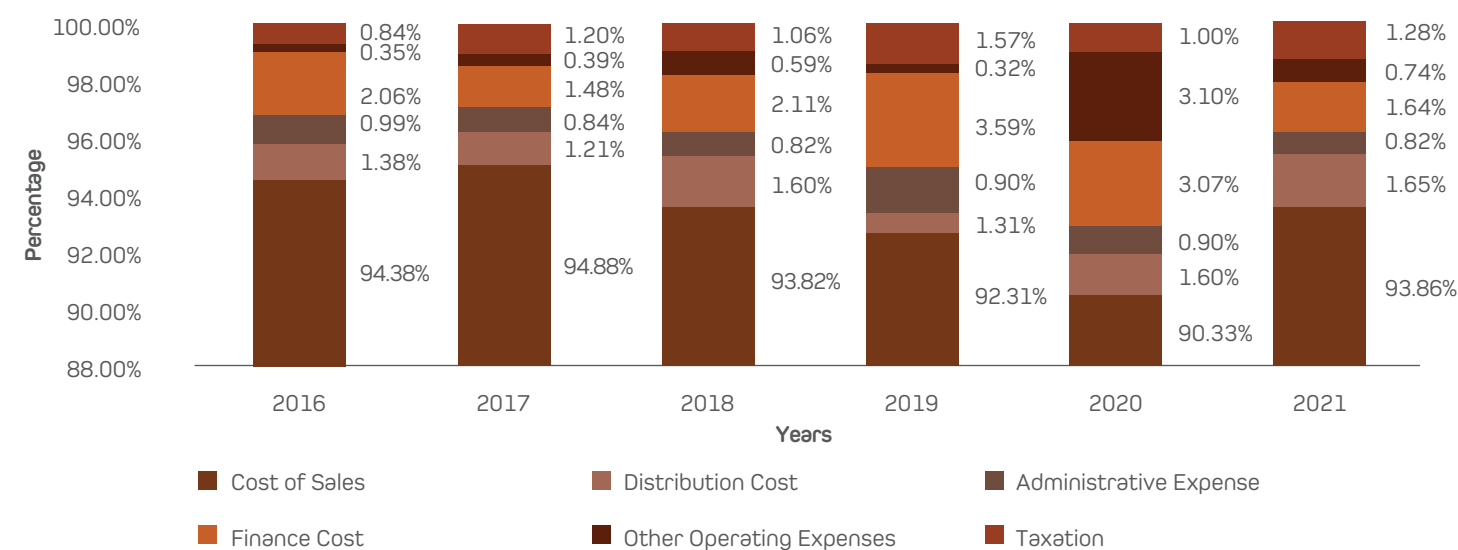
Profit or Loss - Vertical Analysis

	2021	2020	2019	2018	2017	2016
Turnover	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of Sales	(87.87%)	(92.27%)	(90.73%)	(92.94%)	(94.28%)	(96.59%)
Gross Profit	12.13%	7.73%	9.27%	7.06%	5.72%	3.41%
Distribution Cost	(1.54%)	(1.64%)	(1.29%)	(1.59%)	(1.20%)	(1.41%)
Administrative Expense	(0.77%)	(0.92%)	(0.89%)	(0.81%)	(0.83%)	(1.01%)
Operating Profit	9.82%	5.17%	7.09%	4.66%	3.68%	0.99%
Finance Cost	(1.54%)	(3.14%)	(3.52%)	(2.09%)	(1.47%)	(2.11%)
Other Operating Expenses	(0.70%)	(3.17%)	(0.32%)	(0.59%)	(0.38%)	(0.36%)
Other Income	0.58%	0.60%	0.55%	1.63%	1.19%	0.19%
Share of Profit from Associates	1.64%	1.70%	1.55%	1.73%	1.65%	0.86%
Profit Before Taxation	9.82%	1.17%	5.34%	5.35%	4.67%	(0.43%)
Taxation	(1.20%)	(1.01%)	(1.55%)	(1.05%)	(1.20%)	(0.86%)
Profit for the year	8.62%	0.16%	3.80%	4.30%	3.47%	(1.29%)

Vertical Analysis of Total Income



Vertical Analysis of Total Expense



Comments on Profit or Loss - Vertical Analysis

Gross profit

Gross profit of the Company has been increasing over the past few years in terms of ratio and amount as well except for the prior year on account of the COVID-19 pandemic. However, increasing trend for gross profit can again be seen in the current year on account of higher sales both in terms of price and quantity together with decreasing inventory levels which in turns results in lower holding cost of the inventory.

Other Operating Expenses

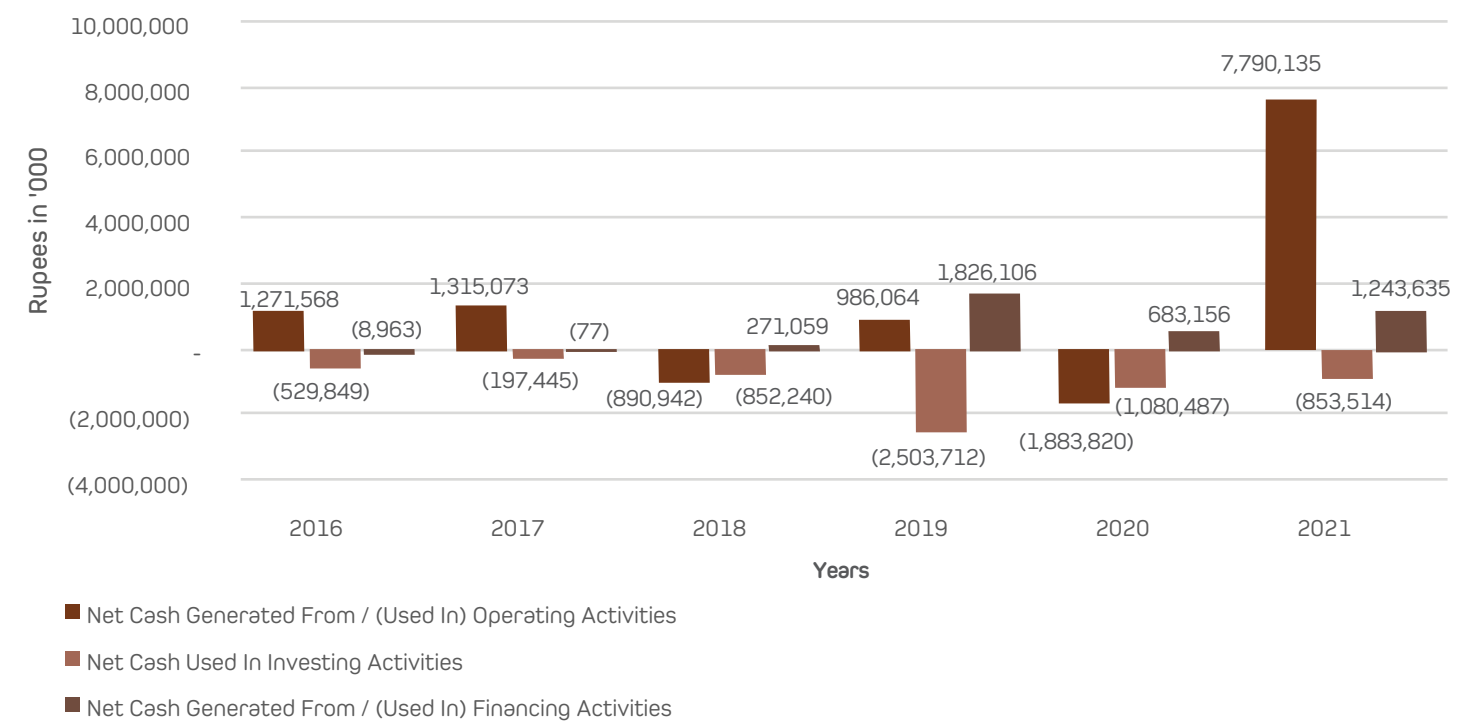
The ratio of other operating expenses has sharply decreased in the current year, mainly on account of exchange loss Rs. 889 million on foreign currency loans in the prior year owing to abrupt devaluation of the Pakistani Rupees starting in the prior year.

Net profit

Net profit to sales has been highest in the year 2021, mainly on account of the factors as mentioned above.

summary of cash flow

	2021	2020	2019	2018	2017	2016
	(Rupees in '000)					
Cash Generated from / (Used in)						
Operating Activities	9,035,000	(433,484)	2,059,299	(171,282)	1,985,767	2,122,687
Finance Cost Paid	(660,046)	(1,079,707)	(911,477)	(532,519)	(300,539)	(537,535)
Income Tax Paid	(451,067)	(304,748)	(293,314)	(197,645)	(260,236)	(230,417)
Rebate Received	10,263	48,111	242,639	96,452	3,284	-
Gratuity Paid	(144,013)	(113,992)	(111,083)	(85,948)	(113,203)	(83,167)
	(1,244,863)	(1,450,336)	(1,073,235)	(719,660)	(670,694)	(851,119)
Net Cash Generated From / (Used In)						
Operating Activities	7,790,137	(1,883,820)	986,064	(890,942)	1,315,073	1,271,568
Net Cash Used in Investing Activities	(853,514)	(1,080,487)	(2,503,712)	(852,240)	(197,445)	(529,849)
Net Cash Generated From / (Used In)						
Financing Activities	1,243,635	683,156	1,826,106	271,059	(77)	(8,963)
Net Increase / (Decrease) In Cash &						
Cash Equivalents	8,180,258	(2,281,151)	308,458	(1,472,123)	1,117,551	732,756
Cash & Cash Equivalents at the Beginning of the Year	(11,493,579)	(9,212,428)	(9,520,886)	(8,048,763)	(9,166,314)	(9,899,070)
Cash & Cash Equivalent at the End of the Year	(3,313,321)	(11,493,579)	(9,212,428)	(9,520,886)	(8,048,763)	(9,166,314)



Comments on Cash flows

Net Cash Generated From / (Used In) Operating Activities

This year the Company's net cash generated from operating activities is Rs. 7.79 billion after payments of Rs. 1.24 billion in respect of finance cost, gratuity, and income taxes. On account of the better sales price and higher market demand there was positive cash flow, coupled with inventory levels decreasing, which resulted in inflow of additional Rs. 2.03 billion from stock in trade as compared to the previous year. Thus, the overall cash flow from operating activities increased.

Cash Used in Investing Activities

The Company's net cash used in investing activity over the years mainly represents the amount invested in the purchase of machineries and related civil work.

Cash Generated from / (Used in) Financing Activities

The Company's net cash generated from financing activity is positive for the last three years, mainly on account of receipt of long term finance. Moreover, over the years, the cash used in financing activities mainly includes dividend payments to the shareholders.

statement of cash flows – direct method

	2021	2020
	(Rupees in '000)	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customer	39,451,340	30,223,237
Cash Paid to Suppliers, Employees and Others	(30,416,340)	(30,656,721)
Finance Cost Paid	(660,046)	(1,079,707)
Income Tax Paid	(451,067)	(304,748)
Gratuity Paid	(144,013)	(113,992)
Rebate Received	10,263	48,111
Net Cash Generated from / (Used in) Operating Activities	7,790,137	(1,883,820)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment	(1,214,446)	(1,367,205)
Sale Proceeds from Disposal of Property, Plant and Equipment	116,428	69,639
Purchase of Animals	-	(30,389)
Sale Proceeds from Disposal of Animals	7,750	11,735
Loans repaid by Employees	7,500	40
Long Term Deposits Given	(4,071)	(378)
Profit Received from Bank Deposits	2,831	5,629
Dividend Received	230,494	230,442
Net Cash Used in Investing Activities	(853,514)	(1,080,487)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Long-Term Finance Obtained	38,207	957,819
Salary Refinance Loan Obtained	749,703	-
Repayment of Long-Term Finance	(55,366)	(38,129)
Temporary Economic Refinance Facility Obtained	605,926	-
Dividend Paid	(1,122)	(236,534)
Net Cash Generated from Financing Activities	1,243,635	683,156
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	8,180,258	(2,281,151)
Cash and Cash Equivalents at the Beginning of the Year	(11,493,579)	(9,212,428)
Cash and Cash Equivalents at the End of the Year	(3,313,321)	(11,493,579)

quarterly performance analysis

	Q1 September 30, 2020	Q2 December 31, 2020	Q3 March 31, 2021	Q4 June 30, 2021
	(Rupees in '000)			
Sales - Net	8,864,233	9,688,813	11,208,027	11,248,768
Cost of Sales	(8,408,500)	(8,684,430)	(9,814,779)	(9,126,552)
Gross Profit	455,733	1,004,383	1,393,248	2,122,216
Distribution Cost	(122,562)	(135,341)	(195,756)	(179,565)
Administrative Expenses	(71,850)	(71,018)	(77,613)	(94,329)
	(194,412)	(206,359)	(273,369)	(273,894)
	261,321	798,024	1,119,879	1,848,322
Finance Cost	(186,953)	(164,426)	(141,303)	(138,379)
Other Operating Expenses	(22,712)	(69,987)	(74,601)	(117,764)
	(209,665)	(234,413)	(215,904)	(256,143)
	51,656	563,611	903,975	1,592,179
Other Income	75,530	48,784	65,355	47,519
Share of Profit from Associates	154,039	156,791	157,240	209,421
	229,569	205,575	222,595	256,940
Profit Before Taxation	281,225	769,186	1,126,570	1,849,119
Taxation:				
Current	(103,880)	(126,151)	(145,182)	(144,052)
Prior	-	(452)	-	-
Deferred	14,902	12,338	30,242	(29,764)
	(88,978)	(114,265)	(114,940)	(173,816)
Profit After Taxation	192,247	654,921	1,011,630	1,675,303
Earnings per share - basic and diluted (Rupees)	6.86	23.37	36.09	59.76

Comments on Quarterly Analysis

Sales

Quarter-wise sales of the Company has significantly varied over the year. Sales of quarter one has increased by 18.31% as compared to SPLY, however the gross profit margins have reduced from 10.23% to 5.14% from SPLY, mainly on account of deceleration in sale price of yarn owing to COVID-19 pandemic. Similarly, the sales of second and third quarters also depicts the positive picture of this year with an increase in sales by 3.82% and 41.97% as compared to SPLY, respectively; despite the ongoing trade war among world economies and increased competition at national / international levels. In the last quarter, the Company's gross and net profit margins have significantly increased on account of increase in sales price coupled with an increase in sales quantity thereby increasing the net sales by 163.55% as compared to SPLY (when the sales were highly affected by COVID-19 pandemic).

Profitability:

Quarter-wise profitability of the Company has been on the rising trend over the year. Quarter one results showed a decline in net profits of the Company by 47.39% as compared to SPLY, mainly on account of deceleration in sale price of yarn owing to COVID-19 pandemic which negatively impacted the Company's results. In contrast, the results of quarter two showed positive growth with an increase of Rs. 201.66 million in net profits as compared to SPLY, and the net profits margin increased from 4.86% to 6.76%. Whereas, in the last two quarters, results showed significant growth and improvements with quarter four out-performing all the quarters' results. The company achieved a profit of Rs. 2,686.93 million in the last two quarters as against a loss of Rs. 773.18 million SPLY. Lower interest rates and higher realization of sales helped the Company to reduce its short-term borrowings to Rs. 5.04 billion from Rs. 12.36 billion and thereby keeping the finance cost at 1.30% and 1.20% of sales in the third and fourth quarter respectively as compared to 2.40% and 4.70% SPLY. The devaluation in Pakistan Rupees starting from March 2020, which resulted in an exchange loss of around Rs. 911 million in quarter three last year was the significant contributor for a decrease in net profits of the Company last year.

Segmental View of Business Performance

Based on internal management reporting structure and products produced and sold, the Company is organized into the following three operating segments:

- Spinning segment: manufacturing and sale of yarn
- Knitting segment: manufacturing and sale of knitted bedding sheet
- Dairy segment: production and sale of milk

The detail regarding segment wise performance is disclosed in note 40 of the financial statements of the Company.

share price sensitivity analysis

The share price of the Company depends on the Company's overall performance and reputation in the respective industry in which it exists, combined with other external factors on which management has lesser or no control. The Company's share price is sensitive to the following uncontrollable external factors:

Stock Market

Company's share price depends on overall market performance, investor confidence in the economy and particular sector and the overall fundamentals of the Company. Positive sentiments, news flows prevailing in the market may result in an appreciation of the share price of the Company.

Government Policies

Company is exposed to Government regulations, taxes schemes, policies, incentives schemes which directly affects the Company's financial performance which in turn may affect the share price.

Political Instability

The stable political situation in the Country improves the overall business performance, investor confidence and also encourages foreigners to deal with some of the prestigious companies in the Country, which may have an impact on Company's share price.

Exchange Rate

Company generated 21.68% of its revenue from exports and imported 84.90% of its raw material, through which the entity is exposed to exchange rate risk. Any favorable or unfavorable movement in exchange rates might affect the Company's profitability and hence, affect the share price. The Company has also adopted effective strategies to minimize the risk of exchange rates.

Interest Rate

The Company's finance cost is 1.54% of the turnover. Any interest rate movement might affect the Company's profitability and hence, affect the share price.

Availability of Raw Material

The Company's performance is largely dependent upon the availability of raw material, which is highly sensitive to seasonal fluctuations. Thus, any negative or positive change in the cotton yield will dampen the Company's performance and influence the share price.

Novel Coronavirus (COVID-19) Pandemic

The outbreak of COVID-19 in the prior year had caused widespread business disruptions around the globe resulting in a negative impact on the economic activities. Although Pakistan's economy have managed to recover from its impacts owing to timely and effective response by the government, there have been smart lock-down imposed by government from time to time which also minorly impacted the trading sessions of the stock exchange.

Share Price Analysis



history of major events

- The Company started commercial production by producing Poly/Cotton yarn with 14,400 spindles
- Number of spindles increased to 64,800

- Pioneered and set up “Jet Spinners” in the country
- Replaced diesel generators with gas generators
- Number of spindles increased to 194,392
- Acquired 14 acres of land for erecting additional sheds and underground water reservoir

- Set up an additional production facility at Karachi
- Performed marvelously despite the global financial meltdown

- Installation of state-of-the-art equipment’s & machinery within the plant
- Commencement of commercial operations of dairy segment
- For the sake of sustainable environment & community, invested in wind projects and announced investments in solar and hydel projects
- Successful operation of the Waste Heat Recovery Plant
- Installed capacity of spindles increased to 350,000
- Construction of new facility for Knitting Division



- Number of spindles increased to 128,160
- Introduced “Compact Spinning” with 15,840 spindles for the first time in Pakistan

- Planned investment in environment friendly 50 MW Wind Power Project
- Started commercial operations at Karachi Plant and increased installed capacity to 245,000 spindles
- Acquired assets of another textile mill located in Gadoon Amazai Industrial Estate
- Invested in shares of ICI Pakistan Limited
- Acquired new electric generators based on natural gas to enhance power generation capacity
- Signed PC contract to generate additional 2.66 MW based on Waste Heat Recovery
- Fazel Textile Mills Limited (FTML) merged with and into GTML
- Number of spindles increased to around 321,000 by virtue of merger of FTML

calendar of notable events

Notable Events for the Financial Year - Employees Engagement Activities	
Online Independence Day Celebration	Thursday, August 13, 2020
International Children’s Day	Friday, November 20, 2020
Basic Etiquettes for Support Staff	Saturday, December 12, 2020
Session on Women’s Day by HR Head of ICI	Monday, March 08, 2021
Training-Creativity & Critical Thinking	Saturday, March 13, 2021
Training-Workplace Ethics & Communication	Saturday, April 10, 2021
World No-Tobacco Day	Monday, May 31, 2021
Blood Donation Drive	Saturday, June 12, 2021
Notable Events for the Financial Year - Corporate Meetings	
BOD Meeting for Yearly Accounts – 2020	Thursday, September 24, 2020
33rd Annual General Meeting – 2020	Wednesday, October 28, 2020
BOD Meeting for first quarter ended September 30, 2020	Friday, October 23, 2020
BOD Meeting for Half year ended December 31, 2020	Thursday, January 30, 2020
BOD Meeting for third quarter ended March 31, 2021	Wednesday, April 28, 2021
BOD Budget Meeting 2021-22	Thursday, June 17, 2021
Tentative Dates for Next Financial Year	
BOD Meeting for Yearly Accounts - 2021	Friday, August 6, 2021
34th Annual General Meeting – 2021	Tuesday, September 28, 2021
BOD Meeting for first quarter ending September 30, 2021	Friday, October 29, 2021
BOD Meeting for half year ending December 31, 2021	Friday, January 28, 2022
BOD Meeting for third quarter ending March 31, 2022	Friday, April 29, 2022
BOD Budget Meeting 2022-2023	Thursday, June 16, 2022

major capital expenditure

In order to remain competitive at the national and international levels, the Company regularly invests in new technologically advanced machinery. The purpose of the investment is to reduce the cost of production by achieving operational efficiencies and serving customers better in terms of quality and supplementary services.

This year the Company has made a CAPEX of Rs. 1.21 billion in order to execute the phase-wise strategy for the replacement of old and obsolete machines.

Details of Taxes, Duties & Levies
 Details of the taxes, duties, and levies are disclosed in note 22 of the financial statements.

A full-page background image featuring a surfer in a red shirt and dark shorts riding a white surfboard on a blue wave. The sun is shining brightly in the upper left, creating a rainbow and lens flare effects. The sky is blue with white clouds.

made of valor.

Outlook

- 142 forward-looking statement
- 142 performance against last year's projection
- 143 status of projects
- 143 sources of information and assumptions used for forecast
- 143 company's respond to challenges

forward-looking statement

GTML is contented to create & share a mark of sustainability within the industry by uplifting and maintaining the level of strategic approach, project execution, ethical virtue, technological advancement & financial positioning. Whereas, focus on customer satisfaction is one of the key features to keep our spin alive across the globe.

GTML is persistently contributing towards the development of business and embracing diversification within the segmented market to augment shareholders' worth. The Company is creating and planning to grow its current value chain exposure just as focusing on extension of responsible consumption of natural resources.

Under the context of the governmental policies the Company expects that the government will not proceed with any sort of changes in its practice of timely release of tax and DTLT refunds etc. However, it is expected that there would be no significant increase in interest rates in the upcoming year. Whereas, the value of currency will continue its stability owing to receipt of financial assistance from international agencies, diminishing inflationary pressure on the economy, and financial inflows throughout the year.

Further, the overall political conditions are expected to remain stable with minimal chances of any new legal / regulatory / environmental regulations having a significant impact on the Company's operations.

The management of the Company believes that significant CAPEX incurred over the years would help to sustain a competitive edge by maintaining a surplus for the growth of industry, innovation & infrastructure. As the Company continues to expand its global footprint, it is confident that this will open the door of opportunities on a large scale along with a chain of desirable results.

In addition, the Company is fully assured that it will be able to increase its sales and profitability index for the upcoming year to achieve its financial milestones. The management has allocated a budget for the development of its resource capitals, i.e., human capital, manufactured capital, intellectual capital, social & relationship capital, and anticipates that it will be able to satisfy the need of all stakeholders.

Further, deliberation on forward looking statement has been made in the future outlook section of the Directors' Report.

Performance against last year's projection

Early in the financial year, where on the account of COVID-19 the world had faced crises including ecological, social & economic factors. The redemption of economic activity, specifically in Pakistan has allowed the Company to surpass the projections made in the last year's forward-looking statement. The revenue of the Company has significantly increased to Rs. 41.01 billion in the current year outweighing the estimations made in the last year's projections.

As forecasted in the last year's forward-looking statement, the CAPEX incurred over the years has helped the Company to manage its cost and accordingly have positively impacted the results for the current year. Further, the currency maintained its stability till the major part of this financial year. In addition to that, as anticipated last year, there was no increase in interest rates in the current year.

Further, comparison of financial performance with the budgeted projections are detailed in the analysis of financial and non-financial performance section of this report.

Status of Projects

Apart from investment in state-of-the-art technologically advanced machines, the Company is working on the expansion of its dairy segment. Further, keeping in view the profitability and anticipated demands for its knitted bedding products, the Company decided to outspread its knitting segment. In this respect, market research is being done to penetrate and capture the untapped value-added sector globally.

No other major projects are in pipelines from the previous year, the progress of which needs to be disclosed.

Sources of Information and Assumptions used for Forecast

The Company based on current monetary and fiscal policy, affiliation / contacts with associations, consultation with industry experts, including

advisory firms, market research including past trends, forecasts the factors, i.e., exchange rate, interest rate, cotton prices, sales prices, etc. having significant impacts on the Company's operations, accordingly makes projections / budgets for the upcoming year.

Company's Respond to Challenges

Concerning the response to the recent challenges faced by the Company, including the pandemic, as mentioned earlier in this report, the Company has a team of qualified professionals who pro actively foresees the challenges & uncertainties effectively that are likely to arise in the course of the business. The Company has a well-developed Disaster Recovery and Business Continuity Plan, which can help the management to respond to critical challenges and possible uncertainties.

A full-page background image showing a diver in a black wetsuit and yellow fins swimming horizontally in the center. Above the diver, a large whale shark with white spots on its dark body swims towards the left. The water is clear blue, and the bottom of the frame shows a vibrant coral reef with various colors like yellow, orange, and green. Bubbles are visible rising from the diver.

made of courage.

Excellence in
Corporate Reporting

- 146 integrated reporting
- 148 disclosures beyond bcr
- 148 statement of unreserved compliance
- 149 report briefing

integrated reporting

The Company continuously strives to meet the best corporate reporting standards to create value for the Company and its stakeholders. Additionally, GTML is focused on concise and coherent reporting of the business affairs presented in the form of financial and non-financial information. Further, the Company is committed to achieving excellence in transparent reporting along with consistent improvement in the quality of the information presented.

Objective of IR:

If we take a look over or a keen analysis regarding the objective of Integrated Reporting (IR) the basic key function is to construct a bridge between the guideline principles & content elements of an organization from which the content elements has been briefly discussed in this report.

Excellence in Integrated Reporting:

The Company continuously strives to meet the best corporate reporting standards to create a relation of trust & transparency among the stakeholders. Our management approach is dedicated to mark a label of authenticity & integrity within the industry by creating a clear-cut information related to the worldwide customers, suppliers, employees, bankers, regulators, and communities.

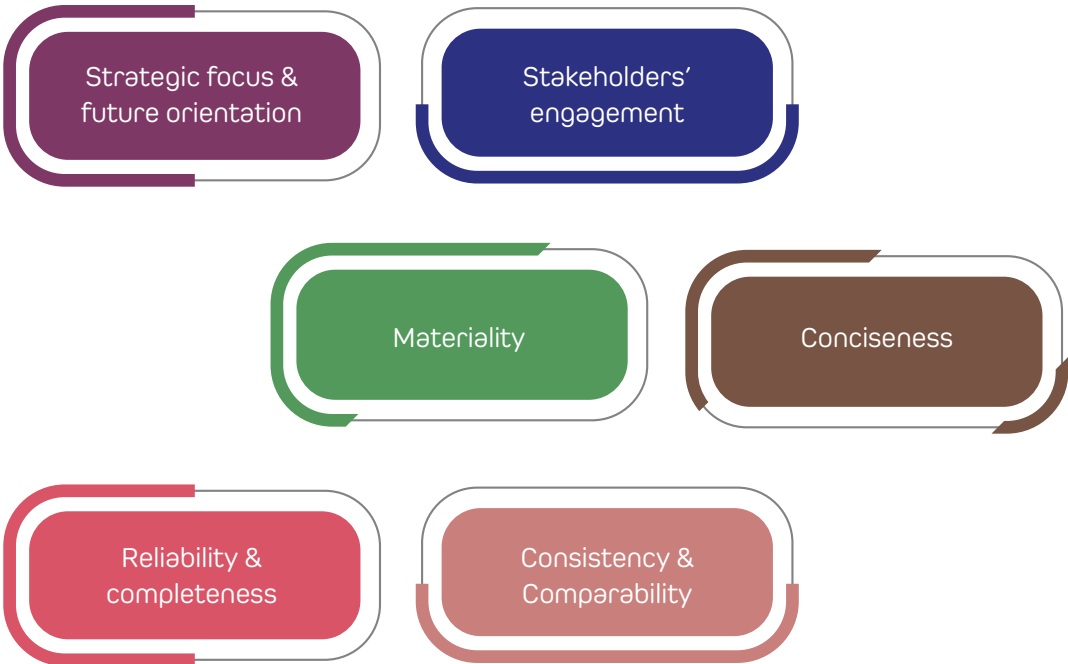
The Company is focused on concise and coherent reporting of the business affairs that helps to provide a free hand over the accurate information & analysis presented in this report.

Application of the IR Framework:

The Company adheres to the proper application of the Integrated Reporting Framework, which is divided into two major segments

- Guiding principles
- Content Elements

Guiding Principles of this Report



Content Elements of this Report

Organizational Overview & External Environment Page No. 02	Business Model Page No. 06	Strategy & Resource Allocation Page No. 26
Basis of Presentation Page No. 144		Risks & Opportunities Page No. 32
Outlook Page No. 140	Performance Page No. 104	Corporate Governance Page No. 62

disclosures beyond bcr

The Company, in order to promote transparency in its dealings, has added certain additional information for its stakeholders, which are beyond those as required under the BCR Criteria. Details are as follows:

Page No.	25	Award and Achievements	Page No.	40	Materiality Determination
Page No.	57	Sustainable Development Goals	Page No.	82	CEO's Message
Page No.	88	IT Governance: Major Project During the Year	Page No.	90	Employee Engagement Activities
Page No.	138	Calendar of Notable Events			

statement of unreserved compliance

of International Financial Reporting Standards (IFRSs)

The financial statements of the Company have been prepared in accordance with the IFRS issued by IASB as notified under the Companies Act, 2017.

Further, there are certain standards and interpretations which are yet to be effective in Pakistan and certain standards not adopted by SECP, as disclosed note 2.5 of the financial statements. However, the management believes these standards and interpretation does not have any material impact on the financial statements of the Company.

report briefing

Brief about Content

Content of this report is based on the organizational overview and external environment, strategy and resource allocation, governance, performance and position, outlook, stakeholders' engagement, sustainability and corporate social responsibility.

Brief about Scope

The primary intent of this report is to address & convey the maximum possible information to the investors & stakeholders. Furthermore, the secondary readers of this report are segmented on the behalf of the value creation & positioning of the Company within the industry.

Brief about Boundaries

The report includes both financial and non-financial information on performance, risks and opportunities and outcomes attributable to our activities and key stakeholders of the Company.



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Financial Statements

- 152 independent auditor's report to the members
- 156 statement of financial position
- 158 statement of profit or loss
- 159 statement of comprehensive income
- 160 statement of cash flows
- 161 statement of changes in equity
- 162 notes to the financial statements

independent auditor’s report to the members

Report On The Audit Of The Financial Statements

Opinion

We have audited the annexed financial statements of Gadoon Textile Mills Limited (the Company), which comprise the statement of financial position as at June 30, 2021, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the profits, the comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following is the key audit matter:

S.No.	Key audit matters	How the matter was addressed in our audit
1	Contingencies	
	<p>The Company is subject to material litigations including GID Cess, tax and other matters which requires management to make assessment and judgments with respect to likelihood and impact of such litigations on the financial statements of the Company.</p> <p>The details of contingencies including that relating to GID Cess 2015 and the Supreme Court (SC) decision regarding the same along with management's assessment thereon are disclosed in note in 22 to the financial statements.</p> <p>Some of these contingencies may involve significant outflow of economic benefits due to inherent uncertainties with respect to the outcome of the matters and use of significant management judgments and estimates to assess the same including related financial impacts, we considered contingent liabilities as a key audit matter.</p>	<p>In response to this matter, our audit procedures included:</p> <ul style="list-style-type: none">• Reviewed the documents for legal and tax proceedings maintained by the management, including Judgement passed by the SC and related provision of the GIDC Act, 2015;• Obtained management's assessment regarding their implications on the Company;• Evaluated management's view considering the facts and explanations given by them;• Examined legal expense ledgers to assess any litigations or claims which may result in material misstatement of the financial statements;• Discussing with the Company's legal and tax department to corroborate the facts and explanations given by management; and• Reviewed adequacy of the disclosure made in the financial statement in accordance with the applicable accounting and reporting standards.

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

Management is responsible for the other information. The other information comprises the report of audit committee, directors' report, Chairman's review, analysis on financial performance, comments on the financial results, key performance indicators, analysis of cost and statement of value additions and its distribution.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have not been provided with the other information and therefore, do not report on it.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company’s business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

Chartered Accountants

Karachi
Date: August 21, 2021

statement of financial position

As at June 30, 2021

ASSETS

Non-Current Assets

Property, plant and equipment	4	10,253,638	10,165,007
Biological assets	5	208,396	190,214
Long term advance	6	-	-
Long term loans	7	28,950	39,632
Long term deposits		33,576	29,505
Long term investments	8	3,570,625	3,150,556

Current Assets

Stores, spares and loose tools	9	647,854	632,631
Stock-in-trade	10	10,877,270	12,914,426
Trade debts	11	4,038,372	2,332,951
Loans and advances	12	234,103	122,927
Trade deposits and short term prepayments		40,911	22,827
Other receivables	13	641,181	569,750
Current tax asset		508,154	576,804
Cash and bank balances	14	143,166	86,120

Total Assets

Note	2021 ----- (Rupees in '000) -----	2020 ----- (Rupees in '000) -----
	14,095,185	13,574,914
	17,131,011	17,258,436
	31,226,196	30,833,350

EQUITY AND LIABILITIES

Share Capital and Reserves

Authorized
57,500,000 ordinary shares of Rs.10/- each

Issued, subscribed and paid-up capital
Capital reserves
Revenue reserves

Total Equity

Non-Current Liabilities

Long term finance
Deferred government grant
Retirement benefit obligation
Deferred tax liabilities

Current Liabilities

Trade and other payables
Unclaimed dividend
Current portion of long term finance
Current portion of deferred government grant
Accrued mark-up
Short term borrowings

Total Liabilities

Total Equity and Liabilities

CONTINGENCIES AND COMMITMENTS

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

MUHAMMAD YUNUS TABBA
Chairman / Director

MUHAMMAD SOHAIL TABBA
Chief Executive Officer

MUHAMMAD IMRAN MOTEN
Chief Financial Officer

Note	2021 ----- (Rupees in '000) -----	2020 ----- (Rupees in '000) -----
	575,000	575,000
15	280,296	280,296
	137,541	137,541
	12,192,238	8,666,521
	12,610,075	9,084,358
16	3,906,240	3,526,689
17	144,078	-
18	714,068	629,205
19	780,817	810,001
	5,545,203	4,965,895
20	7,101,857	4,181,691
	22,474	23,596
16	735,143	68,092
17	54,077	-
	118,584	147,569
21	5,038,783	12,362,149
	13,070,918	16,783,097
	18,616,121	21,748,992
	31,226,196	30,833,350
22		

statement of profit or loss

For the Year Ended June 30, 2021

	Note	2021 ----- (Rupees in '000) -----	2020 ----- (Rupees in '000) -----
Sales - net	23	41,009,841	28,986,781
Cost of sales	24	(36,034,261)	(26,745,495)
Gross profit		4,975,580	2,241,286
Distribution cost	25	(633,224)	(474,356)
Administrative expenses	26	(314,810)	(267,881)
		(948,034)	(742,237)
		4,027,546	1,499,049
Finance cost	27	(631,061)	(909,080)
Other operating expenses	28	(285,064)	(918,430)
		3,111,421	(328,461)
Other income	29	237,188	173,648
Share of profit from associates	8	677,491	492,530
Profit before taxation		4,026,100	337,717
Taxation	30	(491,999)	(292,218)
Profit for the year		3,534,101	45,499
Earnings per share - basic and diluted (Rupees)	31	126.08	1.62

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

MUHAMMAD YUNUS TABBA
Chairman / Director

MUHAMMAD SOHAIL TABBA
Chief Executive Officer

MUHAMMAD IMRAN MOTEN
Chief Financial Officer

statement of comprehensive income

For the Year Ended June 30, 2021

	Note	2021 ----- (Rupees in '000) -----	2020 ----- (Rupees in '000) -----
Profit for the year		3,534,101	45,499
Other comprehensive income			
Items that will be reclassified subsequently to the statement of profit or loss			
Share of other comprehensive loss from associates - net of tax	8	(716)	(1,754)
Items that will not be reclassified subsequently to the statement of profit or loss			
- Remeasurement of defined benefit obligation	18.5	17,078	83,462
- Income tax relating to defined benefit obligation		(2,530)	(14,031)
		14,548	69,431
Other comprehensive income		13,832	67,677
Total comprehensive income for the year		3,547,933	113,176

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

MUHAMMAD YUNUS TABBA
Chairman / Director

MUHAMMAD SOHAIL TABBA
Chief Executive Officer

MUHAMMAD IMRAN MOTEN
Chief Financial Officer

statement of cash flows

For the Year Ended June 30, 2021

		2021	2020
	Note	(Rupees in '000)	(Rupees in '000)
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	32	9,035,000	(433,484)
Finance cost paid		(660,046)	(1,079,707)
Income tax paid		(451,067)	(304,748)
Retirement benefits paid		(144,013)	(113,992)
Rebate received		10,263	48,111
		(1,244,863)	(1,450,336)
Net cash generated from / (used in) operating activities		7,790,137	(1,883,820)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,214,446)	(1,367,205)
Purchase of biological assets		-	(30,389)
Sale proceeds from disposal of property, plant and equipment		116,428	69,639
Sale proceeds from disposal of biological assets		7,750	11,735
Loans repaid by employees		7,500	40
Long term deposits given		(4,071)	(378)
Profit received from bank deposits		2,831	5,629
Dividend received		230,494	230,442
Net cash used in investing activities		(853,514)	(1,080,487)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finance obtained		38,207	957,819
Repayment of long term finance		(55,366)	(38,129)
Salary refinance loan obtained		749,703	-
Repayment of salary refinance loan		(93,713)	-
Temporary economic refinance facility obtained		605,926	-
Dividend paid		(1,122)	(236,534)
Net cash generated from financing activities		1,243,635	683,156
Net increase / (decrease) in cash and cash equivalents (A+B+C)		8,180,258	(2,281,151)
Cash and cash equivalents at the beginning of the year		(11,493,579)	(9,212,428)
Cash and cash equivalents at the end of the year		(3,313,321)	(11,493,579)
CASH AND CASH EQUIVALENTS			
Cash and bank balances	14	143,166	86,120
Short term borrowings	21	(3,456,487)	(11,579,699)
		(3,313,321)	(11,493,579)

CHANGES ARISING FROM FINANCING ACTIVITIES

	2020	Financing cash inflows	Financing cash outflows	Non-cash changes	2021
	(Rupees in '000)				
Long term finance	3,594,781	1,393,836	(149,079)	-	4,839,538
Unclaimed dividend	23,596	-	(1,122)	-	22,474

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



MUHAMMAD YUNUS TABBA
Chairman / Director

1

MUHAMMAD SOHAIL TABBA
Chief Executive Officer

[Signature]

MUHAMMAD IMRAN MOTEN
Chief Financial Officer

statement of changes in equity

For the Year Ended June 30, 2021

		Capital Reserves			Revenue Reserves				
	Issued, subscribed and paid-up share capital	Share premium	Amalgamation reserve	Sub total	General reserve	Amalgamation reserve	Unappropriated profit	Sub total	Grand total
	------(Rupees in '000)-----								
Balance as at July 1, 2019	280,296	103,125	34,416	137,541	1,000,000	727,333	7,064,263	8,791,596	9,209,433
Transaction with owners									
Final dividend @ Rs. 8.50/- per share for year ended June 30, 2019	-	-	-	-	-	-	(238,251)	(238,251)	(238,251)
	-	-	-	-	-	-	(238,251)	(238,251)	(238,251)
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	-	45,499	45,499	45,499
Other comprehensive income	-	-	-	-	-	-	67,677	67,677	67,677
Total comprehensive income for the year	-	-	-	-	-	-	113,176	113,176	113,176
Balance as at June 30, 2020	280,296	103,125	34,416	137,541	1,000,000	727,333	6,939,188	8,666,521	9,084,358
Effect of change in accounting policy adopted by ICI Pakistan Limited - net of tax (refer note 8.2.1)	-	-	-	-	-	-	(22,216)	(22,216)	(22,216)
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	-	3,534,101	3,534,101	3,534,101
Other comprehensive income	-	-	-	-	-	-	13,832	13,832	13,832
Total comprehensive income for the year	-	-	-	-	-	-	3,547,933	3,547,933	3,547,933
Balance as at June 30, 2021	280,296	103,125	34,416	137,541	1,000,000	727,333	10,487,121	12,192,238	12,610,075

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

20

MUHAMMAD YUNUS TABBA
Chairman / Director

MUHAMMAD SOHAIL TABBA
Chief Executive Officer

[Signature]

MUHAMMAD IMRAN MOTEN
Chief Financial Officer

notes to the financial statements

For the Year Ended June 30, 2021

1. THE COMPANY AND ITS OPERATIONS

Gadoon Textile Mills Limited (the Company) was incorporated in Pakistan on February 23, 1988 as a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is listed on Pakistan Stock Exchange. The principal activity of the Company is manufacturing and sale of yarn and knitted sheets and production and sale of milk.

Y.B. Holdings (Private) Limited is the holding company of the Company.

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

Head Office:

7-A, Muhammad Ali Society, Abdul Aziz Haji Hashim Tabba Street, Karachi, Province of Sindh, South, Pakistan.

Manufacturing Facility:

- a) 200-201, Gadoon Amazai Industrial Estate, District Swabi, Province of Khyber Pakhtunkhwa, North, Pakistan.
- b) 57 Km on Super Highway (near Karachi), Province of Sindh, South, Pakistan.

Liaison Office:

Syed's Tower, Third Floor, Opposite Custom House, Jamrud Road, Peshawar, Province of Khyber Pakhtunkhwa, North, Pakistan.

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 applicable in Pakistan comprise of International Financial Reporting Standards (IFRS) 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 from the IFRS, 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 the historical cost convention except:
- obligations under the defined benefit plan are stated at present value;
 - biological assets i.e. livestock are stated at fair value less estimated point-of-sale costs; and
 - investment in associates are accounted for using equity method.

2.3 Functional and presentation 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.

2.4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions 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 the revision and in future periods, if the revision affects both current and future periods.

Critical judgements

Management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

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

- a) determining the residual values and useful lives of the property, plant and equipment (note 3.1);
- b) valuation of biological assets (note 3.2);
- c) provisions - for slow moving stores, spares and loose tools (note 3.3);
- d) valuation of stock-in-trade - at lower of cost and NRV (note 3.4);
- e) impairment of financial assets and provisions - for loss allowance (notes 3.7.2);
- f) impairment of non financial assets (note 3.7.3);
- g) provision for taxation including deferred tax (note 3.9);
- h) accounting for retirement benefit obligation (note 3.10); and
- i) provisions against liability and contingencies (note 3.13).

2.5 Changes in accounting standards and interpretations

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

The following standards, amendments and interpretations are effective for the year ended June 30, 2021. These standards, amendments and interpretations 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:
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions	June 01, 2020
Amendments to the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS	January 01, 2020
Amendments to IFRS 3 'Business Combinations' - Definition of a business	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material	January 01, 2020
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments Disclosures' - Interest rate benchmark reform	January 01, 2020
Certain annual improvements have also been made to a number of IFRSs.	

2.5.2 New accounting standards and amendments that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the 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:
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	April 01, 2021
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	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' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
Certain annual improvements have also been made to a number of IFRSs.	
Other than the aforesaid standards, interpretations and amendments, the IASB has also issued the following standards which have not been adopted locally by the SECP:	
- IFRS 1 'First Time Adoption of International Financial Reporting Standards'	
- IFRS 17 'Insurance Contracts'	
3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	
The significant accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2020.	
3.1 Property, plant and equipment	
Property, plant and equipment except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land and capital work-in-progress are stated at cost less impairment losses, if any.	
All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when these assets are available for intended use.	

Depreciation is charged, from the month when the asset is available for use and ceased from the month of disposal, to the statement of profit or loss applying the reducing balance method except for leasehold land, which is depreciated using the straight-line method. The residual values, useful lives and depreciation methods are reviewed and changes, if any, are treated as change in accounting estimates, at each reporting date. Rates for depreciation are stated in note 4.1 to the financial statements.

Maintenance and repairs are charged to the statement profit or loss as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

Gains and losses on disposal of assets are taken to the statement of profit or loss as and when incurred.

3.2 Biological assets

Livestock are measured at their fair value less estimated point-of-sale costs. Fair value of livestock is determined by an independent valuer on the basis of best available estimates for livestock of similar attributes.

Biological assets have been classified at level 2 of fair value hierarchy as disclosed in note 38 to the financial statements.

Gains or losses arising from changes in fair value less estimated point-of-sale costs of livestock are recognised in the statement of profit or loss.

3.3 Stores, spares and loose tools

These are stated at lower of cost and net realisable value. Cost is determined using moving average method. Items in transit are stated at invoice value plus other charges incurred thereon until the reporting date.

For items that are slow moving adequate provision is made, if necessary, for any excess carrying value over estimated realisable value and charged to the statement of profit or loss.

3.4 Stock-in-trade

Basis of valuation is as under:

- Raw material in hand (imported)	Lower of cost (weighted average / specific identification basis) and net realizable value (NRV)
- Raw material in hand (local)	Lower of cost (weighted average) and NRV
- Raw material in hand (feed)	Lower of cost (weighted average) and NRV
- Raw material in-transit	Cost accumulated to end of reporting period
- Work-in-process	Lower of cost (weighted average) and NRV
- Finished goods	Lower of cost (weighted average) and NRV
- Finished goods (milk)	Fair value less estimated point-of-sale costs
- Waste	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.

NRV signifies the estimated selling price in the ordinary course of business less estimated cost of completion and estimated cost necessary to be incurred to effect such sale.

3.5 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand, current and deposit accounts held with banks. Short term borrowings (except export refinance) availed by the Company which are payable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents for the purpose of the statement of cash flows.

3.6 Investments

Investment in associates

Associates are entities over which the Company exercises significant influence. Investment in associates is accounted for using equity basis of accounting, under which the investment in associate is initially recognised at cost and the carrying amount is increased or decreased to recognise the Company’s share of profit or loss of the associate after the date of acquisition. The Company’s share of profit or loss of the associate is recognised in the statement of profit or loss. Distributions received from associate reduce the carrying amount of the investment. Adjustments to the carrying amount are also made for changes in the Company’s proportionate interest in the associate arising from changes in the associates’ other comprehensive income that have not been recognised in the associate’s statement of profit or loss. The Company’s share of those changes is recognised in the statement of comprehensive income of the Company.

The carrying amount of the investment is tested for impairment, by comparing its recoverable amount (higher of value in use and the fair value less costs to sell) with its carrying amount and loss, if any, is recognised in the statement of profit or loss.

3.7 Financial instruments

3.7.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets at amortized cost

Instruments that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- 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.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at fair value through profit or loss (FVTPL). Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called ‘accounting mismatch’) that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in the statement of profit or loss.

Derecognition

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognised in the statement of profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at fair value through other comprehensive income (FVTOCI), the cumulative gain or loss previously accumulated in the investments’ revaluation reserve is reclassified to the statement of profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments’ revaluation reserve is not reclassified to the statement of profit or loss, but is transferred to retained earnings.

3.7.2 Impairment of financial assets

Trade debts and other receivables are recognised initially at fair value and subsequently measured at amortised cost less loss allowance, if any. The Company recognises a loss allowance for ECL on trade debts. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial assets.

The Company always recognises lifetime ECL for trade debts. The ECL on these financial assets are estimated using a provision matrix based on the Company’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial assets, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

For financial guarantee contracts, the date that the Company becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Company considers the changes in the risk that the specified debtor will default on the contract.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (1) The financial instrument has a low risk of default,
- (2) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

(ii) Definition of default

The Company employs statistical models to analyse the data collected and generate estimates of probability of default ('PD') of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Company.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event (see (ii) above);
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

Derivative financial instruments

Derivatives that do not qualify for hedge accounting are recognised in the statement of financial position at estimated fair value with corresponding effect to the statement of profit or loss. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

3.7.3 Non-financial assets

The Company assesses at each reporting date whether there is any indication that assets except inventories, biological assets and deferred tax asset may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in the statement of profit or loss. The recoverable amount is the higher of an asset's 'fair value less costs to sell' and 'value in use'.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised. Reversal of impairment loss is recognised as income in the statement of profit or loss.

3.7.4 Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognised in the statement of profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in the statement of profit or loss incorporates any interest paid on the financial liability.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not designated as FVTPL, are measured subsequently at amortised cost using the effective interest method. 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. Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of that asset.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit or loss.

3.7.5 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

3.8 Borrowings and their costs

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently at amortised cost.

3.9 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of profit or loss.

Current

Provision for current taxation is based on taxability of certain income streams of the Company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credits and tax rebates available, if any. The charge for income tax includes adjustments to charge for prior years.

Deferred

Deferred tax is recognised using the liability method, providing for temporary difference between the carrying amount 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 realisation or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the reporting date.

In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release – 27 of the Institute of Chartered Accountants of Pakistan.

The Company recognises deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the assets can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.10 Retirement benefit obligation - defined benefit plan

The Company operates an unfunded gratuity scheme for its confirmed employees 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. The most recent valuation of the scheme was carried out as at June 30, 2021.

Remeasurement changes which comprise actuarial gains and losses are recognised immediately in the statement of comprehensive income.

3.11 Foreign currency transactions and translation

Transactions in foreign currencies are translated into Pak Rupees at the rates of exchange approximating those prevailing on the date of the transaction. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated into Pak Rupees at the rates prevailing on the reporting date.

Gains and losses arising on retranslation are included in the statement of profit or loss for the period.

3.12 Revenue recognition

Revenue from contracts with customers is recognised at the point in time when the performance obligation is satisfied i.e. control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled to in exchange for those goods.

Interest income is recognised on a time proportionate basis using the effective rate of return.

3.13 Provisions

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

3.14 Deferred government grant

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, is accounted for as a government grant which is the difference between loan received and the fair value of the loan. The differential amount is recognized and presented in statement of financial position as deferred government grant.

3.15 Dividend and appropriation to / from reserves

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

3.16 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Board of Directors has identified different chief operating decision makers responsible for strategic decisions of all the reportable segments.

Operating segments that do not meet the quantitative thresholds, as defined in IFRS 8 'Operating Segments', has not been considered as reportable segments in these financial statements.

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.

	Note	2021 ----- (Rupees in '000)	2020 -----
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	9,601,338	9,731,614
Capital work-in-progress	4.2	652,300	433,393
		<u>10,253,638</u>	<u>10,165,007</u>

4.1 Operating fixed assets

Particulars	2021									
	Cost as at	Additions /	Transfer	Cost as at	Accumulated	Depreciation	Depreciation	Accumulated	Carrying	Rate of
	July 01, 2020	(Disposals)	to store *	June 30, 2021	depreciation as at July 01, 2020	for the year / (Disposals)	transfer to store *	depreciation as at June 30, 2021	value as at June 30, 2021	depreciation
	(Rupees in '000)									
	%									
Land:										
Leasehold	83,148	-	-	83,148	11,862	1,503	-	13,365	69,783	1
Freehold	880	-	-	880	-	-	-	-	880	-
Buildings on leasehold land:										
Mills	2,185,295	101,700	-	2,286,995	1,230,099	100,212	-	1,330,311	956,684	10
Roads	47,456	-	-	47,456	25,758	2,170	-	27,928	19,528	10
Power plant	193,483	1,095	-	194,578	114,995	7,894	-	122,889	71,689	10
Office	60,513	35,286	-	95,799	30,438	4,493	-	34,931	60,868	10
Workers' colony	66,122	-	-	66,122	56,034	1,009	-	57,043	9,079	10
Other	593,312	36,709	-	630,021	189,744	20,551	-	210,295	419,726	5
Buildings on freehold land:										
Family colony	318,521	1,216	-	319,737	157,521	16,120	-	173,641	146,096	10
Workers' colony	123,727	-	-	123,727	101,541	2,219	-	103,760	19,967	10
Plant and machinery	13,457,212	701,649 (219,317)	(15,592)	13,923,952	6,777,773	677,098 (152,689)	(9,269)	7,292,913	6,631,039	10
Power plant	1,801,984	- (162,791)	-	1,639,193	890,613	85,471 (106,129)	-	869,955	769,238	10
Electric installations	458,135	-	-	458,135	302,838	15,530	-	318,368	139,767	10
Tools and equipment	34,386	10,907	-	45,293	13,488	2,450	-	15,938	29,355	10
Furniture and fittings	25,204	2,931	-	28,135	15,633	1,079	-	16,712	11,423	10
Computer equipment	33,566	9,278 (330)	-	42,514	19,986	5,403 (137)	-	25,252	17,262	30
Office equipment and installations	24,963	3,665	-	28,628	14,342	1,286	-	15,628	13,000	10
Fork lifters and tractors	42,575	-	-	42,575	33,978	1,719	-	35,697	6,878	20
Vehicles	279,812	91,103 (26,907)	-	344,008	116,183	36,596 (14,116)	-	138,663	205,345	20
Fire fighting equipments	11,778	-	-	11,778	7,632	415	-	8,047	3,731	10
June 30, 2021	19,842,072	995,539 (409,345)	(15,592)	20,412,674	10,110,458	983,218 (273,071)	(9,269)	10,811,336	9,601,338	

Additions to operating fixed assets include transfers from capital work-in-progress amounting to Rs. 0.98 billion.

* This represents transfer of spare parts of obsolete machinery to spares in hand.

4.1 Operating fixed assets

Particulars	2020									
	Cost as at	Additions/	Transfer	Cost as at	Accumulated	Depreciation	Depreciation	Accumulated	Carrying	Rate of
	July 01, 2019	(Disposals)	to store *	June 30, 2020	depreciation as at July 01, 2019	for the year/ (Disposals)	transfer to store *	depreciation as at June 30, 2020	value as at June 30, 2020	depreciation
	(Rupees in '000)									
	%									
Land:										
Leasehold	83,148	-	-	83,148	10,311	1,551	-	11,862	71,286	1
Freehold	880	-	-	880	-	-	-	-	880	-
Buildings on leasehold land:										
Mills	2,158,346	26,949	-	2,185,295	1,124,836	105,263	-	1,230,099	955,196	10
Roads	47,456	-	-	47,456	23,347	2,411	-	25,758	21,698	10
Power plant	178,146	15,337	-	193,483	106,984	8,011	-	114,995	78,488	10
Office	60,513	-	-	60,513	27,096	3,342	-	30,438	30,075	10
Workers' colony	66,122	-	-	66,122	54,913	1,121	-	56,034	10,088	10
Other	591,573	1,739	-	593,312	168,521	21,223	-	189,774	403,568	5
Buildings on freehold land:										
Family colony	318,521	-	-	318,521	139,632	17,889	-	157,521	161,000	10
Workers' colony	123,727	-	-	123,727	99,076	2,465	-	101,541	22,186	10
Plant and machinery	12,474,195	1,063,319 (33,283)	(47,019)	13,457,212	6,141,994	685,188 (28,949)	(20,460)	6,777,773	6,679,439	10
Power plant	1,783,692	18,292	-	1,801,984	790,265	100,348	-	890,613	911,371	10
Electric installations	457,289	8,583 (7,737)	-	458,135	289,166	17,066 (3,394)	-	302,838	155,297	10
Tools and equipment	33,410	976	-	34,386	11,221	2,267	-	13,488	20,898	10
Furniture and fittings	29,793	309 (4,898)	-	25,204	14,753	1,162 (282)	-	15,633	9,571	10
Computer equipment	30,749	11,259 (8,442)	-	33,566	21,798	4,070 (5,882)	-	19,986	13,580	30
Office equipment and installations	25,217	3,006 (3,260)	-	24,963	14,074	1,110 (842)	-	14,342	10,621	10
Fork lifters and tractors	38,094	4,481	-	42,575	32,397	1,581	-	33,978	8,597	20
Vehicles	273,447	39,889 (33,524)	-	279,812	98,513	37,453 (19,783)	-	116,183	163,629	20
Fire fighting equipment	11,847	- (69)	-	11,778	7,236	461 (65)	-	7,632	4,146	10
June 30, 2020	18,786,165	1,194,139 (91,213)	(47,019)	19,842,072	9,176,133	1,013,982 (59,197)	(20,460)	10,110,458	9,731,614	

Additions to operating fixed assets include transfers from capital work-in-progress amounting to Rs. 1.17 billion.

* This represents transfer of spare parts of obsolete machinery to spares in hand (refer note 9).

4.1.1 Depreciation charged for the year has been allocated as under:

	Note	2021 ----- (Rupees in '000) -----	2020 -----
Cost of sales	24.1	954,112	984,709
Administrative expenses	26	29,106	29,273
		983,218	1,013,982

4.1.2 Disposal of operating fixed assets having net book value in excess of Rs. 500,000

Description	Cost	Accumulated depreciation	Carrying value	Sale proceeds	(Loss) / gain	Mode of disposal	Purchaser
----- (Rupees in '000) -----							
Plant and machinery	8,826	7,787	1,039	1,042	3	Negotiation	M/s. Agha Traders
	1,340	766	574	349	(225)	Negotiation	M/s. Hasn & Co
	1,340	766	574	349	(225)	Negotiation	M/s. Hasn & Co
	18,743	8,782	9,961	1,583	(8,378)	Negotiation	M/s. Salman Textile traders
	18,743	8,782	9,961	1,583	(8,378)	Negotiation	M/s. Salman Textile traders
	18,743	8,782	9,961	1,583	(8,378)	Negotiation	M/s. Salman Textile traders
	1,344	773	571	8	(563)	Negotiation	M/s. Salman Textile traders
	2,635	1,391	1,244	8	(1,236)	Negotiation	M/s. Salman Textile traders
	4,398	2,177	2,221	166	(2,055)	Negotiation	M/s. Salman Textile traders
	16,179	9,906	6,273	2,009	(4,264)	Negotiation	M/s. VJ Textile traders
	16,179	9,906	6,273	2,009	(4,264)	Negotiation	M/s. VJ Textile traders
	16,179	9,906	6,273	2,009	(4,264)	Negotiation	M/s. VJ Textile traders
	8,496	7,715	781	1,501	720	Negotiation	M/s. Mubashir Brothers
	8,962	7,944	1,018	1,451	433	Negotiation	M/s. Mubashir Brothers
	8,826	7,824	1,002	1,451	449	Negotiation	M/s. Mubashir Brothers
	9,869	8,484	1,385	1,268	(117)	Negotiation	M/s. Muhammad Amjad
	9,869	8,484	1,385	1,268	(117)	Negotiation	M/s. Muhammad Amjad
	9,869	8,471	1,398	1,268	(130)	Negotiation	M/s. Muhammad Amjad
	8,743	7,733	1,010	1,268	258	Negotiation	M/s. Muhammad Amjad
	189,283	126,379	62,904	22,173	(40,731)		
Power Plant	59,806	45,998	13,808	23,128	9,320	Negotiation	M/s. Orient Energy
	102,985	60,131	42,854	41,470	(1,384)	Negotiation	M/s. Orient Energy
	162,791	106,129	56,662	64,598	7,936		
Vehicle	1,685	532	1,153	1,685	532	Company Policy	Mr. Shiban Taufiq
	2,019	808	1,211	1,413	202	Company Policy	Mr. Sohail Kasim
	2,751	1,409	1,342	3,200	1,858	Insurance claim	M/s. Al-Falah Insurance Company
	1,573	734	839	1,353	514	Company Policy	Mr. Muhammad Umair
	1,506	669	837	1,280	443	Company Policy	Mr. Obaid Ullah
	1,726	566	1,160	1,726	566	Negotiation	Mr. Muhammad Shahzaib
	1,644	731	913	1,418	505	Company Policy	Mr. Ali Saleem
	3,619	1,104	2,515	3,855	1,340	Negotiation	Mr. Muhammad Sajid
	2,012	1,360	652	1,470	818	Company Policy	Mr. Iftikhar
	18,535	7,913	10,622	17,400	6,778		

4.1.3 Leasehold and freehold land pertain to the manufacturing facilities having combined area of 137.8 acres.

4.2 Capital work-in-progress

Gadoon Amazai					Karachi Project					Total
Civil works	Plant and machinery	Vehicles	Markup capitalized	Sub-total	Civil works	Plant and machinery	Vehicles	Markup capitalized	Sub-total	
(Rupees in '000)										

Year ended June 30, 2021

Balance as at July 1, 2020	47,807	10,871	2,003	1,300	61,981	276,733	56,713	-	37,966	371,412	433,393
Additions during the year	42,563	399,458	73,876	5,508	521,405	74,488	551,487	40,501	10,691	677,167	1,198,572
Transfers to operating fixed assets	(77,308)	(335,470)	(57,902)	(4,989)	(475,669)	(82,705)	(373,627)	(33,201)	(14,463)	(503,996)	(979,665)
Balance as at June 30, 2021	13,062	74,859	17,977	1,819	107,717	268,516	234,573	7,300	34,194	544,583	652,300

Year ended June 30, 2020

Balance as at July 1, 2019	21,198	40,755	-	676	62,629	190,316	-	-	7,382	197,698	260,327
Additions during the year	61,473	320,758	29,081	11,730	423,042	93,910	778,539	12,810	38,873	924,132	1,347,174
Transfers to operating fixed assets	(34,864)	(350,642)	(27,078)	(11,106)	(423,690)	(7,493)	(721,826)	(12,810)	(8,289)	(750,418)	(1,174,108)
Balance as at June 30, 2020	47,807	10,871	2,003	1,300	61,981	276,733	56,713	-	37,966	371,412	433,393

5. BIOLOGICAL ASSETS

	Note	2021 ----- (Rupees in '000) -----	2020 -----
Dairy livestock			
- Mature		173,491	170,262
- Immature		34,905	19,952
	5.1	208,396	190,214

5.1 Reconciliation of biological assets

	2021 ----- (Rupees in '000) -----	2020 -----
Balance as at July 1	190,214	129,665
Purchases during the year	-	30,389
Livestock expired	(6,180)	(3,273)
Sale of livestock	(21,052)	(19,398)
Gain on fair valuation of livestock due to:		
- new births	15,187	13,380
- price and age change	30,227	39,451
	45,414	52,831
Balance as at June 30	208,396	190,214

5.2 At June 30, 2021, the Company held 646 mature livestock - including pregnant livestock (2020: 608 mature livestock) able to produce milk and 351 immature livestock (2020: 225 immature livestock) which are being raised to produce milk in the future.

5.3 During the year, the Company produced approximately 4,140,201 (2020: 2,922,044) gross litres of milk from mature livestock.

5.4 As at June 30, 2021, the Company held 38 breeding bulls (2020: 27 breeding bulls).

5.5 The valuation of dairy livestock as at June 30, 2021 has been carried out by an independent valuer. In this regard the valuer examined the physical condition of the livestock, assessed the key assumptions and estimates and relied on the representations made by the Company. Livestock has been valued on the basis of market values of livestock of similar attribute.

5.6 Cost to sell is considered immaterial and has not been taken into account while valuing the biological assets.

6. LONG TERM ADVANCE

- Considered doubtful

	Note	2021 ----- (Rupees in '000) -----	2020 -----
Investment in a joint venture - Advance	6.1	66,667	66,667
Less: Provision against advance		(66,667)	(66,667)
		<u>-</u>	<u>-</u>

6.1 This represents first and second tranche of advance for a Joint Venture Project of Rs. 4,250 million. The principal activity of the Joint Venture Project was acquisition and development of a real estate project in Karachi through a Joint Venture Company. The Company's share in this Joint Venture project is ten percent. Currently, the future of this project is not certain and the recovery of this amount is considered doubtful.

7. LONG TERM LOANS

	Note	2021 ----- (Rupees in '000) -----	2020 -----
- Considered good			
Loan to employees			
Related parties - Key management personnel		19,352	21,720
Other employees		36,623	41,755
	7.1	<u>55,975</u>	<u>63,475</u>
Less: current portion of long term loans	12	<u>(27,025)</u>	<u>(23,843)</u>
		<u>28,950</u>	<u>39,632</u>

7.1 These are interest free loans recoverable in monthly instalments over a period of three years. These loans are secured against employees' retirement benefit obligation.

7.2 The maximum amount of loans to the key management personnel outstanding at the end of any month during the year ended June 30, 2021 was Rs. 20.96 million (2020: Rs. 29.74 million).

8. LONG TERM INVESTMENTS

	Note	2021 ----- (Rupees in '000) -----	2020 -----
Investments in associates - equity method	8.1	<u>3,570,625</u>	<u>3,150,556</u>

8.1 Investment in associates - equity method

	Note	2021 ----- (Rupees in '000) -----	2020 -----
ICI Pakistan Limited (ICIP)	8.2	2,194,818	2,010,552
Lucky Holdings Limited (LHL)	8.3	1,543	1,816
Yunus Energy Limited (YEL)	8.4	1,374,264	1,138,188
		<u>3,570,625</u>	<u>3,150,556</u>

8.1.1 The Company's investment in ICIP, LHL and YEL is less than 20% but these are considered associates as the Company has significant influence over the financial and operating policies through representation on the Board of Directors of these companies.

8.1.2 The principal place of business of all the associates is located in Pakistan.

8.2 Investment in ICI Pakistan Limited (ICIP) - at equity method

	2021	2020
Number of shares held	6,654,867	6,654,867
Cost of investment (Rupees in '000)	1,341,311	1,341,311
Fair value of investment (Rupees in '000)	5,781,748	4,623,203
Ownership interest	7.21%	7.21%

	Note	2021 ----- (Rupees in '000) -----	2020 -----
Balance as at July 01		2,010,552	1,946,416
Share of profit		376,994	170,273
Share of other comprehensive loss		(221)	(2,987)
Effect of change in accounting policy	8.2.1	(26,136)	-
Dividend received		<u>(166,371)</u>	<u>(103,150)</u>
Balance as at June 30		<u>2,194,818</u>	<u>2,010,552</u>

The financial year end of ICIP is June 30, 2021. Summarised financial highlights of ICIP and the related share of the Company as at reporting date are as follows:

	2021 ----- (Rupees in '000) -----	2020 -----
Total assets	49,741,954	47,770,591
Total liabilities	<u>(24,342,740)</u>	<u>(25,778,103)</u>
Net assets	<u>25,399,214</u>	<u>21,992,488</u>
Company's share of net assets	<u>1,831,283</u>	<u>1,585,658</u>
Revenue	<u>64,766,213</u>	<u>55,256,473</u>
Profit for the year	<u>5,228,771</u>	<u>2,432,764</u>
Company's share of profit	<u>376,994</u>	<u>175,402</u>
Other comprehensive loss for the year	<u>(3,067)</u>	<u>(41,425)</u>
Company's share of other comprehensive loss	<u>(221)</u>	<u>(2,987)</u>

8.2.1 With effect from July 01, 2020, Company's associate i.e. ICI Pakistan Limited, revised its accounting policy in respect of freehold land, buildings on freehold land and owned plant and machinery from revaluation model to cost model, under which these assets are now carried at cost less accumulated depreciation and impairment allowance, if any. The impact of change in accounting policy, having no material impact on the Company's results, has been accounted for in the revenue reserve of the current year.

8.3 Investment in Lucky Holdings Limited (LHL) - at equity method

	2021	2020
Number of shares held	8,580	8,580
Cost of investment (Rupees in '000)	429	429
Ownership interest	1%	1%

	2021	2020
	----- (Rupees in '000) -----	
Balance as at July 01	1,816	4,284
Share of profit	2,713	2,551
Dividend received	(2,986)	(5,019)
Balance as at June 30	1,543	1,816

The financial year end of LHL is June 30, 2021. Summarised financial highlights of LHL as at reporting date and the related share of the Company are as follows

	2021	2020
	----- (Rupees in '000) -----	
Total assets	496,994	536,738
Total liabilities	(371,830)	(384,341)
Net assets	125,164	152,397
Company's share of net assets	1,251	1,524
Revenue	375,000	352,483
Profit for the year	271,345	254,912
Company's share of profit	2,713	2,551

8.4 Investment in Yunus Energy Limited (YEL) - at equity method

Number of shares held	61,136,500	61,136,500
Cost of investment (Rupees in '000)	611,365	611,365
Ownership interest	19.995%	19.995%

	2021	2020
	----- (Rupees in '000) -----	
Balance as at July 01	1,138,188	939,906
Share of profit	297,784	319,706
Share of other comprehensive (loss) / income	(571)	849
Dividend received	(61,137)	(122,273)
Balance as at June 30	1,374,264	1,138,188

The financial year end of YEL is June 30, 2021. Summarised financial highlights of YEL as at reporting date and the related share of the Company are as follows:

	2021	2020
	----- (Rupees in '000) -----	
Total assets	13,291,817	13,225,251
Total liabilities	(6,521,341)	(7,604,771)
Net assets	6,770,476	5,620,480
Company's share of net assets	1,353,757	1,123,815
Revenue	2,755,459	3,451,067
Profit for the year	1,458,616	1,600,136
Company's share of profit	291,650	319,706
Other comprehensive (loss) / income for the year	(2,858)	4,249
Company's share of other comprehensive (loss) / income	(571)	849

9. STORES, SPARES AND LOOSE TOOLS

	2021	2020
	----- (Rupees in '000) -----	
Stores	229,973	233,292
Spares in		
- hand	391,916	407,601
- transit	61,835	42,263
Loose tools	1,724	1,576
	685,448	684,732
Less: Provision for slow moving stores, spares and loose tools	(37,594)	(52,101)
	647,854	632,631

9.1	Opening Provision	52,101	52,101
	Amount incurred and charged against the provision	(14,507)	-
	Closing provision	37,594	52,101

10. STOCK-IN-TRADE

Raw material in		
- hand	5,579,629	10,455,994
- transit	3,351,971	74,072
- feed	25,876	15,435
	8,957,476	10,545,501
Work-in-process	491,318	351,227
Finished goods		
- Yarn	1,127,852	1,912,545
- Knitted fabric	252,708	39,143
- Waste	47,332	65,776
- Unprocessed milk	584	234
	1,428,476	2,017,698
	10,877,270	12,914,426

11. TRADE DEBTS

	Note	2021 ----- (Rupees in '000) -----	2020 -----
Considered good			
Foreign - Secured		1,418,022	491,004
Local - Unsecured	11.1	2,620,350	1,841,947
		<u>4,038,372</u>	<u>2,332,951</u>
Considered doubtful			
Local - Unsecured		97	97
Provision for loss allowance		(97)	(97)
		<u>-</u>	<u>-</u>
		<u>4,038,372</u>	<u>2,332,951</u>

11.1 The balance includes trade balances outstanding from associated companies as follows:

Lucky Textile Mills Limited	4,642	7,820
Lucky Knits (Private) Limited	1,798	1,798
	<u>6,440</u>	<u>9,618</u>

11.2 The maximum amount due from related parties, at the end of any month during the year were Rs. 201.92 million (2020: Rs. 119.69 million). The transactions with associated companies are carried on agreed terms.

11.3 Following are the details of debtors in relation to export sales:

Jurisdiction	Category	Note	2021 ----- (Rupees in '000) -----	2020 -----
Asia	Letter of credit		905,294	166,802
Europe	Letter of credit		8,323	34,839
	Contract		200,116	65,943
Central America	Letter of credit		169,477	-
North America	Contract		134,812	223,420
Total	Letter of credit		1,083,094	201,641
	Contract		334,928	289,363

12. LOANS AND ADVANCES

- Unsecured - considered good

Current portion of long term loans	7	27,025	23,843
Advances to employees		9,838	13,500
Advance to suppliers and contractors		177,449	67,367
Letters of credit, fee and expenses		4,155	3,586
Subordinated loan	12.1	15,636	13,257
LC margin		-	1,374
		<u>234,103</u>	<u>122,927</u>

12.1 This represents subordinated loan in companies mentioned in Note 12.1.1. The shares will be issued in due course in accordance with the regulatory requirements.

12.1.1 Subordinated loan

	Note	2021 ----- (Rupees in '000) -----	2020 -----
Tricom Solar Power (Private) Limited	12.1.2	9,537	7,510
Tricom Wind Power (Private) Limited	12.1.2	-	-
Yunus Wind Power Limited	12.1.2	6,099	5,747
		<u>15,636</u>	<u>13,257</u>

12.1.2 As part of strategic investments, the Company had given subordinated loan to Tricom Solar Power (Private) Limited and Yunus Wind Power Limited. Upon expiry of initial 12 months period from previous approval dated April 13, 2018, the Company obtained extension from the shareholders in EOGM dated March 20, 2019 for a period of four years or till the Project achieves commercial operations, whichever is later.

13. OTHER RECEIVABLES

	Note	2021 ----- (Rupees in '000) -----	2020 -----
Considered good			
Sales tax		326,927	300,218
Rebate receivable on export sales		279,667	227,221
Claims receivable		26,726	31,647
Federal excise duty		1,443	2,599
Others		6,418	8,065
		<u>641,181</u>	<u>569,750</u>
Considered doubtful			
Claims receivable	22.1.2	20,000	20,000
Sales tax	13.1	52,439	52,439
Others	13.2	5,600	5,600
		<u>78,039</u>	<u>78,039</u>
		<u>(78,039)</u>	<u>(78,039)</u>
		<u>641,181</u>	<u>569,750</u>
Provision for doubtful other receivables			

13.1 Pursuant to SRO 179 of 2013 dated March 7, 2013, the Company has filed a special sales tax return and made the payment of Rs. 52.44 million being 2% of the value of zero-rated supplies during the period from April 2011 to February 2013. The Company after the payment which was made under protest, has requested the tax office to refund the amount which was rejected. Thereafter, the Company has filed an appeal to the Peshawar High Court to give directions to the tax department to process refund of the said amount which was rejected by the High Court. The Company is in the process to proceed the case further in the Supreme Court of Pakistan. However, being prudent, the Company has fully provided the amount in these financial statements.

13.2 The Company received a demand cum show cause notice for the amount of Rs. 13.17 million from Custom Authorities deleting their Manufacturing Bond Entry for import of Polyester Staple Fiber (PSF). The Company has paid Rs. 5.60 million under protest against the demand and also made provision for the same amount. Since the goods were imported for re-export, the FBR has rectified the anomaly through S.R.O. 688(I)/2010 dated July 27, 2010. Management believes that no further provision is required for the remaining amount and the amount so paid shall become refundable.

14 CASH AND BANK BALANCES

	2021	2020
	----- (Rupees in '000) -----	
Cash in hand	7,590	11,493
Cash with banks		
- current account	84,671	73,581
- time deposits	50,905	1,046
	135,576	74,627
	143,166	86,120

14.1 It includes balances in foreign currency bank accounts amounting to US Dollars 13 equivalent to Rs. 0.002 million (2020: US Dollars 4,282 equivalent to Rs. 0.72 million).

14.2 These carry markup at the rates ranging from 5.0% to 5.8% per annum.

15. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2021	2020		2021	2020
----- (Number of Shares) -----			----- (Rupees in '000) -----	
6,000,000	6,000,000	Ordinary shares of Rs. 10 each fully paid in cash	60,000	60,000
17,437,500	17,437,500	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	174,375	174,375
4,592,083	4,592,083	Ordinary shares of Rs. 10 each issued as fully paid in pursuant of amalgamation	45,921	45,921
28,029,583	28,029,583		280,296	280,296

15.1 As at June 30, 2021, Y.B. Holdings (Private) Limited (the Holding Company) hold 19,499,741 (2020: 19,499,741) ordinary shares of Rs. 10 each.

15.2 The Company has one class of ordinary shares which carries no right to fixed income. The holders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

16. LONG TERM FINANCE

	Note	2021	2020
		----- (Rupees in '000) -----	
- Banking companies - secured			
Long term finance facility	16.1	3,577,622	3,594,781
Salary refinance scheme	16.2	619,527	-
Temporary economic refinance facility	16.3	444,234	-
Less: Current portion of long term finance		(735,143)	(68,092)
		3,906,240	3,526,689

16.1 The Company has entered into a long term finance agreement with commercial banks, with an approved limit of Rs. 5.30 billion (2020: Rs. 4.30 billion). The facility carries a mark-up ranging from SBP Base Rate + 0.1% to SBP Base Rate + 0.75% payable on a quarterly basis (2020: SBP Base Rate + 0.1% to SBP Base Rate + 0.6% payable on a quarterly basis). The tenure of this facility is 10 years including grace period of 2 years, starting from July 10, 2017.

In the prior year, Company in accordance with the facility provided by the SBP has rescheduled its long term finance facilities for the period of one year.

The above financing agreement is secured by pari passu charge over plant and machinery of the Company.

16.2 The Company has entered into a salary refinance scheme agreement with a commercial bank, with an approved limit of Rs. 0.8 billion (June 30, 2020: Nil). The facility carries a mark up of SBP Base Rate + 0.4% (June 30, 2020: Nil). For this facility, the SBP base rate is 0% as advised by SBP circular no. 7 dated April 22, 2020. The tenure of this facility is 2.5 years including grace period of 6 months.

16.3 The Company has entered into a temporary economic refinance facility agreement with commercial banks, with an approved limit of Rs. 1.19 billion (June 30, 2020: Nil). The facility carries a mark up of SBP Base Rate + 0.5% to SBP Base Rate + 0.75% (June 30, 2020: Nil). The tenure of this facility is 10 years including grace period of 2 years.

17 DEFERRED GOVERNMENT GRANT

	Note	2021	2020
		----- (Rupees in '000) -----	
Deferred government grant against salary refinance scheme	17.1	36,463	-
Deferred grant against temporary economic refinance facility	17.2	161,692	-
Less: Current portion of deferred government grant		(54,077)	-
		144,078	-

17.1 Deferred government grant relates to the difference between the fair value and actual proceed of salary refinance loan obtained under SBP's refinance scheme for payment of salaries during the current year. It will be amortised over the period of next two and a half year with an amount equal to the difference between the finance cost charged to statement of profit or loss and the interest paid at SBP's defined rate as per the scheme.

17.2 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 will be amortised over the period of ten years with an amount equal to the difference between the finance cost charged to statement of profit or loss and the interest paid as per the scheme.

18. RETIREMENT BENEFIT OBLIGATION

	Note	2021	2020
		----- (Rupees in '000) -----	
Retirement benefit obligation	18.1	714,068	629,205

18.1 Retirement benefit obligation

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

	2021	2020
Valuation Discount rate	10.00%	8.50%
Salary increase rate (Long term)	8.50%	8.50%
Salary increase rate (Short term)	6.00% for 2 years	4.50% for 3 years
Mortality rate	Adjusted SLIC 2001-05	Adjusted SLIC 2001-05

18.2 Liability recognized in the statement of financial position

	Note	2021 ----- (Rupees in '000) -----	2020 -----
Present value of retirement benefit obligation		<u>714,068</u>	<u>629,205</u>

18.3 Movement in liability during the year

Balance as at July 1		629,205	562,984
Expense recognised in the statement of profit or loss	18.4	245,954	263,675
Total remeasurements gain recognised in the statement of comprehensive income	18.5	(17,078)	(83,462)
Benefits paid		(144,013)	(113,992)
Balance as at June 30		<u>714,068</u>	<u>629,205</u>

18.4 Expense recognized in the statement of profit or loss

Current service cost		198,592	191,601
Interest cost		47,362	72,074
		<u>245,954</u>	<u>263,675</u>

18.5 Total remeasurements recognized in the statement of other comprehensive income

Actuarial loss / (gain) on liability arising on			
- financial assumptions		5,533	(8,367)
- experience adjustments		(22,611)	(75,095)
		<u>(17,078)</u>	<u>(83,462)</u>

18.6 Sensitivity analysis

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

	Change in assumption %	Increase / (decrease) in defined benefit obligation Increase in assumption Decrease in assumption ----- (Rupees in '000) -----	
Discount rate	1	(8,024)	8,201
Salary growth rate	1	11,834	(11,738)

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the Projected Unit Credit method at reporting date, which is the same as that applied in calculating the defined benefit obligation liability recognized in the statement of financial position.

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

Longevity risk: 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 salaries 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 benefit obligation. The movement of the liability can go either way.

18.8 The weighted average duration of defined benefit obligation as at June 30, 2021 is 31.80 years (2020: 31.68 years).

18.9 Expected maturity analysis of undiscounted retirement benefit plans

	Note	2021 ----- (Rupees in '000) -----	2020 -----
Undiscounted payments			
Year 1		<u>187,546</u>	<u>160,481</u>
More than 1 year		<u>617,513</u>	<u>536,989</u>

19. DEFERRED TAX LIABILITIES

Balance as at June 30	19.1	<u>780,817</u>	<u>810,001</u>
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19.1 Deferred tax liability comprises of taxable / (deductible) temporary differences in respect of following:

	Note	2021 ----- (Rupees in '000) -----	2020 -----
Deferred credits / (debits) arising due to:			
- Accelerated tax depreciation on property, plant and equipment		675,603	770,831
- Provision against retirement benefit obligation		(105,772)	(105,776)
- Provision against long term advance		(9,875)	(11,207)
- Provision against stores, spares and loose tools		(5,569)	(8,759)
- Provision against doubtful other receivables		(11,560)	(13,119)
- Gain arising from changes in fair value of livestock		52,579	37,925
- Share of profit from associates		185,411	140,106
		<u>780,817</u>	<u>810,001</u>

20 TRADE AND OTHER PAYABLES

Creditors		867,713	565,976
Foreign bills payable		1,795,693	82,758
Advance from customers		118,731	35,017
Accrued liabilities		3,822,243	3,273,559
Withholding income tax		8,838	6,198
Sales tax		255,395	31,914
Workers' welfare fund		134,619	105,728
Workers' profit participation fund	20.1	16,662	17,775
Others		81,963	62,766
		<u>7,101,857</u>	<u>4,181,691</u>

20.1 **Workers' profit participation fund**

		2021	2020
	Note	----- (Rupees in '000) -----	
Balance as at July 1		17,775	54,397
Provision made during the year	28	213,421	17,775
Interest on funds utilised in business	27	113	548
Payments made during the year		(214,647)	(54,945)
Balance as at June 30		<u>16,662</u>	<u>17,775</u>

21. **SHORT TERM BORROWINGS**

Banking companies - secured

Running finance under mark-up arrangements	21.1	1,786,551	7,099,213
Short term finances	21.2	1,669,936	750,000
Foreign currency loan against:			
- Import loan	21.1	-	2,961,618
- Export loan	21.1	-	768,868
- Export refinance	21.3	1,582,296	782,450
		<u>1,582,296</u>	<u>4,512,936</u>
		<u>5,038,783</u>	<u>12,362,149</u>

21.1 Facilities for running finance, import finance, export finance and export refinance are available from various commercial banks upto Rs. 30.89 billion (2020: Rs. 30.64 billion). For running finance facility, the rates of mark-up range between KIBOR + 0.05% to KIBOR + 1.00% per annum (2020: KIBOR + 0.05% to KIBOR + 0.50% per annum). These are secured against hypothecation of stock, receivables and plant and machinery.

21.2 This represents short term finance facilities including term loan under sub-limit of the facilities mentioned in note 21.1 from various commercial banks having mark-up ranging between KIBOR + 0.00% to KIBOR + 1.50% per annum (2020: KIBOR - 0.05% to KIBOR + 0.50% per annum). These are secured against hypothecation of stock, charge on receivables and plant and machinery.

21.3 The rate of mark-up on export refinance is SBP Base Rate + 0.5% to SBP Base Rate + 1.0% (2020: SBP Base Rate 0.5% to SBP Base Rate + 1.0%).

22. **CONTINGENCIES AND COMMITMENTS**

22.1 **Contingencies**

22.1.1 Outstanding guarantees given on behalf of the Company by commercial banks in normal course of business amounting to Rs. 1.44 billion (2020: Rs. 1.25 billion).

22.1.2 In prior years, Sui Northern Gas Pipeline Limited (SNGPL) charged the Company with an amount of Rs. 168 million on account of under billing of gas. The Company lodged a complaint with the Appellate Authority (the Authority) against SNGPL and on January 21, 2010, the Authority partly admitted the plea of the Company and allowed partial relief of Rs. 53.89 million. The Company has paid Rs. 113.63 million in prior years. Subsequent to the decision of the Authority, both the Company (to claim additional relief) and SNGPL (against the relief provided) have filed appeals with higher authorities against the decision. Management is of the view that no further liability will arise as it is expected that the final outcome of this case will be in its favour.

22.1.3 Previously, the Company had filed a suit before the Sindh High Court, challenging the applicability of Gas Infrastructure Development Cess (GIDC) Act, 2011 which was eventually decided upon by the Supreme Court of Pakistan declaring GIDC Act 2011 as invalid that being a fee-imposing enactment, it could not be introduced through Money Bill as a tax.

Thereafter the GIDC Ordinance 2014 was introduced to circumvent the decision of SC. However, in May 2015, the Government passed the GIDC Act 2015.

The Company challenged the GIDC Act, 2015 and filed writ petition in the Peshawar High Court (PHC) challenging the vires and legality of the levy and demand of GIDC including its retrospective application. On May 31, 2017, PHC dismissed the said petition, however, the Company obtained interim relief against the payment of GIDC imposed through monthly bills from PHC on the ground that GIDC is not leviable as the Company has not added GIDC impact in its price and has not collected from its customer. Further, the Company filed Civil Petition for Leave to Appeal (CPLA) in SC, against the adverse judgment of PHC. On August 13, 2020, the SC passed Judgment and upheld the legality of GIDC Act, 2015.

Further, the Apex Court in its judgement validated the GIDC Act 2015 which contains Section 8 in particular. Whilst examining Section 8 (2) (1st proviso), the legislature has explicitly facilitated the industrial sector narrating that the cess shall not be collected from industrial sector as it has not been collected by the Gas companies in terms of GIDC Act 2011 and the GIDC Ordinance 2014. Further, while comparing two categories i.e. industrial and domestic consumers, the Hon'ble Court has specifically stated that GIDC shall be applicable only on those companies which have passed the burden on to its consumers/clients (Clause 37). Management maintains that since the Company has not passed on the burden to its consumers/clients, it is not liable to pay GID Cess, by whatever name charged. Accordingly, the Company filed the review petition in the Supreme Court of Pakistan against the above judgement of SC.

During the year, the SC in its judgment dated November 03, 2020, while dismissing all review petitions filed against its earlier judgement dated August 13, 2020, clearly stated that as the SC held the Act to be intra-vires therefore all the sections are to be applied and that the question pertaining to the applicability of Section 8(2) and its proviso has not been agitated and its relief lies elsewhere and that the companies claiming any relief under GIDC Act, 2015 may approach the right forum. Meanwhile, the Company's writ petition which was pending before the PHC with the plea that the Company did not pass on the GIDC burden to their end consumers and sougning relief under Section 8 (2) of the GIDC Act, 2015, was referred by PHC to OGRA, being the relevant authority, on which OGRA subsequently showed its inability to decide the matter. Accordingly, the Company filed a fresh writ petition before the PHC challenging Section 8(2) of GIDC Act, 2015, which is pending for decision. In the meanwhile, the PHC has issued restraining orders to SNGPL for any recovery in the matter of GIDC. Management has reiterated its stance of not passing the burden to customers and hence exemption under Section 8 (2) of the GIDC Act,2015. The management maintains that since the Company has not passed on the burden to its consumers / clients, it is not liable to pay GIDC, by whatever name charged as it clearly falls within the ambit of the exemption in line with Section 8(2) of the GIDC Act, 2015.

22.1.4 National Accountability Bureau (NAB) had filed a reference on February 2, 2016 against Executives of the Company in the Accountability Court (Peshawar), alleging that the Company purchased electricity from Peshawar Electric Supply Company (PESCO) at a cheaper price and at the same time it sold the electricity to PESCO at a higher price. The management believes that the allegations are false, unsubstantiated and unfounded. The case is devoid of merits as the Company sold the electricity after required approvals, licenses and at price on which all captive power plants were selling electricity to distribution companies in accordance with approved policy of Government of Pakistan.

22.1.5 Finance Act, 2010 introduced Clause (126F) of Part I of Second Schedule of Income Tax Ordinance, 2001 (the Ordinance) through which tax on profits and gains were exempt derived by a tax payer located in the most affected and moderately affected areas of Khyber Pakhtunkhwa . As a result of the said clause, the income of the Company including tax on export proceeds for Tax years 2010 to 2012 were exempt. However, the said clause does not specifically address the exemption of turnover tax under Section 113 of the Ordinance. In this regard, several companies located in the affected areas filed a petition in Peshawar High Court(PHC) against the recovery of turnover tax seeking a declaration regarding Section 113 of the Ordinance as discriminatory and contrary to the Constitution and the Court granted a relief restraining the recovery of turnover tax. The Company along with other companies in the affected areas also filed the petition on the same grounds. The PHC in its order dated July 19, 2012, directed the respondents to extend the benefit to the Company. Subsequently, the Chief Commissioner Inland Revenue filed an appeal in the Supreme Court of Pakistan against the Company and other tax payers of the affected areas, which is pending for adjudication.

Furthermore, through the Finance Act, 2015, FBR has clarified vide sub clause (XX) of clause 11(A) of the Second Schedule of the Ordinance that the minimum tax under section 113 does not apply to the tax payers falling under clause (126F) of the Second Schedule. However, the matter related to liability other than local sales i.e. tax on export, is still pending for adjudication. Based on the judgment of the PHC, management believes that the Company will not be subject to tax on export sales and hence, has not made any provision on account of tax on export sales for the years ended June 30, 2010, 2011 and 2012.

22.1.6 The Income Tax return of Fazal Textile Mills Limited (FTML) (previously merged with the Company in the year 2015) for Tax year 2013 was amended under section 122(5A) by the Additional Commissioner Income Revenue vide its order dated March 4, 2014 on account of certain disallowances primarily against Workers Welfare Fund (WWF). The Company filed an appeal against the amended order against which Commissioner Inland Revenue Appeals (CIRA) allowed some relief to the Company. The Company being dissatisfied had filed an appeal in the Appellate Tribunal which is pending for adjudication. Thereafter, the department has selected the said return for Audit proceedings under sections 177 and 214C of the Ordinance. In pursuance to the aforementioned audit, the amended assessment order was further amended by the Deputy Commissioner Inland Revenue (DCIR) making additions of Rs 1.63 million on account of certain disallowed expenses, levied WWF of Rs. 9.16 million and also restricted tax refundable to the amount of advance tax thereby reducing it by Rs. 48.89 million. The Company had filed an appeal before Commissioner Appeals (CIRA) against the said audit proceedings on the grounds that the assessment was prejudicially re-amended without evaluating the current status. The said appeal is pending adjudication.

Based on the opinion of tax consultant of the Company, the management believes that the aforementioned matters will ultimately be decided in the favour of the Company. Accordingly, no provision is required to be made against the said amounts in these financial statements.

22.1.7 The Assistant Commissioner Inland Revenue (ACIR), Peshawar, has passed an order for Tax Year 2015 after completion of audit proceedings. The Company proceeded to file an appeal before the CIRA against the frivolous demand created by the ACIR. CIRA gave partial relief and the tax demand was reduced to Rs. 462 million. The Company further filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) for relief of remaining unjustified additions. ATIR decided that the audit proceedings conducted before issuance of the Assessment order lack legal requirement and the taxation officer disregarded the details provided by the Company. However, the Tribunal has upheld the decision of the CIRA and allow the relief to the Company to the extend the same was granted by the CIRA order. However, the Accountant member of ATIR has difference of opinion and therefore an independent member of Tribunal have to be appointed to decide the matter, hearing of which is not yet convened. Accordingly, no provision is required to be made in these financial statements.

22.1.8 The Additional Commissioner Inland Revenue has issued an assesment order dated April 30, 2019 under section 122(9) of the Ordinance for Tax Year 2013, created the demand of Rs. 60 million on the issues of carried forward of unabsorbed depreciation including brought forward losses and tax credit under section 65B of the Ordinance (Pertaining to investments for Tax years 2011 and 2012). The Company has plead that the matter was barred by time for assessment as per section 122(2) of the Ordinance. In response, to the impugned order received from CIRA, the Company has moved forward to ATIR, against the said impugned order. Hearing of the said matter is not yet fixed.

22.1.9 The Collector of Customs has passed for recovery of the differential amount of advance tax at 4% (5%-1%) related to import of cotton during the period April 2013 to March 2014 alleging that the benefit of reduced rate of advance tax under section 148 of the Ordinance shall be available only to the textile sector involve in the spinning sector onwards and demanding tax of Rs. 71.58 million along with the penalty of Rs. 500,000. The Company have filed appeal to the Custom Tribunal against the said order on the plea that FBR has already clarified the Company instance vide circular No.1(7) WHT/2006 dated June 30, 2015 and similar matter has been decided in favour of the taxpayer by the High Court.

22.2 Others

	2021	2020
	----- (Rupees in '000) -----	
Export bills discounted with recourse	760,399	696,688
Local bills discounted	183,363	63,248
Post-dated cheques in favour of Collector of Customs against imports	1,465,348	1,559,756

22.3 Commitments

	2021	2020
	----- (Rupees in '000) -----	
Letters of credit opened by banks for:		
Plant and machinery	1,870,366	510,144
Raw materials	1,873,970	567,919
Stores and spares	12,856	12,552

Further, the Company has outstanding contractual commitment under sponsors support agreement, for debt servicing of two loan installments upto Rs. 338 million on behalf of Yunus Energy Limited, an associate.

23. SALES - net

	2021	2020
	----- (Rupees in '000) -----	
Export		
- Yarn	6,538,399	6,939,489
- Knitted fabric	2,164,166	1,259,448
- Waste	320,626	540,777
	9,023,191	8,739,714
	(128,855)	(98,831)
	8,894,336	8,640,883
Indirect export		
- Yarn	17,623,260	10,873,010
Local		
- Yarn	18,061,706	12,107,457
- Knitted fabric	360,029	61,343
- Waste	1,338,142	655,858
	37,383,137	23,697,668
	(159,196)	(96,888)
	(5,431,738)	(3,448,898)
	31,792,203	20,151,882
	323,302	194,016
	41,009,841	28,986,781

24. COST OF SALES

Opening stock - finished goods	2,017,698	1,339,663
Cost of goods manufactured	35,445,039	27,423,530
Less: Closing stock - finished goods	(1,428,476)	(2,017,698)
	36,034,261	26,745,495

24.1 Cost of goods manufactured

		2021	2020
	Note	----- (Rupees in '000) -----	
Raw material consumed	24.1.1	25,692,299	19,690,517
Salaries, wages and benefits	24.1.2	2,647,715	1,985,346
Stores, spares and loose tools		955,448	684,716
Packing material		821,742	517,982
Rent, rates and taxes		3,916	2,485
Doubling charges		11,755	9,760
Dyeing, stitching and knitting charges		325,148	148,176
Mixing charges		36,968	30,704
Depreciation	4.1.1	864,166	880,152
Fuel and power	24.1.3	4,044,174	3,340,507
Repairs and maintenance		22,312	15,670
Printing and stationery		167	403
Legal and professional		5,757	1,556
Entertainment		10,410	7,302
Fee and subscriptions		1,937	4,776
Insurance		92,368	66,357
Travelling and conveyance		29,837	27,080
Communication		3,697	3,732
Other manufacturing expenses		15,314	12,177
		35,585,130	27,429,398
Work-in-process			
Opening stock		351,227	345,359
Closing stock	10	(491,318)	(351,227)
		(140,091)	(5,868)
Cost of goods manufactured		35,445,039	27,423,530

24.1.1 Raw material consumed

Opening stock		10,545,501	6,722,339
Purchases - net		24,104,274	23,513,679
Less: Closing stock	10	(8,957,476)	(10,545,501)
		25,692,299	19,690,517

24.1.2 Salaries, wages and benefits include Rs. 208.64 million (2020: Rs. 237.91 million) in respect of retirement benefit obligation.

24.1.3 This includes depreciation expense of Rs. 89.94 million (2020: Rs. 104.56 million).

25. DISTRIBUTION COST

		2021	2020
	Note	----- (Rupees in '000) -----	
Logistic and related charges		485,517	347,121
Loading and others		31,836	26,358
Fee and subscriptions		15,081	17,148
Salaries, wages and benefits	25.1	64,646	48,755
Bank charges on export documents		17,335	16,463
Travelling and conveyance		5,857	4,808
Vehicles running and maintenance		3,185	2,967
Insurance		5,035	5,367
Communication		2,000	2,241
Entertainment		7	355
Printing and stationery		154	395
Repairs and maintenance		97	58
Others		2,474	2,320
		633,224	474,356

25.1 Salaries, wages and benefits include Rs. 11.30 million (2020: Rs. 9.87 million) in respect of retirement benefit obligation.

26. ADMINISTRATIVE EXPENSES

		2021	2020
	Note	----- (Rupees in '000) -----	
Salaries, wages and benefits	26.1	212,220	163,085
Legal and professional		2,474	8,192
Depreciation	4.1.1	29,106	29,273
Travelling and conveyance		3,862	7,222
Electricity		6,576	8,703
Fee and subscriptions		8,822	5,687
Vehicles running and maintenance		12,818	12,250
Insurance		17,148	13,432
Communication		6,783	5,832
Entertainment		2,037	2,450
Secretarial expenses		1,990	2,224
Auditors' remuneration	26.2	1,500	1,500
Printing and stationery		3,515	3,364
Repairs and maintenance		3,061	2,421
Advertisement		64	95
Rent, rates and taxes		306	279
Books and periodicals		40	51
Others		2,488	1,821
		314,810	267,881

26.1 Salaries, wages and benefits include Rs. 26.01 million (2020: Rs. 15.90 million) in respect of retirement benefit obligation.

26.2 Auditors' remuneration

		2021	2020
	Note	----- (Rupees in '000) -----	
Statutory audit fee		1,350	1,350
Half yearly review		150	150
		<u>1,500</u>	<u>1,500</u>

27. FINANCE COST

Mark-up / interest on:			
Long term finance		96,146	82,131
Short term borrowings		516,814	811,182
Workers' profit participation fund	20.1	113	548
		<u>613,073</u>	<u>893,861</u>
Bank and other financial charges		34,187	65,822
		<u>647,260</u>	<u>959,683</u>
Less: borrowing cost capitalised	27.1	(16,199)	(50,603)
		<u>631,061</u>	<u>909,080</u>

27.1 Borrowing cost is capitalised at weighted average borrowing capitalisation rate of 7.43% (2020: 4.03%) per annum.

28. OTHER OPERATING EXPENSES

		2021	2020
	Note	----- (Rupees in '000) -----	
Workers' profit participation fund	20.1	213,421	17,775
Workers' welfare fund		28,891	-
Exchange loss on foreign currency transactions - net		-	889,350
Loss on disposal of property, plant and equipment - net		19,846	-
Loss on sale of biological assets		19,482	10,936
Others		<u>3,424</u>	<u>369</u>
		<u>285,064</u>	<u>918,430</u>

29. OTHER INCOME

Profit on deposit accounts		2,798	5,792
Profit accrued on sales tax refund bond		-	5,262
Scrap sales		63,206	44,454
Rebate on export sales		62,709	18,467
Insurance claim		-	5,928
Interest on subordinated loan		879	3,291
Gain arising from changes in fair value of livestock		45,414	52,831
Exchange gain on foreign currency transactions - net		62,182	-
Gain on disposal of property, plant and equipment - net		-	37,623
		<u>237,188</u>	<u>173,648</u>

30. TAXATION

		2021	2020
		----- (Rupees in '000) -----	
Current			
- for the year		519,265	378,306
- prior year		452	7,949
		<u>519,717</u>	<u>386,255</u>
Deferred		(27,718)	(94,037)
		<u>491,999</u>	<u>292,218</u>

30.1 Relationship between tax expense and accounting profit

The numerical reconciliation between the average tax rate and applicable tax rate has not been presented in these financial statements as the total income of the Company attracts minimum tax under section 113 of the Income Tax Ordinance, 2001 and its export sales fall under final tax regime.

30.2 Management has a practice of recording tax expense based on the generally accepted interpretation of tax laws and accordingly sufficient provision in respect of taxation for last three years has been provided in these financial statements.

31. EARNINGS PER SHARE - Basic and Diluted

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

		2021	2020
Profit for the year (Rupees in '000)		3,534,101	45,499
Number of ordinary shares		28,029,583	28,029,583
Earnings per share (Rupees)		<u>126.08</u>	<u>1.62</u>

32. CASH GENERATED FROM / (USED IN) OPERATIONS

		2021	2020
	Note	----- (Rupees in '000) -----	
Profit before taxation		4,026,100	337,717
Adjustments for:			
Depreciation		983,218	1,013,982
Loss / (gain) on disposal of property, plant and equipment		19,846	(37,623)
Gain arising from changes in fair value of livestock		(45,414)	(52,831)
Loss on sale of animals		19,482	10,936
Finance cost		631,061	909,080
Share of profit from associates		(677,491)	(492,530)
Rebate on export sales		(62,709)	(18,467)
Profit accrued on sales tax refund bond		-	(5,262)
Profit on deposits		(2,798)	(5,792)
Provision for retirement benefit obligation		245,954	263,675
Working capital changes	32.1	<u>3,897,751</u>	<u>(2,356,369)</u>
		<u>5,008,900</u>	<u>(771,201)</u>
Cash generated from / (used in) operations		<u>9,035,000</u>	<u>(433,484)</u>

32.1 Working capital changes

	2021	2020
	(Rupees in '000)	
(Increase) / decrease in current assets		
Stores, spares and loose tools	(8,900)	466
Stock-in-trade	2,037,156	(4,507,065)
Trade debts	(1,705,421)	1,184,796
Loans and advances	(107,994)	81,069
Trade deposits and short term prepayments	(18,084)	(13,926)
Sales tax refund bond	-	116,059
Other receivables	(19,018)	120,650
	177,739	(3,017,951)
Increase in current liabilities		
Export refinance	799,846	180,714
Trade and other payables	2,920,166	480,868
Working capital changes	3,897,751	(2,356,369)

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in respect of remuneration and other benefits paid to Chief Executive and Executives of the Company were as follows:

	2021		2020	
	Chief Executive	Executives	Chief Executive	Executives
	(Rupees in '000)			
Remuneration	13,200	63,559	12,210	52,504
House rent	3,600	19,068	3,330	15,751
Utilities	1,200	6,356	1,110	5,250
Bonus	2,700	12,327	-	-
Medical	-	6,356	-	5,250
Other benefits	1,500	7,208	-	6,916
	22,200	114,874	16,650	85,671
Number of persons	1	19	1	19

33.1 The Company also provides vehicles for use to Chief Executive and Executives as per Company policy.

33.2 No remuneration has been paid to Directors of the Company except for meeting fee of Rs.1.41 million (2020: Rs. 1.34 million).

34. PRODUCTION CAPACITY

	2021	2020
Spinning Mill		
Spindles installed (Number)	349,592	348,288
Shifts worked per day (Number)	3	3
Days worked (Number)	365	294
Shifts worked (Number)	1,095	882
Spindles worked (Number)	369,413,687	307,097,947
Installed capacity after conversion into 20's (Kgs)	146,507,409	145,827,630
Actual production after conversion into 20's (Kgs)	141,382,926	118,958,406
Actual production (Kgs)	86,092,501	70,330,607
Knitting		
Knitting machines installed (Number)	12	12
Average number of days worked (Number)	-	-
Installed capacity (Kgs)	1,485,000	1,485,000

It is difficult to describe precisely the production capacity in the textile industry since it fluctuates widely depending on various factors such as count of yarn spun, spindles speed, twist per inch, raw material used, etc.

The knitting capacity has not been used during the year because the Company outsourced its knitting production in order to achieve lower cost of production.

35. NUMBER OF EMPLOYEES

	2021			2020		
	Factory	Others	Total	Factory	Others	Total
	(Number)					
- At June 30	4,778	140	4,918	4,748	138	4,886
- Average during the year	4,763	139	4,902	4,798	136	4,934

36. RELATED PARTY TRANSACTIONS

Transactions between the Company and the related parties are carried out as per agreed terms. Transactions with related parties, other than remuneration and benefits to key management personnel under the term of their employment as disclosed in note 33 are as follows:

Name of Related Party	Basis of Relationship	% of share-holding	Nature of Transaction	2021	2020
				(Rupees in '000)	(Rupees in '000)
Y.B. Holdings (Private) Limited	Holding Company	-	Reimbursement of expenses to Company Dividend paid	1,839 -	1,376 165,748
ICI Pakistan Limited	Associate	7.21%	Purchase of fiber Sale of yarn Share of profit on investment Share of other comprehensive loss Dividend received	1,628,242 113 376,994 (221) 166,371	1,608,699 - 170,273 (2,987) 103,150
Yunus Energy Limited	Associate	19.99%	Reimbursement of expenses to Company Share of profit on investment Share of other comprehensive (loss) / income Dividend received Laptop sold	8,431 297,784 (571) 61,137 -	2,888 319,706 849 122,273 109
Lucky Holdings Limited	Associate	1%	Share of profit on investment Dividend received	2,713 2,986	2,551 5,019
Lucky Cement Limited	Associated Company	-	Purchase of cement Reimbursement of expenses from the Company Reimbursement of expenses to the Company	6,118 1,410 10,037	19,012 2,953 1,423
Lucky Knits (Private) Limited	Associated Company	-	Yarn sold Purchase of goods and services Sale of laptop Sale of vehicle Purchase of Store Reimbursement of expenses from the Company	968,835 78,708 - - 199 600	1,155,907 54,686 73 1,901 2,574 450
Yunus Textile Mills Limited	Associated Company	-	Yarn sold Sale of waste Purchase of Raw Material	1,497,316 282,595 26,302	846,311 171,789 -
Lucky Textile Mills Limited	Associated Company	-	Yarn sold Sale of fabric Processing charges Reimbursement of expenses to the Company Purchase of store item	4,346,704 259,882 2,184 3,904 -	3,358,937 34,769 - 4,071 209
Lucky Energy (Private) Limited	Associated Company	-	Purchase of electricity / steam Reimbursement of expenses to the Company Sale of store item	1,533,930 1,821 -	1,215,911 2,270 1,217
Lucky Landmark (Private) Limited	Associated Company	-	Vehicle sold Reimbursement of expenses to the Company	- 1,800	7,100 3,330

Name of Related Party	Basis of Relationship	% of share-holding	Nature of Transaction	2021	2020
				(Rupees in '000)	(Rupees in '000)
Tricom Wind Power (Private) Limited	Associated Company	-	Interest income on subordinated loan Reimbursement of expense Advance and interest refunded Sale of laptop	- - - -	1,932 6 52,327 47
Tricom Solar Power (Private) Limited	Associated Company	-	Subordinated loan Interest income on subordinated loan	1,500 526	150 761
Yunus Wind Power Limited	Associated Company	-	Interest income on subordinated loan	353	598
Lucky Motor Corporation Limited	Associated Company	-	Purchase of vehicle	57,732	15,406

36.1 Associate / Associated Companies comprise of related parties due to common directorship.

37. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

37.1 Financial instruments by category

	2021	2020
	(Rupees in '000)	(Rupees in '000)
Financial assets at amortized cost		
Loans to employees	55,975	63,475
Long term deposits	33,576	29,505
Trade debts	4,038,372	2,332,951
Loans and advances	52,499	16,843
Other receivables	312,811	266,933
Cash and bank balances	143,166	86,120
	<u>4,636,399</u>	<u>2,795,827</u>
Financial liabilities at amortized cost		
Long term finance	4,641,383	3,594,781
Trade and other payables	6,567,612	3,985,059
Unclaimed dividend	22,474	23,596
Accrued mark-up	118,584	147,569
Short term borrowings	5,038,783	12,362,149
	<u>16,388,836</u>	<u>20,113,154</u>

37.2 Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management. The responsibility includes developing and monitoring the Company's risk management policies. 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's exposure to the risks associated with the financial instruments and the risk management policies and procedures are summarised as follows:

37.2.1 Credit risk and concentration of 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 counter parties are engaged in similar business activities 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. The Company does not have any significant exposure to customers from any single country or single customer.

Credit risk of the Company arises principally from trade debts, loans and advances 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:

	2021	2020
	----- (Rupees in '000) -----	
Loan to employees	55,975	63,475
Long term deposits	33,576	29,505
Trade debts	4,038,372	2,332,951
Loans and advances	52,499	16,843
Other receivables	312,811	266,933
Bank balances	135,576	74,627
	<u>4,628,809</u>	<u>2,784,334</u>

The trade debts are due from foreign and local customers for export and local sales respectively. Majority of the trade debts from foreign customers are secured against letters of credit. Management assesses the credit quality of local and foreign customers, taking into account their financial position, past experience and other factors. For bank balances, financial institutions with strong credit ratings are accepted. Credit risk on bank balances is limited as these are placed with banks having good credit ratings. Loans to employees are secured against their gratuity balances.

The Company always measures the loss allowance for trade debts at an amount equal to lifetime ECL using the simplified approach. The expected credit losses on local 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. The Company has recognised a loss allowance of Rs. 0.09 million (2020: Rs. 0.09 million) against all local trade debts .

37.2.2 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 following are the contractual maturities of financial liabilities excluding the impact of netting agreements:

June 30, 2021

Financial liabilities

	Within 1 year	1 - 5 years	More than 5 years	Total
	----- (Rupees in '000) -----			
Long term finance	789,220	2,561,642	1,488,676	4,839,538
Trade and other payables	6,567,612	-	-	6,567,612
Unclaimed dividend	22,474	-	-	22,474
Accrued mark-up	118,584	-	-	118,584
Short term borrowings	5,038,783	-	-	5,038,783
	<u>12,536,673</u>	<u>2,561,642</u>	<u>1,488,676</u>	<u>16,586,991</u>

June 30, 2020

Financial liabilities

	Within 1 year	1 - 5 years	More than 5 years	Total
	----- (Rupees in '000) -----			
Long term finance	68,092	2,219,116	1,307,573	3,594,781
Trade and other payables	3,985,059	-	-	3,985,059
Unclaimed dividend	23,596	-	-	23,596
Accrued mark-up	147,569	-	-	147,569
Short term borrowings	12,362,149	-	-	12,362,149
	<u>16,586,465</u>	<u>2,219,116</u>	<u>1,307,573</u>	<u>20,113,154</u>

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, under both normal and stressed conditions, 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, which includes short term borrowings and discounting of foreign receivables. Total unavailed facility balances as at June 30, 2021 are as reported in note 21.1 to these financial statements.

37.2.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising returns.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. As at June 30, 2021 the Company is not exposed to price risk.

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. Majority of the interest rate risk arises from long and short term borrowings from financial institutions. At the reporting date the interest rate risk profile of the Company's interest-bearing financial instruments is:

	2021	2020
	----- (Rupees in '000) -----	
Fixed rate instruments		
Financial liabilities	<u>1,582,296</u>	<u>4,512,936</u>
Variable rate instruments		
Financial liabilities - KIBOR / SBP Base Rate	<u>8,097,870</u>	<u>11,443,994</u>

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 the statement of profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in KIBOR / SBP base rate, financial liabilities at the reporting date would have increased / (decreased) equity and profit or loss by Rs. 80.98 million (2020: Rs. 114.64 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as in previous year.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions entered in foreign currencies. The Company is exposed to foreign currency risk on sales, purchases and borrowings, which, are entered in a currency other than Pak Rupees. As at reporting date, the financial assets and liabilities exposed to currency risk are as follows:

	2021 ----- (USD) -----	2020	2021 ----- (Rupees in '000) -----	2020
Trade debts	8,986,197	3,025,273	1,418,022	491,004
Foreign currency bank balances	13	4,282	2	720
Foreign bills payable	(11,343,607)	(492,461)	(1,795,693)	(82,758)

The following significant exchange rates applied during the year:

	Average rates		Reporting date rates	
	2021	2020	2021	2020
US Dollars to PKR	160.21	158.28	158.30 / 157.80	168.25 / 168.05

As at June 30, 2021, if the Pakistani Rupee had weakened / strengthened by 10% against the US Dollars with all variables held constant, profit or loss for the year would have been lower / higher by Rs. 37.32 million (2020: Rs. 42.69 million). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as in previous year.

38. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- **Level 1** fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2** fair value measurements are those derived from 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** fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2021, the Company has no financial instruments that falls into any of the above category except for biological assets which are classified in level 2 above.

There were no transfers between Level 1 and 2 in the year.

39. CAPITAL RISK MANAGEMENT

The objective of the Company when managing capital, i.e., its shareholders' equity 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 paid to shareholders or issue new shares.

40. OPERATING SEGMENTS

Basis of segmentation

A business segment is a group of assets and operations engaged in providing products that are subject to risks and returns that are different from those of other business segments. Management has determined the operating segments based on the information that is presented to the Board of Directors of the Company for allocation of resources and assessment of performance. Based on internal management reporting structure and products produced and sold, the Company is organised into the following three operating segments:

- Spinning segment: manufacturing and sale of yarn
- Knitting segment: manufacturing and sale of knitted sheet
- Unallocated segments includes production and sale of milk

Management monitors the operating results of the abovementioned segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in table below, is measured differently from the statement of profit or loss in these financial statements. Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. All non current assets of the Company as at June 30, 2021 are located in Pakistan.

Liabilities are incurred for the Company as a whole and are not segment-wise reported to the Board of Directors. All the unallocated (including dairy segment) results and assets are reported to the Board of Directors at entity level. The following are the reportable segments as per IFRS 8 'Operating Segments', the operating results information and asset information regarding operating segments for the respective years as at reporting date are as follows:

	2021				2020			
	Spinning	Knitting	Unallocated	Total	Spinning	Knitting	Unallocated	Total
	(Rupees in '000)							
Segment revenues								
Export	6,790,880	2,103,456	-	8,894,336	7,427,697	1,213,186	-	8,640,883
Indirect export	14,999,436	-	-	14,999,436	9,263,094	-	-	9,263,094
Local	16,485,050	307,717	323,302	17,116,069	10,836,924	51,862	194,016	11,082,802
Profit before tax	2,955,352	380,119	690,629	4,026,100	(410,446)	254,839	493,324	337,717
Finance cost	605,742	9,516	15,803	631,061	885,731	4,197	19,152	909,080
Depreciation	940,376	1,931	40,911	983,218	975,424	1,263	37,295	1,013,982
Segment assets								
Property, plant and equipment	9,986,232	20,376	247,030	10,253,638	9,953,024	14,582	197,401	10,165,007
Other non-current assets	-	-	3,841,547	3,841,547	-	-	3,409,907	3,409,907
Current assets	14,102,735	786,447	2,241,829	17,131,011	14,752,783	478,925	2,026,728	17,258,436

41. CORRESPONDING FIGURES

Corresponding figures have been reclassified / rearranged wherever necessary for better presentation.

42. GENERAL

These financial statements has been rounded off to the nearest thousand rupees.

The Board of Directors proposed a final dividend for the year ended June 30, 2021 of Rs. 12 per share (2020: Nil per share) amounting to Rs. 336.35 million (2020: Nil).

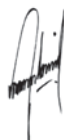
These financial statements were authorised for issue on August 06, 2021 by the Board of Directors of the Company.



MUHAMMAD YUNUS TABBA
Chairman / Director



MUHAMMAD SOHAIL TABBA
Chief Executive Officer



MUHAMMAD IMRAN MOTEN
Chief Financial Officer

A full-page background image showing a person in a black wetsuit surfing on a wave. The surfer is leaning back, holding onto the mast of a yellow and black sail. The sun is low on the horizon, creating a bright lens flare effect. The ocean is a deep blue with white foam from the wave.

made of endurance.

Notice & Checklist

- 206 pattern of shareholding
- 208 notice of 34th annual general meeting
- 212 statement under section 134(3) of the companies act, 2017
- 214 best corporate reporting checklist
- 225 glossary
- 227 form of proxy
- 229 form of proxy - urdu
- 239 directors' report - urdu

pattern of shareholding

As at June 30, 2021

No. of Shareholders	Categories		Total Shares Held
	From	To	
708	1	100	26,087
703	101	500	167,578
350	501	1000	282,693
212	1001	5000	504,739
43	5001	10000	332,050
13	10001	15000	161,233
11	15001	20000	192,978
7	20001	25000	156,800
2	25001	30000	54,300
1	30001	35000	33,000
1	35001	40000	36,906
1	40001	45000	40,500
1	50001	55000	54,100
1	55001	60000	59,000
2	60001	65000	122,267
2	70001	75000	147,500
1	80001	85000	85,000
1	90001	95000	95,000
1	120001	125000	120,711
1	155001	160000	159,247
1	325001	330000	326,803
1	345001	350000	349,300
2	405001	410000	813,350
1	560001	565000	563,522
1	665001	670000	667,494
1	725001	730000	727,991
1	1055001	1060000	1,056,600
1	1190001	1195000	1,193,093
1	19495001	19500000	19,499,741
2,072			28,029,583

Categories of Shareholders	Shareholdings	Shares Held	Percentage
A) Director and Spouse(s)			
Mr. Muḥammad Yunus Ṭabbā	1	3,673	0.01
Mr. Muḥammad Sohail Ṭabbā	1	3,673	0.01
Mr. Muḥammad Ali Ṭabbā	1	3,673	0.01
Mr. Jawed Yunus Ṭabbā	1	3,673	0.01
Ms. Zulekhā Ṭabbā Māskatiyā	1	3,673	0.01
Mr. Sāleem Zamīndār	1	500	0.00
Mr. Zafar Māsud	1	500	0.00
B) Associated Companies, Undertaking and Related Parties			
Y.B. Holding (Private) Limited	1	19,499,741	69.57
C) Executives			
	-	-	-
D) Public Sector Companies and Corporations			
	-	-	-
E) Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takāful, Modarabās, Pension Funds and REIT Management			
	45	2,725,643	9.72
F) Mutual Funds			
	3	168,247	0.60
G) General Public			
a - Local	2,009	5,609,008	20.01
b -Foreign	6	6,406	0.02
Foreign Companies	0	-	-
Other	1	1,173	0.00
Total	2,072	28,029,583	100.00

notice of 34th annual general meeting

Notice is hereby given that the 34th Annual General Meeting (AGM) of Gadoon Textile Mills Limited (the Company) will be held on Tuesday, September 28, 2021 at 03:30 p.m., at the registered office of the Company at 200-201, Gadoon Amazai Industrial Estate, Gadoon Amazai, District Swabi, Khyber Pakhtunkhwa to transact the following business:

Ordinary Business

1. To confirm the Minutes of 33rd AGM held on October 28, 2020.
2. To receive, consider and adopt the audited financial statements of the Company for the year ended June 30, 2021, together with the Chairman Review, Directors' and Auditor's report thereon.
3. To approve the final cash dividend @ 120% i.e. Rs.12/- per ordinary share for the year ended June 30, 2021 as recommended by the Board of Directors.
4. To appoint auditors and fix their remuneration for the year ending June 30, 2022. The present Auditors Yousuf Adil, Chartered Accountants retire and being eligible, offer themselves for re-appointment.
5. To transact any other business with the permission of the Chair.

In consideration of the current COVID-19 situation and in furtherance to complying with the requirement of circular 4 of 2021 issued by the Securities and Exchange Commission of Pakistan (the SECP), the Company has also arranged the Video conference facility for those shareholders who are interested to participate virtually in the AGM.

Special Business

1. To ratify the transactions carried out by the Company with related parties as disclosed in the Financial Statements for the year ended June 30, 2021, by passing the following resolution:

“RESOLVED THAT the transactions carried out by the Company with related parties including ICI Pakistan Limited, Lucky Cement Limited, Lucky Energy (Private) Limited, Lucky Holdings Limited, Lucky Knits (Private) Limited, Lucky Landmark (Private) Limited, LuckyOne (Private) Limited, Lucky Motor Corporation Limited, Lucky Textile Mills Limited, Lucky Wind Power Limited, Tricom Solar Power (Private) Limited, Tricom Wind Power (Private) Limited, Y.B. Holdings (Private) Limited, Y.B. Pakistan Limited, Yunus Energy Limited, Yunus Textile Mills Limited, Yunus Wind Power Limited and other such related parties during the year ended June 30, 2021 be and are hereby approved.”

2. To approve potential transactions with related parties intended to be carried out in the financial year 2021-2022 (including fiscal limits of the general transaction) and to authorize the Board of Directors of the Company to carry out such related party transactions at its discretion from time to time, irrespective of the composition of the Board of Directors.

The resolutions to be passed as special resolutions are as under:

“RESOLVED THAT the Company be and is hereby authorized to carry out transactions including, but not limited to, the sale of yarn and other necessary goods, as well as the transaction of cement, cloth, power, steam, garments, textiles, vehicles and other ancillary machinery and relevant parts and other necessary commodities including receipt and payment of dividends, with related parties from time to time including, but not limited to, ICI Pakistan Limited, Lucky Cement Limited, Lucky Energy (Private) Limited, Lucky Holdings Limited, Lucky Knits (Private) Limited, Lucky Landmark (Private) Limited, LuckyOne (Private) Limited, Lucky Motor Corporation Limited, Lucky Textile Mills Limited, Lucky Wind Power Limited, Tricom Solar Power (Private) Limited, Tricom Wind Power (Private) Limited, Y.B. Holdings (Private) Limited, Y.B. Pakistan Limited, Yunus Energy Limited, Yunus Textile Mills Limited, Yunus Wind Power Limited and other such related parties to the extent of Rs.15,000,000,000/- (Rupees Fifteen Billion Only) for the fiscal year 2021-22.

FURTHER RESOLVED THAT within the above parameters approved by the shareholders of the Company, the Board of Directors of the Company may, at its discretion, approve specific related party transactions from time to time, irrespective of the composition of the Board, and in compliance with the Company's policy pertaining to related party transactions and notwithstanding any interest of the Directors of the Company in any related party transaction which has been noted by the shareholders.”

Karachi: September 07, 2021

By order of the Board


MUHAMMAD UMAIR
Company Secretary

Notes

1. **CLOSURE OF SHARE TRANSFER BOOKS:**
The Share Transfer Books of the Company will remain closed from Tuesday, September 21, 2021 to Tuesday, September 28, 2021 (both days inclusive). Transfer request received in order at our Share Registrar / Transfer agent, CDC Share Registrar Services Limited (CDCSRSL), CDC House, 99-B, S.M.C.H. Society, Main Shahrāh-e-Faisal, Karachi 74400, at the close of business on Monday, September 20, 2021 will be treated in time for the purpose of determining above entitlement to the transferees for payment of final dividend and to attend the AGM.

2. **PARTICIPATION IN GENERAL MEETING**
 - i) All shareholders of the Company shall authenticate his/her identity by showing his / her original CNIC or original passport at the time of attending the meeting.
 - ii) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the representative shall be produced at the time of the meeting.

A member entitled to attend and vote at the meeting may appoint another member as his / her proxy to attend, speak and vote in at the meeting.

For appointing proxies

- i) A member shall not be entitled to appoint more than one proxy. If a member appoints more than one proxy and more than one form of proxy are deposited by a member with the Company, all such forms of proxy shall be rendered invalid. Proxy must be a member of the Company.
- ii) Instrument appointing a proxy must be received at the Registered Office of the Company duly signed at least 48 hours before the time of the meeting.
- iii) The proxy shall produce his / her original CNIC or original passport at the time of the meeting.
- iv) The proxy form shall be witnessed by two persons whose names, addresses and CNIC number shall be mentioned on the form.
- v) Attested copies for CNIC or the passport of the beneficial owners and of the proxy shall be furnished with the proxy form.

3. **Participation in AGM through Video Link**
Pursuant to circular 4 of 2021 issued by SECP, Shareholders who wish to participate virtually in the AGM are requested to share below information at agm_2021@gadoontextile.com at least seven days prior to the date of the meeting.

Name of Shareholder	CNIC Number	Folio / CDC Account Number	Registered email Address	Cell Number

Video conference link details and login credentials shall be shared with those shareholders whose information are received through their registered email address within specified time. Furthermore, the said facility shall be login from the registered email address only.

4. **NOTIFY THE CHANGES IN ADDRESSES OF SHAREHOLDERS:**
The shareholders of the Company are requested to promptly notify changes in their mailing addresses (if any), to our share registrar / transfer agent.
5. **SUBMISSION OF COPIES OF CNIC (MANDATORY):**
Individual Shareholders are once again reminded to submit a copy of their valid CNIC, if not provided earlier to the Company's Share Registrar. In case of non-availability of a valid CNIC in the records of the Company, the Company shall withhold the Dividend under the provisions of Section 243 of the Companies Act, 2017 (the Act) which will be released by the Share Registrar only upon submission of a valid copy of the CNIC.

6. PAYMENT OF CASH DIVIDEND ELECTRONICALLY (E-DIVIDEND MECHANISM)

In accordance with Section 242 of the Act, cash dividend can only be paid through electronic mode directly into the respective bank account designated by the entitled shareholder. Shareholders are requested to provide their complete bank details along with 24-digit International Bank Account Number (IBAN) directly to our share registrar (for physical shares) or to their respective participant / broker (for CDS shares) as the case may be. Shareholders are advised to ensure that title of bank account must be in the name of the shareholder. The subject Form is available at Company's website i.e. <http://gadoontextile.com/investor-information/>. The Company has already communicated through its letters addressed to the shareholders individually along-with newspapers publications requesting to provide IBAN.

7. WITHHOLDING TAX ON DIVIDEND

Pursuant to the provisions of Section 150 of the Income Tax Ordinance, 2001 the rates of deduction of Income tax from dividend payments will be as follows:

- i) Rate of tax deduction for persons who are appearing in the active taxpayers list: 15%.
- ii) Rate of tax deduction for persons who are not appearing in the active taxpayers list: 30%.

All Shareholders are advised to check their status on Active Taxpayers List (ATL) available on Federal Board of Revenue (FBR) website and if required take necessary actions for inclusion of their name in ATL. In case a person's name does not appear in the ATL, the applicable tax rate will be increased by hundred percent.

Withholding Tax exemption from the dividend income shall only be allowed if copy of valid tax exemption certificate is made available to our Share Registrar by first day of Book Closure.

For shareholders holding their shares jointly as per the clarification issued by the FBR, withholding tax will be determined separately on 'Filer, Non-filer' status whereby tax on each joint-holder shall be deducted on the gross amount of dividend determined by bifurcating the shareholding of each joint holder on equal proportion except where the shareholding proportion is pre-defined as per the records of the Company's share registrar. Therefore, all shareholders who hold shares jointly are required to provide shareholding proportions of principal shareholder and joint-holder(s) in respect of shares held by them to our Share Registrar in writing as follows:

Folio/CDC Account #	Total Shares	Principal Shareholder		Joint Shareholder(s)	
		Name and CNIC	Shareholding Proportion (No. of Shares)	Name and CNIC	Shareholding Proportion (No. of Shares)

8. TRANSMISSION / DISPATCH OF ANNUAL FINANCIAL STATEMENTS THROUGH CD / DVD / USB

The Company has circulated annual financial statements to its members through CD complying with SRO 470(I)/2016 dated May 31, 2016 at their registered address. Printed copy of above referred statements can be provided to members upon request. Request Form is available on the website of the Company i.e. <http://gadoontextile.com/investor-information/>

9. TRANSMISSION OF AUDITED FINANCIAL STATEMENTS / NOTICES THROUGH EMAIL

Pursuant to the provisions of section 223(6) of the Act, all listed companies are permitted to circulate their annual financial statements, along with Auditor's Report, Directors' Report along with notice of Annual General Meetings ("Annual Report"), to its shareholders through email subject to the written consent of the shareholders.

Shareholders who wish to receive the Company's Annual Report by email are requested to provide the completed Consent Form available on the Company's website (<http://gadoontextile.com/investor-information/>), to the Company's Share Registrar.

10. AVAILABILITY OF AUDITED FINANCIAL STATEMENTS ON COMPANY'S WEBSITE

The audited financial statements of the Company for the year ended June 30, 2021 have been placed on the website of the Company <http://gadoontextile.com/investor-information/>

11. REQUIREMENT OF COMPANIES (POSTAL BALLOT) REGULATIONS 2018:

Pursuant to Companies (Postal Ballot) Regulations 2018, for any other agenda item subject to the requirements of Sections 143 and 144 of the Act, members present in person, through video-link or by proxy, and having not less than one-tenth of the total voting power can also demand a poll and exercise their right of vote through postal ballot, that is voting by post or through any electronic mode, in accordance with requirements and procedure contained in the aforesaid regulations.

12. UNCLAIMED DIVIDENDS AND / OR SHARES:

As per the provision of section 244 of the Act, any shares issued or dividend declared by the Company which have remained unclaimed/unpaid for a period of three years from the date on which it was due and payable are required to be deposited with the SECP for the credit of Federal Government after issuance of notices to the shareholders to file their claim. A notice in this respect was sent to shareholders dated January 31, 2018 and the final notice was published in the newspapers dated May 2, 2018.

Shareholders, whose dividends still remain unclaimed and / or undelivered share certificates are available with the Company, are hereby once again requested to approach the Company on priority to claim their outstanding dividend amounts and / or undelivered share certificates.

13. DEPOSIT OF PHYSICAL SHARES INTO CDC ACCOUNTS:

In accordance with the requirement of section 72 of the Act, every existing Company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the SECP, within a period not exceeding four years from the commencement of this Act.

In this regard, a notice was sent dated June 17, 2021 to the shareholders of the Company holding physical shares wherein detailed guidelines were provided for the shareholder to open the CDC sub-account with any of the broker or investor account directly with CDC to place their physical shares into scrip-less form. This will facilitate the shareholders to streamline their information in members' register enabling the Company to effectively communicate with the shareholders and timely disburse any entitlements.

14. CONSENT FOR VIDEO CONFERENCE FACILITY:

Pursuant to Section 134(1)(b) of the Act, if Company receives consent form from shareholders holding aggregate 10% or more shareholding residing at a geographical location to participate in the meeting through video conference at least seven days prior to the date of the meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility, please provide the following information and submit to the registered office of the Company:

Consent Form for Video Conference Facility

I / We _____ of _____ being a shareholder of Gadoon Textile Mills Limited, holder of _____ ordinary share(s) as per Register Folio / CDC Account No. _____ hereby opt for video conference facility at _____.

Signature of Member(s)

THE STATEMENT UNDER SECTION 134(3) PERTAINING TO THE "SPECIAL BUSINESS" AND IN PURSUANCE TO THE SECTION 208 OF THE COMPANIES ACT, 2017 IS ANNEXED WITH THE NOTICE BEING SENT TO THE MEMBERS.

statement under section 134(3) of the companies act, 2017 pertaining to special business

This statement sets out the material facts pertaining to the special business, being items on the notice, intended to be transacted at the annual general meeting of the Company to be held on September 28, 2021

As per the instructions of the Securities and Exchange Commission of Pakistan (the “SECP”), Gadoon Textile Mills Limited (the “Company”) had been directed in the past to obtain a broad approval from the shareholders of the Company, regarding related party transactions carried out by the Company from time to time, on a post facto basis.

On a strict reading of the laws, the SECP was of the opinion that due to the composition of the board of directors of the Company, the board of directors would be unable to approve the transactions carried out by the Company with other companies having majority of common directors. However, no alternative mechanism was present under the Companies Ordinance, 1984.

Although transactions carried out by the Company with related parties constitute a small fraction of the Company’s entire business, a restriction to carry out business with related parties would adversely affect the business of the Company. The Company carries out transactions with its associated companies and related parties in the normal course of business. It is emphasized that the Company carries out such transactions in a fair and transparent manner and on an arm’s length basis. All transactions entered into with associated companies and related parties require the approval of the Audit Committee of the Company, which is chaired by the independent director of the Company. The Audit Committee reviews the transactions and ensures that the pricing method is transparent and at par with running market practice and that the terms are as per the Company’s practices. Only upon the recommendation of the Audit Committee, such transactions are placed before the board of directors for approval.

The transactions with related parties carried out during the fiscal year 2020-2021 to be ratified have been disclosed in the financial statements for the year ended June 30, 2021. All such transactions were recommended by the Audit Committee and were carried out at arm’s length basis.

Furthermore, since such transactions are an ongoing process and are approved by the board of directors on a quarterly basis, the shareholders are being approached to grant the broad approval for such transactions to be entered into by the Company, from time to time, at the discretion of the board (and irrespective of its composition). The Company shall comply with its policy pertaining to transactions with related parties as stated above to ensure that the same continue to be carried out in a fair and transparent manner and on an arm’s length basis. This would also ensure compliance with the Section 208(1) of the Companies Act, 2017 which requires that shareholders’ approval shall be required where the majority directors are interested in any related party transactions and Regulation 4 of the Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018 which sets out the conditions for transactions with related parties to be characterized as “arm’s length transactions” and states that the parties to the transaction must be unrelated in any way.

Transactions intended to be carried out by the Company include, but are not limited to, the sale of yarn and other necessary goods, as well as the purchase of cement, cloth, power, steam, garments, textiles, vehicles and other ancillary machinery and relevant parts and other necessary commodities including receipt and payment of dividends with the following related parties including, but are not limited to:

1	ICI Pakistan Limited	2	Lucky Cement Limited
3	Lucky Energy (Private) Limited	4	Lucky Holdings Limited
5	Lucky Knits (Private) Limited	6	Lucky Landmark (Private) Limited
7	LuckyOne (Private) Limited	8	Lucky Motor Corporation Limited
9	Lucky Textile Mills Limited	10	Lucky Wind Power Limited
11	Tricom Solar Power (Private) Limited	12	Tricom Wind Power (Private) Limited
13	Y.B. Holdings (Private) Limited	14	Y.B. Pakistan Limited
15	Yunus Energy Limited	16	Yunus Textile Mills Limited
17	Yunus Wind Power Limited		

The shareholders would note that it is not possible for the Company or the directors to accurately predict the nature of the related party transaction(s) or the specific related party / parties with which the transaction(s) shall be carried out. In view of the same, the Company seeks the broad approval of the shareholders that the board may cause the Company to enter into transactions with related parties from time to time in its wisdom and in accordance with the policy of the Company to the extent of Rs. 15,000,000,000/- (Rupees Fifteen Billion Only) for the fiscal year 2021-22.

All such transactions are clearly stipulated at the end of the year in the Company’s annual report. Furthermore, the Company and the board continuously serve to protect the interests of the shareholders of the Company and the said transactions are entered into in order to benefit the Company and its stakeholders.

The interest of the relevant directors of the Company in the associated companies / related parties are known to the shareholders and are disclosed by the Company as per the applicable laws, including in the financial statements of the Company.

BCR (best corporate reporting) checklist

S.No	Statement of Clause	Page Reference
1	Organizational Overview & External Environment (What does the organization do and circumstances under which it operates)	02
1.01	Principal business activities and markets local and international including key brands, products and services.	05
1.02	Geographical location and address of all business units including sales units and plants.	08
1.03	Mission, vision, code of conduct, culture, ethics and values.	11
1.03	Ownership, operating structure and relationship with group companies (i.e. subsidiary, associated undertaking etc.) and number of countries in which the organization operates. Also name and country of origin of the holding company/subsidiary company, if such companies are a foreign company.	13 - 17
1.05	Organization chart indicating functional and administrative reporting, presented with legends.	18
1.06	Identification of the key elements of the business model of the company through simple diagram supported by a clear explanation of the relevance of those elements to the organization. (The key elements of business model are Inputs, Business activities, Outputs and Outcomes).	06 - 07
1.07	Key quantitative information (Number of persons employed as on the date of financial statements and average number of employees during the year, separately disclosing factory employees).	19
1.08	Position of the reporting organization within the value chain showing connection with other businesses in the upstream and downstream value chain. (This disclosure shall be provided by the companies in service and non-service sector organizations through graphical presentation).	20 - 21
1.09	Significant factors effecting the external environment and the associated organization's response (external environment includes commercial, political, economic, social, technological, environmental and legal environment). Also describe the effect of seasonality on business in terms of production and sales.	22 - 23
1.10	Significant changes from prior years (regarding the information disclosed in this section).	24
1.11	Composition of local versus imported material and sensitivity analysis in narrative form due to foreign currency fluctuations.	24
1.12	Competitive landscape and market positioning (considering factors such as the threat of new competition and substitute products or services, the bargaining power of customers and suppliers, relative strengths and weaknesses of competitors and customer demand and the intensity of competitive rivalry).	24

S.No	Statement of Clause	Page Reference
2	Strategy & Resource Allocation (Where does the organization want to go and how does it intend to get there)	26
2.01	Short, medium and long-term strategic objectives	28 - 29
2.02	Strategies in place or intended to be implemented to achieve those strategic objectives.	28 - 29
2.03	Resource allocation plans to implement the strategy and financial capital structure. (Resource mean CAPITALS including financial capital (e.g., liquidity, cash flows, financing arrangements); human capital, manufactured capital (e.g., building, equipment, infrastructure); intellectual capital (e.g., patents, copyrights, software, licenses, knowledge, system, procedures); social and relationship capital and natural capital).	28 - 29
2.04	The effect of technological change, societal issues such as (population and demographic changes, human rights, health, poverty, collective values and educational systems), environmental challenges, such as climate change, the loss of ecosystems, and resource shortages, on the company strategy and resource allocation.	30
2.05	Specific processes used to make strategic decisions and to establish and monitor the culture of the organization, including its attitude to risk and mechanisms for addressing integrity and ethical issues.	30
2.06	Key performance indicators (KPIs) to measure the achievement against strategic objectives including statement as to whether the indicators used will continue to be relevant in the future.	28 - 29
2.07	Strategy to overcome liquidity problem and the company's plan to manage its repayment of debts and meet operational losses.	31
2.08	Significant plans and decisions such as corporate restructuring, business expansion and discontinuance of operations etc.	31
2.09	Significant changes in objectives and strategies from prior years.	31
3	Risks & Opportunities (Specific risks and opportunities that affect the organization's ability to create value over the short, medium and long term, and how it is dealing with them)	32
3.01	Key risks and opportunities effecting availability, quality and affordability of CAPITALS in the short, medium and long term.	36 - 38
3.02	Description of the Risk Management Framework including risk management methodology.	34
3.03	Sources of risks and opportunities (internal and external).	36 - 38
3.04	The initiatives taken by the company in promoting and enabling innovation.	39
3.05	Assessment of the 'likelihood' that the risk or opportunity will come to fruition and the 'magnitude' of its effect if it does.	36 - 38

S.No	Statement of Clause	Page Reference
3.06	Specific steps being taken to mitigate or manage key risks or to create value from key opportunities by identifying the associated strategic objectives, strategies, plans, policies, targets and KPIs.	36 - 38
3.07	Board's efforts for determining the company's level of risk tolerance by establishing risk management policies.	34
3.08	A statement from the board of directors that they have carried out a robust assessment of the principal risks facing the company, including those that would threaten the business model, future performance and solvency or liquidity.	39
3.09	Inadequacy in the capital structure and plans to address such inadequacy.	39
4	Governance (How does the organization's governance structure support its ability to create value in the short, medium and long term)	62
4.01	Board composition: a) Leadership structure of those charged with governance.	64 - 71
	b) Name of independent directors indicating justification for their independence.	
	c) Profile of each director including education, experience and involvement / engagement of in other entities as CEO, Director, CFO or Trustee etc.	
4.02	Review Report by the Chairman of the company on the overall performance of the board and effectiveness of the role played by the board in achieving the company's objectives.	72
4.03	A statement of how the board operates, including a high-level statement of which types of decisions are to be taken by the board and which are to be delegated to management.	84
4.04	Shariah Advisor Report and Profile of the Shariah Advisor / Members of the Shariah Board.	N/A
4.05	Annual evaluation of performance, along with description of criteria used for the members of the board and its committees, CEO and the Chairman.	84
4.06	Disclosure if the board's performance evaluation is carried out by an external consultant once in three years.	N/A
4.07	Details of formal orientation courses for directors.	84
4.08	Directors' Training Program (DTP) attended by directors, female executive and head of department from the institutes approved by the SECP and names of those who availed exemptions during the year.	84
4.09	Description of external oversight of various functions like systems audit / internal audit by an external specialist and other measures taken to enhance credibility of internal controls and systems.	84
4.10	a) Policy for remuneration to non-executive directors including independent directors. b) Policy of retention of board fee by the executive director earned by him against his services as non-executive director in other companies.	84 - 85

S.No	Statement of Clause	Page Reference
4.11	Policy for security clearance of foreign directors.	85
4.12	How the organization's implemented governance practices exceeding legal requirements.	85
4.13	Board's policy on diversity (including gender), any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives.	85
4.14	No. of companies in which the executive director of the reporting organization is serving as non-executive director.	66
4.15	a) Names of related parties in Pakistan and outside Pakistan, with whom the company had entered into transactions or had agreements and / or arrangements in place during the financial year, along with the basis of relationship describing common directorship and percentage of shareholding.	196 - 197
	b) Contract or arrangement with the related party other than in the ordinary course of business on an arm's length basis, if any along with the justification for entering into such contract or arrangement.	86
	c) Approved policy for related party transactions including policy for disclosure of interest by directors in this regard.	86
4.16	Details of board meetings held outside Pakistan during the year.	86
4.17	Disclosure of policy for actual and perceived conflicts of interest relating to members of the board of directors and a disclosure that how such a conflict is managed and monitored.	86
4.18	Investors' grievance policy.	87
4.19	Policy for safety records of the company.	87
4.20	Disclosure of IT Governance Policy.	88
4.21	Disclosure of Whistle blowing policy established to receive, handle complains in a fair and transparent manner and providing protection to the complainant against victimization, and disclosure of the number of such incidences reported to the Audit Committee during the year.	89
4.22	Human resource management policies including preparation of a succession plan.	90
4.23	Social and environmental responsibility policy.	93
4.24	Review by the board of the organization's business continuity plan or disaster recovery plan.	88

S.No	Statement of Clause	Page Reference
4.25	Disclosure of beneficial (including indirect) ownership and flow chart of group shareholding and relationship as holding company, subsidiary company or associated undertaking.	94
4.26	Compliance with the Best Practices of Code of Corporate Governance (No marks in case of any non-compliance).	96
4.27	A brief description about role of the Chairman and the CEO.	98
4.28	Shares held by Sponsors / Directors / Executives.	98
4.29	Salient features of TOR and attendance in meetings of the board committees (Audit, Human Resource, Nomination and Risk management).	99 - 100
4.30	Timely Communication Date of authorization of financial statements by the board of directors:	202
4.31	<p>Audit Committee Report should describe the work of the committee in discharging its responsibilities. The report should include:</p> <p>a) Composition of the committee with at least one member qualified as “financially literate and all members are non-executive / Independent directors including the Chairman of the Audit Committee.</p> <p>b) Role of the committee in discharging its responsibilities for the significant issues in relation to the financial statements, and how these issues were addressed with details where particular attention was paid in this regard.</p> <p>c) Committee’s overall approach to risk management and internal control, and its processes, outcomes and disclosure.</p> <p>d) Role of Internal Audit to risk management and internal control, and approach to Internal Audit to have direct access to Audit Committee and evaluation of Internal Auditor’s performance.</p> <p>e) Review of arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommended instituting remedial and mitigating measures.</p> <p>f) An explanation as to how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, and information on the length of tenure of the current statutory auditor; and if the external auditor provides non-audit services, an explanation as to how auditor’s objectivity and independence is safeguarded.</p> <p>g) If Audit Committee recommends external auditors other than the retiring external auditors, before the lapse of three consecutive years, reasons shall be reported.</p> <p>h) The Audit Committee’s views whether the Annual Report was fair, balanced and understandable and also whether it provided the necessary information for shareholders to assess the company’s position and performance, business model and strategy.</p> <p>i) Results of the self-evaluation of the Audit Committee carried out of its own performance.</p>	101 - 102

S.No	Statement of Clause	Page Reference
4.32	Presence of the chairman of the Audit Committee at the AGM to answer questions on the Audit Committee’s activities and matters within the scope of the Audit Committee’s responsibilities.	103
4.33	Where an external search consultancy has been used in the appointment of the Chairman or a non-executive director, it should be disclosed if it has any other connection with the company.	N/A
4.34	Chairman’s significant commitments and any changes thereto.	103
4.35	Disclosure about the Government of Pakistan policies related to company’s business/sector in Directors’ Report and their impact on the company business and performance.	78
4.36	Pandemic Recovery Plan by the management and policy statement.	103
5	Performance & Position (To what extent has the organization achieved its strategic objectives for the period and what are its outcomes in terms of effects on the capitals)	104
5.01	<p>Analysis of the financial and non-financial performance using both qualitative and quantitative indicators showing linkage between:</p> <p>(a) Past and current performance; and</p> <p>(b) Performance against targets /budget</p> <p>(c) Objectives to assess stewardship of management.</p> <p>The analysis should cover significant deviations from previous year in operating results and the reasons for loss, if incurred and future prospects of profits.</p> <p>Note: Analysis of non-financial performance shall be presented for material non-financial KPIs relevant for the business and stakeholders around other forms of capitals as mentioned under International Integrated Reporting Framework <IR>, i.e. human capital, manufactured capital, intellectual capital, social and relationship capital and natural capital. Inspiration can also be taken from the Specific Standard Disclosures of G4 Guidelines of the Global Reporting Initiative (GRI) for measurement and reporting on non-financial KPIs.</p>	106 - 109
5.02	<p>Analysis of financial statements:</p> <p>a) Financial Ratios (Refer Annexure ‘I’)</p> <p>b) DuPont Analysis</p> <p>c) Free Cash Flow</p> <p>d) Economic Value Added (EVA)</p>	<p>112 - 118</p> <p>119</p> <p>120</p> <p>121</p>
5.03	Combined analysis both vertical and horizontal of the Balance Sheet and Profit and Loss Account for last 6 years.	122 - 129
5.04	Summary of Cash Flow Statement for last 6 years.	130 - 131

S.No	Statement of Clause	Page Reference
5.05	Graphical presentation of the Balance Sheet, Profit & Loss Account and analysis in 5.02, 5.03 and 5.04 above.	110 - 129
5.06	Explanation of negative change in the performance against prior year including analysis of variation in results reported in interim reports with the final accounts, including comments on the results disclosed as per 5.02, 5.03 and 5.04 above.	112 - 134
5.07	Information about defaults in payment of any debts and reasons thereof period.	39
5.08	Methods and assumptions used in compiling the indicators.	109
5.09	Cash Flow Statement based on Direct Method (separate Cash Flow for specific funds e.g., Zakat).	132
5.10	Segmental review of business performance.	134
5.11	Share price sensitivity analysis using key variables (i.e., selling price, raw material cost, interest rate and currency) with the consequent impact on the company's earning.	135
5.12	History of major events during the year.	136 - 137
5.13	Business rationale of major capital expenditure /projects during the year and for those planned for next year.	139
5.14	Brief description and reasons; a) For not declaring dividend despite earning profits and future prospects of dividend. b) Where any payment on account of taxes, duties, levies etc. is overdue or outstanding.	139
5.15	CEO presentation video on the organization's website explaining the business overview, performance, strategy and outlook. (Please provide reference / web link on company's annual report).	48
6	Outlook (Challenges and uncertainties that the organization is likely to encounter in pursuing its strategy, and what are the potential implications for its business model and future performance)	140
6.01	Forward looking statement in narrative and quantitative form including projections or forecasts about known trends and uncertainties that could affect the entity's resources, revenues and operations in the short, medium and long term. Also explaining the external environment including political, economic, social, technological, environmental and legal environment that is likely to be faced in the short, medium and long term and how it will affect the organization in terms of its business performance, strategic objectives and availability, quality and affordability of capitals.	142 - 143
6.02	Explanation as to how the performance of the entity meets the forward-looking disclosures made in the previous year.	
6.03	Status of the projects in progress and were disclosed in the forward-looking statement in the previous year.	

S.No	Statement of Clause	Page Reference
6.04	Sources of information and assumptions used for projections / forecasts in the forward-looking statement and assistance taken by any external consultant.	143
6.05	How the organization is currently equipped in responding to the critical challenges and uncertainties that are likely to arise.	143
7	Stakeholders Relationship & Engagement (State of key stakeholder relationships and how the organization has responded to key stakeholders' legitimate needs and interests)	44
7.01	How the company has identified its stakeholders.	46
7.02	Stakeholders' engagement process and the frequency of such engagements during the year. Explanation on how these relationships are likely to affect the performance and value of the entity, and how those relationships are managed. These engagements may be with: a) Institutional investors; b) Customers & suppliers; c) Banks and other lenders; d) Media; e) Regulators; f) Local committees and g) Analysts.	47
7.03	Steps taken by the management to encourage the minority shareholders to attend the general meetings.	48
7.04	Investors' Relations section on the corporate website.	48
7.05	Issues raised in the last AGM, decisions taken and their implementation status.	103
7.06	Statement of value added and its distribution with graphical presentation: a) Employees as remuneration b) Government as taxes (separately direct and indirect) c) Shareholders as dividends d) Providers of financial capital as financial charges e) Society as donation; and f) Retained within the business	49
7.07	Stakeholders' engagement policy and steps board has taken to solicit and understand the views of stakeholders through corporate briefing sessions and disclosure of brief summary of Analyst briefing conducted during the year.	50
7.08	Highlights about redressal of investors' complaints.	51

S.No	Statement of Clause	Page Reference
8	Specific Disclosures of the Financial Statements	151
8.01	For Specific Disclosures of the Financial Statements please refer Annexure 'II'.	156 - 202
8.02	Industry specific additional disclosures (if applicable): a) Insurance Company - Annexure 'III' b) Banking Company - Annexure 'IV' c) Shariah compliant companies/ companies listed on the Islamic Indices - Annexure 'V'	N/A
9	Sustainability & Corporate Social Responsibility	52
9.01	Highlights of the entity's performance, policies, initiatives and plans in place relating to the various aspects of sustainability and corporate social responsibility (including environment related obligation applicable on the company and initiatives taken to fulfil during the year and company's responsibility towards the staff, their health & safety).	54 - 58
9.02	Certifications acquired and international standards adopted for best sustainability and CSR practices.	59 - 60
10	Business Model (Business model is a system of transforming inputs, through business activities, into outputs and outcomes that aims to fulfil the organization's strategic purposes and create value over the short, medium and long term)	06
10.1	Describe the business model including inputs, business activities, outputs and outcomes in accordance with the guidance as set out under section 4C of the International Integrated Reporting Framework <IR>.	06 - 07
9	Excellence in Corporate Reporting	144
11.01	Statement by management of unreserved compliance of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).	148
11.02	Adoption of International Integrated Reporting Framework <IR> by fully applying the 'Fundamental Concepts' and 'Guiding Principles' of <IR> into their corporate reporting in addition to the 'Content Elements' (disclosures) of <IR>, as covered in this criterion.	146 - 147
11.03	Disclosures beyond BCR criteria (Note: The participating organization to send the list of additional disclosures to BCR Committee).	148

S.No	Statement of Clause	Page Reference
12	Qualitative Assessment	
12.01	Annexure "VI"	Overall report
13	Others	204
13.01	BCR criteria cross referred with page numbers of the annual report.	214 - 223
13.02	Brief about contents, scope and boundaries of the annual report.	149
13.03	SWOT analysis.	43

glossary

ACCA	Association of Chartered Certified Accountants
ACIR	Assistant Commissioner Inland Revenue
AGM	Annual General Meeting
APCMA	All Pakistan Cement Manufacturing Association
ATF	Aziz Tabba Foundation
ATIR	Appellate Tribunal Inland Revenue
BA	Bachelors of Arts
BCI	Better Cotton Initiative
BCP	Business Continuity Plan
BCR	Best Corporate Reporting
BMR	Balancing, Modernization, and Replacement
BOD	Board of Directors
CAPEX	Capital Expenditure
CC	Cubic Capacity
CCG	Code of Corporate Governance
CDCSRSL	CDC Share Registrar Services Limited
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CFPP	Coal-Fired Power Plant
CIA	Chief Internal Auditor
CIRA	Commissioner Inland Revenue Appeals
COO	Chief Operating Officer
CPLA	Civil Petition for Leave to Appeal
CPP	Captive Power Producer
CSR	Corporate Social Responsibility
CY	Calendar Year
DCIR	Deputy Commissioner Inland Revenue
DLTL	Duty Drawback on Local Taxes and Levies
DPS	Dividend Per Share
EBITDA	Earnings Before Interest Tax Depreciation and Amortization
ECL	Expected Credit Losses
EFPP	Employer's Federation of Pakistan
EOGM	Extraordinary General Meeting
EPS	Earnings Per Share
ERP	Enterprise Resource Planning
ESP	Electrostatic Precipitators
ESS	Employee Self Service
EVA	Economic Value Added
FBR	Federal Board of Revenue
FCF	Free Cash Flow
FEC	Family Entertainment Center
FGD	Flue Gas Desulphurization

FTML	Fazal Textile Mills Limited
FVTOCI	Fair Value Through Other Comprehensive Income
FVTPL	Fair Value through Profit or Loss
GDR	Global Depository Receipts
GHPL	Gadoon Holdings (Private) Limited
GIDC	Gas Infrastructure Development Cess
GP	Gross Profit
GSP+	Generalized Scheme of Preferences Plus
GTML	Gadoon Textile Mills Limited
HOD	Head of Department
HR	Human Resource
HR&RC	Human Resource and Remuneration Committee
HSE	Health, Safety and Environment
IAAPA	International Association of Amusement Parks and Attractions
IASB	International Accounting Standards Board
ICAEW	Institute of Chartered Accountants in England and Wales
ICAP	Institute of Chartered Accountants of Pakistan
ICIP	ICI Pakistan Limited
ICMAP	Institute of Cost and Management Accountants of Pakistan
IFAC	International Federation of Accountants
IFC	International Finance Corporation
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
IIRF	International Integrated Reporting Framework
IoD	Institute of Directors
IR	Integrated Reporting
ISAs	International Standards on Auditing
ISO	International Organization for Standardization
IT	Information Technology
KIBOR	Karachi Inter-Bank Offer Rate
KPI	Key Performance Indicators
LAPL	Lucky Air (Private) Limited
LC	Letter of Credit
LCL	Lucky Cement Limited
LCPL	Lucky Commodities (Private) Limited
LEL	Lucky Entertainment (Private) Limited
LEPCL	Lucky Electric Power Company Limited
LEPL	Lucky Energy (Private) Limited

LEXL	Lucky Exim (Private) Limited
LFPL	Lucky Foods (Private) Limited
LHL	Lucky Holdings Limited
LKL	Lucky Knits (Private) Limited
LLPL	Lucky Landmark (Private) Limited
LMCL	Lucky Motor Corporation Limited
LOPL	LuckyOne (Private) Limited
LTML	Lucky Textile Mills Limited
MBA	Masters of Business Administration
MENALAC	Middle East and North Africa Leisure Attractions Council
MMBTU	Million Metric British Thermal Unit
MTPA	Million Tons Per Annum
MW	Mega Watt
NAB	National Accountability Bureau
NEPRA	National Electric Power Regulatory Authority
NFO	National Finance Olympiad
NPO	Not-for-Profit Organization
NRV	Net Realizable Value
OPD	Out Patient Department
PAT	Profit After Tax
PBC	Pakistan Business Council
PD	Probability of Default
PESCO	Peshawar Electric Supply Corporation
PHC	Peshawar High Court
PICG	Pakistan Institute of Corporate Governance
PSF	Polyester Staple Fiber
PSX	Pakistan Stock Exchange Limited
PTC	Pakistan Textile Council
RDF	Refuse Derived Fuel
RMP	Risk Management Policy
ROE	Return on Equity
SBP	State Bank of Pakistan
SCP	Supreme Court of Pakistan
SDG	Sustainable Development Goal
SECP	Securities and Exchange Commission of Pakistan
SHC	Sindh High Court
SME	Small and Medium Enterprise
SNGPL	Sui Northern Gas Pipeline Limited
SOP	Standard Operating Procedure
SPLY	Same Period Last Year
SPV	Special Purpose Vehicle
STS	Street to School

SUPIMA	Superior Pima
SUV	Sports Utility Vehicle
TDF	Tyre Derived Fuel
THI	Tabba Heart Institute
TKI	Tabba Kidney Institute
TWPPL	Tricom Wind Power (Private) Limited
TSPPL	Tricom Solar Power (Private) Limited
UNGC	United Nation Global Compact
VPN	Virtual Private Network
WAC	Weighted Average Cost
WACC	Weighted Average Cost of Capital
WEF	World Economic Forum
WHO	World Health Organization
WHRSG	Waste Heat Recovery Steam Gas
WTG	Wind Turbine Generators
WWF	Workers Welfare Fund
YBG	Yunus Brothers Group
YBHPL	YB Holdings (Private) Limited
YBPL	Y.B. Pakistan Limited
YEL	Yunus Energy Limited
YGL	Young Global Leader
YPO	Young President Organization
YTML	Yunus Textile Mills Limited

form of proxy

The Company Secretary,
GADOON TEXTILE MILLS LIMITED
200-201, Gadoon Amazai Industrial Estate.
Distt, Swabi, Khyber Pakhtunkhwa.

I / We _____ of
(full address) _____

being member of Gadoon Textile Mills Limited and holder of _____
ordinary shares as per Share Register Folio No. _____
and / or CDC Participant I.D. No. _____
and Sub- Account No. _____
hereby appoint _____
of (full address) _____
or failing him/her _____
of (full address) _____

who is also a member of Gadoon Textile Mills Limited, as my / our proxy in my / our absence to attend and to vote and
act for me / us and on my / our behalf at the 34th Annual General Meeting of the Company to be held on Tuesday,
September 28, 2021 at 03:30 p.m. and at any adjournment there of.

Signature this _____ day of _____ 2021

Witness

1) Signature : _____
Name : _____
Address : _____
CNIC No. : _____

2) Signature : _____
Name : _____
Address : _____
CNIC No. : _____

Signature on Five
Rupee Revenue Stamp

Signature of members should
match with the specimen signature
registered with the company

Note:

- Proxies in order to be effective, must be deposited at the registered office of the Company not less than 48 hours before the meeting. Proxy must be a member of the Company.
- CDC Shareholders and their proxies are each requested to attach an attested photocopy of their Computerized National Identity Card with this proxy form before submission to the Company.
- In case of a corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the representative shall be submitted along with the proxy form to the Company.

تشکیل نیابت داری

جناب کمپنی سیکریٹری

گدون ٹیکسٹائل ملز لمیٹڈ،

200-201 گدون امازئی انڈسٹریل اسٹیٹ،

ڈسٹرکٹ صوابی، خیبر پختونخواہ۔

میں/ہم _____ ساکن _____ بحیثیت رکن گدون ٹیکسٹائل ملز لمیٹڈ اور حامل _____ عام حصص،

برطانیق شیئر رجسٹرڈ فولیو/سی ڈی سی شراکتی آئی ڈی نمبر _____ اور ذیلی کھاتہ نمبر _____ مسمیٰ/مسماۃ _____

ساکن _____ فولیو/سی ڈی سی شراکتی آئی ڈی نمبر _____ اور ذیلی کھاتہ نمبر _____ یا بصورتِ

دیگر مسمیٰ/مسماۃ _____ ساکن _____ فولیو/سی ڈی سی شراکتی آئی ڈی نمبر _____

اور ذیلی کھاتہ نمبر _____ کو اپنی جگہ بطور نمائندہ (پراکسی) مقرر کرتا ہوں تاکہ وہ میری/ہماری طرف سے کمپنی کے (34th) چوتھیں ویں سالانہ اجلاس عام جو کہ بتاریخ 28 ستمبر 2021

بروز منگل بوقت دوپہر 03:30 بجے منعقد ہو رہا ہے میں، یا، اسکے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

دستخط رکن _____ بروز _____ 2021

(پانچ روپے مالیت کا رسیدی ٹکٹ چسپاں کر کے دستخط کریں)

(اراکین کے دستخط، کمپنی کے پاس درج دستخطی نمونے کے مطابق ہونے چاہیے)

دستخط گواہ نمبر 1 _____ دستخط گواہ نمبر 2 _____

نام _____ نام _____

پتہ _____ پتہ _____

شناختی کارڈ نمبر _____ شناختی کارڈ نمبر _____

نوٹ:

- تشکیل نیابت داری کی درخواست، اجلاس سے کم از کم ۴۸ گھنٹے قبل کمپنی کو موصول ہو جانی چاہیے۔ پراکسی کا کمپنی کا رکن ہونا ضروری ہے۔
- سی ڈی سی شیئر ہولڈرز اور ان کے نمائندوں سے درخواست ہے کہ پراکسی فارم کے ساتھ اپنے سی این آئی سی کی مصدقہ نقول فراہم کریں۔
- بصورت کاروباری ادارے، اجلاس میں شرکت کے وقت بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ بمعہ نامزد کردہ شخص کے دستخط کے نمونے ظاہر کرنا لازم ہیں۔

AFFIX
CORRECT
POSTAGE

The Company Secretary,
GADOON TEXTILE MILLS LIMITED
200-201, Gadoon Amazai Industrial Estate.
Distt, Swabi, Khyber Pakhtunkhwa.



مستقبل کی پیش بینی

ما بعد وہاء پاکستان کی معیشت میں بحالی کے آثار نمایاں طور پر نظر آئے ہیں اور اقتصادی سرگرمیاں تیزی سے بحال ہو رہی ہیں۔ حالیہ بجٹ 2021-22 میں حکومت کی جانب سے ترقی بر مبنی اقدامات کئے گئے ہیں اور حکومت مثبت اصلاحات کو جاری رکھنے پر عمل پیرا ہے گی جس سے پاکستان کی معیشت کی مسابقت کو بڑھانے میں مدد ملے گی اور بحالی کی زیادہ قوی، جامع اور پائدار بنیاد رکھی جاسکے گی۔

کسی بھی کاروبار کی پائیدار ترقی کے لیے پالیسیوں / فیصلوں میں اعتماد کا عنصر ضروری ہے۔ اسی کے مطابق، کمپنی کو یقین ہے کہ حکومت کی جانب سے ضروری خدمات اور سہولیات کی فراہمی مستقل اور کفایت کے ساتھ جاری رکھی جائیں گی تاکہ صنعت اور مجموعی معیشت کی طویل مدتی ترقی کو یقینی بنایا جاسکے۔

عالمی وہاء کے خطرات ابھی تک منڈلا رہے ہیں اور ملک بھر میں کووڈ-19 کی ابھرتی ہوئی نئی قسم ڈیلٹا کے مثبت کیس کی تعداد میں تیزی سے اضافہ ہوا ہے۔ ویکسینیشن کے عمل میں تیزی لا کر حکومت مکمل لاک ڈاؤن جیسے اقدامات سے بچ سکتی ہے، تاہم، کووڈ-19 سے متعلقہ لاس اوپرز کے اطلاق کا سختی سے نفاذ ضروری ہے۔

مائیٹری پالیسی کمیٹی (ایم پی سی) نے اپنی 27 جولائی 2021 کو ہونے والی میٹنگ میں شرح سود کو 7 فیصد پر برقرار رکھنے کا فیصلہ کیا۔ غذائی اجناس کی قیمتوں اور بنیادی افراط زر میں حالیہ کمی کے باعث خانگی حالات بحالی کی جانب اور افراط زر کی صورت حال مسلسل بہتری کی جانب گامزن ہیں۔ جس نے صارفین اور کاروبار کے اعتماد کو سال ہا سال کی بلندیوں تک پہنچنے دیا ہے۔ مزید برآں، مارکیٹ پر مبنی لچکدار شرح تبادلہ کے نظام، ترسیلات زر میں دوبارہ بحالی، برآمدات کے لیے بہتر ہوتے آثار اور وضع کردہ مناسب قومی سطح کی پالیسی ہمارے لئے معیشت پر قابو پانے میں مددگار ثابت ہوں گی بشرطہ کہ پاکستان میں جاری کووڈ-19 کی چوتھی لہر اور عالمی سطح پر وائرس کی نئی اقسام کی وجہ سے پیدا ہونے والی غیر یقینی صورتحال کے پیش نظر کاروباری سرگرمیوں کی بندش اور سخت لاک ڈاؤن جیسے اقدامات کی طرف نہ جانا پڑے۔

بینک دولت پاکستان کی جانب سے بیرون ملک مقیم پاکستانیوں کی خاطر ستمبر 2020 سے قائم کئے جانے والے روشن ڈیجیٹل اکاؤنٹ سے ملک میں 1.8 ارب امریکی ڈالر کے نئے داخلی بہاؤ آئے ہیں۔ موجودہ مالی سال میں جاری کھاتوں کا خسارہ جی ڈی پی کا صرف 0.6 فیصد تک رہ گیا۔ جاری کھاتوں کا یہ خسارہ گزشتہ 10 سالوں کے مقابلے میں کم ترین سطح پر ہے، جسے مزید سہارا اب تک کے بلند ترین برآمدات اور ترسیلات زر سے ملا۔ بینک دولت پاکستان کے زرمبادلہ کے ذخائر موجودہ مالی سال کے دوران 5.2 ارب ڈالر سے بڑھ کر 17 ارب ڈالر سے زائد ہو گئے۔ غیر ملکی ترسیلات میں متوقع اضافہ اور صنعتی برآمدات میں بہتری کے ساتھ ساتھ تجارتی، سرکاری، پورٹ فولیو اور براہ راست غیر ملکی سرمایہ کاری (ایف ڈی آئی) کی مدد میں داخلی بہاؤ کے پیش نظر، پاکستان کے زرمبادلہ کے ذخائر میں مزید اضافہ متوقع ہے جس سے پاکستانی روپے کو استحکام برقرار رکھنے میں مدد ملے گی۔

مزید یہ کہ، عالمی سطح پر لپٹی ساکھ کو بہتر بنانے کی خاطر، پاکستان نے ایف اے ٹی ایف کے محاذ پر بھی کافی پیش رفت کی ہے، جس کے نتیجے میں 27 میں سے تقریباً 26 شرائط کی تعمیل کی جا چکی۔ اگرچہ، ایف اے ٹی ایف نے پاکستان کو گہرے لسٹ میں برقرار رکھا ہے، تاہم مالی سال 2022 میں بھی شرائط پر عمل درآمد کی کوشش جاری ہیں۔ مزید یہ کہ عالمی بینک کی جاری کردہ کاروبار میں آسانی سے متعلق فہرست میں پاکستان کی درجہ بندی 136 سے 108 ویں نمبر پر آنے سے ملک کو عالمی سطح پر اپنے نقش پڑھانے میں بھی مدد ملے گی۔

موجودہ مالی سال کے دوران، بین الاقوامی سطح پر کپاس کی قیمتوں میں اضافہ ہوا جس کی وجہ سے کمپنی کو سوت کی بہتر قیمت فروخت کی صورت میں فائدہ حاصل ہوا کیونکہ کمپنی کے پاس تیار شدہ سوت کے وافر ذخائر موجود تھے۔ کپاس اور مصنوعی سوت کی درآمد پر ریگولیٹری ڈیوٹی اور کسٹم ڈیوٹی کے خاتمے کی وجہ سے کمپنی کو مقامی منڈیوں میں سوت کی فروخت میں شدید تقابل کا سامنا کرنا پڑ سکتا ہے؛ تاہم، کمپنی اس بات پر یقین رکھتی ہے کہ صارفین کے ساتھ اس 32 سالوں کے عرصے پر محیط طویل المدتی کاروباری روابط کے ساتھ ساتھ کمپنی کی معیاری مصنوعات، مسابقتی برتری فراہم کریں گی، اور جدید ترین ٹیکنالوجی پر مبنی مشینری میں کی گئی سرمایہ کاری بھی کمپنی کو لپٹی لاگت کو مؤثر طریقے سے کم رکھنے میں مدد دے گی۔

کمپنی کی انتظامیہ کی جانب سے ہمیشہ بھرپور کوشش کی جاتی رہی ہے کہ لاگت کو معقول حد تک برقرار رکھنے کے لئے پیداواری صلاحیتوں کو بھرپور انداز سے زیر استعمال لایا جائے اور خریداری کی حکمت عملی کو مؤثر بنایا جائے وغیرہ۔ اس کے مطابق، کمپنی اس امر کیلئے ہمہ وقت کوشاں ہے کہ شرائط و داروں کی فلاح و بہبود کو مد نظر رکھتے ہوئے دولت کی پیداوار میں اضافہ کیا جائے۔

مزید یہ کہ کمپنی کے بنائی کے شعبے نے اچھی کارکردگی کا مظاہرہ کیا جس میں مجموعی طور پر محاصل میں 90.6 فیصد کا اضافہ ہوا اور توقع ہے کہ آنے والے سالوں میں طبعی میدان میں ٹیکسٹائل مصنوعات کی بڑھتی ہوئی عالمی مانگ کو پورا کرنے سے اس شعبے میں مزید بہتری آئے گی۔ مزید برآں، کمپنی کو توقع ہے کہ متنوع ذرائع آمدن میں کی جانے والی سرمایہ کاری کے ثمرات بھی آنے والے سالوں میں بڑھیں گے اور کمپنی کے نتائج پر مثبت اثر مرتب کریں گے۔

منافع منقسمہ کی پالیسی

کمپنی کی دور رس سرمایہ کاری کی حکمت عملی، مستقبل میں کاروبار کی نقد سرمائے کی ضروریات اور اس کے ساتھ کمپنی کی نقد کی افزائش کی صلاحیت کو مد نظر رکھتے ہوئے، بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2021 کو ختم ہونے والے مالی سال کے لئے حتمی نقد منافع منقسمہ -/12 روپے فی حصص کے حساب سے تجویز کیا گیا ہے۔

ما بعد واقعات

رواں مالی سال کے اختتام سے رپورٹ ہذا کی تیاری کے درمیان تک ایسے کوئی اہم واقعات پیش نہیں آئے اور نہ ہی کمپنی کی جانب سے ایسے کوئی عہد و پہاں کئے گئے ہیں جن کے اثرات کمپنی کی مالیاتی پوزیشن پر مرتب ہوں۔

برائے وُمنجانب بورڈ



صدر / ڈائریکٹر

بمقام کراچی: مؤرخہ 6 اگست 2021

اظہار تشکر

ڈائریکٹروں کی جانب سے کمپنی کے تمام ملازمین، عملے اور منتظمین کی کارکردگی کو خراج تحسین پیش کرتے ہوئے اسے ریکا رڈ کا حصہ بنایا جاتا ہے۔



چیف ایگزیکٹو آفیسر

غیر انتظامی ڈائریکٹروں کے مشاہرے سے متعلق پالیسی

کمپنی کے آرٹیکلز کی رو سے بورڈ آف ڈائریکٹرز، ڈائریکٹروں کا مشاہرہ متعین کرنے کا مجاز ہے۔ اس سلسلے میں بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کے غیر انتظامی اور غیر جانبدار ڈائریکٹروں کے مشاہرے سے متعلق ایک جامع پالیسی مرتب کی گئی ہے۔ پالیسی کے مطابق:

- ☆ ڈائریکٹروں کے مشاہرے کا تعین کرتے وقت مارکیٹ میں مروجہ تنخواہوں کے ساتھ ساتھ امیدواروں کے تجربے اور مہارتوں کو بھی ملحوظ خاطر رکھا جائے گا۔
- ☆ کمپنی کی جانب سے غیر انتظامی ڈائریکٹروں کو مشاہرے کی ادائیگی بطور تنخواہ نہیں کی جائے گی بلکہ بورڈ یا اس کی کسی کمیٹی کے اجلاس میں شرکت کے عوض انہیں فیس ادا کی جائے گی۔
- ☆ بورڈ یا بورڈ کی کمیٹیوں کے اجلاس میں شرکت کیلئے ڈائریکٹر کو ادا کی جانے والی فیس کا تعین وقت کی مناسبت سے بورڈ آف ڈائریکٹرز کی منظوری کے ساتھ کیا جائے گا۔
- ☆ انسانی وسائل و ادائیگیوں کی کمیٹی ڈائریکٹروں کی بورڈ یا بورڈ کی کمیٹیوں کے اجلاس میں شرکت کے مشاہرے کا تعین اور اس سے متعلق سفارشات پیش کرے گی جو کے وقتاً فوقتاً بورڈ کی منظوری سے مشروط ہو گا۔ غیر انتظامی ڈائریکٹروں کا مشاہرہ ان کی بورڈ یا بورڈ کی کمیٹیوں کے اجلاس میں حقیقی حاضری سے منسلک ہو گا۔
- ☆ ڈائریکٹروں کو کمپنی کے بورڈ آف ڈائریکٹرز، بورڈ کی کمیٹیوں کے اجلاسوں یا کمپنی کے سالانہ اجلاس عام میں شرکت کیلئے کئے جانے والے سفری، قیام اور دیگر اخراجات کی ادائیگی کی جائے گی۔
- ☆ کوئی بھی ڈائریکٹر اگر کوئی ایسی خدمات سرانجام دے جو کہ بورڈ کی رائے میں قانوناً ڈائریکٹروں کے ذمہ داری نہیں ہے تو اس صورت میں ایسے ڈائریکٹر کو اضافی مشاہرہ بھی ادا کیا جاسکتا ہے۔

ڈائریکٹروں کے مشاہرے سے متعلق تفصیلات

کمپنی کا صرف ایک ہی انتظامی ڈائریکٹر ہے جو کہ کمپنی کا چیف ایگزیکٹیو ہے۔ ذیل میں دوران سال کمپنی کے چیف ایگزیکٹیو کو ادا کئے گئے مشاہرے سے متعلق تفصیلات درج کی جارہی ہیں:

	2021	2020
	-----	روپے ہزاروں میں -----
مشاہرہ	13,200	12,210
گھر کا کرایہ	3,600	3,330
یوٹیلیٹیز	1,200	1,110
بونس	2,700	-
دیگر فوہد	1,500	-
	<u>22,200</u>	<u>16,650</u>

کسی بھی غیر انتظامی ڈائریکٹر کو کوئی مشاہرہ ادا نہیں کیا گیا ماسوائے اجلاسوں میں شرکت کی فیس کے جو 1.41 ملین روپے بنتی ہے(2020 میں یہ فیس 1.34 ملین روپے تھی)۔

اہم رسک اور غیر یقینی صورتحال

ہر کاروبار کو کئی قسم کے خطرات اور غیر یقینی صورتحال کا سامنا رہتا ہے، اگر ان مسائل سے مناسب انداز سے نہ نمٹا جائے تو یہ کمپنی کیلئے سنجیدہ مسائل اور نقصانات کا باعث بن سکتے ہیں۔ کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کو لاحق ممکنہ اندرونی اور بیرونی خطرات کی باقاعدہ نگرانی کی جاتی ہے اور ان کا گہرائی کے ساتھ تجزیہ بھی کیا جاتا ہے۔ ذیل میں ایسے چند خطرات کا ذکر کیا جا رہا ہے جن سے کمپنی کو سابقہ رہتا ہے:

- ☆ تیزی سے ترقی کرتی ہوئی ٹیکنالوجی کمپنی کیلئے قوی اور بین الاقوامی سطح پر ایک بڑا چیلنج ہے۔
- ☆ تجارتی محاذ آرائی کی وجہ سے برآمدات پر مبنی فروخت میں کمی اور بین الاقوامی اور مقامی سطح پر بڑھتی ہوئی مسابقت اور اس کے ساتھ ساتھ کووڈ-19 سے پیدا ہونے والے مسائل۔
- ☆ کرنسی کی غیر یقینی صورتحال، روپے کی تیزی سے گرتی ہوئی قدر، نتیجتاً درآمد شدہ خام مال کی بڑھتی ہوئی قیمتیں۔
- ☆ لاگت تباہ کن کا بڑھتا ہوا رجحان، فیول / گیس کی بڑھتی ہوئی قیمتوں کی وجہ سے توانائی کی بڑھتی قیمت اور افراط زر کے دیگر اثرات۔
- ☆ KIBOR کی بڑھتی ہوئی شرح اور نتیجتاً تمویل کی لاگت میں اضافہ۔
- ☆ درآمد شدہ سوت پر سے کسٹم دیوٹی / ریگولیٹری ڈیوٹی کا خاتمہ جس سے درآمدی سوت کی سستی دستیابی۔

کاروبار کی نوعیت میں تبدیلی

زیر نظر مالی سال کے دوران کمپنی سے متعلق بنیادی کاروباری افعال میں کوئی قابل ذکر تبدیلی واقع نہیں ہوئی ہے۔

ترتیب حصص داری

ترتیب حصص داری بتاریخ 30 جون 2021 اور دیگر اضافی معلومات کو آپ کی کمپنی کی سالانہ رپورٹ کا حصہ بنا دیا گیا ہے۔ منسلکہ کمپنیاں اور پبلک سیکٹر کمپنیاں 69.57 فیصد، بینک / انشورنس کمپنیاں / میچپل فنڈز 10.32 فیصد، ڈائریکٹرز 0.07 فیصد اور انفرادی طور پر افراد 20.04 فیصد حصص کے مالک ہیں۔

قرضوں کی ادائیگیاں

آپ کی کمپنی میں ایک مؤثر حکمت عملی برائے ترسیل نقد رقوم موجود ہے جس کے تحت وصول اور خرچ کی جانے والی نقد رقوم کی باقاعدگی کے ساتھ کڑی نگرانی کی جاتی ہے۔ اس جامع حکمت عملی کی وجہ سے آپ کی کمپنی اپنے واجبات کی ادائیگی میں ہمیشہ مستعد ثابت ہوئی ہے اور امید ہے کہ اس سلسلے میں کسی بھی چیلنج سے نبرد آزما ہونے کیلئے آپ کی کمپنی ہمہ وقت تیار ہے۔ مژکورہ بالا نظام کے تحت آپ کی کمپنی کی ہمیشہ یہ کوشش رہی ہے کہ تمویل کی لاگت ایک معقول حد سے آگے نہ بڑھ پائے، اس مقصد کے حصول کیلئے ذرائع تمویل میں ایک مناسب امتزاج اور مالیات کے مؤثر انتظام کو ترجیح دی جاتی ہے۔

کمپنی کی یہ روایت رہی ہے کہ اپنے ذمے واجب الادا واجبات کو بروقت ادا کیا جائے اور اسی مناسبت سے کمپنی کی تاریخ بشمول سال رواں میں کبھی ایسا نہیں ہوا کہ کمپنی کو اپنی ادائیگیوں کے سلسلے میں ناہندہ قرار دیا گیا ہو۔

مؤثر اندرونی مالیاتی کنٹرول

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے ایک مؤثر اندرونی مالیاتی نظام مرتب کیا گیا ہے۔ اس نظام کے تحت تمام کاروباری امور کو مستعد اور مؤثر انداز سے چلایا جاتا ہے اور اس بات کو ممکن بنایا جاتا ہے کہ کسی بھی قسم کی بد عنوانی، فریب اور غلطیوں کی نشاندہی کی جاسکے اور ان کا تذکر بھی کیا جائے، کمپنی کے اثاثوں کی حفاظت کو ممکن بنایا جائے، تمام قواعد و ضوابط کی پاسداری کو ممکن بنایا جائے، محاسبی کے تمام کھاتے ہر لحاظ سے مکمل اور صحیح ہوں اور بروقت ایسی مالیاتی دستاویزات تیار کی جائیں جو معاملات کی حقیقی عکاس ہوں۔ اندرونی مالیاتی نظام پر وقتاً فوقتاً نظر ثانی کی جاتی ہے تاکہ اس بات کو ممکن بنایا جا سکے کہ نظام مؤثر انداز سے کام کرنے کے ساتھ ساتھ نئے نئے قوانین و ضوابط کی روشنی میں وقت کے تقاضوں پر بھی پورا اثر رہا ہے۔

صحت، حفاظت اور ماحولیات

ملک کے ایک معروف گروپ سے منسلک ہوتے ہوئے، ہم نہ صرف اپنے ملازمین کی صحت اور حفاظت کے بارے میں خود کو ذمہ دار سمجھتے ہیں بلکہ ان لوگوں کی ذمہ داری کا احساس بھی کرتے ہیں جو ہماری فیکٹریوں کے ارد گرد آباد ہیں۔ ماہر طبی عملے کے ساتھ اس مقصد کیلئے ایک کلینک / ڈسپنری وقف شدہ جہاں بوقت ضرورت ادویات اور نگہداشت فراہم کی جاتی ہے۔

ہم اپنی صنعت سازی کے عمل کے دوران بھی اس بات کو مکمل طور پر یقینی بناتے ہیں کہ ہماری صنعت سازی میں ماحولیات کے تمام معیارات کا مکمل خیال رکھا جائے۔ ویسٹ ہیٹ ریکوری پلانٹ، صاف پانی کی فراہمی کے لئے آر او پلانٹ اور گرین انرجی پروجیکٹس میں کی جانے والی سرمایہ کاری اس کی مثالیں ہیں۔ ہمارے پیداواری عمل کے دوران مضر و فاضل مادوں کا اخراج نہیں کیا جاتا۔ تاہم خارج ہونے والے فاضل مادوں کو گھکانے لگانے کیلئے ہماری جانب سے ایک مؤثر نظام نافذ العمل ہے۔

مزید برآں، معاشرے پر کووڈ-19 کے اثرات کا مقابلہ کرنے کی سعی میں، کمپنی نے تمام لمس اوپیرز کی مکمل پاسداری کی ہے۔ اس کے علاوہ، موجودہ سال اپنے ملازمین کی صحت اور حفاظت کے لئے تمام مقامات پر ویکسینیشن مہم کا اہتمام کیا گیا۔

کارپوریٹ معاشرتی ذمہ داری

کمپنی جس کی بنیادیں ایک سماجی طور پر ذمہ دار ادارے کے طور پر رکھی گئی ہیں، ہمہ وقت کوشاں رہتی ہے کہ نئے نئے ذرائع سے معاشرے اور ماحول پر مثبت طریقے سے اثر انداز ہو سکے۔ ہمارا مقصد ہے کہ سماجی بہبود کے لئے نہ صرف مالی تعاون کیا جائے بلکہ ایسے مواقع پر اپنے عملے اور ممبران کی شمولیت کو بھی یقینی بنایا جائے۔

اپنے تمام شراکت داروں کیلئے اپنی ذمہ داریوں کا احساس کرتے ہوئے کمپنی کی جانب سے کیونٹی کی ترقی اور مجموعی ماحول بنانے پر خصوصی توجہ دی جارہی ہے۔ اس مقصد کے حصول کیلئے کمپنی کی جانب سے غیر منافع بخش تنظیم سے تعاون بھی کیا گیا ہے اور انٹرنیشنل چلڈرنز ڈے پر سرکاری ہپتالوں میں چلڈرن اہمرجنسی رومز کے دورے کئے گئے۔ ہمارے رضاکاروں کی جانب سے بچوں میں تحائف پیش کئے گئے جن سے ان کے چہروں پر مسکراہٹ بکھر گئی۔ اسی طرح ملازمین کی کارکردگی کو بڑھانے کیلئے اور ان میں تخلیقی صلاحیتوں کو اجاگر کرنے کیلئے بہت سے ترقیاتی پروگرام بھی مرتب کئے گئے ہیں تا کہ ملازمین دوران کام سامنے آنے والے مسائل سے بخوبی نبرد آزما ہو سکیں۔

اس کے علاوہ کمپنی کے مقاصد میں آنے والی نسلوں اور خصوصاً خواتین کی ترقی کے لئے اقدامات کرنا شامل ہے۔ اس سلسلے میں انتظامیہ کے سینئر ارکان کی جانب سے ایک نشست کا اہتمام بھی کیا گیا جس میں افرادی قوت میں صنفی تنوع کو فروغ دینے اور اس کے فوائد پر روشنی ڈلی گئی۔ کمپنی کی جانب معاشرے کی صحت اور حفاظت کی یقینی بنانے کی غرض سے خون کے عطیات اور کووڈ ویکسینیشن کی مہم کا بھی انعقاد کی گیا۔

ڈائریکٹروں کی تربیت

کمپنی کے ڈائریکٹرز اپنے فرائض منصبی کی بجا آوری کیلئے ہر لحاظ سے تربیت یافتہ ہیں اور کمپنیز ایکٹ 2017 اور پاکستان اسٹاک ایکسچینج رول بک کے مطابق اپنی ذمہ داریوں اور اختیارات سے بخوبی آگاہ ہیں۔

آڈیٹرز

موجودہ آڈیٹرز میسرز یوسف عادل، چارٹرڈ اکاؤنٹنٹس مالی سال اختتامیہ 30 جون 2021 کے سلسلے میں سالانہ آڈٹ مکمل کر چکے ہیں اور اس آڈٹ کے نتیجے میں ان کی جانب سے کلین رپورٹ پیش کی گئی ہے۔ موجودہ آڈیٹرز رواں مالی سال کے عام سالانہ اجلاس کے ساتھ ہی ریٹائر ہو جائیں گے اور اپنی اہلیت کی بنیاد پر ان کی جانب سے ایک مرتبہ پھر اپنی خدمات پیش کی گئی ہیں۔ آڈٹ کمیٹی کی جانب سے تجویز کئے جانے کے بعد، بورڈ کی جانب سے بھی تجویز دی گئی ہے کہ موجودہ آڈیٹروں کو ہی کمپنی کے اگلے مالی سال 30 جون 2022 کیلئے ایک مرتبہ پھر تعینات کر لیا جائے۔

لاگت برائے پیداوار کو معقول حد تک رکھنے کیلئے انتظامیہ کی جانب سے دانش مندی کے ساتھ مقامی اور درآمد شدہ کاٹن کو مناسب امتزاج کے ساتھ خرید اگیل۔ تاہم ماہ بعد و باء، عالمی معاشی سرگرمیوں میں تیزی کے باعث مقامی اور بین الاقوامی منڈیوں میں ٹیکسٹائل مصنوعات خاص کر سوت کی طلب میں اضافہ ہوا، طلب و رسد کے عوامل خام مال کی عالمی قیمتوں پر اثر انداز ہوئے جس سے قیمتوں میں یکا یک اضافہ ہو گیا جو کہ اس سال خام مال کی لاگت میں اضافے کی بنیادی وجہ ہے۔

جہاں تک توانائی کا تعلق ہے کمپنی اس بات کے لئے کوشاں ہے کہ بجلی کی زیادہ سے زیادہ پیداوار ایندھن کے سستے ذرائع کو استعمال میں لاتے ہوئے کی جائے مثلاً فرنس آئل کے بجائے قدرتی گیس اور موثر جنریٹرز سے زیادہ سے زیادہ استفادہ حاصل کیا جائے۔ تاہم گیس کی قیمت بھی یکم اکتوبر 2020 سے 786 روپے فی ایم ایم پی ٹی یو سے بڑھا کر اب 819 روپے فی ایم ایم پی ٹی یو کی چاکی جس نے توانائی کی مجموعی لاگت پر گہرا اثر ڈالا ہے۔

لاگت برائے ترسیل مال میں اضافہ کی وجہ محاصل میں اضافہ اور مقامی اور غیر ملکی سطح پر مال برداری کے اخراجات میں اضافہ ہے۔ مزید برآں، انتظامی اخراجات میں اضافے میں ان عوامل کا عمل دخل ہے جو انتظامیہ کے قابو میں نہیں جیسا کہ افراط زر اور انسانی وسائل کی لاگت وغیرہ۔

بڑھتی ہوئی خام شرح منافع کو تعمیل لاگت میں آنے والی 30.6 فیصد کمی نے بھی سہلادیا جس کی وجہ شرح کٹوتی کا 13.25 فیصد (گزشتہ مالی سال کے دوران) سے 7 فیصد (زیر نظر عرصے کے دوران) تک کم ہونا ہے۔

رواں مالی سال میں معاشی سرگرمیوں میں تیزی کے باعث کمپنی کی جانب سے مختلف شعبوں میں کی جانے والی سرمایہ کاری سے حاصل ہونے والے منافع میں بھی خاطر خواہ اضافہ ہوا جو گزشتہ سال کی مقابلے میں 184.96 ملین روپے زیادہ درج کیا گیا جس سے نہ صرف کمپنی کی منفعت کو استحکام ملا بلکہ کمپنی کے کسی خاص شعبے پر انحصار کے خدشات بھی محدود ہو گئے۔

چنانچہ، کمپنی کا خالص نفع گزشتہ برس کی نسبت 3.48 ارب روپے سے بڑھ گیا۔

مختلف شعبوں میں کاروباری کارکردگی کا جائزہ

آپ کی کمپنی میں کاروباری افعال کو بنیادی طور پر تین شعبوں میں منقسم کیا گیا ہے:

سوت کٹائی کا شعبہ: سوت سازی اور فروخت

بنائی کا شعبہ: کپڑے کی بنائی اور فروخت

غیر مختص شعبہ جات بشمول دودھ کی پیداوار و فروخت

کمپنی کے مختلف شعبوں کی کارکردگی کا ذیل میں پیش کیا جا رہا ہے:

	سوت کٹائی		بنائی	
	2020		2021	
	روپے ہزاروں میں			
آمدن	1,265,048	27,527,717	2,411,173	38,275,366
منافع قبل از ٹیکس	254,839	(410,446)	380,119	2,955,352

دوران سال دونوں رپورٹیں شعبہ جات نے بلحاظ محاصل اور بلحاظ آمدن قابل قدر کارکردگی دکھائی ہے۔

اہم ترین سرمایہ کاری کی نوعیت

رواں مالی سال میں کمپنی نے سرمایہ کاری کی حکمت عملی کے تحت ٹرائی کوم سولر پاور (پرائیویٹ) لمیٹڈ میں بذریعہ ذیلی قرضہ مزید 1.5 ملین روپے کی سرمایہ کاری کی ہے۔

اس سے قبل، کمپنی اپنے حصص داران سے مورخہ 13 اپریل 2018 کو ٹرائی کوم سولر پاور (پرائیویٹ) لمیٹڈ اور یوٹس ونڈ پاور لمیٹڈ میں سرمایہ کاری کی منظوری حاصل کر چکی تھی۔ سابقہ منظوری کے ابتدائی 12 ماہ کے بعد ان منظور یوں کی معیاد کے اختتام پر، کمپنی نے بتاریخ 20 مارچ 2019 کو منعقدہ غیر معمولی اجلاس عام میں حصص داران سے سرمایہ کاری کی مدت میں توسیع کی منظوری حاصل کی جو کہ 4 سال کا عرصہ یا پروٹیکٹ کے کمرشل آپریشن کے حصول تک ہے (جو بھی بعد میں وقوع پزیر ہو)۔

بورڈ آف ڈائریکٹرز کی ترتیب

بتاریخ 30 جون 2021 سے بورڈ آف ڈائریکٹرز درج ذیل پر مشتمل ہے:

ڈائریکٹروں کی کل تعداد		
الف) مرد	06	
ب) خواتین	01	

ترتیب

الف) غیر جانبدار ڈائریکٹرز	02	
ب) غیر انتظامی ڈائریکٹرز	03	
ج) انتظامی ڈائریکٹر	01	
د) خواتین غیر انتظامی ڈائریکٹرز	01	

بورڈ کی کمیٹیاں

ذیل میں تمام کمیٹیوں کے اراکین کی تفصیلات پیش کی جا رہی ہیں:

بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں اراکین کی حاضری

نمبر شمار	ڈائریکٹر	حاضری		
		بورڈ آف ڈائریکٹرز	آؤٹ کمیٹی	انسانی وسائل وادائیگیوں کی کمیٹی
1	جناب محمد یونس ٹیہ - صدر	5/5	N/M	N/M
2	جناب محمد سہیل ٹیہ - سی ای او	5/5	6/6*	1/1*
3	جناب محمد علی ٹیہ	3/5	4/6	N/M
4	جناب جاوید یونس ٹیہ	5/5	6/6	1/1
5	محترمہ ذلیخہ ٹیہ مسکاتیہ	4/5	N/M	0/1
6	جناب سلیم زمیندار	5/5	6/6	1/1
7	جناب ظفر مسعود	0/5	0/6	N/M

* جناب سہیل ٹیہ نے آؤٹ اور انسانی وسائل وادائیگیوں کی کمیٹیوں کے تمام اجلاسوں میں شرکت کی جن کیلئے انھیں مدعو کیا گیا تھا۔

N/M: رکن نہیں ہیں

آؤٹ کمیٹی

1	جناب سلیم زمیندار	صدر
2	جناب ظفر مسعود	رکن
3	جناب محمد علی ٹیہ	رکن
4	جناب جاوید یونس ٹیہ	رکن

انسانی وسائل وادائیگیوں کی کمیٹی

1	جناب سلیم زمیندار	صدر
2	جناب جاوید یونس ٹیہ	رکن
3	محترمہ ذلیخہ ٹیہ مسکاتیہ	رکن

بجٹ کمیٹی

1	جناب ظفر مسعود	صدر
2	جناب محمد علی ٹیہ	رکن
3	جناب محمد سہیل ٹیہ	رکن
4	جناب جاوید یونس ٹیہ	رکن

ڈائریکٹرز رپورٹ برائے ممبران

عزیز ممبران

آپ کی کمپنی کے ڈائریکٹرز انتہائی مسرت کے ساتھ 30 جون 2021 کو ختم ہونے والے مالی سال سے متعلق مالیاتی نتائج آپ کی خدمت میں پیش کر رہے ہیں۔

جائزہ

آپ کی کمپنی بنیادی طور پر سوئی دھماگے اور بنے ہوئے کپڑے کی مصنوعات کی تیاری و فروخت کے ساتھ دودھ کی پیداوار اور فروخت کے کاروبار سے منسلک ہے۔ اپنے صارفین کو سہولیات فراہم کرنے اور لاگت کے اثرات کو کم از کم سطح پر رکھنے کی غرض سے کمپنی کی جانب سے ایک حکمت عملی کے تحت اپنی صنعت سازی کے عمل کو شمالی اور جنوبی جغرافیائی محل وقوع میں منقسم کر رکھا ہے۔

اللہ کے فضل و کرم سے زیر نظر مالی سال کے دوران کمپنی گزشتہ مالی سال کے 28.98 ارب روپے کے مقابلے میں اب تک کا بلند ترین 41.01 ارب روپے کا خام کاروباری حجم حاصل کرنے میں کامیاب رہی یعنی 41.5 فیصد کا اضافہ جس کی بنیادی وجہ سوت کی قیمت فروخت میں آنے والی تیزی کے ساتھ سوت کی فروخت کی مقدار میں بھی اضافہ ہے۔

گزشتہ مالی سال کے مقابلے میں اس مالی سال میں خام شرح منافع بڑھ کر 12.1 فیصد ہو گئی جس کی بنیادی وجہ مایعد سوباء عالمی اقتصادی سرگرمیوں میں اضافے کے باعث قیمت فروخت کا بہتر ہونا اور فروخت کی مقدار میں اضافہ ہے، نتیجتاً ٹیکسٹائل صنعت کے ویلیو ایڈڈ شیڈے کی طلب میں اضافہ ہوا۔ کمپنی کا خالص منافع گزشتہ مالی سال کے 0.45 ملین کی نسبت اس مالی سال میں 3.48 ارب روپے سے بڑھ کر 3.53 ارب روپے درج کیا گیا۔ خام شرح منافع میں اضافے کے علاوہ دوران سال کمپنی کو اپنے غیر ملکی کرنسی میں حاصل کئے گئے قرضوں پر تبادلے کی مد میں (گزشتہ سال کے 889.35 ملین روپے نقصان کے برخلاف) 62.18 ملین روپے کا فائدہ بھی حاصل ہوا اور ترمیمی لاگت میں بھی گزشتہ سال کے مقابلے میں 278.02 ملین روپے کی کمی واقع ہوئی، جس کے نتیجے میں خالص شرح منافع میں 8.62 فیصد کا اضافہ ہوا جو کہ گزشتہ مالی سال 0.16 فیصد رہی۔

معاشی منظر نامہ

معاشی ترقی کے امکانات نظر آ رہے ہیں۔ مابعد وباء اقتصادی بحالی اور حکومت کی جانب سے جامع اور پائدار ترقی کی خاطر کی جانے والی سازگار اصلاحات کے باعث سرمایہ کاروں کا اعتماد بحال ہوا جس کی وجہ سے اس سال مقامی صنعت کو بین الاقوامی اور مقامی دونوں منڈیوں میں پھلنے پھولنے کا موقع فراہم کیا۔

دوران سال ملکی برآمدات بڑھ کر 25.3 ارب امریکی ڈالر ہو گئی جو گزشتہ سال کے 21.4 ارب امریکی ڈالر سے 18.3 فیصد زیادہ ہے۔ بڑھتی ہوئی مجموعی برآمدات کی اہم وجہ ٹیکسٹائل شعبے، بطور خاص ویلیو ایڈڈ مصنوعات کی برآمدات میں اضافہ ہے۔ برآمد کی جانے والی نمایاں تجارتی اشیاء میں بنا ہوا کپڑا، تولیہ، چادریں اور تیار ملبوسات کی کارکردگی بہت بہتر رہی۔ جہاں تک درآمدات کا تعلق ہے، رواں برس مجموعی ملکی درآمدات 56.4 ارب امریکی ڈالر ہو گئی جو کہ گزشتہ برس کے 44.6 ارب امریکی ڈالر سے 26.6 فیصد زیادہ ہیں۔ درآمد کی جانے والی اہم اشیاء میں پیٹرولیم مصنوعات، ہلکان کا تیل، خام تیل، لوہا اور اسٹیل اور مائع قدرتی گیس شامل ہیں۔

درآمدات میں اتنے اضافے کے باوجود، جاری کھاتوں کے خسارے میں 58.4 فیصد کی نمایاں کمی آئی جو کہ 4.4 ارب امریکی ڈالر سے کم ہو کر 1.9 ارب امریکی ڈالر رہ گیا جس کی بنیادی وجہ ترسیلات زر کی مد میں داخلی بہاؤ میں ہونے والا 26.9 فیصد (بلحاظ امریکی ڈالر) کا اضافہ ہے جس نے ملکی زر مبادلہ کے ذخائر پر مثبت اثرات مرتب کئے۔

افراط زر کی شرح کا انحصار زیادہ تر مالیاتی اور زرعی پالیسیوں، بین الاقوامی تجارتی اشیاء کی قیمتوں، امریکی ڈالر کی شرح تبادلہ اور وقتی عوامل پر ہوتا ہے۔ اس مالیاتی سال کی آخری سہ ماہی میں، سال بہ سال کی بنیاد پر افراط زر کی شرح میں تخفیف کا رجحان دیکھا گیا، جبکہ جون 2021 کے لئے عمومی افراط زر کی شرح 9.7 فیصد پر درج کی گئی جو کہ اپریل 2021 میں 11.1 فیصد رہی (اس مالی سال میں ماہانہ بنیاد پر آخر میں ریکارڈ کی جانے والی بلند ترین شرح)۔ تاہم، جولائی 2021 میں ماہ بہ ماہ کی بنیادوں پر ہونے والے افراط زر کے محرکات کے بارے میں یہ قیاس کیا جاسکتا ہے کہ یہ بین الاقوامی تجارتی اشیاء کے سابقہ اور پیٹرولیم مصنوعات کی قیمتوں میں حالیہ اضافے، کرنسی کی قدر میں کمی اور مالیاتی نظام زر میں ہونے والی توسیع کے دوسرے سلسلے کے اثرات ہیں۔ دوسری جانب بین الاقوامی غذائی قیمتوں میں جون 2021 میں کمی آئی اور مقامی غذائی منڈیوں کی استعداد اور کارکردگی کو بڑھانے کے لئے حکومت کی کوششیں نہ صرف جاری ہیں بلکہ مستقل بنیادوں پر ان کی نگرانی بھی کی جاتی ہے جس سے بالاخر افراط زر کو قابو کرنے میں مدد ملے گی۔

مالیاتی کارکردگی

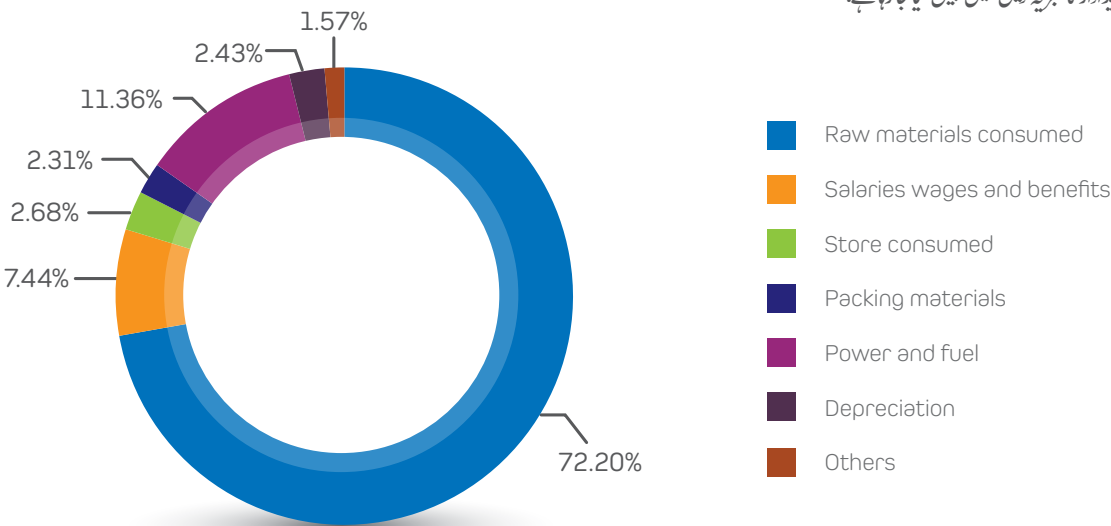
زیر نظر مالی سال اختتامیہ 30 جون 2021 سے متعلق کمپنی کے اہم مالیاتی نتائج کا موازنہ ذیل میں پیش خدمت ہے:

خلاصہ برائے نفع و نقصان	June 30, 2021	June 30, 2020	ثابت/متغی) فیصد
	روپے ہزاروں میں		
براہ راست برآمدات	8,894,336	8,640,883	2.9
بالواسطہ برآمدات	14,999,436	9,263,094	61.9
مقامی	17,116,069	11,082,804	54.4
مقامی فروخت (صاف)	41,009,841	28,986,781	41.5
خام منافع	4,975,580	2,241,286	122.0
لاگت برائے ترسیل مال	(633,224)	(474,356)	(33.5)
لاگت برائے انتظامی امور	(314,810)	(267,881)	(17.5)
تمویلی لاگت	(631,061)	(909,080)	30.6
دیگر آمدن	914,679	666,178	37.3
منافع قبل از ٹیکس	4,026,100	337,717	1092.2
منافع بعد از ٹیکس	3,534,101	45,499	7667.4
آمدن فی حصص (روپے)	126.08	1.62	

کووڈ-19 کی عالمی وباء کے اثرات کے سبب رواں برس سوت کی برآمدات میں مجموعی طور پر گزشتہ برس کی نسبت کمی واقع ہوئی، تاہم، اس سال کی دوسری ششماہی میں سوت کی برآمدات میں پہلی ششماہی کے مقابلے میں 167.5 فیصد کا قابل قدر اضافہ ہوا۔ مزید برآں، بنائی سے متعلق مصنوعات کی برآمدات میں نمایاں بہتری نظر آئی جس میں گزشتہ برس کے مقابلے میں اس سال 73.4 فیصد کا اضافہ ہوا۔

تاہم، کووڈ-19 کی عالمی وباء کی پہلی لہر کے بعد، عالمی معاشی سرگرمیوں کا از سر نو آغاز بہت حد تک ہو چکا تھا جس کے نتائج مقامی فروخت کی گزشتہ سال کے مقابلے میں مجموعی طور پر 57.9 فیصد کے اضافے کی صورت میں سامنے آئے۔

لاگت برائے پیداوار کا تجزیہ ذیل میں پیش کیا جا رہا ہے:



لاگت برائے پیداوار کا اہم جز خام مال پر مشتمل ہے جو 72.2 فیصد بنتا ہے اور اس کے بعد توانائی کے اخراجات 11.4 فیصد ہیں جسے قابو میں رکھنا ہمیشہ سے انتظامیہ کے لئے تشویش کا باعث رہا ہے۔



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