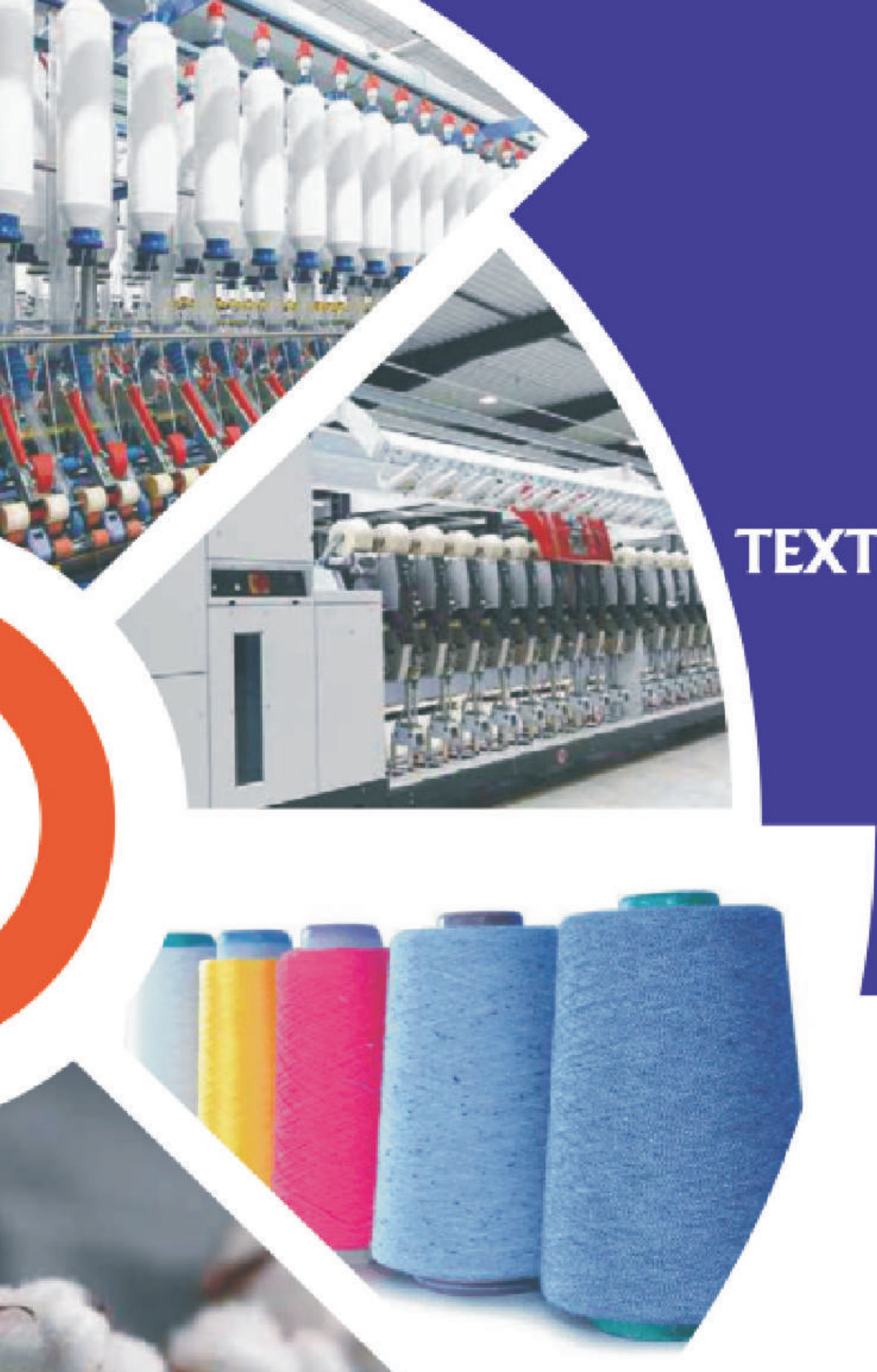


HAMID TEXTILE MILLS LIMITED

ANNUAL REPORT 2021

MILLs:
Wan Adhan, Pattoki, Distt. Kasur
Web: www.hamid-textile.com

Certificate No. SG05/0299

CONTENTS

COMPANY INFORMATION

CHAIRMAN		Mrs. Khushbu Ammad
CHIEF EXECUTIVE		Mr. Khawar Almas Khawaja
DIRECTORS		Mr. Khawar Almas Khawaja Mrs. Khushbu Ammad Mr. Dilshad Ali Mrs. Nighat Khawar Mr. Muhammad Alamgir Mr. Abid Hussain Mr. Zeeshan Ali Qamar
AUDIT COMMITTEE		
	Chairman	Mr. Abid Hussain
	Member	Mrs. Khushbu Ammad
	Member	Mr. Zeeshan Ali Qamar
HR AND REMUNERATION COMMITTEE		
	Chairman	Mr. Abid Hussain
	Member	Mr. Khawar Almas Khawaja
	Member	Mr. Muhammad Alamgir
COMPANY SECRETARY		Mr. Ralph Nazir Ullah
CHIEF FINANCIAL OFFICER		Mr. Tauqeer Hussain
LEGAL ADVISOR		Mr. Sajjad Haider Tanvir Ali Shah (Bukhari Law Chamber)
AUDITORS		HLB Ijaz Tabussum & Co. Chartered Accountants Lahore.
INTERNAL AUDITORS		Awan & Co. (Chartered Accountants), Lahore.
SHARES REGISTRAR		Corplink (Pvt) Ltd. Lahore.
BANKERS		National Bank of Pakistan. Bank Alfalah Limited. Meezan Bank Limited. Habib Metropolitan Bank Ltd.
REGISTERED OFFICE		House # 133-A-1, Block - A Model Town, Lahore.
MILLS		Changa Manga Road, Wan Adhan Pattoki, Kasur.
TELEFAX		049-4528188.
TELEPHONE		049-4528177, 049-4528099.
E.MAIL		accounts@hamid-textile.com , sales@hamid-textile.com corporate@hamid-textile.com,

VISION

To be one of the leaders in textile sector by producing quality products according to Customer's specification.

MISSION

- Our mission is to continuously improve our products and serve our customers.
- Provide quality products and services to our customers mainly engaged in the manufacturing of textile products and made-ups.
- Keeping pace with the rapidly changing technology by continuous balancing, modernization and replacement (BMR) of plant and machinery.
- Enhancing the profitability by improved efficiency and cost controls.
- Provide a professional open and participation environment to our dedicated employees for developing their potential and team performance.
- Protecting the environment and contribution towards the economic strength of the country and function as a good corporate citizen.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 34th Annual General Meeting of **Hamid Textile Mills Limited** will be held on Wednesday October 27, 2021 at 11:30 A.M at Registered Office, 133-A-1, Block-A, Model Town Lahore, to transact the following business:-

ORDINARY BUSINESS

1. To confirm the Minutes of 33rd Annual General Meeting of the shareholders held on Monday, October 26, 2020.
2. To receive, consider and adopt the Audited financial statements of the company for the year ended June 30, 2021, together with Chairman Review, Directors, and Auditor's report thereon.
3. To appoint auditors and fix their remuneration, M/S HLB Ijaz Tabussum & Co, Chartered Accountants, Lahore, retired and being eligible, offer themselves for reappointment as auditors for the next financial year ending June 30, 2022.
4. To, approve Chief Executive's monthly remuneration of Rs 250,000/- other perquisites and benefits in accordance with company's policies as car maintenance and fuel allowance of Rs 50,000/- per month.
5. To transact any other business with the permission of the Chairman.

   Chief Executive is interested in the resolution to the extent of his remuneration and other benefits.

By Order of the Board

Ralph Nazir Ullah
Company Secretary

Lahore
October 02, 2021

Notes:

1. The share transfer books of the Company will remain closed from October 22, 2021 to October 28, 2021 (both days inclusive).
2. A shareholder eligible to attend and vote at the meeting may appoint another member as his/her proxy to attend, speak and votes instead of him/her. In case of corporate entity, votes may be given through attorney or proxy. In both cases, the instrument of proxy duly completed, must reach to the Registered Office of the Company or at the office of our Share Registrar M/S Corplink Pvt Ltd. Lahore, not later than 48 hours before the time of holding Annual General Meeting. Proxy form is attached in the last portion of this report.
3. The original Computerized Identity Card of the Shareholder/Proxy is required to prove his/her identity along with account details etc. at the time of meeting, in case of corporate entity the Board of Directors resolution/power of Attorney with specimen signature of the nominee shall be submitted (unless it has been provided earlier) along with proxy form.
4. As per section 132(2) of the Companies Act, 2017, The company will provide the video link facility to those member(s) who hold minimum 10% of shareholding of the total paid-up capital and resident of city other than city, where company's Annual General Meeting is to be placed, upon request, such member(s) should submit request in writing to the company at least seven days before the date of meeting.
5. Pursuant to circular 4 of 2021 issued by SECP, shareholders who wish to participate virtually in the AGM are requested to share information through courier at company's registered office address 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

6. Securities and Exchange Commission of Pakistan(SECP) vide its S.R.O 787(I)/2014 has facilitated the companies to circulate audited financial statements or notices etc. through email after obtaining prior written consent of its members. The member who intend to receive the audited accounts through emails are therefore, requested to kindly send their written consent along with valid email address on a standard request form available at website of the company at www.hamid-textile.com.

   The Annual financial statements have been placed at website of the company at www.hamid-textile.com however, (Company send hard copies as well to all members) the company shall send printed copy of its financial statements to desirous member within a week of such request without any cost.
7. As earlier requested, Members are again advised:
   a) To provide the copies of their valid CNIC's if not provided earlier to update the members register.
   b) To notify the change of address immediately, if any

Chairman's Review

Review Report by Chairman u/s 192 of the Companies Act 2017

It is my humble honor to present the annual report for the year ended June 30, 2021 of Hamid Textile Mills Limited along with audited financial statements and auditors' report thereon.

As required under the Code of Corporate Governance, an annual evaluation of the board of directors of Hamid Textile Mills Limited is carried out. The purpose of this evaluation is to ensure that the board's overall performance and effectiveness is measured and benchmarked expectations in the context of objectives set for the company.

The Board devises all major policies and strategies to efficiently and effectively manage the company. The governance of the Board is in accordance with relevant laws and regulations, and its obligations, rights, responsibilities, and duties are as specified and prescribed therein. During the financial year 2020-2021 eight Board meeting and four audit committee meeting 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 confirming 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 practice. All the directors on the Board are fully conversant with their duties and responsibilities as directors of the company. The Board of your company has been assigned the role and responsibilities as defined by the Code of Corporate Governance and the Companies Act 2017.

Mrs. Khushbu Ammad.
Chairman
Dated October 02, 2021.

DIRECTORS' REPORT TO THE MEMBERS

The board of directors of your company takes pleasure in presenting before you the performance review together with 34th Annual Report and Audited Financial Statements of the Company for the year ended on June 30, 2021 along with auditors' report thereon.

PERFORMANCE OF THE COMPANY

The salient feature of the company operational performance for the year under review is summarized as follow:

	2021 Rupees	**2020 Rupees**
Sales	313,982,107	259,440,185
Gross Profit	4,592,180	4,190,546
Operating Loss	(15,473,994)	(12,453,480)
Finance Cost	(534,936)	(86,947)
Loss before taxation	(15,377,440)	(15,257,367)
Taxation	(7,718,931)	735,239
Loss after taxation	(23,096,371)	(14,522,128)
Loss per share-basic	(1.74)	(1.09)

The company has achieved turnover Rs. 313.982 million as compared with last financial year turnover of Rs. 259.440 million and the increase in turnover achieved is 21.02% as compared with the last year. The gross profit has been decreased from 1.62% to 1.46% as compared with last year and administrative cost has been reduced from 6.25% of sales to 6.08% of sales increased operating loss to Rs. 15.473 million against last year 12.453 million and the operating loss for the year is determined after charge of depreciation as expenses for Rs 28.905 million. The taxation expenses increased due to charge of deferred tax liability effect and loss after taxation arrived is Rs. 23.096 million as compared with last year loss after taxation of Rs. 14.522 million. However, despite the spread of Covid-19 around the World with no exception to Pakistan, industrial sector in Pakistan particular textile sector suffered closure of the mills, but our company continued the operation and able to avoid cash losses as the loss after taxation includes depreciation charge of Rs. 28.905 million (June 30, 2020: Rs. 31.994 million)

The overall performance of the company remain satisfactory as the company revenue mix consist of sale of own production and working of the mill on conversion basis and during the year company get substantial increase in conversion income which is increased by Rs. 7.046 million along with increase of sale volume related to self-production. As the company had been facing liquidity problem over last decade due to litigation with the banks and therefore, the management has been strategically improved fabric sales which resulted increase in revenue by Rs. 46.726 million and also able to generate sufficient funds avoiding cash losses to meet its financial commits.

FUTURE PROSPECTS:

In the current scenario, the reduction in power crises; the revival of domestic textile industry is dependent on Govt. initiatives to facilitate exporters to compete with global market.

There have been uncertainties during the financial year, mainly due to abrupt devaluation. Which resulted in an increase in inflation. After the receipt of financial assistance from friendly countries, foreign direct investment and the approval of bailout package by the IMF, it is expected that the economy now finds its way to towards gaining momentum.

The company is continuously taking measure to contain its cost by procuring the mix of raw material at the most economical rates to manage its stocks. In addition, the sales mix will be altered based on demand/supply basis to enhance its profits margin and to generate positive cash flows.

To counter this challenging economic situation; the Pakistani textile sector shall have to be a cost effective niche marketing, product and customer development are the essential tools to remain competitive domestically and internationally. The efforts on marketing side especially focused on international brands and technical textiles, will ensure increased revenue and better margin. On the cost side, better supply-chain management for raw materials and innovation in production processes shall remain pivotal parts of the strategy. The management is confident that the company shall be able to improve its operational performance and going forward.

Further, the management is contributing funds for working capital through its sources as without successful negotiation for settlement of existing loaning with the major lender National Bank of Pakistan for restructuring or payment thereof, no working capital facilities from any bank can be arranged. The management is confident and hopeful that the efforts for restructuring and renewal of the financial limits would be succeeded in next foreseeable future and then, the operation of the mill shall be run on optimum production capacity level.

The management of the company is determined to turn the unit as viable, operative and profitable unit by improving cost effective measures and cost saving efforts in future.

AUDITORS' REPORT QUALIFICATIONS: -

1. Going Concern Assumption

The auditors have issued adverse audit opinion for the going concern assumption by stating the factors which may raise significant doubts about the company's ability to continue as going concern. The external auditors of the company had been persistently issuing adverse opinion since eight years due to the only one factor that the company is unable to achieve settlement of bank loan with National Bank of Pakistan. The management thinks that external auditors issuing adverse opinion with an over conscious approach by ignoring the facts that property, plant and equipment's of the company carrying amount is Rs. 418.478 million against the suit filed by the bank for recovery of loan amounting to Rs.110 million including principal plus markup which becomes 26.28% of the carrying amount of the property, plant and equipment's. Further, external auditors had been issuing continuously adverse opinion on the financial statement of the company due to the going concern issue, whereas, despite all odd factors being faced by the textile sector, large number of closure of the textile mills during last decade, being unsuccessful in settlement with the bank, the management has been able to maintained the company's operation for last so many years. So, despite all odd circumstances faced by the company, the company is operative, alive and the management believes as and when the circumstances become favorable for textile sector that company would be able to revive its equity and get the company operation profitable.

CODE OF CORPORATE GOVERNANCE

As required by the Code of Corporate Governance the Directors are pleased to report that;

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

b) Proper books of accounts have been maintained.

c) Appropriate accounting policies have been consistently applied in preparing financial statements and accounting estimates are based on reasonable and prudent judgement.

d) International Accounting Standards, (IAS, IFRS) as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed.

e) The system of internal control is designed, strongly emphasized and has been effectively implemented and monitored.

f) There are no significant doubts upon the company's ability to continue as a going concern, however, uncertain circumstances are discussed in note 1.2 of notes to the accounts. The company has sound potentials to continue as going concern.

g) There has been no material departure from the best practices of Code of Corporate Governance, as defined in the listing regulations.

h) We have prepared and circulated Statement of Ethics and Business Strategy among directors and employees.

i) The company has sustained loss during the year therefore has not declared any dividend or bonus for the year.

j) There are no statutory payments on account of taxes, duties, levies and charges which are outstanding except as disclosed in the accounts.

k) No trade in shares of Hamid Textile Mills Ltd has been carried out by its directors, CEO, CFO, Company secretary and their spouses and minor children during the year.

l) Key operating ratios and financial results of the company for the last six years are annexed.

m) The company operates an un-funded gratuity scheme for its employees.

n) One casual vacancies occurred on the board of directors of the company during the financial year ended on June 30, 2021.

o) That director's of the company did not attain the directors training certification as prescribed by the Listed Companies (Code of Corporate Governance) regulation 2019. The management undertakes that will ensure to comply the prescribed regulation.

p) During the year Eight board meetings were held. Attendance by each director is appended below: -

Name of Director	Number of Meetings Attended
1. Mr. Mr. Khawar Almas Khawaja	08
2. Mrs. Khushbu Ammad	08
3. Mr. Dilshad Ali	05
4. Mrs. Nighat Khawar	08
5. Mr. Abid Hussain	06
6. Mr. Muhammad Alamgir	08
7. Mr Zeeshan Ali Qamar	04

AUDIT COMMITTEE

The audit committee comprising of following members, attendance of each member is as under:

		Attended	Leave granted
Mr. Abid Hussain	Chairman	04	
Mrs. Khushbu Ammad	Member	04	
Mr. Zeeshan Ali Qamar	Member	02	2

HR AND REMUNERATION COMMITTEE

The HR and Remuneration Committee comprising of following members, attendance of each member is as under:

		Attended	Leave granted
Mr. Abid Hussain	Chairman	01	
Mr. Khawar Almas Khawaja	Member	01	
Mr. M. Alamgir	Member	01	

INTERNAL FINANCIAL CONTROLS

The directors are aware of their financial responsibility with respect to internal financial controls. Through discussion with management and auditors (both internal and external), they confirm that adequate controls have been implemented by the company.

PRINCIPAL RISK AND UNCERTAINTY

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

- Technological advancement making it more challenging for the company to compete on the national International level.
- Non-renewal of financial facilities.

PERSONNEL AND WORKING ENVIRONMENT

Your company is well aware of the importance of team of skilled worker and staff. Therefore, in-house programs designed for this purpose are regularly undertaken. At the same time, other important areas like health, safety and better working environment are also being looked after very well.

AUDITORS

The present auditors, M/S HLB Ijaz Tabussum & Co, Chartered Accountants, Lahore, retired and being eligible, offer themselves for re-appointment as auditors for the next financial year ending June 30, 2022.

PATTERN OF SHAREHOLDING

The pattern of shareholding for the year ended June 30, 2021 is annexed to this report.

VOTE OF THANKS

The directors wish to place on record their appreciation of the hard work and efforts made by the workers and staff and look forward that they will continue to make their best contribution in the future of the company.

On behalf of Board

Khawar Almas Khawaja
(Chief Executive)
Date: October 02, 2021

M. Alamgir
(Director)

ڈائریکٹرز رپورٹ برائے ممبرز

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز 30 جون 2021ء کو ختم ہونے والے مالی سال کی 34 ویں سالانہ رپورٹ بمعہ آڈٹ شدہ مالیاتی گوشوارے اور آڈیٹر رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

کمپنی کی کارکردگی:

زیرِ غور کمپنی کی نمایاں متحرک کارکردگی کا خلاصہ مندرجہ ذیل ہے۔

	2021 (روپے)	2020 (روپے)
فروختگی	313,982,107	259,440,185
خام /منافع (نقصان)	4,592,180	4,190,546
انتظامی امور منافع (نقصان)	(15,473,994)	(12,453,480)
فنانشل چارجز	(534,936)	(86,947)
نفع (نقصان) قبل از ٹیکس	(15,377,440)	(15,257,367)
ٹیکس	(7,718,931)	735,239
نفع (نقصان) بعد از ٹیکس	(23,096,371)	(14,522,128)
بنیادی حصص کے مطابق آمدنی (نقصان)	(1.74)	(1.09)

زیرِ غور رواں مالی سال کمپنی نے 313.982 ملین روپے کی سیلز کا حدف حاصل کیا ہے جبکہ پچھلے سال کمپنی نے سیلز کا حدف 259.440 ملین روپے حاصل کیا تھا۔ پچھلے سال کے مقابلے کاروباری سیلز میں 21.02 فیصد اضافہ ہوا ہے۔ گزشتہ سال کے مقابلے میں مجموعی خام منافع 1.62 فیصد سے کم ہو کر 1.46 فیصد ہو گیا ہے اور انتظامی لاگت گزشتہ سال کے مقابلے میں 6.25 فیصد سے کم ہو کر 6.08 فیصد ہو گئی ہے اور انتظامی امور نقصان گزشتہ سال کے مقابلے میں 12.453 ملین روپے سے بڑھ کر 15.473 ملین روپے ہو گیا ہے

زیرِ غور رواں سال میں انتظامی امور نقصان کو (Depriciation) افسردگی بطور خرچہ 28.905 ملین روپے کے بعد تعین کیا گیا ہے۔ ٹیکس کے اخراجات تاخیر ٹیکس کے واجبات کے اثر کی وجہ سے بڑھ گئے ہیں اور ٹیکس کے بعد نقصان 23.096 ملین روپے ہے جبکہ گزشتہ سال نقصان 14.522 ملین روپے تھا۔ تاہم دنیا بھر میں کووڈ 19 کے پھیلاؤ کے باوجود پاکستان کو بھی اس سے استثناء نہیں جس کی وجہ سے پاکستان میں صنعتی سیکٹر خاص طور پر ٹیکسٹائل سیکٹر کو ملوں کی بندش کا سامنا کرنا پڑا ہے لیکن ہماری کمپنی نے اپریشن جاری رکھا اور نقد نقصان سے بچنے میں کامیاب رہی۔ ٹیکس کے بعد نقصان میں افسردگی 28.905 ملین روپے شامل ہے (30 جون 2020: 31.994 ملین روپے)۔

کمپنی کی مجموعی کارکردگی تسلی بخش ہے کیونکہ کمپنی کی (Revenue) آمدنی اپنی مکس پیداوار کی فروخت اور مل کے کنورژن بنیاد پر مشتمل ہے اور سال کے دوران کمپنی کو کنورژن کی آمدنی میں خاطر خواں اضافہ ہوا جو کے گزشتہ سال سے 7.046 ملین روپے سے بڑھا ہے۔ جیسا کہ آپ جانتے ہیں کہ آپ کی کمپنی کو پچھلے دس سالوں سے مالی دشواری کا سامنا ہے۔ جس کی بنیادی وجہ بینکوں کے ساتھ قانونی مقدمہ جات ہیں۔ اس کے باوجود کمپنی کی انتظامیہ کی بہترین حکمت عملی کی وجہ سے کپڑے کی فروخت میں خاطر خواہ اضافہ ہوا ہے۔ جو کہ سابقہ سال سے 46.726 ملین روپے سے بڑھ گیا ہے۔ اور نتیجتاً نقد نقصان سے بچت رہی۔

مستقبل کی حکمت عملی

موجودہ ملکی صورت حال میں بجلی کے بحران میں کمی واقع ہوئی اور گورنمنٹ علاقائی ٹیکسٹائل سیکٹر اور ایکسپورٹر کی امداد کے لیے مناسب حکمت عملی تیار کرے تو ملکی ٹیکسٹائل سیکٹر بین الاقوامی مارکیٹ میں مسابقاتی سطح پر کاروبار کرنے کے قابل ہو سکتا ہے۔

زیرنظر عرصے کے دوران غیر یقینی صورتحال بھی موجود رہی جس کی بنیادی وجہ روپے کی قدر میں تیزی سے آنے والی کمی تھی۔ اس کے علاوہ زیرنظر عرصے کے دوران شرح مہنگائی میں بھی اضافہ ہوا جو کہ افراط زر میں اضافے کا باعث بنا۔ دوست ممالک کی جانب سے ملنے والی مالی امداد حال ہی میں بیرونی سرمایہ کاری کیلیئے مفاہمتی یاداشتوں پر دستخط اور آئی ایم ایف کی جانب سے ملنے والے امدادی پیکج کی منظوری کے بعد اب اس بات کی قوی امید ہے کہ معیشت ترقی کی راہ پر دوبارہ گامزن ہو جائے گی۔

خام مال کی ترسیل اور اس کی مناسب قیمتوں پر خریداری کمپنی کے ترجیحات میں سے خصوصی اہمیت کی حامل ہے۔ تاکہ کمپنی اپنے خام مال کے زخائر کو بہتر انداز سے قائم رکھے۔ جبکہ اس کی قیمتوں میں اثرانداز ہونے والے عوامل جیسے کہ ڈیمانڈ اور سپلائی کے عناصر کو اپنی حکمت عملی میں زیرغور رکھے ہوئے ہے۔ تاکہ مالیاتی نقصان سے بچا جاسکے۔

اخراجات میں کمی، مطلوبہ مارکیٹنگ، مصنوعات اور کسٹمرز کے حصول میں ترقی جیسے عناصر اوران کے مالی مسائل کو حل کرنے اور دوسروں سے مقابلہ کرنے کے لیے، بہت ضروری ہیں کہ مارکیٹنگ کے شعبے میں کوشش خاص طور پر غیرملکی برانڈ اور ٹیکنیکل ٹیکسٹائلز پر زور دینا آمدن میں اضافہ اور زیادہ منافع کو یقینی بناتا ہے۔ اخراجات کے معاملے کو دیکھا جائے تو خام مال کے لیے بہتر ترسیل کے انتظامات اور پیداواری عوامل میں جدید حکمت عملی کے اہم حصے ہونے چاہیں۔

مالی وسائل کی عدم دستیابی کی وجہ سے کمپنی کو عملی صورت میں رکھنا بہت مشکل ہے۔ تاہم ادارے کو عملی صورت میں رکھنے کے لیے انتظامیہ اپنے وسائل کو بروئے کار لا رہی ہے اور ادارے کو کنورژن بنیادوں پر بھی چلا رہی ہے تاکہ مالی نقصان کم سے کم ہو۔ انتظامیہ اپنے وسائل کو بروئے کار لاتے ہوئے پرعزم ہے کہ ادارہ ورکنگ کنڈیشن میں ہی رہے گا تاہم انتظامیہ امید کرتی ہے کہ نیشنل بنک آف پاکستان جو کہ کمپنی کا نمایاں لینڈر رہے، قرضہ جات کی ری سٹرکچرنگ یا مالی حدود کی رینیوول اور کوٹ سے باہر سیٹلمنٹ کرنے میں کامیاب ہو جائے گی۔

کمپنی کی مینجمنٹ اخراجات میں کمی لاتے ہوئے ادارے کو عملی صورت میں چلانے اور منافع بخش بنانے کے لیے پرعزم ہے۔

آڈیٹر رپورٹ میں اعتراضات

گوئنگ کنسرن تصور

آڈیٹرز نے اپنی رپورٹ میں اعتراضات/اندیشہ ظاہر کیا ہے کہ کمپنی مستقبل قریب میں اپنے آپ کو عملی صورت میں رکھنے سے قاصر رہ سکتی ہے تاہم انتظامیہ سمجھتی ہے کہ یہ عناصر عارضی ہیں۔ آڈیٹرز پچھلے آٹھ سالوں سے گوئنگ کنسرن تصور پر اعتراض کر رہے ہیں جس کی بنیادی وجہ یہ ہے کہ کمپنی نیشنل بینک آف پاکستان سے مالی قرضہ جات کے معاملات کو حل کرنے میں ناکام ہے جبکہ کمپنی کی انتظامیہ سمجھتی ہے کہ آڈیٹرز گوئنگ کنسرن کے تصور کو لے کر بہت زیادہ ہی احتیاط سے کام لے رہے ہیں جبکہ وہ اس بات کو پشت پست ڈال رہے ہیں کہ کمپنی کے کل اثاثہ جات کی مالیت افسردگی کو مدنظر رکھتے ہوئے 418.478 ملین روپے ہیں جبکہ نیشنل بینک آف پاکستان کے کل قرضہ جات کی مالیت 110 ملین روپے ہیں بشمول مرکزی قرضہ اور سود جو کہ کمپنی کے کل اثاثہ جات کا 26.28 فیصد ہے مزید ازاں آڈیٹرز مسلسل گوئنگ کنسرن کے تصور کو لے کر سالانہ مالیاتی رپورٹ پر اعتراضات لگا رہے ہیں۔ اس بات کو نظرانداز کرتے ہوئے کہ پچھلے ایک دہائی سے ملک کا ٹیکسٹائل سیکٹر شدید مالی بحران میں مبتلا ہے جس کی وجہ سے کافی ٹیکسٹائل ملز کو اپنا کاروبار بند کرنا پڑا جس کی بنیادی وجہ بینکوں سے مالیاتی قرضہ جات کو سیٹل کرنے میں ناکامی تھی۔ برعکس اس کے کمپنی کی انتظامیہ پچھلے کئی سالوں سے کمپنی کے معاملات کو احسن طریقے سے جاری رکھے ہوئے ہے۔

کوڈ آف کارپوریٹ گورننس

کمپنی کی طرف سے 30 جون 2021 مختتمہ سال کے لیے پاکستان سٹاک ایکسچینج کی فہرست کے ضابطہ کار کی طرف سے مقرر کردہ کوڈ آف کارپوریٹ گورننس کی ضروریات کو اپنایا گیا ہے اور ان پر باضابطہ عمل کیا گیا اس سلسلے میں ایک بیان ساتھ لف ہے۔

بورڈ آف ڈائریکٹرز کے اجلاس

سال کے دوران بورڈ کے آٹھ اجلاس منعقد ہوئے ہر ڈائریکٹر کی حاضری مندجہ ذیل ہے۔

ڈائریکٹر کا نام	اجلاس میں شرکت کی تعدادی
1۔ دلشاد علی	05
2۔ خاور الماس خواجہ	08
3۔ مس نگہت خاور	08
4۔ محمد عالمگیر	08
5۔ عابد حسین	06
6۔ مس خوشبو عماد	08
7۔ ذیشان علی قمر	04

آڈٹ کمیٹی کے اجلاس:

سال کے دوران آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے، ہر ڈائریکٹر کی حاضری درج ذیل ہے۔

ڈائریکٹر کا نام	عہدہ	حاضری	رخصت
عابد حسین	چیئرمین	04	--
مس خوشبو عماد	ممبر	04	--
ذیشان علی قمر	ممبر	02	02

انسانی وسائل اور معاوضہ کمیٹی کے اجلاس:

سال کے دوران انسانی وسائل اور معاوضہ کمیٹی کا ایک اجلاس منعقد ہوا، ہر ڈائریکٹر کی حاضری درج ذیل ہے۔

ڈائریکٹر کا نام	عہدہ	حاضری	رخصت
عابد حسین	چیئرمین	01	--
خاور الماس خواجہ	ممبر	01	--
محمد عالمگیر	ممبر	01	--

اندرونی مالیاتی کنٹرول:

کمپنی کے ڈائریکٹرز بخوبی آگاہ ہیں کہ اندرونی مالیاتی کنٹرول کس اہمیت کے حامل ہیں، انتظامیہ اور اڈیٹرز (اندرونی اور بیرونی) کے ساتھ بات چیت کے ذریعے وہ اس بات کی تصدیق کرتے ہیں کہ کمپنی کی جانب سے مناسب کنٹرول لاگو کیے گئے ہیں۔

اہم خدشات اور غیر یقینی صورتحال

ہر کام کو کوئی قسم کے خطرات اور غیر یقینی صورتحال کا سامنا رہتا ہے، اگر ان مسائل سے مناسب انداز سے نہ نمٹا جائے تو کمپنی کو نتیجتاً نقصان کا سامنا کرنا پڑسکتا ہے کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کو لاحق ممکنہ اندرونی اور بیرونی خطرات کی با قاعدہ نگرانی کی جاتی ہے اور ان کا گہرائی کا ساتھ تجزیہ بھی کیا جاتا ہے۔ درج ذیل ایسے چند خطرات کا ذکر کیا جارہا ہے جن سے کمپنی کو خدشہ رہتا ہے:

1۔ تیزی سے ترقی کرتی ہوئی ٹیکنالوجی بین الاقوامی سطح پر کمپنی کیلئے ایک بڑا چیلنج ہے۔

2۔ خام مال خصوصی طور پر کاٹن کی ترسیل اور اسکی عالمی سطح پر بڑھتی ہوئی قیمتوں سے مرتب ہونے والے منفی اثرات اور کاروبار کو افعال رکھنے کے لیئے اضافی سرمائے کا بوجھ۔

ورکرز اور کام کرنے کا ماحول:

آپ کی کمپنی ہنرمند ورکر اور عملے کی اہمیت سے اچھی طرح واقف ہے۔لہذا اس مقصد کے لیے ڈیزائن کیے گئے ان ہاؤس پروگرام پر باقاعدگی سے عمل کیا جاتا ہے۔دوسری طرف صحت، حفاظتی اقدامات اور بہتر کام کرنے کے ماحول جیسے دیگر اہم حصوں کی بہت اچھی طرح سے دیکھ بھال کی جارہی ہے۔

آڈیٹرز:

موجودہ آڈیٹرز میسرز HLB اعجاز تبسم اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس لاہور، ریٹائرڈ ہوئے ہیں اور اپنی خدمات برائے مالیاتی سال 2022 عہدہ پیش کرنے کے اہل ہیں۔

شیئر ہولڈنگ کا نمونہ:

30 جون 2021 کے حصص کی تفصیل سالانہ رپورٹ کا حصہ ہے۔

اعتراف:

میں بورڈ آف ڈائریکٹرز کی جانب سے اپنے ان تمام شراکت داروں کا خصوصی شکریہ ادا کرنا چاہتا ہوں۔

بحکم بورڈ

محمد عالمگیر
ڈائریکٹر

خاور الماس خواجہ
چیف ایگزیکٹو

تاریخ: 02 اکتوبر 2021

KEY OPERATING AND FINANCIAL DATA OF LAST SIX YEARS

Profit and Loss account	2021	2020	2019	2018	2017	2016
	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Sales	313,982,107	259,440,185	218,663,246	163,849,894	171,838,859	90,100,736
Cost of sales	(309,389,927)	(255,249,639)	(216,778,340)	(163,150,188)	(162,721,428)	(107,786,598)
Gross Profit/(Loss)	4,592,180	4,190,546	1,884,906	699,706	9,117,431	(17,685,862)
Operating Expenses						
- Distribution cost	(984,777)	(426,640)	(273,008)	(425,550)	(659,543)	(262,692)
- Administrative expenses	(19,081,397)	(16,217,387)	(18,726,205)	(15,014,826)	(17,021,785)	(9,528,833)
- Other operating expenses	-	-	-	-	-	-
	(20,066,174)	(16,644,027)	(18,999,213)	(15,440,376)	(17,681,328)	(9,791,525)
Operating Profit/ (Loss)	(15,473,994)	(12,453,481)	(17,114,307)	(14,740,670)	(8,563,897)	(27,477,387)
Other operating income/(Expenses)	631,489	(2,716,940)	4,349,932	8,882,350	1,752,376	18,580
Finance cost	(534,936)	(86,947)	(234,765)	(267,295)	(257,469)	(259,524)
Profit/(Loss) before derecognition of financial liabilities	(15,377,440)	(15,257,368)	(12,999,140)	(6,125,615)	(7,068,990)	(27,718,331)
Derecognition of financial liabilities	-	-		-	-	-
Profit/(Loss) before taxation	(15,377,440)	(15,257,368)	(12,999,140)	(6,125,615)	(7,068,990)	(27,718,331)
Taxation	(7,718,931)	735,238	(14,923,201)	(3,442,503)	1,519,533	19,899,725
Profit/(Loss) after taxation	(23,096,371)	(14,522,129)	(27,922,341)	(9,568,118)	(5,549,458)	(7,818,607)
Balance Sheet						
Share Capital	132,716,000	132,716,000	132,716,000	132,716,000	132,716,000	132,716,000
Accumulated loss	(288,976,595)	(283,835,661)	(289,563,256)	(231,922,347)	(244,515,791)	(255,206,176)
Net worth	(156,260,595)	(151,119,661)	(156,847,256)	(99,206,347)	(111,799,791)	(122,490,176)
Long term liabilities	99,508,434	96,091,259	100,159,410	1,146,776	46,750,432	52,994,278
Current liabilities	160,048,546	160,668,652	175,952,023	194,886,221	149,584,618	193,902,145
	259,556,981	256,759,911	276,111,433	196,032,997	196,335,050	246,896,423
Property, plant and equipment	418,478,355	447,558,576	479,552,534	514,691,918	388,316,199	415,700,484
Long term deposits	-	-	-	-	-	-
Current assets	68,647,540	60,037,980	61,503,618	59,365,168	47,228,889	77,349,816
	487,125,895	507,596,556	541,056,152	574,057,086	435,545,088	493,050,300
Key Financial Ratios						
Gross profit ratio (%)	1.46	1.62	0.86	0.43	5.31	(19.63)
Operating profit ratio (%)	(4.93)	(4.8)	(7.8)	(9.0)	(5.0)	(30.50)
Net profit ratio (%)	(7.36)	(5.60)	(12.77)	(5.84)	(3.23)	(8.68)
Current ratio	0.43	0.37	0.35	0.30	0.32	0.40
Leverage (Total liabilities/Net worth)	(1.66)	(1.70)	(1.76)	(1.98)	(1.76)	(2.02)
Earning per share (Rs./share)	(1.74)	(1.09)	(2.10)	(0.72)	(0.42)	(0.59)

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Name of Company: **HAMID TEXTILE MILLS LIMITED**

Year ended: **June 30, 2021**

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

1. The total number of Directors are seven (7) as per the following
   a. Male 5
   b. Female 2
2. The Composition of the Board is as follows

Category	Names
Independent Directors	Mr. Abid Hussain Mr. Zeeshan Ali Qamar
Non-Executive Directors	Mrs. Khushbu Ammad Mrs. Nighat Khawar Mr. Muhammad Alamgir
Executive Directors	Mr. Dilshad Ali Mr. Khawar Almas Khawaja

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 through 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. Some of directors have more than 13 years of experience on the Board of listed Company and have relevant qualification to claim the exemption of Director's training programme and other directors Company are planning to take training programme but pending due to Covid-19 pandemic.
10. The Board has approved appointment of Chief Financial Officer, 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;

a) Audit Committee

Names	Designation Held
Mr. Abid Hussain	Independent Director - Chairman
Mrs. Khushbu Ammad	Non-Executive Director
Mr. Zeeshan Ali Qamar	Independent Director

b) HR and remuneration Committee

Names	Designation Held
Mr. Abid Hussain	Independent Director - Chairman
Mr. Dilshad Ali	Executive Director
Mr. Muhammad Alamgir	Non-Executive Director

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings of the committee were as per following:

    a) Audit Committee

    Four quarterly meetings were held during the financial year ended June 30, 2021.

    b) HR and Remuneration Committee

    One meeting of HR and Remuneration Committee was held during the financial year ended June 30, 2021
15. The Board has set up an effective internal audit function that is considered suitably qualified and experienced for the purpose and conversant with the policies and procedure of the Company.
16. The statutory auditors of the Company have confirmed that they have 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, Internal Auditor, 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 regulation 3,6,7,8,27,32,33 and 36 of the Regulations have been complied with;
19. Explanations for non-compliance with requirements, other than regulations 3,6,7,8,27,32,33 and 36 are below:

Sr No.	Requirement	Explanation of Non-Compliance	Regulation Number
1	**Nomination Committee** The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	Currently the Board has not constituted a separate nomination committee and the functions are being performed by the human resource and remuneration committee. The Board shall consider to constitute nomination committee after next election of directors.	29
2	**Risk Management Committee** The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	Currently, the Board has not constituted a risk management committee and senior officer of the Company performs the requisite functions and apprise the Board accordingly. The Board shall consider to constitute risk management committee after next election of directors.	30
3	**Disclosure of Significant policies on website** The Company may post key elements of its significant policies, brief synopsis of terms of reference of the Board's committees on its website and key elements of the directors' remuneration policy.	Although these are well circulated among the relevant employees and directors, the Board shall consider posting such policies and synopsis on its website in near future.	35
4	**Responsibilities of the Board and its members** The Board is responsible for adoption of corporate governance practices by the Company.	Non-mandatory provisions of the Regulations are partially complied. The Company is deliberating on full compliance with all the provisions of the Regulations.	10(1)

On behalf of the Board

Chief Executive **Chairman**

Dated: October 02, 2021

To the Members of Hamid Textile Mills Limited.

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Hamid 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, except for the above instances of non-compliance, 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.

Further we highlight below instance of non-compliance with the requirement of the Regulation as reflected in the paragraph reference where it is stated in the Statement of Compliance:

Sr. #	Paragraph Reference	Description
(i)	9	At least 75% of the directors on their Boards should have Directors' Training till end of June 30, 2021 but till date of this report none of director provided certificate of Director's training orientation course, also company failed to comply with requirements of the regulation 19(3).

HLB IJAZ TABUSSUM & COMPANY
CHARTERED ACCOUNTANTS
ENGAGEMENT PARTNER:
Mrs. Saira Mudassar

Dated: October 02,2021
Place: Lahore

INDEPENDENT AUDITOR'S REPORT

To the members of Hamid Textile Mills Limited

Report on the Audit of the Financial Statements

Adverse Opinion

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

Because of the significance of the matter discussed in the basis for adverse opinion section of our report, In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof do not conform with the accounting and reporting standards as applicable in Pakistan and do not give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Adverse Opinion

The financial statement of the company for the year ended June 30, 2021 reflected loss before taxation Rs. (15.377) million (2020: Rs. (15.257) million, and as of that date it has accumulated losses of Rs. 288.976 million (2020: Rs. 283.836 Million) which has resulted in net capital deficiency before revaluation surplus of Rs. 156.260 million (2020: Rs. 151.120 Million), its current liabilities exceed its current assets by Rs. 91.401 million (2020: 100.631 Million). The company's financial facilities stand expired which are not renewed and the company is unable to ensure the timely repayments of the debts owing to financial constraints due to the squeezed working capital facilities. Unit was working majorly on conversion basis rather than their own production. These conditions indicate the existence of material uncertainty which may cast significant doubts about the Company's ability to continue as going concern. Despite of all above factors financial statement is prepared on going concern basis. Under the circumstances we are constrained to give adverse report.

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 adverse opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of 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.

In addition to the matter described in the basis for adverse opinion followings are the Key audit matters:

Key Audit Matters	How our audit addressed the key audit matters
1. Stock in trade and stores and spares (Referred to note # 6 & 5 respectively) Stock in trade to the annexed financial statements includes: • Raw materials comprising raw cotton and yarn. • Work-in-progress & Yarn mainly comprising un-dyed cloth. Further, stores and spares, as disclosed in note 5 to the annexed financial statements include chemical required in process of weaving. Stock in trade and store and spares balance constitutes 64% of current assets of the Company . We focus on stock in trade and store and spares as its significant portion of company's Current assets and it requires management judgment in determining an appropriate costing basis and assessing its valuation.	Our audit procedures to assess the valuation of stock in trade, amongst others include the following: • Attend management's inventory count and observed the process at material inventory locations, including observing the process of implemented by management to identify and monitor obsolete stock; • Assessing the NRV of stock in trade by comparing on a sample basis management estimation of future selling price for the product with current selling prices; and • Comparing NRV to the cost of a sample of stock in trade and comparison to the associated provision to assess whether stock in trade provision s are complete. • We also tested the calculation of per unit cost of finished goods and work in process and assessed the appropriateness of management's basis for the allocation of cost and production over heads • We also assessed the adequacy of the disclosure made in respect of the accounting policies and the details of inventory

Key Audit Matters	How our audit addressed the key audit matters
2. **Sales** Refer to the statement of Profit and Loss and Note No. 22 to the financial statements. The Company generates revenue from sale of yarn and fabric to domestic customers We identified recognition of sales as a key audit matter because sales is one of the key performance indicator of the Company and gives rise to an inherent risk of misstatement to meet expectations or targets.	Our procedures to assess recognition of sales amongst others include the following: • Obtain an understanding of process relating to recording of sales and testing effectiveness of key internal controls over recording of revenue; • assessing its appropriateness of the Company's accounting policies for recording of sales and compliance of those policies with applicable accounting standards; • comparing sample of sale transactions recording during the year with sales orders, sales invoices, delivery challans and other relevant underlying documents; • comparing on sample basis, specific sale transactions recording just before and just after the financial year end date to determine whether the revenue had been recognized in the appropriate financial period; and • Scanning for any manual journal entries relating to sales raised during the year which were considered to be material or met other specific risk based criteria for inspection underling documentations.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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:

1. 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.

2. 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.

3. 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.

4. 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.

Report on Other Legal and Regulatory Requirements

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

a) Proper books of account have not been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) The statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have not been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) but are in agreement with the books of account and returns;

c) Investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) No zakat is deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Mrs. Saira Mudassar (FCA)

Last year financial statements were audited by Tabussum Saleem and company Chartered Accountants and they also issued adverse report.

Tabussum

HLB IJAZ TABUSSUM & COMPANY
CHARTERED ACCOUNTANTS
ENGAGEMENT PARTNER:
Mrs. Saira Mudassar

Dated: October 02, 2021
Place: Lahore

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	JUNE 2021 Rupees	JUNE 2020 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	418,478,355	447,558,576
CURRENT ASSETS			
Stores, spares and loose tools	5	7,887,572	8,331,606
Stock in trade	6	36,603,168	19,578,548
Trade debts	7	9,818,319	24,906,160
Loans and advances	8	2,940,431	3,545,196
Trade deposits and short term prepayments	9	355,000	210,000
Tax refunds due from the Government	10	4,255,126	2,721,218
Cash and bank balances	11	6,787,924	745,251
		68,647,540	60,037,980
		487,125,895	**507,596,556**
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Share Capital			
15,000,000 shares (2020: 15,000,000) of Rs. 10/= each		150,000,000	150,000,000
Issued, Subscribed and Paid Up Share Capital			
Issued, subscribed and paid up capital	12	132,716,000	132,716,000
Accumulated losses		(288,976,595)	(283,835,661)
		(156,260,595)	(151,119,661)
Surplus On Revaluation Of Property, Plant And Equipment	13	383,829,510	401,956,307
		227,568,915	250,836,646
NON-CURRENT LIABILITIES			
Long term loan from Banking Companies - secured	14	-	-
Deferred liabilities	15	99,508,434	96,091,259
		99,508,434	96,091,259
CURRENT LIABILITIES			
Trade and other payables	16	46,513,528	39,328,357
Accrued mark-up	17	32,676,328	32,676,328
Loan from Director	18	8,950,000	16,755,276
Short term borrowings	19	24,520,298	24,520,298
Current & overdue portion of long term liabilities	20	47,388,393	47,388,393
		160,048,546	160,668,652
CONTINGENCIES AND COMMITMENTS	21	-	-
		487,125,895	**507,596,556**

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

Chief Executive	Chief Financial Officer	Director

Certificate No. SG05/0299

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	JUNE 2021 Rupees	JUNE 2020 Rupees
Sales - (Net)	**22**	313,982,107	259,440,185
Cost of sales	**23**	(309,389,927)	(255,249,639)
Gross Profit/ (Loss)		4,592,180	4,190,546
- Distribution Cost	**24**	984,777	426,640
- Administrative Expenses	**25**	19,081,397	16,217,387
		(20,066,174)	(16,644,027)
Operating loss		(15,473,994)	(12,453,481)
Other Income	**26**	631,489	-
Other Expenses	**26.1**	-	(2,716,940)
Finance Cost	**27**	(534,936)	(86,947)
(Loss)/ profit before taxation		(15,377,440)	(15,257,368)
Taxation	**28**	(7,718,931)	735,238
(Loss)/ profit after taxation carried to statement of comprehensive income		(23,096,371)	(14,522,129)
(Loss) / Earning Per Share - Basic	**29**	(1.74)	(1.09)

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

Chief Executive	Chief Financial Officer	Director

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	JUNE 2021 Rupees	JUNE 2020 Rupees
PROFIT / (LOSS) FOR THE PERIOD	(23,096,371)	(14,522,129)
Items that will not be reclassified to profit or loss		
Gain / (Loss) on remeasurement of staff retirement benefit obligation	(171,359)	414,056
	(171,359)	414,056
Items that may be reclassified subsequently to profit or loss:		
	-	-
	-	-
TOTAL OF OTHER COMPREHENSIVE INCOME	**(171,359)**	**414,056**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**(23,267,730)**	**(14,108,073)**

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

Chief Executive | Chief Financial Officer | Director

Certificate No. SG05/0299

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021

	Share Capital	Accumulated Loss	Surplus on Revaluation of Fixed Assets	Total
	(Amounts in Rupees)			
Balance as at June 30, 2019- Restated	132,716,000	(289,563,256)	421,791,977	264,944,721
Net Profit/ (Loss) for the year	-	(14,522,129)	-	(14,522,129)
Other Comprehensive income for the year	-	414,056	-	414,056
Incremental depreciation effect (net of deferred tax)-Restated	-	19,835,667	(19,835,669)	-
Balance as on June 30, 2020	132,716,000	(283,835,662)	401,956,307	250,836,647
Net Profit/ (Loss) for the year	-	(23,096,371)	-	(23,096,371)
Other Comprehensive income for the year	-	(171,359)	-	(171,359)
Incremental depreciation effect	-	18,126,797	(18,126,797)	-
Balance as on June 30, 2021	132,716,000	(288,976,595)	383,829,508	227,568,917

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

Chief Executive	**Chief Financial Officer**	**Director**

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES			
(Loss)/ profit before taxation		(15,377,440)	(15,257,368)
ADJUSTMENTS			
Depreciation	4	28,905,710	31,993,958
Provision/ (Reversal) for gratuity	15.4	1,830,515	1,954,370
Gain on disposal of fixed assets		(631,489)	-
De-recognition of financial liability		-	-
Finance cost		534,936	86,947
		30,639,671	34,035,275
Operating profit before adjustment of working capital		15,262,231	18,777,907
(Increase) / decrease in current assets:			
Stores, spares and loose tools		444,034	2,018,408
Stock in trade		(17,024,620)	2,355,521
Trade debts		15,087,841	(9,135,490)
Loans and advances		604,765	5,832,557
Trade deposits and short term prepayments		(145,000)	23,106
Tax refunds due from the Government		(2,888,474)	2,845,151
		(3,921,454)	3,939,254
Increase/(decrease) in current liabilities:			
Trade and other payables		7,185,171	3,898,162
Cash generated from operations		18,525,947	26,615,323
Gratuity paid		(1,593,900)	(981,625)
Finance Cost		(534,936)	(86,947)
Taxes paid		(3,355,163)	(6,472,380)
Net cash generated from operating activities		13,041,949	19,074,371
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Asset	4	(1,444,000)	-
Disposal proceeds of Fixed Asset		2,250,000	-
Net cash (outflow) from investing activities		806,000	-
C. CASH FLOW FROM FINANCING ACTIVITIES			
Short term loan from related parties - unsecured	18	(17,277,276)	(19,838,079)
Short term loan from related parties - unsecured		9,472,000	1,160,000
Net cash outflow from financing activities		(7,805,276)	(18,678,079)
Net increase/(decrease) in cash and cash equivalents (A+B+C)		6,042,673	396,292
Cash and cash equivalents at the beginning of the year		745,251	348,959
Cash and cash equivalents at the end of the year	**30**	**6,787,924**	**745,251**

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

Chief Executive	Chief Financial Officer	Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

1. THE COMPANY AND ITS ACTIVITIES

1.1 Hamid Textile Mills Limited (the "Company") was incorporated in Pakistan on April, 09, 1987 as a Private Limited Company and was subsequently converted on February 15, 1988 into Public Limited Company under the Companies Ordinance, 1984 (repealed by Companies Act, 2017) and is listed on the Pakistan Stock Exchange in Pakistan. The principal business of the company is to manufacture yarn and grey cloth, which are marketed within and outside Pakistan. The Company's manufacturing activities are located at Wan Adhan, Tehsil Pattoki, Distt. Kasur, and company's registered/Head office situated at 133 A-1,Block A, Model Town, Lahore.

1.2 The financial statement of the company for the year ended June 30, 2021 reflected loss after taxation Rs.(23.096) million (2020: Rs. (14.522) million), and as of that date it has accumulated losses of Rs. 288.976 million (2020: Rs. 283.835 million) which has resulted in net capital deficiency of Rs. 156.260 million (2020: Rs. 151.119 million), its current liabilities exceeds its current asset by Rs.91.401 million (2020: 100.630 million). The company financial facilities stand expired which are not renewed and the company is unable to ensure the timely repayments of the debts owing to financial constraints due to the squeezed working capital facilities. These conditions indicates the existence of material uncertainty which may cast significant doubts about the Company's ability to continue as going concern.

However total assets exceeds its total liabilities by Rs. 323.641 million as on the balance sheet date, and therefore, the company will be able to liquidate its liabilities in normal course of business. However, the management is making concentrated efforts to revive the unit into viable operations. Management would be successful in negotiating the settlement with the banks for restructuring and renewal of the financial facilities. So, the Company would be made operative and will revive the equity of the shareholders, therefore, these financial statements have been prepared under the going concern basis without any adjustment to assets and liabilities as the management expects that these factors are temporary, will be reversed in foreseeable future and the unit could be operative.

1.3 Significant Transaction and Events affecting the Company's Financial Position and Performance.

1.3.1 There are no significant matters during the year.

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:

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

- Provision of and directives issued under the Companies Act, 2017.

Where provision of and directives issued under the Companies Act, 2017 differ from the IFRS, the provision of and directives issued under the Companies Act, 2017 have been followed.

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention and on accrual basis except that inventories are carried that lower off cost or net reliable value, and except:-

a) Employee retirement benefits (Gratuity)

The Company uses the valuation performed by an independent actuary to determine the present value of its retirement benefit obligations.

b) Certain property, plant and equipment -

The Company is using the revaluation model for certain property, plant and equipment. Revaluation is performed by an independent valuer periodically.

c) Deferred markup, interest free loans from related parties.

The Company is carrying deferred / frozen markup on certain bank borrowings, interest free loans from related parties.

These financial statements have been prepared following accrual basis of accounting except for cash flow information.

2.3 Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These estimates and related assumptions are reviewed on an on going concern basis. Accounting estimates are revised in the period in which such revisions are made. Significant management estimates in these financial statements relate to the useful life and residual values of property, plant and equipment; revalued amounts of property, plant and equipment; amortization of intangible assets; loss allowance on trade receivables; impairment of assets; provisions for defined benefit obligations; slow moving and obsolete inventory; taxation; and contingent liabilities. However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in these financial statements.

2.4 Useful lives, patterns of economic benefits and impairments

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the company. Further, the company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

2.5 Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

2.6 Functional and presentation currency

These financial statements are prepared and presented in Pakistani rupee, which is the company's functional and presentation currency.

2.7 Changes / Amendments in Accounting Standards

Standards, interpretations and amendments to published accounting standards that are effective in the current year

The following standards and amendments are either not relevant to the company's operations and are not expected to have significant impact on the company's financial statements other than certain additional disclosures.

		Effective from accounting period beginning on or after
	Amendments to the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS	
IFRS 3	"Business Combinations" - Definition of business	January 01, 2020
IFRS 7	Financial Instruments Disclosure' - Interest rate benchmark reform	January 01, 2020
IFRS 9	Financial instruments	January 01, 2020
IFRS 16	Leases- Amendment to provide lessees with an exemption from assessing whether a Covid-19 related rent concession is a lease modification.	June 01, 2020
IAS 1	Amendments to IAS 1 'Presentation of Financial Statements' - Definition of material	January 01, 2020
IAS 8	IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors	January 01, 2020
IAS 39	Financial Instruments Recognition and Measurement	January 01, 2020

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

2.8 Amendments/ Improvements to Accounting Standards not yet effective

The following amendments and interpretations with respect to the approved accounting standards as applicable would be effective from the dates mentioned below against the respective standard or interpretation.

		Effective date(annual periods 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
IFRS 1	Amendments to IFRS 1 'Simplifies the application of IFRS 1 for a subsidiary that become a forst time adopter of IFRS later than its parent.	January 01,2021
IFRS 3	Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework.	January 01,2022
IFRS 9	Financial Instruments- For the purpose of performing the ' ten per cent test' for derecognition of financial liabilities.	January 01,2022
IFRS 16	Amendment to IFRS 16 'Leases' Illustrative Example 13, removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.	January 01,2022
IAS 1	Presentation of financial Statements- Amendments regarding the definition of materiality - Disclosure od accounting policies.	January 01,2023

IAS 1	Presentation of financial Statements- Amendments regarding the classification of liabilities.	January 01,2023
IAS 8	Amendments to IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' The IASB clarified how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates.	January 01,2023
IAS 12	Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01,2023
IAS 16	Property Plant and Equipment- Amendments prohibiting a company from deducting from the cost of Property Plant and Equipment amounts received from selling items produced while the company is preparing for its intended use.	January 01,2022
IAS 37	Under IAS 37, a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations – i.e. the lower of the costs of fulfilling the contract and the costs of terminating it – outweigh the economic benefits.	January 01,2022
IAS 41	Amendment to IAS 41 'Agriculture', removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 'Fair Value Measurement'.	January 01,2022
	Certain annual improvements have also been made to a number of IFRSs.	

2.9 Standards, Interpretations and amendments to approved accounting standards that are not yet effective

The following new standards and interpretation have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by Securities and Exchange Commission of Pakistan.

		IASB effective date (annual periods beginning on or after)
IFRS 1	First time adoption of international financial reporting standards.	January 01,2018
IFRS 17	Insurance contracts.	January 01,2021

The management anticipates that the adoption of the above standards and amendments in future periods will have no material impact on the company's financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

3.1 Staff retirement benefits

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 recognized immediately in the statement of comprehensive income.

3.2 Taxation

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

3.2.1 Current

The charge for current tax is based on taxable income at current tax rates after considering the rebates and tax credits available, if any.

3.2.2 Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. The carrying amount of all deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized. Deferred tax is calculated at the rates that are expected to apply for the year when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity. The Company assesses at each reporting date whether its income is subject to tax under the Final Tax Regime or normal provision of the Income Tax Ordinance, 2001.

3.3 Property, plant, equipment and depreciation

Owned

Property plant and equipment (except free hold land, building, plant and machinery) are stated as cost less accumulated depreciation and impairment losses, if any. Freehold land, building , plant and machinery are stated at revalued amounts less subsequent accumulated depreciation and subsequent impairment losses, if any. Capital work-in-progress (if any) is stated at cost less impairment.

A revaluation surplus is recorded in other comprehensive income (OCI) and credit to the assets revaluation surplus reserve in equity. However, the increase is recorded in statement of profit or loss to extent it reverses a revaluation deficit of the same assets previously. A decrease as a result of revaluation is recognized in the statement of profit or loss however, a decrease is recorded in statement of other comprehensive income to the extent of any credit balance entry in revaluation surplus in respect of same assets.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on assets original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against gross carrying amount of the assets and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus to particular asset being sold is transferred to retained earnings.

Land, building and plant and machinery have been valued on the basis of revaluation carried out on June 30, 2018 (Note 4). Depreciation is charged to profit or loss account applying the reducing balance method whereby the cost of an asset is written off over its estimated useful life at the rate specified in the Note 4.1.

Depreciation on additions during the year is charged on pro-rata basis when the asset is available for use.

Similarly the depreciation on deletion is charged on pro-rata up to the period when the asset is derecognized.

The assets residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Gains and losses on disposal of property, plant & equipment are charged to the statement of profit or loss. Normal repair and maintenance and replacement is charged to income as and when incurred while Cost of an item of property, plant and equipment shall be recognized as an asset if, and only if it is probable that future economic benefits associates with the item will flow to the entity and cost of item can be measured reliably. All other repair and maintenance cost is charged to income during the period in which they incurred.

The carrying amount of an item of property, plant, and equipment will include the cost of replacing the part of such an item when that cost is incurred if, and only if it is probable that future economic benefits associates with the item will flow to the entity and cost of item can be measured reliably. The carrying amount of those parts that are replaced is derecognized or withdrawn from use and no future economic benefits are expected from its disposal. The gain or loss on disposal is the difference between the proceeds and the carrying amount and shall be recognized in profit and loss.

3.3.1 Assets subject to Leases IFRS 16

The Company has adopted IFRS 16 from 01 July 2019. The standard replaces IAS 17 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognized in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognized lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 will be higher when compared to lease expenses under IAS 17, as the operating expense is now replaced by interest expense and depreciation in the statement of profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The adoption of IFRS 16 has no financial impact on the financial statements of the Company.

Right-of-use assets

A right-of-use asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is charged over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities. The Company has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are charged to income as incurred.

Lease Liabilities

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortized cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of-use asset, or to statement of profit or loss if the carrying amount of the right-of-use asset is fully written down.

3.4 Impairment of non-financial assets

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is an indication of impairment. If any such indication exists, the estimated recoverable amount of that asset is determined and impairment losses are recognized in the profit or loss account, for the difference between recoverable and carrying amount.

3.5 Stores, spares and loose tools

These are valued at lower of moving average cost or net realizable value, except items in transit, which are stated at cost plus other charges incurred thereon up to balance sheet date.

Net realizable value signifies the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated costs necessary to make the sale.

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

3.6 Stock in trade

These are valued at lower of cost and net realizable value except waste, which are valued at contract price. Cost is determined as under:

Raw material	Moving average cost.
Work in process and finished goods	Prime cost plus estimated production overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make a sale. If the net realizable value is lower than the carrying amount, a write-down is recognized for the amount by which the carrying amount exceeds its net realizable value. Provision is made in the financial statements for obsolete and slow moving stock in trade based on management estimate.

3.7 Revenue from contracts with customer

3.7.1 Revenue recognition

The Company recognizes revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. The Company recognizes revenue in accordance with that core principle by applying the following steps:

-- Identify the contract with a customer
– Identify the performance obligations in the contract
– Determine the transaction price
– Allocate the transaction price to the performance obligations in the contract
– Recognize revenue when the entity satisfies a performance obligation

i) Customer acquisition costs

Customer acquisition costs are capitalized as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortized on a straight-line basis over the term of the contract.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

ii) Customer fulfilment costs

Customer fulfilment costs are capitalized as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract; (ii) the costs generate or enhance resources of the Company that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Customer fulfilment costs are amortized on a straight-line basis over the term of the contract.

iii) Right of return assets

Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.

iv) Contract liabilities

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs its performance obligations under the contract

v) Refund liabilities

Refund liabilities are recognized where the Company receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the Company does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology.

vi) Contract balances

(a)the opening and closing balances of receivables, contract assets and contract liabilities from contracts with customers, if not otherwise separately presented or disclosed;

(b)revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period; and

(c)revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods

•the difference between contract assets and trade receivables, enabling users to understand the different risks associated with each balance; and

•how the timing of the satisfaction of performance obligations related the typical timing of payment and the effect that those factors have on the contract asset and contract liability balances.

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

3.8 Provision

Provisions are recognized 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.

3.9 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.

3.10 Dividend and appropriation to / from reserves

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

3.11 Earnings per share

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

3.12 Trade debts and other receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses. Trade receivables generally do not include amounts over due by 365 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognized at amortized cost, less any allowance for expected credit losses.

3.13 Financial instruments

3.13.1 Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized 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 recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

i) 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.

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

Financial assets that do not meet the criteria for being measured at amortized 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 amortized cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortized 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 recognizing 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 recognized in the statement of profit or loss.

3.13.2 Impairment of financial assets

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortized cost less loss allowance, if any. The Company recognizes a loss allowance for Expected Credit Loss (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 recognizes 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 recognizes 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 recognized 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 a er 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 analyses 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 reorganization; 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 recognized 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.

3.13.3 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 recognized 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 amortization or depreciation) had no impairment loss been recognized. Reversal of impairment loss is recognized as income in the statement of profit or loss.

3.13.4 Financial liabilities

All financial liabilities are measured subsequently at amortized 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 recognized 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 recognized in the statement of profit or loss incorporates any interest paid on the financial liability.

Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not designated as FVTPL, are measured subsequently at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized 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 amortized cost of a financial liability. Borrowing costs are recognized 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 capitalized as part of the cost of that asset.

Derecognition of financial liabilities

The Company derecognizes 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 derecognized and the consideration paid and payable is recognized in the statement of profit or loss.

3.13.5 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 recognized amounts and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3.14 Investments

3.14.1 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 recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of profit or loss of the associate a er the date of acquisition. The Company's share of profit or loss of the associate is recognized 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 recognized in the associate's statement of profit or loss. The Company's share of those changes is recognized 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 recognized in the statement of profit or loss.

3.15 Trade and other payables

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

3.16 Borrowing cost

Borrowing costs are recognized as an expense in which these are incurred except to the extent these are directly attributable to acquisition, construction or production of qualifying assets, where these are added to the cost of those assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use/sale.

3.17 Foreign currency transaction

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.

3.18 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at book value which approximates their fair values. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, cash with bank on current, saving and deposit accounts, short term bank borrowings and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to in significant risk of change in value.

3.19 Related party transaction and transfer pricing

Transaction and contracts with the related parties are carried out at an arm's length price determined in accordance with comparable uncontrolled price method.

Parties are said to be related if they able to influence the operating and financial decisions of the company and vice versa.

4 Property, Plant and equipment

The following is a statement of Operating Fixed assets:

As at June 30, 2021

	Land	Building	Plant & Machinery	Tools & Equipments	Tube well & Pumps	Furniture & Fixture	Office Equipment	Vehicles	Total
NET CARRING VALUE BASIS									
Opening net book value (NBV)	81,250,000	153,118,150	210,519,000	84,120	14,468	247,344	545,062	1,780,431	447,558,576
Addition / Transfers	-	-	1,392,000	-	-	-	52,000	(1,618,511)	(174,511)
Depreciation Charge	-	(7,655,908)	(21,093,755)	(8,412)	(1,447)	(24,734)	(56,501)	(64,953)	(28,905,710)
Closing net book value	81,250,000	145,462,243	190,817,245	75,708	13,022	222,610	540,561	96,967	418,478,355
GROSS CARRYING VALUE BASIS									
Cost/Revaluation	81,250,000	239,605,476	521,806,570	1,503,568	331,921	2,530,932	3,259,632	2,815,401	853,103,500
Accumulated Depreciation	-	(94,143,234)	(330,989,325)	(1,427,860)	(318,899)	(2,308,322)	(2,719,071)	(2,718,434)	(434,625,146)
Closing net book value	81,250,000	145,462,243	190,817,245	75,708	13,022	222,610	540,561	96,967	418,478,355
Depreciation rate % per annum		5%	10%	10%	10%	10%	10%	20%	

As at June 30, 2020

	FreeHold Land	Building	Plant & Machinery	Tools & Equipments	Tube well & Pumps	Furniture & Fixture	Office Equipment	Vehicles	Total
NET CARRING VALUE BASIS									
Opening net book value (NBV)	81,250,000	161,177,000	233,910,000	93,467	16,076	274,827	605,624	2,225,539	479,552,533
Addition / Transfers	-	-	-	-	-	-	-	-	-
Revaluation Surplus	-	-	-	-	-	-	-	-	-
Depreciation Charge	-	(8,058,850)	(23,391,000)	(9,347)	(1,608)	(27,483)	(60,562)	(445,108)	(31,993,957)
	-	-	-	-	-	-	-	-	-
Closing net book value	81,250,000	153,118,150	210,519,000	84,120	14,468	247,344	545,062	1,780,431	447,558,576
GROSS CARRYING VALUE BASIS									
Cost/Revaluation	81,250,000	239,605,476	520,414,570	1,503,568	331,921	2,530,932	3,207,632	5,502,401	854,346,500
Accumulated Depreciation	-	(86,487,326)	(309,895,570)	(1,419,448)	(317,453)	(2,283,588)	(2,662,570)	(3,721,970)	(406,787,924)
Closing net book value	81,250,000	153,118,150	210,519,000	84,120	14,468	247,344	545,062	1,780,431	447,558,576
Depreciation rate % per annum		5%	10%	10%	10%	10%	10%	20%	

4.1 Subsequent to revaluation on June 30, 2010 & June 30, 2013 which had resulted in surplus of PKR 76,542,748/- and PKR 295,191,006/-PKR respectively. As at June 30, 2018 further revaluation is conducted resulting revaluation surplus, PKR 146,957,869/-. The valuation is conducted by independent valuer M/s Surval Approved valuers of PBA, NBFI & Modaraba Association of Pakitsan. Valuation for land, building & machinery are based on the estimated gross replacement cost.

4.2 Particulars of immovable assets of the Company are as follows:-

Location	Address		Covered Area
Pattoki	Changa Manga Road Wan Adhan, Pattoki Dist. Kasur		202,682 Sq. Ft.

4.3 Depreciation charge for the year has been allocated as follows

	2021 Rupees	2020 Rupees
Cost of sales	27,140,840	29,667,252
Administrative	1,764,870	2,326,706
	28,905,710	**31,993,958**

4.4 Detail of vehicle disposal

Particulars	Quantity	Cost	Acc. Depreciation	Book Value	Sale Proceed	Gain on Disposal
Honda Civic	1	2,687,000	1,068,489	1,618,511	2,250,000	631,489
Total	**1**	**2,687,000**	**1,068,489**	**1,618,511**	**2,250,000**	**631,489**

The Disposal transaction is held with related parties (Director Mr. Dilshd Ali) on arm's length basis

4.4 Had there been no revaluation, the original cost, accumulated depreciation, and book value of revalued class of property, plant & equipment would have been as follows:

Description	Cost as at 01-07-2020	Addition/ (Deletion)	Cost as at 30-06-2021	Accumulated Depreciation	BOOK VALUE AS 30-06-2021
Free Hold Land	5,373,978		5,373,978	-	5,373,978
Building	71,835,757	-	71,835,757	63,183,339	8,652,418
Plant & Machinery	350,453,738	1,392,000	351,845,738	322,624,941	29,220,797
	427,663,473	**1,392,000**	**429,055,473**	**385,808,279**	**43,247,194**

Description	Cost as at 01-07-2019	Addition/ (Deletion	Cost as at 30-06-2020	Accumulated Depreciation	BOOK VALUE AS 30-06-2020
Free Hold Land	5,373,978	-	5,373,978	-	5,373,978
Building	71,835,757	-	71,835,757	62,914,640	8,921,117
Plant & Machinery	350,453,738	-	350,453,738	319,486,346	30,967,392
		-	-		-
	427,663,473	**-**	**427,663,473**	**382,400,986**	**45,262,487**

Fair value of the properties was determined using the market comparable method. Fair values are categorized as level 2 fair value hierarchy where inputs are observable. The valuations have been performed by an independent professional valuer and are based on proprietary databases of prices of transactions for properties of similar nature, location and condition. Forced sale value of land, buildings and plant and machinery is Rs. 65 million : Rs. 110.728 million ; and Rs. 157.820 million respectively.

	2021 Rupees	2020 Rupees
5. STORES, SPARES AND LOOSE TOOLS		
Stores and spares	7,887,572	8,331,606

No stores, spares and loose tools were in transit at the balance sheet date.
No stores, spares and loose tools were held for capitalization at the balance sheet date.

6. STOCK IN TRADE		
Raw material	26,924,291	17,074,148
Work-in-process	1,635,677	1,168,831
Finished goods	8,043,200	1,335,569
	36,603,168	19,578,548

No stock in trade was in transit at the balance sheet date.

7. TRADE DEBTS - Unsecured		
Considered good-Unsecured.	9,818,319	24,906,160

7.1 Trade debts do not include amounts due from related party (2020: Rupees Nil)

7.2 As at 30 June 2021, trade debts of Rupees 0.635 million (2020: Rupees 1.569 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of these trade debts is given in Note # 35 of these financial statements.

			2021 Rupees	2020 Rupees
8.	**LOANS AND ADVANCES**			
	Advances - *considered good (Unsecured)*			
	To employees	8.1	-	600,861
	Over due balances written off		-	(465,663)
			-	135,198
	To suppliers		2,940,431	3,409,998
			2,940,431	3,545,196

8.1 No amount was due from chief executive and director as at balance sheet date (2020 : Nil).

		2021 Rupees	2020 Rupees
9.	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**		
	Trade deposits:		
	Security deposits	345,000	200,000
	Advance against others	10,000	10,000
		-	-
		355,000	210,000
10.	**TAX REFUNDS DUE FROM THE GOVERNMENT**		
	Sales tax refundable	3,532,370	643,896
	Income tax refundable	722,756	2,077,323
		4,255,126	2,721,218
11.	**CASH AND BANK BALANCES**		
	Cash in hand	369,484	476,973
	Cash at bank (Current accounts in Pak Rupees)	6,418,440	268,278
		6,787,924	745,251
12.	**SHARE CAPITAL**		
	Authorized:		
	15,000,000 (2020:15,000,000) ordinary shares of Rs.10/= each	150,000,000	150,000,000
	Issued, subscribed and paid-up:		
	13,271,600 (2020: 13,271,600) ordinary shares of Rs.10/= each fully paid in cash	132,716,000	132,716,000

12.1 Ordinary shares of the Company held by associated companies as at the reporting date are as follows:

	Number of sahres	
Bankers' equity Limited	2,977,500	2,977,500

All ordinary shares rank equally with regard to residual assets of the Company. Ordinary shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Company. Voting and other rights are in proportion to the shareholding.

		2021 Rupees	2020 Rupees
13.	**SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT**		
	Opening balance:		
	Land freehold	75,876,022	75,876,022
	Building on freehold land	141,546,571	147,018,111
	Plant and machinery	184,533,714	198,897,843
		401,956,307	421,791,976
	Adjustments		
	Depreciation on the incremental value arising on Revaluation of property, plant and equipment:		
	Current year:		
	Building on freehold land	(7,077,329)	(7,599,359)
	Plant and machinery	(18,453,371)	(19,950,179)
		-	-
		(25,530,700)	(27,549,538)
	Related Deferred tax liability	7,403,903	7,713,869
		383,829,510	401,956,307

13.1 This represents surplus over book value resulting from the revaluation of freehold land, buildings on freehold land and plant and machinery, adjusted by incremental depreciation arising on revaluation of the above-mentioned assets except freehold land. Latest revaluation was carried out by an independent valuer "Surval" as on June 30, 2018 using market value method, This resulted in net additional revaluation surplus of Rs. =146.957,869/- million.

13.2 The revaluation surplus relating to the above-mentioned property, plant and equipment excluding freehold land is net of applicable deferred income taxes. Incremental depreciation charged on revalued property, plant and equipment has been transferred to the statement of changes in equity to record realization of surplus to the extent of incremental depreciation. Incremental depreciation represents the difference between actual depreciation based on revalued carrying amount of the asset and equivalent depreciation based on the original carrying amount of the asset.

			2021 Rupees	2020 Rupees
14.	**LONG TERM LOANS FROM BANKING COMPANIES: (Secured)**			
	National Bank of Pakistan			
	Demand finance - I	**14.1**	17,857,143	17,857,143
	Demand finance - II	**14.2**	29,531,250	29,531,250
			47,388,393	47,388,393
			47,388,393	47,388,393
	Current portion			
	National Bank of Pakistan			
	Current portion	**21**	-	-
	Overdue portion	**21**	47,388,393	47,388,393
			47,388,393	47,388,393
			47,388,393	47,388,393
			-	-

14.1 Demand Finance-I

The limit under this facility was Rs. 25.00 million (2020:25.00 million) and carry markup at SBP's discount rate with a floor of 7.5% p.a (2012: SBP's discount rate with a floor of 7.5% p.a) payable quarterly. The repayment of terms of the facility was payable in 20 quarterly installments of Rs.892,857/- each within a period of 5-years starting from June 30, 2007 to March 31, 2012 and on the date of change of management i.e 06-02-2008, the installments for the quarters ended on 30-06-2007, 30-09-2007, 31-12-2007 and 31-03-2008 was to be paid on immediate basis by the company and its incoming directors.

14.2 Demand Finance-II

The limit under this facility was Rs. 35.00 million (2020:35.00 million) and carry markup at SBP's discount rate with a floor of 7.5% p.a (2012: SBP's discount rate with a floor of 7.5% p.a) payable quarterly. The repayment of terms of the facility was payable in 27 quarterly installments of Rs.1,093,750/- each within a period of 5-years starting from March 31, 2007 to September 30, 2013 and on the date of change of management i.e 06-02-2008, the installments for the quarters ended on 30-06-2007, 30-09-2007, 31-12-2007 and 31-03-2008 was to be paid on immediate basis by the company and its incoming directors.

14.3 The above mentioned Demand Finance-I and II facilities are secured against the following:

- First charge of Rs.220.000 Million on all the present/future fixed assets of the company.
- First pari passu charge of Rs.220.000 Million over all current assets of the company.
- Personal guarantees of directors of the company.

14.4 In case of default in repayment as per term of settlement, the above facilities shall be subject to markup @ 3 months KIBOR + 3% (2009: Mark-up @ 3 months KIBOR +3%) on the principal amount of installment for the period from due date till its repayment by the company to NBP.

14.5 The company unable to pay as per terms of settlement and the NBP filed recovery suit against the company. The court awarded decree in aggregate of Rs. 103 million (Inclusive of long term loan (Note 14.1 &14.2) , short term loans (Note-19) and markup and company appeal pending adjudication refer to Note-21(c) of the financial statements.

			2021 Rupees	2020 Rupees
15	**DEFERRED LIABILITIES**			
	Provision for Deferred Tax	**15.1**	96,072,265	93,063,066
	Staff retirement benefits - Gratuity	**15.2**	3,436,169	3,028,195
			99,508,434	96,091,261

15.1 PROVISION FOR DEFERRED TAXATION

	2021	2020
Taxable Temporary difference		
Accelerated Tax Depreciation Allowance	124,623,364	126,480,954
Deductable temporary difference		
Provision for gratuity	(534,258)	(573,040)
Provision for obsolete stock/stores and spares	-	(630,358)
Provision for doubtful receivables	-	(130,386)
Total Taxable/(Deductible) Difference	124,089,106	125,147,171
Effect of Accumulated Tax Losses	(28,016,840)	(32,084,107)
Deferred Tax Liability	**96,072,265**	**93,063,066**

			2021 Rupees	2020 Rupees
15.2	**Staff retirement benefits (defined benefit plans)**			
	The amounts recognized in the balance sheet are as follows:			
	Present value of defined benefit obligation (Note 15.3)		3,436,169	3,028,195
	Benefit Payable		-	-
	Liability as at 30 June 2021		3,436,169	3,028,195
	Net Liability as at 01 July 2020	15.3	3,028,195	2,469,506
	Charge to profit and loss account (Note 15.4)		1,830,515	1,954,370
	Benefit Payable		-	
	Payments		(1,593,900)	(981,625)
	Experience adjustment		127,643	(341,981)
	Acturial (Gains)/Losses from change in financial assumption		43,716	(72,075)
	Liability as at 30 June 2021		3,436,169	3,028,195
15.3	**Present value of defined benefit obligation**			
	Present value of defined benefit obligations		3,028,195	2,469,506
	Current service cost		1,640,859	1,672,406
	Interest cost		189,656	281,964
	Benefit paid		(1,593,900)	(981,625)
	Experience adjustment		-	-
	Acturial (Gains)/Losses from change in financial assumption		43,716	(72,075)
	(Gains)/losses arising on plan settlement		127,643	(341,981)
			3,436,169	3,028,195
15.4	**Charge to profit and loss account:**			
	Current service cost		1,640,859	1,672,406
	Interest cost		189,656	281,964
			-	-
			1,830,515	1,954,370
15.5	**Total Remeasurment Chargeable in other Comprehensive Income**			
	Actuarial (gains)/losses from changes in demoghaphic assumptions		-	-
	Actuarial (gains)/losses from changes in financial assumptions		43,716	(72,075)
	Experience adjustments		127,643	(341,981)
	Total remeasurements chargeable in OCI		171,359	(414,056)

The latest actuarial valuation for gratuity scheme was carried out on June 30, 2021 by M/s Nauman Associates under Projected Unit Credit Method, using the following significant assumptions for valuation of the scheme:

	2021 Rupees	2020 Rupees
Discount rate	10% p.a	8.5% p.a
Expected rate of salary increase in future years	9 % p.a	7.5 % p.a
Average duration of the defined benefits obligation	7 years	
Expected mortality rate of active employees	SLIC (2001-2005) Mortality Table	
Acturial Valuation Method	Projected Unit Credit Method	

The Company does not have any plan assets covering its post-employment benefits payable. The comparative statement of present value of defined benefit obligations is as under:

	2021	2020	2019	2018	2017
Present value of defined benefit obligation	3,436,169	3,028,195	2,469,506	1,146,776	56,693
Fair value of plan asset	-	-	-	-	-
Net liability	3,436,169	3,028,195	2,469,506	1,146,776	56,693

Year end sensitivity analysis on defined benefit obligation
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have resulted in present value of defined benefit obligation as stated below:

Discount rate + 100bps	3,204,342
Discount rate - 100bps	3,706,429
Salary Icrease + 100bps	3,733,201
Salary Icrease + 100bps	3,175,613

16 TRADE AND OTHER PAYABLES

		2021 Rupees	2020 Rupees
Creditors		3,893,921	7,259,906
Accrued expenses		23,800,570	18,642,240
Contract Liability(Advances from customers)		7,109,623	3,699,188
Security Deposit	16.1	9,500,000	9,500,000
Other payable		2,209,414	227,023
		-	-
		46,513,528	39,328,357

16.1 This represents security deposit received from United Textile to secure material, labor and FOH may incur on conversion like cotton to yarn and yarn to fabric. This security deposit is adjustable against overdue invoices. However there are no such adjustments during the year. Company has utilized (as per agreement) this security deposit to pay off its utility bills.

17 ACCRUED MARK-UP

	2021 Rupees	2020 Rupees
Accrued mark-up	32,676,328	32,676,328
	32,676,328	32,676,328

17.1 The break-up of accrued mark-up is as follows:

On long term loans from banking company	29,876,434	29,876,434
On short term borrowings from banking company	2,799,894	2,799,894
	32,676,328	32,676,328

18 LOAN FROM RELATED PARTIES DIRECTOR (Unsecured)

Loan from Director	8,950,000	16,755,276

This represents loan provided by the chief Executive of the company for the purpose of meeting working capital requirements. The loan is contractual, unsecured and interest free payable on demand, Detail of material Loan is hereunder:-

Loan from Director (Mr.Dilshad Ali)

Opening balance	16,755,276	35,433,355
Contribution during the year	522,000	1,160,000
Repayment during the year	(17,277,276)	(19,838,079)
Balance	-	16,755,276

Loan from Chief Executive (Mr.Khawar Almas Khawaja)

Opening balance	-	-
Contribution during the year	8,950,000	-
Repayment during the year	-	-
Balance	8,950,000	-

19 SHORT TERM BORROWINGS

From Banking Company: (SECURED)
National Bank of Pakistan

		2021 Rupees	2020 Rupees
Trust receipt	**19.1**	19,848,336	19,848,336
Cash finance (Pledge)	**19.2**	4,671,962	4,671,962
		24,520,298	24,520,298
		24,520,298	24,520,298

19.1 The trust receipt facility of Rs. 20.000 million (2020: Rs.20.000 million from National Bank of Pakistan (NBP) and it carries markup at the rate of 6 months Ask KIBOR + 2.00% p.a. with floor of 7.50% p.a. and no cap, and is payable on quarterly basis. The facility is secured against the trust receipt executed by the company plus collateral and securities mentioned in 19.3

19.2 The cash finance facility of Rs.40.600 million (2020: Rs.40.600 million is availed from National Bank of Pakistan (NBP) to meet working capital requirements of the company and at the rate of 6 months Ask KIBOR + 2.00% p.a. with floor of 7.50% p.a. and no cap, and is payable on quarterly basis.The facility is secured pledge of cotton, yarn and cloth stocks plus collateral and securities mentioned in 19.3

19.3 The above facilities of Demand Finance-I and II are secured against the following:

- First charge of Rs.220.000 Million on all the present/future fixed assets of the company.
- First pari passu charge of Rs.220.000 Million over all current assets of the company.
- Personal guarantees of directors of the company.

19.4 The company unable to pay as per terms of settlement and the NBP filed recovery suit against the company. The court awarded decree in aggregate of Rs. 103 million (Inclusive of long term loan (Note 14.1 &14.2) , short term loans (Note-19) and markup and company appeal pending adjudication refer to Note-21(c) of the financial statements.

		2021 Rupees	2020 Rupees
20 CURRENT & OVERDUE PORTION OF LONG TERM LIABILITIES-(SECURED)			
Current:			
Long term loans from banking companies			
- National Bank of Pakistan	**14**	-	-
		-	-
Overdue:			
Long term loans from banking companies			
- National Bank of Pakistan	**14**	47,388,393	47,388,393
		47,388,393	47,388,393
		47,388,393	47,388,393
		47,388,393	47,388,393

21 CONTINGENCIES AND COMMITMENTS

Contingencies:

(a) The company's passed order u/s 122(1)/122(5) read with section 122(9)/177 of the Income Tax Ordinance, 2001 for the tax year 2014 in which raised demand Rupees 38,295,313/- the company preferred appeal which is decided in favor of company and in balance no income tax is payable.Depatment preferred second appeal before the ATIR.

(b) Tax year 2016 selected for total audit through random computer ballot by FBR and assessment proceeding is pending before the deputy commissioner inland revenue CTO, Lahore.

(c) The National Bank of Pakistan has filed suit against the Company before the Honorable Lahore High Court, Lahore and the case has been decreed against M/S Hamid Textile Mills Limited and the company has filed the appeal in the Honorable High Court, Lahore against the decree. The expected decision may be recovery of Finances along with cost of fund.

In the opinion of the Legal advisor of the company, the point (a) to(c) in the contingencies, The company have good prima facie cases and the outcome of these cases will be settled in favor of the company.

Commitments:

There are no Commitments as at June 30, 2021 (2020: Nil).

			2021 Rupees	2020 Rupees
22	**SALES -NET**			
	Fabric	**22.1**	132,894,006	86,167,145
	Yarn	**22.2**	-	-
	Conversion income	**22.3**	179,306,377	172,260,274
	Waste	**22.4**	1,781,724	1,012,766
			313,982,107	259,440,185
22.1	Fabric Sale		132,894,006	86,167,145
	Sales Tax		22,591,981	14,648,415
	Discount		-	-
			155,485,987	100,815,560
22.3	Conversion Income		179,306,377	172,260,274
	Sales Tax		30,482,084	29,284,247
	Discount		-	-
			209,788,461	201,544,521
22.4	Waste Sale		1,781,724	1,012,766
	Sales Tax		302,893	172,170
	Discount		-	-
			2,084,617	1,184,936

			JUNE 2021 Rupees	JUNE 2020 Rupees
23	**COST OF SALES**			
	Raw material consumed	**23.1**	109,747,127	67,431,422
	Salaries, wages and other benefits	**23.2**	67,816,475	65,726,119
	Fuel and power		91,975,049	74,029,023
	Stores and spares consumed		17,456,076	12,809,061
	Doubling and sizing charges		330,000	575,250
	Repair and maintenance		64,950	1,330,600
	Travelling and Conveyance		7,048	60,500
	Other overheads		2,026,838	3,074,047
	Depreciation	**4.1.1**	27,140,841	29,756,930
			316,564,404	254,792,952
	Work-in-process			
	Opening stock		1,168,831	1,757,517
	Closing stock		(1,635,677)	(1,168,831)
			(466,846)	588,686
	Cost of goods manufactured		316,097,558	255,381,638
			2021 Rupees	**2020 Rupees**
	Finished goods			
	Opening stock		1,335,569	1,203,570
	Closing stock		(8,043,200)	(1,335,569)
			(6,707,631)	(131,999)
			309,389,927	255,249,639

23.1	**Raw material consumed**			
	Opening stock		17,074,148	18,972,982
	Add: Purchases including expenses		119,597,270	67,783,865
	Available for consumption		136,671,418	84,505,570
	Less: Closing stock		(26,924,291)	(17,074,148)
			109,747,127	67,431,422

23.2 Salaries, wages and benefits include Rs. 1,390,515/- (2020: Rs. 1,624,370/-) in respect of staff retirement benefits.

		2021 Rupees	2020 Rupees
24	**DISTRIBUTION COST**		
	Freight, clearing and forwarding	668,910	426,640
	Others	315,867	-
		984,777	426,640

24.1 Salaries and benefits include Rs. Nil (2020 Nil) in respect of staff retirement benefits.

			2021 Rupees	2020 Rupees
25	**ADMINISTRATIVE EXPENSES**			
	Directors' remuneration		3,600,000	3,600,000
	Salaries and benefits	**25.1**	9,412,541	7,040,358
	Travelling and conveyance		377,223	348,375
	Entertainment		412,743	136,369
	Printing and stationery		175,102	168,645
	Communication		255,446	245,895
	Repairs and maintenance		748,695	256,805
	Rent, rates and taxes		280,000	-
	Electricity, sui gas and water		192,388	533,784
	Fee and subscription		649,190	507,365
	Legal and professional charges		480,000	586,902
	Advertisement		40,000	52,500
	Auditors' remuneration	**25.2**	420,000	390,000
	General		273,200	113,361
	Depreciation		1,764,869	2,237,028
			19,081,397	16,217,387

25.1 Salaries and benefits include Rs 440,000/- (2020: 330,000/-) in respect of staff retirement benefits.

25.2	**AUDITORS' REMUNERATION**		
	Statutory audit	350,000	350,000
	Half Year Review	50,000	40,000
	Punjab Sales tax	20,000	-
		420,000	390,000

			2021 Rupees	2020 Rupees
26	**OTHER INCOME**			
	Profit on disposal of fixed assets		631,489	-
			-	-
			631,489	-
26.1	**OTHER EXPENSES**			
	Overdue balances of employees written off		-	465,663
	Provision for obsolete stock		-	2,251,277
			-	2,716,940
27	**FINANCE COST**			
	Bank charges		534,936	86,947
			534,936	86,947
28	**TAXATION**			
	Current	**28.1**	4,709,732	3,891,602
	Provision for deferred tax	**15.1**	3,009,200	(4,626,840)
			7,718,931	(735,238)

28.1 Minimum tax liability has been provided for in these accounts based on liability worked out under section 113 of the Income Tax Ordinance, 2001 (2020: Provision of section 113 was applicable under the Income Tax Ordinance, 2001). The Income Tax Returns of the company have been filed upto Tax year 2020.

			2021 Rupees	2020 Rupees
29	**EARNING / (LOSS) PER SHARE**			
29.1	**Earning / (loss) per share - Basic**			
	Net Profit / (loss) after taxation	(Rupees)	(23,096,371)	(14,522,129)
	Weighted average number of ordinary shares	(No. of shares)	13,271,600	13,271,600
		(Rupees)	(1.74)	(1.09)

29.2 Earning per share - Diluted

There is no dilution effect on the basic earning/(loss) per share of the company.

30	**CASH AND CASH EQUIVALENTS**			
	Cash and bank balances	11	6,787,924	745,251
			6,787,924	745,251

31 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies, directors and key management personnel. Amounts due to / from related parties are shown in the relevant notes to the financial statements. Transactions with related parties and associated undertakings other than remuneration and benefits to key management personnel under the terms of their employment are as follows:

Short term loan from director - net (Note No.18)	8,950,000	16,755,276

The vehicle disposal transaction is held with related parties (Director Mr. Dilshd Ali) on arm's length basis.(Note 4.4)

All transactions with related parties (if any) are at an arm's length except Loan from directors it is interest free loan to meet working capital requirements.

32 PLANT CAPACITY AND PRODUCTION

		2021	2020
WEAVING			
Looms installed	Nos.	60	60
Looms worked	Nos.	45	40
Production at normal capacity converted to 50 picks - 3 shifts per day	Sq. Mtrs.	3,285,000	3,285,000
Actual production at normal capacity converted to 50 picks - 2 (2020: 2) shifts per day	Sq. Mtrs.	2,090,000	1,929,945
SPINNING			
Rotors installed	Nos.	1,416	1,416
Rotors worked for the year	Nos.	1,136	1,036
Rated capacity converted to 10 count based on 3 shifts per day	Lbs.	9,593,640	9,593,640
Actual production converted to 10 count based on 3 (2020: 3) shifts per day	Lbs.	7,200,000	7,019,076

- It is difficult to determine precisely the production capacity in textile industry since it fluctuates widely depending on various factors such as count of yarn spun, rotors' speed, twists, width and construction of cloth woven etc. It also vary according to pattern of production.

- Weaving unit of the company has produced less than normal cloth due to the fact that third party cloth was produced on conversion basis as the market demand of yarn is comparatively better, while production of yarn has been increased. Production was highly dependent on the availability of orders. Moreover, some looms remained closed due to technical faults.

33 NUMBER OF EMPLOYEES

Number of employees at June 30, 2021			
	Permanent	38	40
	Contractual	130	152
		168	192
Average number of employees during the year		165	173

34 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these financial statements in respect of Chief Executive, Directors and Executives by the company as remuneration, allowances and perquisites is as follows:

PARTICULARS	Remuneration		No of Persons	
	2021	2020	2021	2020
Chief Executive	1,800,000	1,800,000	1	1
Director	1,800,000	1,800,000	1	1
Executives	3,905,278	3,005,244	4	2
Defined benefit plan charged during the year	200,000	200,000	2	2

Remuneration is paid only to Chief Executive and to one director only.

34.1 Some of the Directors and Executives of the Company are provided free use of Company maintained car and telephone.

34.2 No key management personal is awarded with any allowance but basic salary.

34.3 No meeting fee has been paid to Directors for attending meetings of Board of Directors.

35. FINANCIAL RISK MANAGEMENT

35.1 Financial risk factors

The company's activities expose it to a variety of financial risks including market risk (currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management policies focus on the unpredictability of financial markets and seek to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors, which provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

(a) Market risk

(i) Currency risk

It 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 from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The company is not exposed to any currency risk as it does not have any foreign debtors and creditors.

(ii) Other price risk

Other price risk represents 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. The Company is not exposed to any market price risk.

(iii) Interest rate risk

It represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no significant long-term interest-bearing assets. The Company's interest rate risk arises from long term financing and short term borrowings. As the borrowings obtained at variable rates has frozen its markup therefore there is no interest rate risk.

At the balance sheet date the interest rate profile of the Company's interest bearing financial instrument was:

	2021	2020
Floating rate instruments	(Rupees)	(Rupees)
Financial liabilities:		
Long term loans	-	-
Short term borrowings	24,520,298	24,520,298
Loan from director	8,950,000	16,755,276
Financial assets	-	-

Cash flow sensitivity analysis for variable rate instruments

The interest on short term borrowing is freezed as company's main lander has been filled the legal case for recovery of finance, in Honorable Lahore High court, therefore variation in interest by 1% higher/lower with all other variables held constant, loss after taxation for the year would have been Nil.

(b) Credit risk

It is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Carrying amounts of financial assets represent maximum exposure to credit risk and at the reporting date these are as follows:

	2021	2020
	(Rupees)	(Rupees)
Trade debts	9,818,319	24,906,160
Loans and advances	-	600,861
Trade deposits	345,000	200,000
Bank balances	6,418,440	268,278

The aging of the trade debts that are past due but not impaired at the reporting date is as follows:

Upto 1 month	5,987,921	19,003,232
1 to 6 months	2,786,579	2,786,472
6 to 12months	430,382	1,546,872
More than 12 months	635,120	1,569,584
	9,840,002	24,906,160

There are no trade debts to be written off during the year (2020: nil/-), however efforts are made to recover the debts more than six/twelve months old.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate:

	Rating			2021	2020
	Short Term	Long term	Agency	Rupees	Rupees
Banks					
National Bank of Pakistan	A1+	AAA	PACRA	-	-
Bank Alfalah Limited	A1+	AA+	PACRA	3,408	159,039
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA	1,004,409	19,865
Meezan Bank Limited	A-1+	AA+	JCR-VIS	5,410,622	89,374
				6,418,440	268,278

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 7.

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly the credit risk is minimal.

(c) Liquidity risk

It is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity by arranging sufficient cash balances from directors and financial institutions to ensure availability of sufficient funds to meet its liabilities when due. The following are the contractual maturities of financial liabilities, including interest payments:

	2021			
	Carrying amount	**Contractual cash flows**	**Upto one year**	**After one year**
	(Amount in rupees)			
FINANCIAL LIABILITIES				
Loan from Directors	8,950,000	8,950,000	8,950,000	-
Trade and other payables	46,513,528	46,513,528	46,513,528	-
Accrued markup	32,676,328	32,676,328	32,676,328	-
Current & overdue portion of long term liabilities	47,388,393	47,388,393	47,388,393	
Short term borrowings	24,520,298	24,520,298	24,520,298	-
	160,048,546	160,048,546	160,048,546	-

	2020			
	Carrying amount	**Contractual cash flows**	**Upto one year**	**After one year**
	(Amount in rupees)			
FINANCIAL LIABILITIES				
Loan from Directors	16,755,276	16,755,276	16,755,276	-
Trade and other payables	39,328,357	39,328,357	39,328,357	-
Accrued markup	32,676,328	32,676,328	32,676,328	-
Current & overdue portion of long term liabilities	47,388,393	47,388,393	47,388,393	
Short term borrowings	24,520,298	24,520,298	24,520,298	-
	160,668,652	160,668,652	160,668,652	-

The contractual cash flows relating to above liabilities have been calculated on the basis of mark-up rates effective on June 30, 2021. The rates of interest/markup have been disclosed in Note No.17, 19 and 20 to these financial statements.

35.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

35.3 CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

(Amounts in rupees)

PARTICULARS	2021						
	INTEREST BEARING			NON INTEREST BEARING			TOTAL
	Maturity up to one year	Maturity after one year	Sub Total	Maturity up to one year	Maturity after one year	Sub Total	
Financial Assets							
Trade debts	-	-	-	9,818,319	-	9,818,319	9,818,319
Loan and advances	-	-	-	2,940,431	-	2,940,431	2,940,431
Trade deposits	-	-	-	345,000	-	345,000	345,000
Cash and bank balances	-	-	-	6,787,924	-	6,787,924	6,787,924
	-	-	-	19,891,674	-	19,891,674	19,891,674
Financial Liabilities							
Loan from directors	-	-	-	8,950,000	-	8,950,000	8,950,000
Trade and other payables	-		-	39,403,905		39,403,905	39,403,905
Accrued mark-up	-		-	32,676,328		32,676,328	32,676,328
current and overdue portion of long term liability	47,388,393		47,388,393				47,388,393
Short term borrowings	24,520,298		24,520,298			-	24,520,298
	71,908,690	-	71,908,690	81,030,233	-	81,030,233	152,938,923
On balance sheet gap	(71,908,690)	-	(71,908,690)	(61,138,559)	-	(61,138,559)	(133,047,249)

PARTICULARS	2020						
	INTEREST BEARING			NON INTEREST BEARING			TOTAL
	Maturity up to one year	Maturity after one year	Sub Total	Maturity up to one year	Maturity after one year	Sub Total	
Financial Assets							
Trade debts	-	-	-	24,906,160	-	24,906,160	24,906,160
Loan and advances	-	-	-	135,198	-	135,198	135,198
Trade deposits	-	-	-	200,000	-	200,000	200,000
Cash and bank balances	-	-	-	745,251	-	745,251	745,251
	-	-	-	25,986,609	-	25,986,609	25,986,609
Financial Liabilities							
Loan from directors	-	-	-	16,755,276	-	16,755,276	16,755,276
Trade and other payables	-	-	-	35,629,169	-	35,629,169	35,629,169
Accrued mark-up	-	-	-	32,676,328	-	32,676,328	32,676,328
current and overdue portion of long term liability	47,388,393	-	47,388,393	-	-	-	47,388,393
Short term borrowings	24,520,298	-	24,520,298	-	-	-	24,520,298
	71,908,691	-	71,908,691	85,060,773	-	85,060,773	156,969,464
On balance sheet gap	(71,908,691)	-	(71,908,691)	(59,074,164)	-	(59,074,164)	(130,982,854)

36 CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets to reduce debt.Consistent with others in industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by the total capital employed. Borrowings represents long term financing and short term borrowings obtained by the Company as referred to in Note No.14, 18 and 19. Total capital employed includes 'total equity' as shown in the balance sheet plus 'borrowings'.

As on the balance sheet date, the gearing ratio of the Company was as under:

		2021	2020
Borrowings	Rupees	113,535,018	121,340,295
Total equity	Rupees	227,568,915	250,836,646
Total capital employed	Rupees	341,103,933.14	372,176,940
Gearing ratio	%	49.89	48.37

37 FAIR VALUE MEASUREMENTS-FINANCIAL INSTRUMENTS

The company does not have any financial assets which qualify for the following levels.

Level 1: The fair value of financial instruments traded in active markets (Such as publicly traded derivatives, and trading and available for sale securities) is based on quoted market prices at the end of reporting period. The quoted market price used for financial assets held by the company is the current bid price. These instruments are included in Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (For example, over the counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates. If all the significant inputs required to fair value an instrument is observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

38 IMPACT OF COVID-19 (CORONA VIRUS)

The pandemic of COVID-19 that rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. On 23 March 2020, the Government of the Punjab and the Government of Sindh announced a temporary lock down as a measure to reduce the spread of the COVID–19. Complying with the lockdown, the Company temporarily suspended its operations. After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company resumed its operations and took all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowdown in economic activity. The lockdown caused disruptions in supply chain including supply of goods to the customers resulting in a decline in sales. Subsequent to the year ended 30 June 2021, due to significant reduction in outbreak, demand for the Company's goods is fast reverting back to normal levels. Due to this, management has assessed the accounting implications of these developments on these financial statements, including but not limited to the following areas:

- expected credit losses under IFRS 9 'Financial Instruments';
- the impairment of tangible assets under IAS 36 'Impairment of Assets';
- the net realisable value of inventory under IAS 2, 'Inventories';
- provisions and contingent liabilities under IAS 37 Provisions, Contingent Liabilities and Contingent Assets'; and
- going concern assumption used for the preparation of these financial statements.

According to management's assessment, there is no significant accounting impact of the effects of COVID-19 in these financial statements.

39 OPERATING SEGMENTS

These financial statements have been prepared on the basis of single reportable segment.
Sales of textile goods represent total sales of the Company.
100% (2020: 100%) of the sales of the Company relates to customers in Pakistan especially in Punjab.
All non-current assets of the Company at 30 June 2021 are located in Pakistan.
49.1087% (2020: 51.62%) of the total sales of the Company are made to a single customer in Faisalabad Punjab.

40 DATE OF AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements are authorised for issue on 2nd October, 2021 by the board of directors of the company.

41 GENERAL

Corresponding figures have been re-arranged/re-grouped, wherever necessary, for the purpose of comparison.

Figures are rounded off to nearest Rupee.

Chief Executive	Chief Financial Officer	Director

THE COMPANIES ACT, 2017 **FORM 34**
(Section 227(2)(f))
PATTERN OF SHAREHOLDING

1.1 Name of the Company **HAMID TEXTILE MILLS LIMITED**

2.1. Pattern of holding of the shares held by the shareholders as at **30-06-2021**

2.2 No. of Shareholders	------Shareholdings------ From	To	Total Shares Held
13	1	100	1,300
227	101	500	110,100
10	501	1,000	10,000
12	1,001	5,000	34,400
2	5,001	10,000	14,800
1	10,001	15,000	10,500
1	15,001	20,000	18,000
1	35,001	40,000	36,000
1	40,001	45,000	42,100
1	45,001	50,000	50,000
1	55,001	60,000	55,900
1	75,001	80,000	79,900
1	80,001	85,000	84,200
1	90,001	95,000	95,000
15	95,001	100,000	1,463,000
1	800,001	805,000	801,350
1	820,001	825,000	820,300
1	835,001	840,000	839,040
1	910,001	915,000	913,900
1	1,170,001	1,175,000	1,171,410
1	1,185,001	1,190,000	1,187,900
1	2,450,001	2,455,000	2,455,000
1	2,975,001	2,980,000	2,977,500
296			**13,271,600**

2.3 Categories of shareholders	Share held	Percentage
2.3.1 Directors, Chief Executive Officers, and their spouse and minor children	2,459,000	18.5283
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	-	-
2.3.3 NIT and ICP	42,100	0.3172
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	2,977,500	22.4351
2.3.5 Insurance Companies	146,000	1.1001
2.3.6 Modarabas and Mutual Funds	913,900	6.8861
2.3.7 Share holders holding 10% or more	5,432,500	40.9333
2.3.8 General Public		
a. Local	6,733,100	50.7331
b. Foreign	-	-
2.3.9 Others (to be specified)		

DETAIL PATTERN OF SHAREHOLDING AS PER REQUIREMENT OF CODE OF CORPORATE GOVERNANCE

AS AT JUNE 30, 2021

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):		-	-
Mutual Funds (Name Wise Detail)		-	-
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	MR. MOHAMMAD ALAMGIR	1,000	0.0075
2	MR. KHAWAR ALMAS KHAWAJA	2,455,000	18.4981
3	MRS. NIGHAT KHAWAR	1,000	0.0075
4	MR. ABID HUSSAIN	500	0.0038
5	MR. DILSHAD ALI	500	0.0038
6	MR. ZEESHAN ALI QAMAR	500	0.0038
7	MRS. KHUSHBU AMMAD	500	0.0038
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		4,037,400	30.4214
Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)			
1	BANKER EQUITY LIMITED	2,977,500	22.4351
2	MR. KHAWAR ALMAS KHAWAJA	2,455,000	18.4981
3	MR. AHSAN AFZAL	1,187,900	8.9507
4	MRS. MOMINA KHAWAR ALI	1,171,410	8.8264
5	IST. HAJVERI MODARABA	913,900	6.8861
6	MR. FARRUKH HASSAN KHAWAJA	839,040	6.3221
7	MR. MUHAMMAD AYUB KHAN	820,300	6.1809
8	MR. ZARIEN BASHAR	801,350	6.0381

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S.No.	NAME	SALE	PURCHASE
	NIL		

FORM OF PROXY

I/We, Mr./Miss/Mrs. ____

S/o, D/o, W/o Mr.____in the

District of being member(s) of **HAMID TEXTILE MILLS LIMITED** and holding ordinary shares

as per Registered Folio No. ___________ hereby appoint Mr./Miss/Mrs. _______________

S/o, D/o, W/o Mr. ________________ as per Registered Folio No. ____________

Of ___________ (failing him/her) Mr./Miss/Mrs. ____________ S/o, D/o, W/o ___________

____________ of ____________ as per Registered Folio No. ____________

as my/our Proxy in my absence to attend for me and my/our behalf at the Annual General Meeting of the company to be held at registered office, 133 A-I, Block A, Model Town Lahore.

on _____________ (date) at ___________ (time) and at any adjournment thereof.

Signed this ______________ day of October, 20___.

Member's Signature

Revenue Stamp

(Witness) ________________

Signature

Folio Number

Notes:

1. Revenue stamp of Rs. 5/- to be affixed.
2. A member entitled to attend at the Annual General Meeting of the Company is entitled to appoint a proxy instead of him/her. No person shall act as proxy (except for corporation) unless he is entitled to present on this own.
3. The instrument appointing a proxy should be signed by the member(s) so or by him/her attorney duly authorized in writing, if the member is a corporation its common seal should be affixed.
4. This proxy form, duly completed, must be deposited at the Company's Registered Office not later than 48 hours before the time of holding the meeting and through their original CNIC/Passport and providing a copy thereon.
5. The signature on the instrument of proxy must agree with the specimen signature recorded with the company.
6. A proxy must be a member of the Company.

تشکیل نیابت داری

عام حصص بمطابق شیئر رجسٹر / فلیو نمبر

تعداد حصص

میں ہم ....

ساکن ....

بطور حمید ٹیکسٹائل ملز لمیٹڈ کے رکن و حامل ....

ساکن: .... یا بصورت دیگرے ....

ساکن: .... کو اپنی جگہ، بروز بدھ 27 اکتوبر 2021 صبح 11:30 بجے آفس کے پتہ A-1 133 بلاک A ماڈل ٹاؤن لاہور میں منعقد یا ملتوی ہونے والے سالانہ اجلاس عام میں رائے دہندگی کیلئے اپنا نمائندہ مقرر کرتا / کرتی ہوں۔

دستخط مورخہ .... اکتوبر 2021

دستخط

____

گواہی

1: دستخط ....

نام ....

قومی شناختی کارڈ ....

پتہ ....

1: دستخط ....

نام ....

قومی شناختی کارڈ ....

پتہ ....

ضروری:

(i) پراکسیز کے مئوثر ہونے کیلئے لازم ہے کہ وہ اجلاس سے 48 گھنٹے قبل کمپنی کو موصول ہوں۔ سی ڈی سی کے حصص یافتگان اور کے نمائندوں سے التماس ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی پروکسی فارم کے ساتھ کمپنی میں جمع کروائیں۔

(ii) پروکسی کو اجلاس کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔

(ii) کارپوریٹ اینٹٹی کی صورت میں ڈائریکٹرز کی قرارداد مع نامزد فرد کے دستخط کا نمونہ (اگر پہلے فراہم نہ کئے گئے ہوں) پروکسی فارم کے ہمراہ کمپنی کو پیش کرنے ہوں گے۔

حمید ٹیکسٹائل ملز لمیٹڈ
اطلاع برائے سالانہ اجلاس عام

بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ حمید ٹیکسٹائل ملز لمیٹڈ کا چونتیسواں سالانہ اجلاس عام بروز بدھ 27 اکتوبر 2021 کو 11:30 بجے صبح واقع رجسٹرڈ آفس 133-A-1، بلاک A، ماڈل ٹاؤن، لاہور درج ذیل امور کی انجام دہی کیلئے منعقد ہوگا۔

1۔ پچھلے تینتیسواں سالانہ اجلاس عام منعقدہ 26 اکتوبر 2020 بروز پیر کی کاروائی کی تصدیق۔

2۔ کمپنی کے 30 جون 2021 کو مختتمہ سال کیلئے آڈٹ شدہ اکاؤنٹس معہ ڈائریکٹران، چیئرمین اور آڈیٹروں کی رپورٹس کی وصولی غور وخوص اور منظوری۔

3۔ 30 جون 2022 کو ختم ہونے والے سال کیلئے آڈیٹران کا تقرر اور اُن کے مشاہرے کا تعین۔ موجودہ آڈیٹران میسرز HLB اعجاز تبسم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس جو کہ ریٹائر ہو رہے ہیں دوبارہ انتخاب کیلئے اپنے آپ کو پیش کرتے ہیں۔

4۔ چیف ایگزیکٹو کے ماہانہ معاوضہ 250,000 روپے اور دیگر مراعات گاڑی مینٹیننس وفیول کی مد میں الاؤنس ماہانہ -/50,000 روپے کی بمطابق کمپنی پالیسی کی منظوری۔

5۔ جناب چیئرپرسن کی اجازت سے دوسرے کاروباری معاملات زیرغور لانا۔

چیف ایگزیکٹو اپنی تنخواہ ودیگر مراعات کی حد تک قرارداد میں دلچسپی رکھتے ہیں۔

بحکم بورڈ رالف نذیر اللہ کمپنی سیکرٹری لاہور 02 اکتوبر 2021

نوٹس:

1۔ کمپنی کے حصص منتقلی کی کتابیں 22 اکتوبر 2021 تا 28 اکتوبر 2021 (بشمول دونوں دن) بند رہیں گی۔

2۔ ممبر جو اجلاس ہذا میں شرکت کرنے اور ووٹ دینے کا استحقاق رکھتا ہو کسی دیگر ممبر کو اپنی جگہ اجلاس میں شرکت کرنے اور ووٹ دینے کیلئے اپنا پراکسی مقرر کر سکتا / سکتی ہے۔ کارپوریٹ ادارے کی صورت میں ووٹ پراکسی یا اٹارنی کے ذریعے دینا ممکن ہے۔ دونوں صورتوں میں پراکسیاں موثر کرنے کیلئے کمپنی کے اجلاس سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس یا کمپنی کے شیئر رجسٹرار میسرز کورپ لنک پرائیوٹ لمیٹڈ کو لازماً موصول ہونی چاہیں۔

3۔ اوریجنل کمپیوٹرائزڈ شناختی کارڈ کی فراہمی ہمراہ اکاؤنٹس تفصیلات حصص داران / پراکسی کی شناخت کیلئے لازمی ہے۔ اجلاس کے وقت کارپوریٹ ادارے کی صورت میں بورڈ کے ڈائریکٹروں کی قرارداد / پاور آف اٹارنی ہمراہ نمونہ دستخط نامینی (اگر پہلے جمع نہیں کروائے) تو پراکسی کیساتھ جمع کروانے ہونگے۔

4۔ کمپنی ایکٹ 2017 سیکشن (2)132 کے تحت کمپنی ان ممبران جو ٹوٹل پیڈ اپ کیپٹل کا %10 حصص داران ہیں، اور کسی ایسے شہر کارہائشی ہیں جہاں سالانہ اجلاس منعقد نہیں ہو رہا انکو کمپنی وڈیولنک کی سہولت فراہم کرسکتی ہے اور یہ سہولت ممبران کی طرف سے اجلاس سے کم از کم 7 یوم پہلے تحریری درخواست کی وصولی کے عوض فراہم ہوگی۔

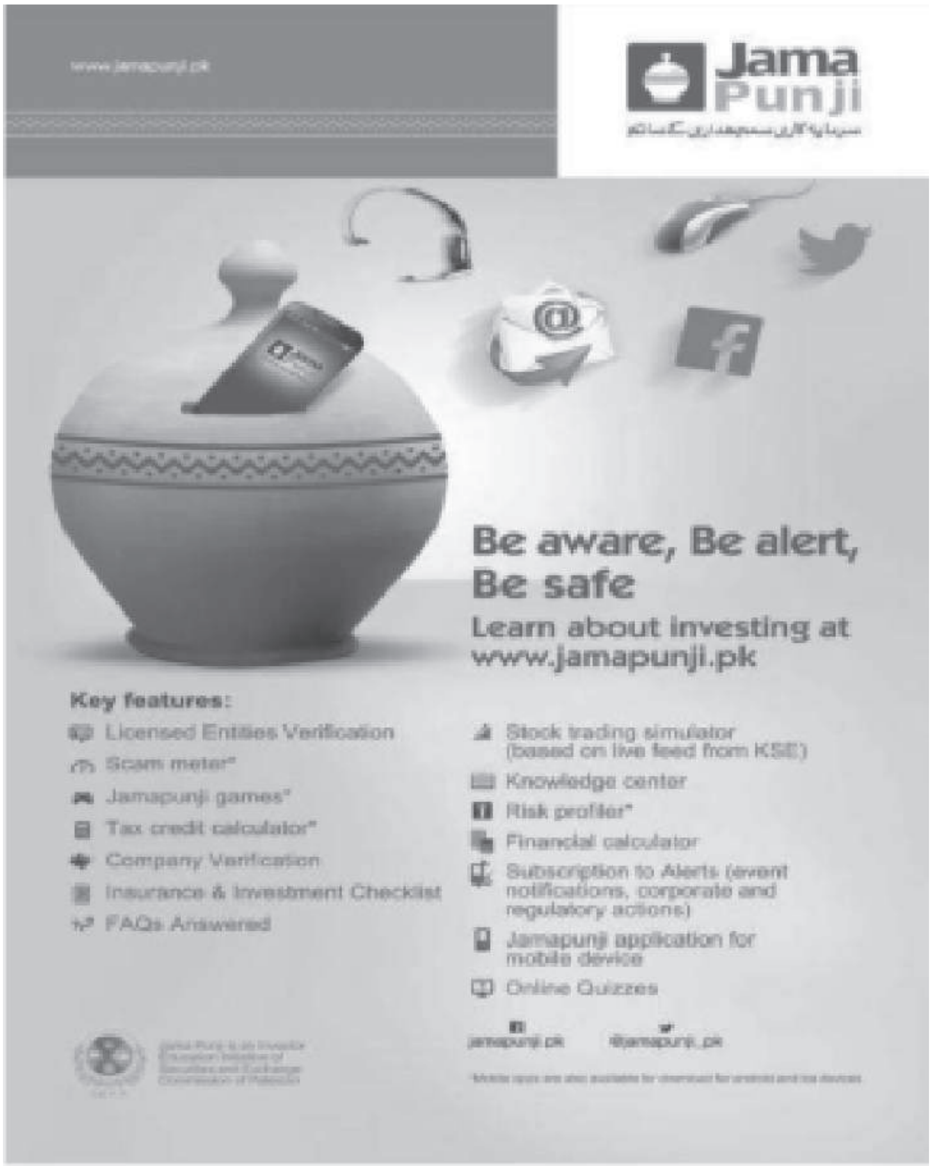
5۔ ایس ای سی پی کے جاری کردہ 2021 کے سرکلر نمبر 4 کے مطابق شیئر ہولڈر جو عمومی طور پر اجلاس میں بذریعہ وڈیو لنک شرکت کرنا چاہتے ہیں ان سے درخواست کی جاتی ہے کہ وہ میٹنگ کی تاریخ سے کم از کم سات یوم پہلے کمپنی کے رجسٹرڈ آفس ایڈریس پر بذریعہ کوریئر درج ذیل معلومات شیئر کریں۔

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

6۔ سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے اپنے 787SRO(I)2014 کے تحت ممبران کی رضامندی پر کمپنی کے فنانشل سٹیٹمنٹ اور نوٹسز کا اجراء بذریعہ ای میل فراہم کرنے کی سہولت دی ہے۔ لہذا جو ممبران بذریعہ ای میل آڈٹ شدہ اکاؤنٹس کی وصولی چاہتے ہیں وہ تحریری درخواست ہمراہ موجودہ ای میل ایڈریس ارسال کریں۔ فارم کمپنی کی ویب سائٹ www.hamid-textile.com پر موجود ہے۔

۔ کمپنی کے سالانہ حسابات کمپنی کی ویب سائٹ www.hamid-textile.com پر جاری کر دیئے گئے ہیں۔ تاہم طلب کرنے پر کمپنی اپنے حصص داران کو انفرادی طور پر حسابات کی طبع شدہ کاپی درخواست موصول ہونے پر انکے رجسٹرڈ پتہ پر ایک ہفتے کے اندر بلا معاوضہ فراہم کرے گی۔

7۔ جیسا کہ پہلے درخواست کی گئی ممبران سے دوبارہ گذارش ہے کہ: (ا)۔ اگر پہلے Valid شناختی کارڈ فراہم نہیں کیا تو براہ مہربانی درست شناختی کارڈ کی کاپی فراہم کریں۔ (ب)۔ پتہ میں تبدیلی کے بارے میں فوری آگاہ کریں۔



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