



ANNUAL REPORT

2021



In the Name of Almighty Allah The Most Beneficient
The Most Merciful

COLONY TEXTILE MILLS LIMITED
ACCOUNTS FOR THE YEAR
ENDED
JUNE 30, 2021

Vision



To explore and create opportunities, remain at the forefront of innovation and meet the expectations of stakeholders at every stage, every year, while remaining humble in perception and true to our values.

Mission



To take Colony to new heights with an eye on the future; for the business, for our employees and for our stakeholders

Business Ethics and Practices

Our Core business is to produce and supply of Textile Products to local and international customers with best quality standards and efficient services. Customer satisfaction being our top priority, we follow the under mentioned business practices for the achievement of the desired results of customer satisfaction.

HUMAN RESOURCE DEVELOPMENT

We believe in individual respect and growth. Our employment and HR policies develop individuals without race, religion, gender or any discrimination factor. We provide equal opportunities to all the employees under a team based working environment. We provide all the possible support to all our employees to enhance their knowledge and vision keeping in view of their own limitations.

SOCIAL AND COMMUNITY COMMITMENTS

We believe in community development. We contribute our resources, both financial and ethical, in supporting all the deserving individuals of the society. We feel it is our responsibility to play our role in the development of the society and do maximum within our own limitations for the community at large.

RISK MANAGEMENT

Our risk management policies are geared to enhance share holders worth, improve credit worthiness and minimize credit risk while diversifying income, along with suppliers and customers base. We strongly believe in having an excellent relationship with our financial institutions as we take them as our business partners.

TRANSPARENT FINANCIAL POLICIES

Our financial polices are based on the principal of fairness and transparency. We are following all the applicable laws and best accounting practices while preparing the financial statements for the stakeholders.

CORPORATE GOVERNANCE

We as a responsible corporate citizen strongly adhere to the Corporate Governance principles and comply with the regulatory obligations enforced by regulatory agencies for improving corporate performance. We believe in up rightness of performance and expect it to be a fundamental responsibility of our employees to act in the best interest of the company without compromising on the rules and regulations enforced by the regulators.

MARKETING AND INDUSTRY PRACTICES

All our marketing polices are customer focused. We believe in One Window Solution and customer satisfaction. Our marketing policy is only based on these two parameters and to achieve this we ensure best quality and efficient response to customers. As a long term marketing strategy we are focusing on diversification, value addition of our products while making a close liaison with markets, customers and their needs.

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Company Information

Board Of Directors

Mr. Mughis A. Sheikh	(Chairman)
Mr. Fareed Mughis Sheikh	(Chief Executive Officer)
Mr. Muhammad Tariq	
Mr. Muhammad Atta ullah Khan	
Mr. Muhammad Ashraf Saif	
Mr. Abdul Hakeem Khan Qasuria	
Mrs. Noshaba Faiz	

Board Committees

Audit Committee

Mr. Abdul Hakeem Khan Qasuria	(Chairman)
Mrs. Noshaba Faiz	
Mr. Muhammad Ashraf Saif	

HR & Remuneration Committee

Mr. Muhammad Atta ullah Khan	(Chairman)
Mr. Muhammad Ashraf Saif	
Mr. Abdul Hakeem Khan Qasuria	

Other Management Committees

Executive Committee

Mr. Fareed Mughis Sheikh	(Chairman)
Mr. Muhammad Tariq	
Mr. Muhammad Atta ullah Khan	

Technical Committee

Mr. Fareed Mughis Sheikh	(Chairman)
Mr. Muhammad Tariq	
Mr. Noor Khan	

Finance Committee

Mr. Fareed Mughis Sheikh	(Chairman)
Mr. Atta Mohyuddin Khan	
Mr. Bilal Ahmad Khan Niazi	

Social Compliance & Human Resource Committees

Mr. Fareed Mughis Sheikh	(Chairman)
Mr. Muhammad Atta ullah Khan	
Mr. Atta Mohyuddin Khan	

Company Information

Chief Financial Officer

Mr. Atta Mohyuddin Khan

Company Secretary

Mr. Muhammad Tayyab

Auditors

Tariq Abdul Ghani Maqbool & Co.
Chartered Accountants

Legal Advisor

BNR
Advocates and Corporate Counsel

Tax Advisor

Riaz Ahmad & Company
Chartered Accountants

Registered Address

Ismail Aiwan-e-Science Building
205 Ferozepur Road, Lahore-54600
Phone : 042-35758970-2
Fax : 042-35763247
Email : corporate@colonytextiles.com
Website: www.colonytextiles.com

Share Registrar

Hameed Majeed Associates (Pvt.) Limited
HM House, 7 Bank Square
Lahore.
Phone: (042) 37235081-2, Fax: 042-37358817
Email : shares@hmaconsultants.com

Bankers

Bank Islami Pakistan Limited
Meezan Bank Limited
Faysal Bank Limited
Habib Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Silk Bank Limited
The Bank of Punjab
United Bank Limited
Summit Bank Limited

Notice of Annual General Meeting

Notice is hereby given that the 11th Annual General Meeting of Colony Textile Mills Limited will be held on Thursday, October 28, 2021 at 10:00 hours at Ismail Aiwana-e-Science Building, 205-Ferozepur Road, Lahore to transact the following business:

1. To confirm the minutes of 10th Annual General Meeting held on October 28, 2020.
2. To receive, consider and adopt the Annual Audited Un-consolidated and Consolidated Financial Statements of the Company for the year ended June 30, 2021 together with Directors' and Auditors' Reports thereon.
3. To appoint the Company's Auditors and to fix their remuneration for the next Financial Year 2021-22.
4. Any other business with the permission of Chairman.

By Order of the Board

Muhammad Tayyab
Company Secretary

Lahore:
October 06, 2021

NOTES:

- i. The Share Transfer Books of the Company will remain closed from October 21, 2021 to October 28, 2021 (both days inclusive).
- ii. A member eligible to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote. In case of a 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 not later than 48 hours before the time of holding Annual General Meeting.
- iii. In light of threat posed by Covid-19 and under the instructions of Securities and Exchange Commission of Pakistan (SECP) facility of Video Link is available for shareholders to attend/participate in Annual General Meeting to avoid the public gathering to protect the health of valued shareholders' and their well-being. To attend the General Meeting through video link, members and proxies are requested to register their particulars such as Name, CNIC Number, Folio/CDC Account Number, Cell Number and eMail Address by sending an e-mail at corporate@colonytextiles.com at earliest but not later than 48 hours before the meeting time.
The video link and login credentials will be shared with the shareholders whose e-mails, containing all the requested particulars, are received in time as mentioned above. The shareholders are also encouraged to send their comments / suggestions, related to the agenda items of the General Meeting on the above-mentioned e-mail address.
- iv. The Annual Report is being transmitted to shareholders in the form of DVD instead of sending it in Book form in terms of SRO No. 470(I)/2016 dated May 31, 2016 and is also available at website of the Company at www.colonytextiles.com. Any Member requiring printed copy of Annual Report may send request using a standard Request Form placed on the Company's website.

Notice of Annual General Meeting

- v. In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 787 (I)/2014 dated September 8, 2014, those shareholders who desire to receive Annual Financial Statements in future through email instead of receiving the same by post, are advised to give their formal consent along with their valid email address on a standard request form which is available at the Company's website and send the form, duly signed by the shareholder, along with copy of his/her CNIC to the Company's Registered Office.
- vi. Shareholders who could not collect their dividend/physical shares are advised to contact our Share Registrar to collect/inquire about their unclaimed dividend or shares, if any.
- vii. Members can also avail video conference facility at their hometown. In this regard fill the application as per following format and submit to the registered address of the company. The video conference facility will be provided only If the company receives consent from members holding in aggregate 10% or more shareholding residing at geographical location at least 07 days prior to the date of general meeting. Upon receipt of request, the company shall arrange and intimate members regarding venue of video conference facility at least 5 days before the date of Annual General Meeting with guidelines to participate in video conference.

I / We----- of ----- being member of Colony Textile Mills Limited, holder of ----- Ordinary shares as per Register Folio # / CDC Account # / Participant Id # hereby opt for Video conference facility at-----.

Signature of shareholder

- viii. Members can exercise their right to vote through e-voting or postal ballot subject to provisions of sections 142, 143, 144 and 145 of the Companies Act, 2017 and Regulation 11 of the "Companies (Postal Ballot) Regulations, 2018".
- ix. In compliance of directions of SECP through its letter number CSD/ED/MISC/2016-639-640 dated March 26, 2021 and the provisions of Section 72 of the Companies Act, 2017, the Shareholders having physical shareholding are requested to open sub-account with any of the broker or Investor account directly with CDC to place their physical shares into scrip-less form. This will facilitate them in many ways including safe custody and sale of shares, at any time they want, as the trading of physical shares is not permitted as per existing regulations of the stock exchange.
- x. The Members are again advised:
 - i) To provide the copies of their valid CNIC's if not provided earlier to update the members register.
 - ii) To notify the change of address immediately, if any.

CHAIRMANS' REVIEW

The Board of Colony Textile Mills Limited consists of:

Mr. Mughis A. Sheikh (Chairman)
 Mr. Fareed Mughis Sheikh (Chief Executive Officer)
 Mr. Muhammad Tariq
 Mr. Muhammad Attaullah Khan
 Mr. Abdul Hakeem Khan
 Mr. Ashraf Saif
 Ms. Noshaba Faiz

I am pleased to present the report on the overall performance of the board and effectiveness of its role in achieving the company's objectives as well as ensuring overall compliance of Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2017. I would take this opportunity to invite you for the Annual General Meeting of the company.

The board members are aware of the high level of ethical and professional standards laid down in our Mission and Vision statements which are adopted by the company and fully support the same in attaining the objectives detailed there in.

The composition of Board of Directors reflects mix of varied backgrounds and rich experiences in the fields of business, finance, banking and human resource.

The board is responsible for management of the company, formulates all significant policies and strategies. The board acknowledges its responsibility for Corporate and Financial Reporting Framework and is committed to good Corporate Governance. The Board is aware of the importance of its role in achieving the objectives of the company and devoted and focused towards company's values, mission and vision.

During the year, the Board of Directors focused on future strategies and on setting the operational and financial goals. The Board regularly tracked the progress against the budgeted targets. The Subcommittees of the Board also performed their functions as per their terms of reference during the year under review. The Board carried out reviews of its effectiveness and performance during the year which have been satisfactory.

During the financial year 2020-21, the board met six times. These meetings were conducted as per best practices and complying with all the regulatory requirements. In order to achieve the corporate objective, the board strictly monitored the performance of the sub committees to get maximum output. The board also monitored the quality standards of the company's products, compliance with best corporate practices and governance, stable and continual growth, encouraging diversity and ethical behavior and development of skills to attain advancement and excellence. The board is also well aware of its responsibilities for health safety and environment. We are very much satisfied with our efforts towards corporate social responsibility and are motivated to further extend it.

On behalf of the Board, I would like to thank our valued customers for their continued confidence in the company, the financial institutions for their support and our most valuable employees and executives for their dedication and hard work and loyalty.



Mughis A. Sheikh
 Chairman
 October 06, 2021

Directors' Report to the Members

On behalf of the Board of Directors, I present before you the annual report of the company along with audited financial statements for the year ended June 30, 2021. In compliance with the Code of Corporate Governance, these financial statements have been endorsed by the Chief Executive Officer and Chief Financial Officer of the company, recommended for approval by the Audit Committee of the Board and approved by the Board of Directors for presentation.

Your company has achieved sales of Rs. 25,469 million as compared to the last year sales of Rs. 17,700 million. The gross profit for the year is Rs. 2,229 million against previous year's gross profit of Rs. 946 million. The bottom line showed a net profit of Rs. 748 million with earnings per share of Rs. 1.50 as compared to the net loss of Rs. 375 million with loss per share of Rs. 0.75 for the last year.

The Corona virus pandemic shaped this whole year and maybe many years to come. While Pakistan and the whole world suffered the hardships caused by this devastation, it also presented a unique opportunity for Pakistan. Our government, unlike most countries, enforced only limited and smart lockdown while putting all its efforts in keeping its industries and trade running at full throttle. This step not only help the masses to quickly recover from the sufferings of the pandemic but also made it possible for the industries to have their products available when large part of the world's industries was shut. Our textile industry was a big beneficiary of this policy. Not only did this rejuvenate the industry but also motivated everyone to take up major projects of BMR, vertical integration and expansions.

It is a known fact that the textile industry is the backbone of Pakistan. Realizing this fact and the massive growth potential in exports, the government offered very attractive short and long term financing facilities. This resulted in accelerated investments in medium and large-scale projects and would go a long way in earning much needed foreign exchange for our country. Unfortunately, your company was unable to take benefit from any of these facilities.

Though the above mentioned steps have a very positive effect but simultaneously the cost of doing business is sky rocketing in Pakistan which has a high risk of making Pakistan's products unviable globally once some sense of stability prevails in the world. The domestic market has already started facing the heat since a few months as consumers are unable to afford the textile goods at such high prices. Spinning mills, power looms and processing mills based on our domestic markets are already faced with inventory build-up and stuck up credits, forcing them to curtail productions.

PRINCIPAL ACTIVITIES

The principal activities of the company is manufacturing and sale of yarn, fabrics, garments made ups and trading in real estate.

SPINNING SEGMENT

Pakistan's cotton crop was a major disaster this year. To mitigate this shortfall, mills with sufficient banking lines were able to import large quantities of cotton at most competitive prices before the market flared up. The same phenomenon was seen in the synthetic fiber segment as well. This great advantage of procuring raw materials in timely fashion, on the strength of banking lines, helped mills achieve unprecedented profits. Unfortunately, your company had to purchase raw materials on short term basis, due to lack of financing lines and was unable to maximize its profit potential.

With our aging plant and machinery, it was essential to add diversity to our product range and widen our customer base. Resultantly, your company has started producing Ring-Spun Poly-Cotton and Poly-Viscose yarns along with Poly-Cotton Open-End yarns. We believe that it would not only help us in developing into a one window supplier but also mitigating single market segment pressures.

WEAVING SEGMENT

Due to rapidly increasing yarn prices the weaving sector had to work very hard to maintain its competitive edge. The demand for greige fabric stayed strong throughout the year but due to expensive inputs the spread was not as attractive. To mitigate this challenge and that of a dated machinery set up, we take pride in working hard day and night in developing a strong customer base, diversity of products with dependable quality and service.

REAL ESTATE SEGMENT

There is no movement/activity in real state segment during the year.

Directors' Report to the Members

STITCHRITE (PRIVATE) LIMITED. A WHOLLY OWNED SUBSIDIARY

StitchRite is a wholly owned subsidiary of Colony Textile Mills Limited and it has been set up to enter into the value added sector of Work Wear Garments. Appreciating the huge potential that this segment holds and for the growth and smooth working of this entity, the paid up capital has been increased from Rs. 1 million to Rs. 100 million.

The company is currently going through the phase of product development and trial orders. The initial response from the customers is very encouraging and we are very hopeful that very soon we would be able to establish a reliable and rewarding client base.

DIRECTORS' LOAN

The Sponsor Directors are truly committed to the well being of the company, interest free Sub-ordinated loan of Rs. 120 million from an Executive Director still exists to support this financial situation.

During the year a non-executive director has gifted the interest free loan of Rs. 265 million but this amount is still outstanding and classified in trade and other payables.

ELECTION OF DIRECTORS

During the year Election of Directors was held on October 28, 2020. Mr. Muhammad Ikram ul Haq did not participate in the election after expiry of his term.

DIVIDEND

Considering the financial results of the company for the year ended June 30, 2021 the management has not recommended any dividend in this year.

NON FINANCIAL PERFORMANCE

Quality, customer's satisfaction, employee's development and professional standards are key areas where management has been taken measures to improve them. The company is currently producing and supplying high quality products which ensure maximum satisfaction of customers. During the year the company has conducted various performance appraisals for the development of existing human capital. The company is maintaining a highly satisfactory relationship with all stakeholders. The company has formed various committees which are responsible for the effective monitoring of key areas.

FUTURE OUTLOOK

With the rapidly changing global environment and complexities, it seems that the coming year would have its own set of challenges. We have already started feeling the pressure of unimaginable sea freights, world energy shortages, sky rocketing commodity and raw material prices (including cotton) and diminishing demand for non-essential items (including textile products). These worries are further enhanced when clubbed with another failed cotton crop at home, rapidly devaluing Pak-Rupee and economic and political volatility. We are quite hopeful that the worst is over when it comes to Covid 19 but its aftermath might be even more challenging than the pandemic itself.

Through all these concerns we are very hopeful that our government will keep its focus on the sustainability and growth of our industries, especially textiles and work towards finding expeditious solutions to keep the momentum going.

As our spinning and weaving machinery set up is aging, we are compelled to look overseas for BMR solutions. We have been successful in getting supplier's credit from China and it has been deployed towards Open End and back process machines. We are very hopeful that we would be able to enhance this relationship and gradually revamp our production facilities.

By the Grace of Almighty and the hard work of your management team and workforce, we are very confident that we would be able to face the challenges ahead and go from strength to strength.

SAFETY, HEALTH AND ENVIRONMENT

The company maintains working conditions which are safe and without risk to the health of all employees and public at large. Our focus remains on improving all aspects of safety specially with regards to the safe production, delivery, storage and handling of the materials. Your company always ensures environmental preservation and adopts all possible means for environment protection.

Directors' Report to the Members

CORPORATE SOCIAL RESPONSIBILITY

Your company has very distinct Corporate and Social Responsibility (CSR) policy in fulfilling its responsibilities of securing the community within which it operates. We add substantially to the national exchequer through the payment of various taxes, duties and levies and our export earnings contribute in country's foreign exchange position. We pride ourselves for being an equal opportunity employer. Your company is running initiatives in providing free meals to the less fortunate, medical consultation and free medication to the needy and clean drinking water.

The company also discharged its social and ethical responsibility regarding the Covid-19 crises without any compromising in work quality by employing latest communication technologies. On line meeting and work from home policies not only saved the workforce from the fatal disease but also contributed to overall objective of prevention of the pandemic. Further we initiated a medical camp in the mills premises to ensure that all the staff members, workers and their families are vaccinated properly.

AUDIT COMMITTEE

This is the most prime and effective committee of the Board. It has a vital role in the compliance of internal controls to ensure safeguard of all the interest of the company, through monitoring of internal audit functions, risk management policies in the light of Terms of Reference developed by the Board. The committee recommends the appointment of the external auditors and also reviews the critical reporting made by the internal and external auditors.

The names of Members of Audit Committee are as under:

Name of Member	Category	Designation in Committee
Mr. Abdul Hakeem Khan Qasuria	Independent Director	Chairman
Mrs. Noshaba Faiz	Independent Director	Member
Mr. Muhammad Ashraf Saif	Non-Executive Director	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

The human resource committee determines the compensation packages for all cadres of the company's employees according to the terms of reference of Committee. The committee is also responsible to create and maintain conducive working environment that instill trust and ensure respect, fair treatment, development opportunity and grooming and make succession plans for all employees. We feel that human resource is key element in our business strategy.

The names of Members of HRR Committee are as under:

Name of Member	Category	Designation in Committee
Mr. Muhammad Atta ullah Khan	Non-Executive Director	Chairman
Mr. Abdul Hakeem Khan Qasuria	Independent Director	Member
Mr. Muhammad Ashraf Saif	Non-Executive Director	Member

The Board of Directors had also formed the following Management Committees and advised them their respective terms of reference to run the affairs of Company:

EXECUTIVE COMMITTEE

The executive committee is responsible for setting overall corporate objectives and strategies, identification of opportunities, monitoring the business strategies and plans and there after the successful implementation of those plans. One of the major roles of the committee is to change the management policies and role of the company as required under the changing requirements of local and international customers, keeping in view the strengths and weaknesses of the company, so that the best possible results could be achieved.

Directors' Report to the Members

The names of Members of Executive Committee are as under:

Name of Member	Designation in Company	Designation in Committee
Mr. Fareed M. Sheikh	Executive Director/CEO	Chairman
Mr. Muhammad Tariq	Executive Director	Member
Mr. Muhammad Atta Ullah Khan	Non-Executive Director	Member

TECHNICAL COMMITTEE

The technical committee acts in an advisory capacity to the CEO, provides recommendation relating to the technical affairs of the company, formulation of technical policies required under the code of corporate governance specially keeping in view the environment protection plans of the Government. It is also responsible for overall factory operations, achievement of desired quality, production targets and efficiency of the mechanical works. This is also empowered to deal with the day to day technical issues under authorized limits.

The names of Members of Technical Committee are as under:

Name of Member	Designation in Company	Designation in Committee
Mr. Fareed M. Sheikh	Executive Director/CEO	Chairman
Mr. Muhammad Tariq	Executive Director	Member
Mr. Noor Khan	Director Technical	Member

FINANCE COMMITTEE

The role of the finance committee is to review and recommend the financial targets, annual and quarterly budgets, approval of the expenditures for amounts within its limits, investments of the surplus funds of the company and financial policies and controls including the policies required under the code of corporate governance. The committee works under the guidance of CEO.

The names of Members of Finance Committee are as under:

Name of Director	Designation in Company	Designation in Committee
Mr. Fareed M. Sheikh	Executive Director/CEO	Chairman
Mr. Atta Mohyuddin Khan	Chief Financial Officer	Member
Mr. Bilal Ahmed Khan Niazi	General Manager Finance	Member

SOCIAL COMPLIANCE AND HUMAN RESOURCE

A major factor in your company's success is its highly skilled and motivated workforce. Our strength comes from our people. We can rightly take pride in fact that Human Resources have always been given a high priority. Today, when we look back on past years, we can see that while our objectives may have changed along the way, our human resource policies have always been based on the underlying values of fairness, merit, equal opportunity and social responsibility. These values manifest themselves in our policies of recruitment, performance appraisal, training and development, health and safety and industrial relations.

Directors' Report to the Members

The names of Members of Social Compliance and Human Resource Committee are as under:

Name of Director	Designation in Company	Designation in Committee
Mr. Fareed M. Sheikh	Executive Director/CEO	Chairman
Mr. Muhammad Atta Ullah Khan	Non-Executive Director	Member
Mr. Atta Mohyuddin Khan	Chief Financial Officer	Member

BOARD OF DIRECTORS

The Board of Directors consist of seven members and responsible to manage the Company affairs in a transparent manner to achieve the sustainable growth of business.

Presently, the Board consists of six male and one female member.

Category wise composition of Board is as under:

Category	Number of Directors
Independent Directors	02
Non-Executive Directors	03
Executive Directors	02

During the year under review six meetings of the Board of Directors, five meetings of the audit committee and one meeting of human resource & remuneration committee were held. Attendance in the meetings by each director was as under:

Directors' Name	Board of Directors	Audit Committee	H.R.R. Committee
Mr. Mughis A. Sheikh	06	-	-
Mr. Fareed M. Sheikh	06	-	-
Mr. Muhammad Tariq	06	-	-
Mr. M. Atta Ullah Khan	06	-	01
Mr. M. Ashraf Saif	06	05	01
Mr. Abdul Hakeem Khan Qasuria	06	05	01
Mr. Muhammad Ikram ul Haq	03	02	-
Ms. Noshaba Faiz	04	03	-

Code of Ethics and Business Practices has been developed and are communicated and acknowledged by each Director and employee of the company.

DIRECTORS' REMUNERATION

The company has a formal remuneration policy for its directors (Executive/Non Executive) duly approved by board of directors. The policy has been designed as component of HR strategy and both are required to support overall business strategy. The board believes that policy is appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the company as well as to create congruence between directors, executives and shareholders.

POLICIES AND PROCEDURES

The Board has established and implemented effective procedures and controls for business and support cycles after identification of related risks. These are reviewed periodically and updated in line with latest risk assessment and risks faced by the business.

BOARD EVALUATION

Pursuant to Listed Companies (Code of Corporate Governance) Regulations, 2019, the Board of Directors approved comprehensive mechanism for evaluation of Board's own performance and its Committees. The terms of reference have been advised to Human Resource and Remuneration Committee for this purpose.

Directors' Report to the Members

RELATED PARTY TRANSACTIONS

The company has presented all related party transactions before the Audit Committee and Board for their review and approval. These transactions have been carried out at arms' length and approved by the Audit Committee and the Board in their respective meetings. The details of related party transactions have been provided in Notes to the annexed financial statements for the year ended June 30, 2021.

CHAIRMAN'S REVIEW

The Board has considered the Chairman's Review to the Members and have also been annexed to the Annual Report.

CODE OF CONDUCT

The Directors of your Company have developed Code of Conduct with set procedures. Copies of Code have duly been acknowledged by all the concerned.

STATEMENT OF COMPLIANCE

Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 duly reviewed by the Auditors is attached with Annual Report.

PRINCIPAL RISKS

The Company exposed to principal risk, if any, is explained in the Notes to the Financial Statements at relevant section.

CORPORATE GOVERNANCE

The management ensures that all requirements of the Code of Corporate Governance were complied with. The statement of compliance with the best practices of Code of Corporate Governance is annexed.

PATTERN OF SHAREHOLDING AND INFORMATION UNDER CLAUSE XIX(i) OF THE CODE OF CORPORATE GOVERNANCE

The pattern of shareholding and information under clause XIX (i) of the Code of Corporate Governance as on June 30, 2021 is annexed.

APPOINTMENT OF EXTERNAL AUDITORS

The present auditors M/S Tariq Abdul Ghani Maqbool & Company, Chartered Accountants, will retire at the conclusion of forthcoming Annual General Meeting. Audit committee and board of directors have recommended their reappointment for the ensuing year.

The auditors have conveyed that they have been assigned satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan and the firm is fully compliant with code of ethics issued by the International Federation of Accountants (IFAC). Further they are not rendering any related services to the company. The auditors have also confirmed that neither the firm nor any of their partners, their spouses and minor children at any time during the year held or traded in the shares of the company.

AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

Financial Statements for the year ended June 30, 2021 have been duly audited by the external auditors who have issued clean audit report on the Company's Financial Statements.

WEB PRESENCE

Annual and periodic financial statements of the Company are also available on www.colonytextiles.com

Directors' Report to the Members

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

In compliance with the Code of Corporate Governance, we are giving below statements on Corporate and Financial Reporting Framework.

- The financial statements prepared by the management of the company, presents fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- The Board of Directors has adopted a vision and mission statement and a statement of overall corporate strategy.
- Proper books of account of the company as per statutory requirements have been maintained.
- Code of Ethics and Business Practice has been developed and are communicated and acknowledged by each director and employee of the company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applied in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has effectively implemented and monitored.
- Statement of Compliance with the Code of Corporate Governance is enclosed with this report and this report was found to be in order after review by the auditors.
- There are no significant doubts upon the company's ability to continue as a going concern.
- There has been no departure from the best practices of the code of corporate governance, as detailed in the listing regulations.
- The company strictly complies with the standards of the safety rules and regulations. It also follows environmental friendly policies.
- No material changes and commitments affecting the financial position of the company have occurred between the end of the financial year to which the balance sheet relates and the date of the Director's Report, except for disclose in the financial statements.
- Key operating and financial data since incorporation is annexed in summarized form.
- The directors have not recommended any dividend in view of current financial scenario.
- Information about outstanding taxes and other Government levies are given in related note(s) to the accounts.
- The annexed audited accounts give the detail of outstanding taxes and levies.
- The company operates a contributory provident fund scheme for all employees and defined benefits gratuity fund scheme for its managerial and non managerial staff. The net value of investment in their respective accounts is as under:

Provident Funds	Rs. 254 million
Gratuity Funds	Rs. 225 million

Directors' Report to the Members

- The directors, CEO, CFO, Company Secretary and their spouses and minor children have made no transactions in the company's shares during the year.

POST BALANCE SHEET EVENTS

There are no post balance sheet events that need be adjusted or disclosed in the financial statements for the year ended June 30, 2021.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements for the year ended June 30, 2021 of the company and its subsidiary StitchRite (Private) Limited are attached.

ACKNOWLEDGEMENT

We would like to place on record our deep appreciation for the efforts of the executives, officers and other staff members for their hard work, cooperation and sincerity to the company in achieving the best possible results. The board also wishes to record the appreciation to all banks for their continued support to the company. The management is quite confident that these relations and cooperation will continue in the coming years.

On behalf of the Board of Directors

Abdul Hakeem Khan Qasuria
Director

Fareed Mughis Director
Chief Executive Officer

Lahore
October 06, 2021

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

Name of Company: Colony Textile Mills Limited
Year ending: June 30, 2021

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

- 1) The total number of directors are 7 as per the following:
 - a. Male: 06
 - b. Female: 01
- 2) The composition of board is as follows:
 - a. Independent Directors: 02
 - b. Non-Executive Director: 03
 - c. Executive Directors: 02
- 3) The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
- 4) The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
- 5) The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained by the Company.
- 6) All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by board/shareholders as empowered by the relevant provisions of the Act and these Regulations.
- 7) The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of Act and Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
- 8) The Board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
- 9) All The Board Members have completed Director's Training Program (DTP) or exempted from the training.
- 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 at the respective dates of appointments in past.
- 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

Name of Director	Category	Designation in Committee
Mr. Abdul Hakeem Khan Qasuria	Independent Director	Chairman
Mrs. Noshaba Faiz	Independent Director	Member
Mr. Muhammad Ashraf Saif	Non-Executive Director	Member

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

b. HR and Remuneration Committee

Name of Director	Category	Designation in Committee
Mr. Muhammad Atta ullah Khan	Non-Executive Director	Chairman
Mr. Muhammad Ashraf Saif	Non-Executive Director	Member
Mr. Abdul Hakeem Khan Qasuria	Independent Director	Member

The Board has also developed other Management Committees to run the affairs of the Company efficiently. The said Committees have been managed by suitable qualified persons with representation of Board Member(s) according to the requirements of respective committee.

- 13) The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
- 14) The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
 - a. Audit Committee: Atleast Once in each Quart during the year
 - b. HR and Remuneration Committee: Once during the year
- 15) The Board has set up an effective internal audit function; the members of internal audit team are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
- 16) The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
- 17) The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirements and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 18) We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

MUGHIS A. SHEIKH

Chairman

Lahore

October 06, 2021

Independent Auditors' Review Report of Colony Textile Mills Limited

Review Report on Statement of Compliance Listed Companies contained in (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 **Colony Textile Mills Limited** (the Company) for the year ended 30 June 2021 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

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

October 06, 2021
Lahore


Tariq Abdul Ghani Maqbool & Co.
Chartered Accountants

Independent Auditors' Report To The Members of Colony Textile Mills Limited Report on the Audit of The Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Independent Auditors' Report To The Members of Colony Textile Mills Limited Report on the Audit of The Financial Statements

Following are the Key audit matters:

Key audit matters

1) Revenue

(Refer note 33 to the annexed financial statements)

Revenue is recognized when control of the underlying products has been transferred to the customers. The Company primarily generates revenue from sale of yarn, fabric and trading in real estate. During the year, the Company's revenue is Rs. 25,469 million which is 88.87% of the total assets.

We have considered revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Company, inherent risk of material misstatement and significant increase in revenue from last year despite the impacts of COVID-19 during the year.

Our audit procedures in relation to the matter, amongst others, included the following:

- Assessed the design, implementation and operating effectiveness of the relevant key internal controls over the Company's system which governs revenue recognition;
- Understood and evaluated the accounting policies with respect to revenue recognition including those related to discounts and commissions and its compliance with International Financial Reporting Standards;
- Performed testing of sample of revenue transactions with underlying documentation including dispatch documents and sales invoices;
- Tested on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the correct period;
- Checked on a sample basis, approval of sales prices and commissions by the appropriate authority;
- Performed recalculation of discounts and commission as per Company's policy on test basis;
- Performed audit procedures to analyze variation in the price and quantity sold during the year; and
- Assessed the adequacy of disclosures made in the financial statements related to revenue.

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.

Independent Auditors' Report

To The Members of Colony Textile Mills Limited

Report on the Audit of The Financial Statements

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Independent Auditors' Report To The Members of Colony Textile Mills Limited Report on the Audit of The Financial Statements

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

The engagement partner on the audit resulting in this independent auditors' report is Shahid Mehmood.

Dated: 06 October, 2021
Lahore


Tariq Abdul Ghani Maqbool & Co.
Chartered Accountants



FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2021

		2021	2020
	Note	Rupees ('000')	Rupees ('000')
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital	8	5,300,000	5,300,000
Issued, subscribed and paid up capital	9	4,980,100	4,980,100
Reserve arising on amalgamation		3,156,388	3,156,388
Revaluation surplus on property, plant and equipment		19,594	19,594
Directors' loan	10	120,000	385,187
General reserves		4,702	4,702
Unappropriated profit		1,590,412	851,217
Surplus on remeasurement of investments		2,951	1,492
		9,874,147	9,398,680
Non-current liabilities			
Long term financing	11	6,894,705	7,599,183
Liabilities against assets subject to finance lease	12	12,906	21,380
Deferred liabilities	13	5,257,156	4,863,410
		12,164,767	12,483,973
Current liabilities			
Trade and other payables	14	1,857,242	1,289,910
Short term borrowings	15	2,993,518	3,328,787
Accrued mark up	16	147,638	217,947
Unclaimed dividend		94	94
Current portion of long term liabilities	17	830,584	430,598
Provision for taxation	18	368,233	251,625
		6,197,309	5,518,961
Contingencies and commitments	19	-	-
		28,236,223	27,401,614

The annexed notes from 01 to 53 form an integral part of these financial statements.



Chief Financial Officer



Director

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2021

	Note	2021 Rupees ('000')	2020 Rupees ('000')
ASSETS			
Non-current assets			
Property, plant and equipment	20	18,648,431	18,145,471
Right of use assets	21	90,585	105,560
Investment property	22	784,279	779,925
Long term investments	23	434,580	214,689
Investment in subsidiary	24	100,000	1,000
Long term deposits		51,132	51,132
		<u>20,109,007</u>	<u>19,297,777</u>
Current assets			
Stores, spare parts and loose tools	25	362,286	275,667
Stock in trade	26	4,798,585	4,608,933
Trade debts	27	1,121,943	1,266,046
Loans and advances	28	873,565	716,430
Trade deposits and short term prepayments	29	116,629	255,832
Other financial assets	30	20	16
Tax refunds due from the government	31	799,392	932,961
Cash and bank balances	32	54,796	47,952
		<u>8,127,216</u>	<u>8,103,837</u>
		<u><u>28,236,223</u></u>	<u><u>27,401,614</u></u>

The annexed notes from 01 to 53 form an integral part of these financial statements.

Chief Executive Officer

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees ('000')	2020 Rupees ('000')
Sales - net	33	25,468,528	17,700,292
Cost of sales	34	23,239,505	16,754,434
Gross profit		2,229,023	945,858
Operating expenses:			
Distribution cost	35	302,884	217,400
Administrative expenses	36	468,835	333,585
		771,719	550,985
Operating profit		1,457,304	394,873
Finance cost	37	714,861	968,611
Other operating charges	38	60,035	14,119
		774,896	982,730
Other income	39	438,917	417,818
Profit / (loss) before taxation		1,121,325	(170,039)
Taxation	40	373,069	205,023
Profit / (loss) after tax for the year		748,256	(375,062)
		Rupees	Rupees
Earnings/(loss) per share - basic and diluted	41	1.50	(0.75)

The annexed notes from 01 to 53 form an integral part of these financial statements.



Chief Financial Officer



Director



Chief Executive Officer

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees ('000')	2020 Rupees ('000')
Profit / (loss) for the year		748,256	(375,062)
Other comprehensive income:			
Items that will not be reclassified to statement of profit or loss:			
Remeasurement (loss) / gain of defined benefit obligation	13.03	(12,146)	37,949
Deferred tax thereon		3,085	(9,639)
		(9,061)	28,310
Items that may be reclassified to statement of profit or loss:			
Net fair value gain on investment measured at FVTOCI		1,459	506
Total comprehensive income/(loss) for the year		740,654	(346,246)

The annexed notes from 01 to 53 form an integral part of these financial statements.



Chief Financial Officer



Director



Chief Executive Officer

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees ('000')	2020 Rupees ('000')
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	50	2,716,444	1,467,794
Finance cost paid		(297,872)	(385,994)
Staff retirement benefit paid		(107,631)	(62,207)
Income tax paid		(210,667)	(217,668)
		(616,170)	(665,869)
Net cash generated from operating activities		2,100,274	801,925
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,400,662)	(659,981)
Proceeds from disposal of property, plant and equipment		57,413	15,327
Investment in subsidiary		(99,000)	(1,000)
Net cash used in investing activities		(1,442,249)	(645,654)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances repaid		(302,620)	(273,576)
Lease rentals - net		(13,294)	(12,521)
Short term borrowings - net		(335,268)	140,491
Net cash used in financing activities		(651,182)	(145,606)
Net increase in cash and cash equivalents		6,844	10,665
Cash and cash equivalents at beginning of the year		47,952	37,287
Cash and cash equivalents at end of the year		54,796	47,952

The annexed notes from 01 to 53 form an integral part of these financial statements.



Chief Financial Officer



Director



Chief Executive Officer

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2021

	Share capital	Reserve arising on amalgamation	Revaluation surplus on property, plant and equipment	Director's loan	Revenue reserves		Surplus on re-measurement of investments	Total
					General reserves	Unappropriated profit/(loss)		
Rupees ('000')								
Balance as at 30 June 2019	4,980,100	3,156,388	19,594	385,187	4,702	1,197,969	986	9,744,926
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	(375,062)	-	(375,062)
Remeasurement of defined benefit obligation	-	-	-	-	-	28,310	-	28,310
Net fair value gain on investment measured at FVTOCI	-	-	-	-	-	-	506	506
Total comprehensive income for the year	-	-	-	-	-	(346,752)	506	(346,246)
Directors' loan adjusted during the year	-	-	-	-	-	-	-	-
Balance as at 30 June 2020	4,980,100	3,156,388	19,594	385,187	4,702	851,217	1,492	9,398,680
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	748,256	-	748,256
Remeasurement of defined benefit obligation	-	-	-	-	-	(9,061)	-	(9,061)
Net fair value gain on investment measured at FVTOCI	-	-	-	-	-	-	1,459	1,459
Total comprehensive income for the year	-	-	-	-	-	739,195	1,459	740,654
Directors' loan adjusted during the year	-	-	-	(265,187)	-	-	-	(265,187)
Balance as at 30 June 2021	4,980,100	3,156,388	19,594	120,000	4,702	1,590,412	2,951	9,874,147

The annexed notes from 01 to 53 form an integral part of these financial statements.



Chief Financial Officer



Director



Chief Executive Officer

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.01** Colony Textile Mills Limited ("the Company") is a Public Company Limited by shares incorporated in Pakistan on 12 January 2011 under the provisions of the repealed Companies Ordinance, 1984 (now The Companies Act 2017). The Company is listed on Pakistan Stock Exchange Limited. The registered office of the company is located at M. Ismail Aiwan-i-Science Building, Ferozepur Road, Lahore, Pakistan. The principal activity of the company is manufacturing and sale of yarn, fabric, garments made ups and trading in real estate.

Geographical location and addresses of major business units including mills / plants of the Company are as under:

Location	Purpose
M. Ismail Aiwan-i-Science Building, Ferozepur Road, Lahore	Head Office
4km Raiwind Manga Road, Raiwind, District Kasur	Weaving unit
Sher Shah Road Ismailabad, Multan	Spinning unit

2 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

All significant transactions and events that have affected the Company's statement of financial position and performance during the year have been adequately disclosed in the notes to these financial statements. For a detailed discussion about these significant transactions and events, please refer to the Directors' report.

3 BASIS OF PREPARATION

3.01 Statement of compliance

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

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

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

- 3.02** These are separate financial statements, where the investment in subsidiaries is shown at cost less accumulated impairment; consolidated financial statements are separately presented.

- Stitchrite (Private) Limited

Effective
shareholding %
100

3.03 Standards, interpretations and amendments to published approved accounting standards

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

- Standards, amendments to published standards and interpretations effective in current year

The Company has adopted the following revised standards and amendments of IFRSs which became effective for the current year:

IAS 1	Presentation of Financial Statements - Amendments regarding the definition of material
IAS 8	Accounting policies, changes in accounting estimates and errors - Amendments regarding the definition of material
IFRS 9	Financial Instruments - Amendments regarding pre-replacement issues in the context of the IBOR reform
IAS 41	Agriculture - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (taxation in fair value measurements)
IFRS 3	Business combinations - Amendments to clarify the definition of a business
IFRS 7	Financial Instruments: Disclosures - Amendments regarding pre-replacement issues in the context of the IBOR reform
IFRS 11	Joint arrangements - Amendments resulting from Annual Improvements 2015–2017 Cycle (remeasurement of previously held interest)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

IFRS 16 Leases-Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification

- Standards, interpretations and amendments to existing standards that are not yet effective

The following amendments and interpretations to existing standards have been published and are mandatory for accounting periods beginning on or after their respective effective dates.

	Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IAS 8	Accounting policies, changes in accounting estimates and errors - Amendments regarding the definition of accounting estimates	January 01, 2023
IAS 12	Income Taxes - Amendments regarding deferred tax on leases and decommissioning obligations	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 the asset for its intended use	January 01, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous	January 01, 2022
IFRS 1	First-time Adoption of International Financial Reporting Standards Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (subsidiary as a first-time adopter)	January 01, 2022
IFRS 3	Business combinations (amendments)	January 01, 2022
IFRS 4	Insurance contracts (amendments) Regarding replacement issues in the context of the IBOR reform	January 01, 2021
IFRS 7, IFRS 9 & IAS 39	Financial Instruments: Disclosure - Amendments regarding replacement issues in the context of the IBOR reform	January 01, 2021
IFRS 4	Insurance contracts - Amendments regarding the expiry date of the deferral approach	January 01, 2023
IFRS 9	Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (fees in the '10 per cent')	January 01, 2022
IAS 1	Presentation of Financial Statements - Amendment to defer the effective date of the January 2020 amendments	January 01, 2023
	Presentation of Financial Statements - Amendments regarding the classification of liabilities	January 01, 2023
	Presentation of Financial Statements - Amendments regarding the disclosure of accounting policies	January 01, 2023
IFRS 16	Leases - Amendments regarding replacement issues in the context of the IBOR reform	January 01, 2021
IFRS 17	Insurance contracts - Amendments to address concerns and implementation challenges that were identified after IFRS 17 was published (includes a deferral of the effective date to annual periods beginning on or after 1 January 2023)	January 01, 2023
IFRS 16	Leases - Amendment to extend the exemption from assessing whether a COVID-19-related rent concession is a lease modification	April 01, 2021

The above standards, amendments and interpretations are either not relevant to the group's operations or are not expected to have significant impact on the group's financial statements except for the increased disclosures in certain cases.

In addition to the above, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 14 Regulatory deferral accounts	January 01, 2016
IFRS 17 Insurance contracts	January 01, 2021

The Company expects that the adoption of the other amendments and interpretations of the standards will not have any material impact on the Company's financial statements in the period of initial application.

4 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

5 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for revaluation of certain financial instruments at fair value and recognition of certain employee retirement benefits at present value, investment on equity basis, certain liabilities at amortized cost, investment property and certain other investments at fair value. In these financial statements, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

6 JUDGMENT, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with approved accounting standards which requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which such revisions are made and in any future periods affected.

Significant management estimates in these financial statements relate to the useful life of property, plant and equipment, provisions for staff retirement benefits, doubtful receivables, slow moving inventory and taxation. However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in the financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which such estimates are revised. Such estimates are:

- Useful life of depreciable assets;
- Provision for doubtful receivables and slow moving stores, spares and loose tools;
- Provision for current tax and deferred tax;
- Staff retirement benefits;
- Net realisable value of stock-in-trade; and
- Expected credit losses.

However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustments to the carrying amounts of assets and liabilities in the next year.

7 SIGNIFICANT ACCOUNTING POLICIES

7.01 Staff retirement benefits

The Company operates two plans for its employees:

Defined contribution plan

The Company operates recognised defined contributory provident fund for all eligible employees to which monthly contributions are made to cover the obligation. The Company and its employees make equal monthly contributions at the rate of 8.33% of basic salary.

Defined benefit plan

The Company operates a defined benefit plan for all of its eligible employees who have completed their minimum qualifying

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

period of service with the Company. Provisions are made in the financial statements to cover obligation on the basis of actuarial valuation using the Projected Unit Credit Method. Any actuarial gain or loss is recognised immediately in statement of comprehensive income.

7.02 Taxation

Current

Provision for current taxation is based on applicable current rates of taxation after taking into account tax credits and rebates available, if any, under the provisions of Income Tax Ordinance, 2001. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalized during the year.

Deferred

Deferred tax liability is accounted for in respect of all taxable temporary differences at the statement of financial position date arising from difference between the carrying amount of the assets and liabilities in the financial statements and corresponding tax bases used in computation of taxable profits. Deferred tax assets are recognised for all deductible temporary differences, unused tax losses, provisions and tax credits to that extent it is probable that taxable profit will be available in future against which the deductible temporary differences can be utilized. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release –27 of Institute of Chartered Accountants of Pakistan.

Deferred tax is calculated at the rates that are expected to apply to the period when the asset is to be realized or liability is to be settled.

7.03 Property, plant and equipment

Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses (if any) except freehold land which is stated at cost and fully depreciated assets which are carried at residual value. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is charged to statement of profit or loss by applying reducing balance method to write off the cost over estimated remaining useful life of assets. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from property, plant and equipment. Depreciation on addition to property, plant and equipment is charged from the date when asset is available for use up to the date of its de-recognition.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains / losses on disposal of fixed assets are included in current year's statement of profit or loss.

Subsequent costs included in the asset's carrying amount are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and cost of the item can be measured reliably. All other repair and maintenance cost are charged to the statement of profit or loss during the year in which these are incurred.

Capital work in progress

Capital work in progress is stated at cost less identified impairment loss, if any, and includes the expenditures on material, labor and appropriate overheads directly relating to the construction, erection or installation of an item of property, plant and equipment. These costs are transferred to property, plant and equipment as and when related items become available for intended use.

Right of use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

recognised, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

Where the Company determines that the lease term of identified lease contracts is short term in nature i.e. with a lease term of twelve months or less at the commencement date, right of use assets is not recognised and payments made in respect of these leases are expensed in the statement of profit or loss.

- 7.04 Investment property** in the year in which they arise. Fair values are determined based on the year in which they arise. Fair values are determined based on the year in which they arise. Fair values are determined based on the year in which they arise.
- Property held to earn rentals and/or for capital appreciation is classified as investment property. Investment properties are initially measured at cost, including transaction cost. Subsequent to initial recognition, investment properties are stated at fair value, which effect market conditions at reporting date. Gains and losses arising from the change in fair value of properties are included in statement of profit or loss in the year in which they arise. Fair values are determined based on an annual revaluation performed by an independent valuer.
- In case of change in use of property from owner occupied property to investment property that will be carried at fair value, Company has applied IAS 16 upto the date of change in use. The difference at that date between carrying amount and fair value has been accounted for in the same way as a revaluation surplus in accordance with IAS-16.

7.05 Financial instruments

Recognition

A financial instrument is recognised when the Company becomes a party to the contractual provisions of the instrument.

a) Financial assets

(i) Initial Measurement

The Company classifies its financial assets in to following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

(ii) Subsequent Measurement

Debt Investments at FVOCI:

These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Other net gains and losses are recognised in the statement of comprehensive income. On de-recognition, gains and losses accumulated in the statement of comprehensive income are reclassified to the statement of profit or loss.

Equity Investments at FVOCI:

These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in the statement of comprehensive income and are never reclassified to the statement of profit or loss.

Financial assets at FVTPL:

These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in the statement of profit or loss.

Financial assets measured at amortized cost :

These assets are subsequently measured at amortized cost using the effective interest rate method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

b) Financial liabilities

Financial liabilities are classified as measured at amortized cost or at fair value through profit or loss (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the statement of profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognised in the statement of profit or loss. Any gain or loss on derecognition is also recognised in the statement of profit or loss.

Financial liabilities are derecognised when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

c) Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

d) Regular way purchases or sales of financial assets

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 on the market place. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

e) Derivatives

Derivative instruments held by the Company comprise of future and forward contracts in the capital and money markets. These are stated at fair value at the date of statement of financial position. The fair value of the derivatives is equivalent to the unrealised gain or loss from marking the derivatives using prevailing market rates at the date of statement of financial position. The unrealised gains are included in other assets while unrealised losses are included in other liabilities in the statement of financial position. The corresponding gains and losses are included in the statement of profit or loss.

7.06 Contingent liability

Contingent liability is disclosed when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or when there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

7.07 Stores, spares and loose tools

These are valued at lower of cost and net realizable value. Cost is calculated using moving average method except for items in transit which are valued at cost comprising invoice value plus other charges paid thereon till the statement of financial position date. Provision is made against obsolete items.

7.08 Stock in trade

Basis of valuation are as follows:

Particulars

Raw materials:

At mills	At lower of weighted average cost and net realizable value
In-transit	At cost accumulated to the statement of financial position date
Work in process	At average manufacturing cost
Finished goods	At lower of average manufacturing cost and net realizable value
Waste	At net realizable value
Real estate	At lower of cost and net realizable value

Cost in relation to work in process and finished goods represents the average manufacturing cost which consists of prime cost and attributable production overheads.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

7.09 Trade debts and other receivables

Financial assets

These are classified at amortized cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

Non-financial assets

These, both on initial recognition and subsequently, are measured at cost.

7.10 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and at banks.

7.11 Borrowings

Loans and borrowings are recorded at the time of proceeds received. Financial charges are accounted for on the accrual basis. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to statement of profit or loss in the period in which these are incurred.

7.12 Trade and other payables

Financial liabilities

These are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being their fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognised in the statement of profit or loss.

Non-financial liabilities

These, both on initial recognition and subsequently, are measured at cost.

7.13 Provisions

Provisions are recognised when the Company has a legal and constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle these obligations and a reliable estimate of the amounts can be made.

7.14 Impairment

Financial assets

The Company recognizes loss allowances for expected credit losses in respect of financial assets measured at amortized cost on date of initial recognition. The amount of expected credit loss is updated on each reporting date to reflect the changes in credit risk since initial recognition of the respective financial assets.

Impairment is recognised at an amount equal to lifetime expected credit losses for financial assets for which credit risk has increased significantly since initial recognition. For financial assets for which credit risk is low, impairment is recognised at an amount equal to 12 months' expected credit losses, with the exception of trade debts contract assets and lease receivables, for which the Company recognizes lifetime expected credit losses estimated using a provision matrix. The provision matrix is based on the Company's historical credit loss experience, adjusted for factors that are specific to counter parties, general economic conditions and an assessment for both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

All impairment losses are recognised in the statement of profit or loss. An impairment is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognised.

The Company writes off a financial asset when there is information indicating that the counter party is in severe financial condition and there is no realistic prospect of recovery. Any recoveries made post write-off are recognised in the statement of profit or loss.

Non financial assets

The carrying amount of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset's or group of assets' recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of value in use and fair value less cost to sell. Impairment losses are recognised in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

7.15 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. Revenue from operations of the Company are recognised when the goods are provided, and thereby the performance obligations are satisfied. The Company's contract performance obligations are fulfilled at the point in time when the goods are dispatched to the customer. Invoices are generated and revenue is recognised at that point in time, as the control has been transferred to the customers and is reduced for allowances such as taxes, duties, commissions, sales returns and discounts. Revenue from other sources is recognised on the following basis:

- Interest income on deposits with banks and other financial assets is recognised on accrual basis.
- Dividend income is recognised when the Company's right to receive dividend has been established.

7.16 Related parties

- a) Employees Provident Fund
- b) Directors and key management personnel
- c) Stitchrite (Private) Limited

7.17 Related party transactions

Transactions with related parties are based on the transfer pricing policy that all transactions between the Company and the related party of the Company are at arm's length prices using the comparable uncontrolled price method except in circumstances where it is in the interest of the Company not to do so.

7.18 Dividend

Dividend is recognised as liability in the period in which it is declared.

7.19 Foreign currency translations

Transactions in foreign currencies are accounted for in Pak rupees at the rates of exchange prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated at rates of exchange prevailing at the statement of financial position date and in case of forward exchange contracts at the committed rates. Gains or losses on exchange are charged to the statement of profit or loss.

7.20 Earnings per share (EPS)

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 calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in statement of profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

7.21 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the chief executive to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Chief Executive include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Company has two reportable business segments. Spinning (Producing different quality of yarn using natural and artificial fibers) and Weaving (Producing different quality of fabric using yarn).

Transaction among the business segments are recorded at arm's length prices using admissible valuation methods. Inter segment sales and purchases are eliminated from the total.

7.22 Share capital

Ordinary shares are classified as equity. Incremental cost directly attributable to the issue of new shares are shown in equity as deduction, net of tax, from the proceeds.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

8	AUTHORISED SHARE CAPITAL	Note	2021 Rupees ('000')	2020 Rupees ('000')
	185,000,000 (2020: 185,000,000) ordinary shares of Rs. 10/- each		1,850,000	1,850,000
	Capital of merged companies			
	345,000,000 (2020: 345,000,000) ordinary shares of Rs. 10/- each		3,450,000	3,450,000
			<u>5,300,000</u>	<u>5,300,000</u>
9	ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
	20,000 (2020: 20,000) ordinary shares of Rs. 10/- each issued as fully paid in cash shares		200	200
	497,989,959 (2020: 497,989,959) fully paid in cash ordinary shares Rs. 10/- each issued to the shareholders of amalgamated entities		4,979,900	4,979,900
			<u>4,980,100</u>	<u>4,980,100</u>

Fully paid ordinary shares, which have a par value of Rs. 10/-, carry one vote per share and carry right to dividends.

There are no rights, preferences and restrictions attached to any class of shares including restrictions on the distribution of the dividends and the repayment of capital.

- There are no shares reserved for issue under options and contracts for the sale of shares.

- There were no bonus shares or treasury shares issued during the year.

10	DIRECTORS' LOAN	Note	2021 Rupees ('000')	2020 Rupees ('000')
	Directors' loan	10.01	<u>120,000</u>	<u>385,187</u>
10.01	This represents interest free loans from directors of the Company, payable at the discretion of the entity. They do not pass the liability test and thus recorded as equity at face value. They will not be re-measured subsequently. The decision by the entity at any time in future to deliver cash or any other financial asset to settle the directors' loan would be a direct debit to equity. The Company has applied TR-32 'Accounting Directors' Loan' issued by Institute of Chartered Accountants of Pakistan whose compliance was mandatory with effect from period beginning on or after 01 January 2016. Out of total loan, loan of Rs. 120 million is subordinated to the liabilities of financial institutions. During the year one of non-executive director has gifted his loan towards his relative members amounting to Rs. 265 million that has been classified accordingly in the financial statements. Since this is not an actual cash outflow of the company, therefore, it has no impact on the cash flow statement for the period.			

11	LONG TERM FINANCING	Note	2021 Rupees ('000')	2020 Rupees ('000')
	From banking companies-Secured			
	Name of the Bank			
	The Bank of Punjab	11.01	5,910,871	6,070,871
	National Bank of Pakistan	11.02	795,435	835,435
	Habib Bank Limited	11.03	171,885	175,451
	Faysal Bank Limited	11.04	268,062	298,398
	Silk Bank Limited	11.05	284,450	294,085
	Soneri Bank Limited	11.06	59,217	61,844
	Bank Islami Pakistan Limited	11.07	33,127	37,963
	Standard Chartered Bank Limited	11.08	187,250	235,922
			<u>7,710,297</u>	<u>8,009,969</u>
	Less: Current portion	17	<u>815,592</u>	<u>410,786</u>
			<u>6,894,705</u>	<u>7,599,183</u>

11.01 This loan facility was restructured on 31 December 2016. It is repayable from 31 December 2016 to 30 June 2032 including one year grace period. Markup is charged at cost of funds less administrative cost (2020: cost of funds less administrative cost) of the preceding quarter. This facility is secured by joint pari passu charge on fixed assets and current assets of the company, registered with SECP.

11.02 This loan facility was restructured on 09 April 2019. It is repayable from 01 July 2019 to 01 April 2034. Markup is chargeable at cost of funds (2020: Cost of fund). The loan is secured against first joint pari passu charge over fixed assets of the Company registered with SECP.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

- 11.03** This loan has been restructured in July 2019. It is repayable from 01 July 2019 to 01 July 2027. Markup is to be charged at cost of funds (2020: Cost of funds) provided by the bank. This loan is secured against joint pari passu hypothecation charge, existing ranking charge over plant and machinery and existing joint pari passu charge on current and fixed assets of the Company.
- 11.04** This loan facility was restructured on 09 November 2018. It is repayable from 30 December 2018 to 30 September 2028. Markup is charged at cost of funds (2020: Cost of funds) of the bank. The loan is secured against joint and ranking charge over present and future current assets of the Company registered with SECP.
- 11.05** This loan includes two facilities Term Finance-1 (TF-1) and Term Finance-2 (TF-2) amounting Rs. 246.23 million and Rs. 38.22 million respectively. Both loans were restructured on 15 January 2017. It is payable from 15 January 2018 to 15 October 2032. Markup is payable at Silk bank's cost of funds minus 2% (2020: Cost of funds minus 2%) . Term Finance-2 is interest free and recognised at amortised cost by discounting using effective rate of interest and related present value gain was recognised in the statement of profit or loss. Out of total loan amount of TF-2 Rs. 38.22 million, present value adjustment is Rs. 18.18 million. Both the loans are secured against first joint pari passu charge and ranking charge over the assets of the Company registered with SECP.
- 11.06** This loan facility was restructured on 20 March 2019. It is repayable from March 2019 to December 2024. The loan is secured against hypothecation charge over property, plant and equipment and existing joint pari passu charge over fixed assets including land of the Company, registered with SECP. This loan facility is interest free and recognised at amortised cost by discounting using effective rate of interest and related present value gain was recognised in the statement of profit or loss. Out of total outstanding amount of Rs. 66.61 million, present value adjustment is Rs. 7.39 million.
- 11.07** This loan facility was restructured on 22 December 2018. The loan is repayable from 30 March 2019 and ending on 31 December 2033. The loan is secured against joint pari passu charge on the assets of the Company registered with SECP. It is interest free and recognised at amortised cost by discounting using effective rate of interest and related present value gain was recognised in the statement of profit or loss. Out of total outstanding amount of Rs. 73.57 million, present value adjustment is Rs. 40.44 million.
- 11.08** This facility was created as a result of a restructuring made on 17 May 2019. The loan is repayable from 30 June 2019 and ending on 31 March 2024. This loan is secured against joint pari passu charge over current assets of the Company registered with SECP. This loan facility is interest free and recognised at amortised cost by discounting using effective rate of interest and related present value gain was recognised in the statement of profit or loss. Out of total outstanding amount of Rs. 204.64 million, present value adjustment is Rs. 17.39 million.

12 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Note	2021 Rupees ('000')	2020 Rupees ('000')
Present value of minimum lease payments	12.02	27,898	41,192
Less: Current portion	17	(14,992)	(19,812)
		<u>12,906</u>	<u>21,380</u>

- 12.01** This represents machinery under lease and sale and lease back agreements. The principal plus financial charges are payable over the lease period in quarterly/bi monthly installments as per respective agreements ending in the month of September 2025 . The liability as at the date of financial position represents the present value of total minimum lease payments discounted at 7.03 % to 8.4% (2020: 8.40% to 13.86%) per annum being the interest rates implicit in leases. The purchase option is available to the Company on payment of last installment and the Company intends to exercise this option. Reconciliation of minimum lease payments and their present values is given below:

	Note	2021 Rupees ('000')	2020 Rupees ('000')
Not later than one year		14,992	19,111
Later than one year but not later than five years		38,673	40,448
Later than five years		-	-
		<u>53,665</u>	<u>59,559</u>
Less: Financial charges allocated to future periods		(25,767)	(18,367)
Present value of minimum lease payments	12.02	27,898	41,192
Less: Current portion		(14,992)	(19,812)
		<u>12,906</u>	<u>21,380</u>
12.02 Present value of minimum lease payments			
Due not later than one year		14,992	19,812
Due later than one year but not later than five years		12,906	21,380
Later than five years		-	-
		<u>27,898</u>	<u>41,192</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees ('000')	2020 Rupees ('000')
13 DEFERRED LIABILITIES			
Deferred taxation	13.01	855,667	853,765
Deferred mark up	13.02	4,176,997	3,875,949
Staff retirement benefits	13.03	224,492	133,696
		<u>5,257,156</u>	<u>4,863,410</u>

13.01 Deferred taxation		<u>855,667</u>	<u>853,765</u>
		<u>855,667</u>	<u>853,765</u>

	Statement of Financial position		Statement of Profit or Loss		Statement of OCI	
	2021	2020	2021	2020	2021	2020
	Rupees ('000')					
Deferred taxation						
Comprises of the following:						
Deferred tax liability on taxable temporary differences in respect of the following:						
- Accelerated tax depreciation allowance	3,197,297	2,818,697	378,600	228,986	-	-
Deferred tax asset on deductible temporary differences in respect of the following:						
Lease liabilities	7,086	10,464	3,378	(3,302)	-	-
Un-absorbed losses	1,206,102	1,077,450	(128,652)	95,603	-	-
Minimum tax available for carry forward	1,070,846	842,168	(228,678)	108,256	-	-
Provision for stores, spares and loose tools	247	299	(52)	10	-	-
Provision for doubtful debts	325	591	(266)	212	-	-
Provision for gratuity	57,024	33,960	(26,149)	15,452	3,085	(9,639)
	<u>2,341,630</u>	<u>1,964,932</u>	<u>(380,419)</u>	<u>216,231</u>	<u>3,085</u>	<u>(9,639)</u>
	<u>855,667</u>	<u>853,765</u>	<u>759,019</u>	<u>12,755</u>	<u>(3,085)</u>	<u>9,639</u>

Deferred taxation has been provided using rate of taxation applicable to tax year 2021 under the provisions of Income Tax Ordinance, 2001 to the extent of income of the Company chargeable under normal tax regime.

	Note	2021 Rupees ('000')	2020 Rupees ('000')
13.02 Deferred mark up			
Opening balance		6,343,138	5,668,685
Provision during the year		<u>487,298</u>	<u>674,453</u>
		<u>6,830,436</u>	<u>6,343,138</u>
Less: paid / adjusted during the year		<u>-</u>	<u>-</u>
		<u>6,830,436</u>	<u>6,343,138</u>
Present value adjustment		<u>(2,653,439)</u>	<u>(2,467,189)</u>
		<u>4,176,997</u>	<u>3,875,949</u>

It represents markup deferred by Habib Bank Limited, Faysal Bank Limited, Bank of Punjab, National Bank of Pakistan, First Punjab Modaraba and Silk Bank Limited. It is payable starting from 16 September 2023 and maturing on 01 April 2034.

This deferred markup has been discounted using effective rate of interest and classified separately in non-current liabilities and related present value gain or loss is recognised in the statement of profit or loss.

		2021 Rupees ('000')	2020 Rupees ('000')
13.03 Staff retirement benefits - unfunded gratuity scheme			
(a) Amounts recognised in the statement of financial position:			
Present value of defined benefit obligation		<u>224,492</u>	<u>133,696</u>
Net liability at the end of the year		<u>224,492</u>	<u>133,696</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

	2021 Rupees ('000')	2020 Rupees ('000')
(b) Movement in net liability		
Net liability at beginning of the year	133,696	109,972
Charge for the year	186,281	123,880
	319,977	233,852
Remeasurements chargeable in other comprehensive income	12,146	(37,949)
Benefits paid during the year	(107,631)	(62,207)
Net liability at end of the year	224,492	133,696
(c) Changes in the present value of defined benefit obligation		
Defined benefit obligation at beginning of the year	133,696	109,972
Current service cost	129,185	94,877
Past Service cost	50,384	17,764
Interest cost	6,711	11,239
	319,977	233,852
Remeasurements chargeable in OCI	12,146	(37,949)
Benefits paid during the year	(107,631)	(62,207)
Present value of defined benefit obligation at end of the year	224,492	133,696
(d) Charge for the year		
Current service cost	129,185	94,877
Interest cost	6,711	11,239
Past service cost	50,384	17,764
	186,281	123,880

The principal assumptions used in the actuarial valuation are as follows:

Discount rate	10%	14%
Expected rate of increase per annum in future salaries	9%	9%
Expected average remaining working life of employees	3 years	3 years
	SLIC 2001 - 2005	SLIC 2001 - 2005
Expected mortality rate	Setback 1 Year	Setback 1 Year
Retirement assumptions	60 years	60 years

Sensitivity analysis for actuarial assumptions

The following table summarizes how the net defined benefit obligation at the end of the reporting period would have increased/(decreased) as a result of change in respective assumptions.

	Change in assumptions	Increase Rupees ('000') 2021	Decrease Rupees ('000') 2021
Discount rate	1.5%	213,619	232,957
Increase in future salaries	1.5%	233,828	212,631

A change in expected remaining working lives of employees is not expected to have a material impact on the present value of defined benefit obligation. Accordingly, the sensitivity analysis for the same has not been carried out.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of defined benefit obligation as at the reporting date has been calculated by using projected unit credit method, which is the same as that applied in calculating the defined benefit obligation to be recognised in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

Risk factors

The defined benefit plan exposes the Company to the following actuarial risks:

Interest risk: The discount rate used in determination of present value of defined benefit obligation has been determined by reference to market yield at the reporting date on Pakistan Investment Bonds since there is no deep market in long term corporate bonds in Pakistan. An increase in market yield resulting in a higher discount rate will decrease in the defined benefit liability.

Longevity risk: The present value of defined benefit obligation is calculated by reference to the best estimate of the expected remaining working lives of the employees. An increase in the expected remaining working lives will increase the defined benefit obligation. However, the increase is not expected to be material.

Salary risk: The present value of defined benefit obligation is calculated by reference to future salaries of plan participants. An increase in salary of plan participants will increase the defined benefit obligation.

		2021	2020
	Note	Rupees ('000')	Rupees ('000')
14 TRADE AND OTHER PAYABLES			
Trade creditors		466,277	266,609
Accrued liabilities		668,342	549,753
Security deposits		200	192
Bills payables	14.01	-	44,384
Advances from customers		14,561	11,906
Withholding tax payable		194,831	97,713
Out put tax payable		455,553	318,997
Worker's profit participation fund	14.02	38,616	-
Worker's welfare fund	14.03	18,471	-
Others		391	356
		<u>1,857,242</u>	<u>1,289,910</u>
14.01	Bills payable includes overdue amount of Rs. Nil (2020: Nil) .		
14.02 Worker's profit participation fund			
Opening balance		-	34,901
Provision for the year		38,616	-
Mark up on W.P.P.F		-	-
		<u>38,616</u>	<u>34,901</u>
Payment during the year		-	(34,901)
Closing balance		<u>38,616</u>	<u>-</u>
14.03 Worker's welfare fund			
Opening balance		-	-
Provision for the year		18,471	-
		<u>18,471</u>	<u>-</u>
Payment during the year		-	-
Closing balance		<u>18,471</u>	<u>-</u>
15 SHORT TERM BORROWINGS			
Banking companies - secured	15.01	<u>2,993,518</u>	<u>3,328,787</u>
15.01	Conventional short term borrowings are available from banking companies under markup arrangements. The rates of markup range from 5.58% to 12.7% per annum (2020: 5.06% to 17.86%). These are secured against pledge / hypothecation of stock-in-trade, hypothecation of stores and spares, lien over import / export documents, pari passu charge over present and future current assets and ranking charge over fixed assets of the company.		
15.02	From the total aggregate short term facilities of Rs. 3,478.26 million (2020: 3,402.41 million), the amount of Rs. 340.79 million related to trade lines (2020: Rs. 397.77 million) remained unutilized as at 30 June 2021.		
16 ACCRUED MARK UP			
	Note	2021	2020
		Rupees ('000')	Rupees ('000')
Accrued mark up on:			
Liabilities against assets subject to finance lease		20,685	33,746
Short term borrowings		126,953	184,201
		<u>147,638</u>	<u>217,947</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

		2021 Rupees ('000')	2020 Rupees ('000')
17 CURRENT PORTION OF LONG TERM LIABILITIES	Note		
Long term financing	17.01	815,592	410,786
Liabilities against assets subject to finance lease		14,992	19,812
		<u>830,584</u>	<u>430,598</u>

17.01 Current portion of long term financing includes principal installments amounting to Rs. 104.62 million (2020: Rs. 9.77 million) which became due as on June 30, 2021.

		2021 Rupees ('000')	2020 Rupees ('000')
18 PROVISION FOR TAXATION	Note		
Opening balance		251,625	277,024
Add: Taxation - current	40	<u>368,082</u>	<u>192,269</u>
		619,707	469,293
Less: Tax payments / adjustments during the year		<u>251,474</u>	<u>217,668</u>
		<u>368,233</u>	<u>251,625</u>

19 CONTINGENCIES AND COMMITMENTS

Contingencies

19.01 The Company imported textile machinery in 2002 availing exemptions from customs duty and sales tax on import thereof under SROs. 554(I)/97, 987 (I)/99, and 439(I)/2001. The Company had submitted indemnity bonds in that year to the customs authorities in this regard. In case, the conditions of above mentioned SROs are violated, the amount of customs duty and sales tax exempted aggregating Rs. 89.51 million shall be recovered along with such penalties imposed in this regard under section 202 of the Customs Act, 1969. The conditions of the said SRO vis-a-vis export of 50% of additional production during first three years and 60% of the additional production during subsequent two years had been complied with. Audit of first three years had been conducted by the department and had given compliance certificate and audit of second period is in the process. Since, all the conditions have been complied with, no liability will accrue in this respect.

19.02 Bank guarantees amounting to Rs. 375.60 million (2020: Rs. 379.10 million).

	2021 Rs. in million	2020 Rs. in million
Commitments		
Under letters of credit for imports	<u>176.26</u>	<u>10.26</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

20 PROPERTY, PLANT AND EQUIPMENT

Operating assets
Capital work in progress

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	Note	2021 Rupees ('000')	2020 Rupees ('000')
Operating assets	20.01	18,121,144	18,013,019
Capital work in progress	20.04	527,287	132,452
		18,648,431	18,145,471

20.01 The following is a statement of operating fixed assets (tangible):

	Freehold land	Building on freehold land	Plant, machinery & equipment	Factory tools and equipments	Furniture & fixtures	Office and hospital equipments	Library books	Vehicles	Leased Plant and Machinery	Leased Vehicles	Total
At 30 June 2019											
Cost	1,454,335	3,667,153	20,840,754	456,772	46,911	40,900	44	173,131	169,348	-	26,849,348
Accumulated depreciation	-	(1,308,531)	(6,862,326)	(159,221)	(26,399)	(24,956)	(44)	(86,866)	(50,664)	-	(8,519,047)
Net book value	1,454,335	2,358,622	13,978,428	297,551	20,512	15,904	-	86,265	118,684	-	18,330,301
At 30 June 2020											
Additions	-	664	422,923	2,581	3,245	2,699	-	21,649	-	-	453,761
Transfers from capital work in progress during the year (Note 20.01)	-	35,394	188,633	-	-	-	-	-	-	-	224,027
Transfers from leased plant and machinery	-	-	7,190	-	-	-	-	-	(7,190)	-	-
Transferred to right of use asset	-	-	-	-	-	-	-	-	(111,494)	-	(111,494)
Disposals / transfers (Note No. 20.06)											
Cost	-	-	(52,846)	-	-	-	-	(9,864)	-	-	(62,710)
Depreciation	-	-	30,327	-	-	-	-	6,300	-	-	36,627
Net book value	-	-	(22,519)	-	-	-	-	(3,564)	-	-	(26,083)
Depreciation charge for the year (note 20.02)	-	(118,704)	(711,676)	(14,895)	(1,121)	(1,751)	-	(9,346)	-	-	(857,493)
Net book value as at 30 June 2020	1,454,335	2,275,976	13,862,979	285,237	22,636	16,852	-	95,004	-	-	18,013,019
Year ended 30 June 2021											
Additions	-	5,669	707,347	3,390	7,107	9,184	-	27,312	-	-	760,009
Transfers from capital work in progress during the year (Note 20.01)	-	9,807	236,011	-	-	-	-	-	-	-	245,818
Transfers from leased plant and machinery	-	-	12,564	-	-	-	-	-	-	-	12,564
Disposals / transfers (Note No. 20.06)											
Cost	-	-	(118,987)	-	(148)	-	-	(12,825)	-	-	(131,960)
Depreciation	-	-	61,141	-	52	-	-	8,685	-	-	69,878
Net book value	-	-	(57,846)	-	(96)	-	-	(4,140)	-	-	(62,082)
Depreciation charge for the year (note 20.02)	-	(113,943)	(706,268)	(14,311)	(1,228)	(2,043)	-	(10,391)	-	-	(848,184)
Net book value as at 30 June 2021	1,454,335	2,177,509	14,054,787	274,316	28,419	23,983	-	107,785	-	-	18,121,144

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

	Freehold land	Building on freehold land	Plant, machinery & equipment	Factory tools and equipments	Furniture & fixtures	Office and hospital equipments	Library books	Vehicles	Leased Plant and Machinery	Leased Vehicles	Total
At 30 June 2020											
Cost/revalued amount	1,454,335	3,703,211	21,408,550	459,353	50,156	43,599	44	184,916	-	-	27,304,164
Accumulated depreciation	-	(1,427,235)	(7,545,571)	(174,116)	(27,520)	(26,747)	(44)	(89,912)	-	-	(9,291,145)
Net book value in Rupees	1,454,335	2,275,976	13,862,979	285,237	22,636	16,852	-	95,004	-	-	18,013,019
Annual rates (%) of depreciation 2020	-	5	5	5	5	10	15	10	5	10	
At 30 June 2021											
Cost/revalued amount	1,454,335	3,718,687	22,245,485	462,743	57,115	52,783	44	199,403	-	-	28,190,595
Accumulated depreciation	-	(1,541,178)	(8,190,698)	(188,427)	(28,696)	(28,790)	(44)	(91,618)	-	-	(10,069,451)
Net book value in Rupees	1,454,335	2,177,509	14,054,787	274,316	28,419	23,993	-	107,785	-	-	18,121,144
Annual rates (%) of depreciation 2021	-	5	5	5	5	10	15	10	5	10	
Depreciation charge for the year has been allocated as follows:											
			2021	2020							
			Rupees ('000')	Rupees ('000')							
Cost of sale			839,087	849,326							
Administrative expenses			13,866	14,101							
			852,953	863,427							
Property, plant and equipment			848,184	857,493							
Right of use asset			4,769	5,934							
			852,953	863,427							
No impairment relating to operating fixed assets has been recognised in the current year.											
Capital work in progress											
			2021	2020							
			Rupees ('000')	Rupees ('000')							
Plant and machinery			275,203	121,135							
Civil work			252,084	11,317							
			527,287	132,452							
Movement in capital work in progress											
Opening			132,452	131,659							
Additions during the year			640,653	106,219							
			773,105	237,878							
Transferred to operating assets			(245,818)	(105,426)							
			527,287	132,452							
Transfer to property, plant and equipment are represented by:											
Building			9,807	35,394							
Plant and machinery			236,011	188,633							
			245,818	224,027							

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

20.06 Disposal of property, plant and equipment

The following operating fixed assets were disposed off during the year.

Particulars	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Relationship of purchaser with the Company	Mode of disposal	Buyer's name
RUPEES								
Vehicles								
Honda City MLG-05-6563	900,864	717,309	183,555	700,000	516,445	Third party	Negotiation	Mr. Jahanzeb Khan
Toyota Corolla GLI MN-12-487	1,800,650	1,054,276	746,374	1,545,000	798,626	Third party	Negotiation	Mr. M. Naeem Ahmad
Toyota Corolla XLI MN-13-163	1,554,500	855,074	699,426	1,580,000	880,574	Third party	Negotiation	Mr. M. Naeem Ahmad
Hyundai Santro MNA-07-1345	579,000	443,909	135,091	625,000	489,909	Third party	Negotiation	Mr. M. Naeem Ahmad
Suzuki Cultus LEA-07-9504	660,000	511,144	148,856	420,000	271,144	Third party	Negotiation	Mr. Jahanzeb Khan
Suzuki Cultus LEA-10-5283	770,000	525,733	244,267	610,000	365,733	Third party	Negotiation	Mr. Jahanzeb Khan
Suzuki Mehran LZM-05-1019	350,000	287,489	62,511	320,000	257,489	Third party	Negotiation	Mr. Jahanzeb Khan
Toyota Corolla Altis MN-13-4490	1,923,628	1,019,857	903,771	-	-	Third party	Negotiation	Mr. Muhammad Asghar
Toyota 2 O D LPN-07-7876	1,350,000	1,021,734	328,266	328,266	291,890	Third party	Negotiation	Mr. Muhammad Asghar
Suzuki Cultus LEA-07-2301	521,739	403,629	118,110	410,000	598,052	Third party	Negotiation	Mr. Jahanzeb Khan
Honda Civic Saloon MLD-04-9071	1,118,000	916,052	201,948	800,000	598,052	Third party	Negotiation	Mr. Jahanzeb Khan
Suzuki Bolan LEE-13-3707	581,197	316,965	264,232	515,000	250,768	Third party	Negotiation	Mr. Jahanzeb Khan
Honda City LRG-02-3015	715,826	611,937	103,889	560,000	456,111	Third party	Negotiation	Mr. Muhammad Sabir
Total	12,825,404	8,685,108	4,140,296	9,317,037	5,176,741			

Machinery

CARD MK-6 (QTY 1)	2,379,734	1,258,456	1,121,278	800,000	(321,278)	Third party	Negotiation	M/s Faisal Naveed Textile Mills Private Limited
CARD MK-5 (QTY 2)	4,759,469	2,516,909	2,242,560	1,600,000	(642,560)	Third party	Negotiation	M/s Faisal Naveed Textile Mills Private Limited
CARD MK-6 (QTY 17)	40,455,485	21,496,487	18,958,998	13,600,000	(5,358,998)	Third party	Negotiation	M/s Firm Line Corporation
CARD MACHINE (QTY 30)	71,392,032	38,226,073	33,165,959	32,000,000	(1,165,959)	Third party	Negotiation	M/s Ideal Trading Co.
Total	118,986,720	63,497,925	55,488,795	48,000,000	(7,488,795)			

Furniture

MISC ITEMS	147,967	51,985	95,982	95,982	-	Third party	Negotiation	Mr. Muhammad Asghar
	147,967	51,985	95,982	95,982	-			

20.07 Charge / mortgage on fixed assets has been disclosed in respective notes.

20.08 The Company's obligation under finance lease are secured by lessor's title to the leased assets, which have a carrying amount of Rs. 90.58 million (2020: Rs. 105.56 million).

20.09 Addition in plant and machinery includes capitalization of borrowing cost of Rs. 17.02 million (2020: Rs. 18.6 million).

20.10 Particulars of immovable assets of the Company are as follows:

Location	Addresses	Usage of immovable property	Total Area (Sq. ft.)	Covered Area (Sq. ft.)
Multan	Mouza Junglebhaera and mouza Muzafarabad Multan	Production Unit	6,917,232	2,993,438
Kasur	4km Raiwind Manga road, Raiwind, district Kasur	Production Unit	1,638,528	1,054,751

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees ('000')	2020 Rupees ('000')
21 RIGHT OF USE ASSET			
Present value of future lease payments		105,560	118,684
		<u>105,560</u>	<u>118,684</u>
Net book value as at the beginning of the year		105,560	118,684
Transfer to Property, plant and equipment		(10,207)	(7,190)
Depreciation charged during the year		(4,769)	(5,934)
Balance as at the end of the year		<u>90,585</u>	<u>105,560</u>

	Note	2021 Rupees ('000')	2020 Rupees ('000')
22 INVESTMENT PROPERTY			
Opening balance		779,925	629,886
Transfer from owner's occupied property		-	-
Revaluation gain recognised through statement of profit or loss	22.01	4,354	150,039
		<u>784,279</u>	<u>779,925</u>

22.01 As of reporting date, the fair value of such investment property was determined by an independent external property valuer, Arif Evaluators, having appropriate recognised qualification and relevant experience. Forced sale value of above investment as at reporting date is Rs. 696.204 million.

	Note	2021 Rupees ('000')	2020 Rupees ('000')
23 LONG TERM INVESTMENTS			
At fair value through statement of profit or loss designated on initial recognition			
- Investment in Imperial Limited	23.02	431,155	212,722
At fair value through other comprehensive income	23.01	3,425	1,967
		<u>434,580</u>	<u>214,689</u>

23.01 Investment - at fair value through other comprehensive income

	2021 No. of Shares / Bonds	2020 No. of Shares / Bonds	2021 Rupees ('000')	2020 Rupees ('000')
Quoted - at fair value				
Colony Woolen Mills Limited	70,506	70,506	282	282
Azgard Nine Limited	80,948	80,948	2,743	1,285
Colony Thal Textile Mills Limited	6	6	-	-
	<u>151,460</u>	<u>151,460</u>	<u>3,025</u>	<u>1,567</u>
Unquoted - at cost				
Government Compensation Bonds	400	400	400	400
	<u>151,860</u>	<u>151,860</u>	<u>3,425</u>	<u>1,967</u>

Government Compensation Bonds for Rs. 0.4 million (2020: Rs. 0.4 million) are receivable from the Federal Government in respect of shares held by the Company in the share capital of Multan Electric Supply Company Limited. The Company had challenged the withholding of these Bonds through writ petition filed in the Lahore High Court, Lahore, which is still pending for final adjudication.

23.02 Investment - at fair value through profit or loss

	2021 No. of Shares / Bonds	2020 No. of Shares / Bonds	2021 Rupees ('000')	2020 Rupees ('000')
Quoted - at fair value				
- Investment in Imperial Limited	15,862,960	15,862,960	431,155	212,722
	<u>15,862,960</u>	<u>15,862,960</u>	<u>431,155</u>	<u>212,722</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

		2021	2020
	Note	Rupees ('000')	Rupees ('000')
24 INVESTMENT IN SUBSIDIARY			
Investment in Stitchrite	24.01	100,000	1,000
		<u>100,000</u>	<u>1,000</u>
<p>24.01 Stitchrite(Private) Limited is a private company incorporated in Pakistan. As of the date of statement of financial position the company owns 100 percent shareholding of Stitchrite (Private) Limited. During the year, share capital of the company increased by Rs. 99 million.</p>			
25 STORES, SPARE PARTS AND LOOSE TOOLS			
	Note	2021	2020
		Rupees ('000')	Rupees ('000')
Stores		241,105	180,936
Spares		120,426	95,344
Loose tools		1,696	522
		<u>363,227</u>	<u>276,802</u>
Less: Provision for slow moving items	25.01	941	1,135
		<u>362,286</u>	<u>275,667</u>
25.01 Provision for slow moving items			
Opening balance		1,135	1,090
Provision made during the year		941	1,135
		<u>2,076</u>	<u>2,225</u>
Less: Provision written off during the year		1,135	1,090
Closing balance		<u>941</u>	<u>1,135</u>
26 STOCK IN TRADE			
Textile			
Raw material		1,573,387	1,288,638
Work in process		499,580	467,431
Finished goods		2,560,618	2,687,864
Real Estate Business		4,633,585	4,443,933
Land held for development and resale		165,000	165,000
		<u>4,798,585</u>	<u>4,608,933</u>
27 TRADE DEBTS			
Foreign - secured:			
Considered good		188,768	171,497
Local - unsecured:			
Considered good		933,175	1,094,549
Considered doubtful		1,235	2,250
		<u>1,123,178</u>	<u>1,268,296</u>
Less: Allowance for expected credit loss	27.01	1,235	2,250
		<u>1,121,943</u>	<u>1,266,046</u>
27.01 Allowance for expected credit loss			
Opening balance		2,250	1,430
ECL allowance provided during the year		1,235	2,250
		<u>3,485</u>	<u>3,680</u>
Less: ECL allowance written off during the year		2,250	1,430
Closing balance		<u>1,235</u>	<u>2,250</u>
28 LOANS AND ADVANCES			
Considered good:			
Secured:			
Loans to employees	28.01	24,069	81,322
Advances to:			
-Suppliers		440,575	409,697
-Stitchrite (Private) Limited (Subsidiary Company)	28.02	125	21,111
-Letters of credit fee, margin and expenses		408,796	204,300
		<u>873,565</u>	<u>716,430</u>
<p>28.01 The advances are given to employees as per company's HR policy.</p>			
<p>28.02 Maximum aggregate amount outstanding during the year was Rs. 93.55 million (2020: Rs. 21.11 million)</p>			

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

			2021 Rupees ('000')	2020 Rupees ('000')
29 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS	Note			
Trade deposits			106,025	234,030
Other receivables			10,604	21,802
			<u>116,629</u>	<u>255,832</u>
30 OTHER FINANCIAL ASSETS				
Other financial assets	30.01		<u>20</u>	<u>16</u>
30.01 These include shares of listed companies classified at fair value through statement of profit or loss.				
			2021	2020
			Rupees ('000')	Rupees ('000')
No. of Shares / Bonds	Quoted - at fair value	Note		
89	89		8	10
250	250		12	6
<u>339</u>	<u>339</u>		<u>20</u>	<u>16</u>
31 TAX REFUNDS DUE FROM THE GOVERNMENT				
Sales tax			429,783	522,545
Income tax refundable / adjustable			<u>369,609</u>	<u>410,416</u>
			<u>799,392</u>	<u>932,961</u>
32 CASH AND BANK BALANCES				
Cash in hand			2,084	3,053
Cash at banks:				
-in current accounts			47,925	35,971
-in deposit accounts	32.01		<u>4,787</u>	<u>8,928</u>
			<u>54,796</u>	<u>47,952</u>
32.01 These carry profit / markup ranging from 5.50% to 6.50% (2020: 5.55% to 13.5%) per annum.				
33 SALES	Note		2021 Rupees ('000')	2020 Rupees ('000')
Local				
Yarn and Fabric			22,144,311	14,871,142
Raw material sales			281,323	83,888
Waste			326,009	204,140
			<u>22,751,643</u>	<u>15,159,170</u>
Export				
Yarn			27,322	15,378
Fabric			2,740,959	2,564,482
			<u>2,768,281</u>	<u>2,579,860</u>
			25,519,924	17,739,030
Commission and duties			<u>(51,396)</u>	<u>(38,738)</u>
			<u>25,468,528</u>	<u>17,700,292</u>
33.01 Sales are shown net of sales tax, amounting Rs. 4,307 million (2020: 2,846 million).				
34 COST OF SALES	Note		2021 Rupees ('000')	2020 Rupees ('000')
Raw material consumed	34.01		15,547,060	10,927,775
Stores consumed			989,471	876,976
Staff salaries, wages and benefits	34.02		2,508,844	2,019,268
Power and fuel			3,106,605	2,520,618
Insurance			61,808	57,302
Rent, rates and taxes			19,962	5,422
Depreciation	20.02		839,087	849,326
Other charges			<u>71,571</u>	<u>112,172</u>
			<u>23,144,408</u>	<u>17,368,859</u>
Work in process:				
Opening			467,431	450,135
Closing			<u>(499,580)</u>	<u>(467,431)</u>
			<u>(32,149)</u>	<u>(17,296)</u>
Cost of goods manufactured			<u>23,112,259</u>	<u>17,351,563</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

		2021	2020
	Note	Rupees ('000')	Rupees ('000')
Finished goods:			
Opening stock		2,687,864	2,090,735
Closing stock		(2,560,618)	(2,687,864)
		127,246	(597,129)
Real estate:			
Opening stock		165,000	165,000
Closing stock		(165,000)	(165,000)
		-	-
		23,239,505	16,754,434
34.01 Raw material consumed			
Opening stock		1,288,638	2,000,067
Purchases including purchase expenses		15,831,809	10,216,346
		17,120,447	12,216,413
Closing stock		(1,573,387)	(1,288,638)
		15,547,060	10,927,775
34.02	Salaries, wages and other benefits include provision for staff retirement benefits for the year Rs. 204.281 million (2020: Rs. 123.88 million).		
		2021	2020
	Note	Rupees ('000')	Rupees ('000')
35 DISTRIBUTION COST			
Staff salaries and benefits		43,640	30,627
Freight charges		85,813	57,563
Telecommunication		3,326	3,178
Export forwarding charges		146,404	111,766
Bank charges		4,116	2,790
Others		19,585	11,476
		302,884	217,400
36 ADMINISTRATIVE EXPENSES			
Staff salaries and benefits	36.01	366,368	214,267
Printing and stationery		786	712
Travelling and conveyance		8,552	14,475
Communication		4,727	7,771
Repair and maintenance		6,355	11,367
Insurance		4,517	4,119
Advertisement		658	125
Fee and subscription		6,450	4,528
Allowance for expected credit loss	27.01	1,235	2,250
Provision for slow moving stores, spares and loose tools	25.01	941	1,135
Entertainment		7,838	8,462
Auditors' remuneration	36.02	3,403	3,353
Donation	36.03	10,242	8,807
Expenses related to corporate social responsibilities		18,625	14,770
Legal and professional charges		6,124	7,329
Directors' meeting fee		300	210
Depreciation	20.02	13,866	14,101
Miscellaneous expenses		7,848	15,804
		468,835	333,585
36.01	Salaries, wages and other benefits include staff retirement benefits for the year Rs. 8.49 million (2020: Rs. 7.62 million).		
		2021	2020
	Note	Rupees ('000')	Rupees ('000')
36.02 Auditors' remuneration			
Statutory audit fee		2,994	2,994
Half yearly review fee		259	259
CCG review fee		100	50
Out of pocket expenses		50	50
		3,403	3,353
36.03	No director or his / her spouse had any interest in the donees' fund.		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

		2021	2020
	Note	Rupees ('000')	Rupees ('000')
37 FINANCE COST			
Bank charges and commission		23,653	13,033
Mark up on inland bill discounting		31,362	39,225
Mark up on;			
- Long term finance		470,270	598,936
- Short term borrowings		186,695	312,300
- Liabilities against assets subject to finance lease		2,881	5,117
		659,846	916,353
		714,861	968,611
38 OTHER OPERATING CHARGES			
Unwinding of loans at amortised cost		2,948	14,119
Worker's profit participation fund		38,616	-
Worker's welfare fund		18,471	-
		60,035	14,119
39 OTHER INCOME			
Income from financial assets	Note	2021 Rupees ('000')	2020 Rupees ('000')
Profit on deposits with banks		8,307	9,403
Amortization of deferred mark up		186,250	128,487
Gain on remeasurement of investments		4	(1)
Gain on restructuring from banking companies / financial institutions	39.01	-	90,623
Gain on long term investments		218,433	22,843
Income from other than financial assets			
(Loss) on sale of property, plant and equipment	20	(2,315)	(10,755)
gain on revaluation of investment property	22	4,354	150,039
Exchange gain realised		10,533	4,624
Miscellaneous income		13,351	22,555
		438,917	417,818
39.01	This includes gain on restructuring of long-term financing and short-term borrowings from banking companies / financial institutions.		
40 TAXATION	Note	2021 Rupees ('000')	2020 Rupees ('000')
Taxation:			
-Current year		368,233	251,625
-Prior years		(151)	(59,356)
		368,082	192,269
Deferred		4,987	12,754
		373,069	205,023
- Income tax return has been filed to the income tax authorities up to and including tax year 2020 under the provisions of the Income Tax Ordinance, 2001.			
- Provision for taxation has been made in accordance with section 154 and 113 of the Income Tax Ordinance, 2001 ("The Ordinance"). There is no relation between aggregate tax expense and accounting profit. Accordingly, no numerical reconciliation has been presented.			
41 EARNINGS PER SHARE	Note	2021	2020
Basic Earnings per share:			
Profit after taxation	Rupees ('000')	748,256	(375,062)
Weighted average number of ordinary shares	Number ('000')	498,010	498,010
Earning per share - basic and diluted	Rupees	1.50	(0.75)

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FOR THE YEAR ENDED JUNE 30, 2021

Diluted earnings per share:

There is no dilutive effect on the basic earnings per share of the company because the company has no outstanding potential ordinary shares.

42 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	CHIEF EXECUTIVE		EXECUTIVE DIRECTOR		NON-EXECUTIVES DIRECTORS		EXECUTIVES	
	2021	2020	2021	2020	2021	2020	2021	2020
	Rupees ('000')	Rupees ('000')	Rupees ('000')	Rupees ('000')	Rupees ('000')	Rupees ('000')	Rupees ('000')	Rupees ('000')
Managerial remuneration	27,273	27,273	4,364	4,364	-	-	54,172	45,241
Retirement benefits	2,272	2,272	364	364	-	-	4,170	3,586
Medical	2,727	2,727	436	436	-	-	5,417	4,524
Meeting fee	-	-	-	-	300	210	-	-
	32,272	32,272	5,164	5,164	300	210	63,759	53,351
Number of Executives	1	1	1	1	5	5	29	23

42.01 Certain executives including Chief Executive Officer of the company are also provided with free use of Company's cars in accordance with their entitlements.

42.02 No remuneration was given to Non Executive Director except the fee paid for attending the meeting and as disclosed in note No. 36. Non Executive Directors include one independent director.

43 TRANSACTIONS WITH RELATED PARTIES

The Company in the normal course of business carries out transactions with various related parties which comprise of directors, key management personnel and post employment benefits plan. Remuneration of Chief Executive Officer is disclosed in note No. 42. Other significant transactions with related parties are as follows:

Nature of transaction	Nature of Relationship	Note	2021 Rupees ('000')	2020 Rupees ('000')
Expense in relation to provident fund trust	Employees Fund	43.01	27,949	25,206
Investment in Stitchrite (Pvt) Limited	Subsidiary		100,000	1,000
Sales to Stitchrite (Pvt) Limited	Subsidiary		40,271	243
Purchases from Stitchrite (Pvt) Limited	Subsidiary		488	817
Rent received from Stitchrite (Pvt) Limited	Subsidiary		7,059	4,706
Loan to Stitchrite (Pvt) Limited	Subsidiary		125	21,111

43.01 The related party status of outstanding balances as at 30 June 2021 related to employee provident fund trust are included in trade and other payables amounting to Rs. 35.003 million (2020: Rs. 58.427 million). These are to be settled in the ordinary course of business.

Following are the related parties with whom the company has entered into transactions or have arrangements / agreements in place.

Sr. No.	Company Name	Basis of relationship	Aggregate % of Shareholding in the Company
1	CTML Employees Contributory Provident Fund	Trustee	N/A
2	Stichrite (Private) Limited	Subsidiary	100%

44 PLANT CAPACITY AND ACTUAL PRODUCTION	2021	2020
Installed capacity		
Spinning division:		
Ring spinning:		
Installed capacity converted into 20s count	Kgs 124,807,256	124,807,256

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Open end spinning:		2021	2020
Installed capacity converted into 20s count	Kgs	9,332,808	4,571,171
Weaving Division:			
Installed capacity converted into square meter @ 60 PPI	Meters	121,824,244	118,195,436
Actual production:			
Spinning division:			
Ring spinning:			
Production converted into 20s count	Kgs	122,251,661	97,011,385
Open end spinning:			
Production converted into 20s count	Kgs	5,492,209	3,270,245
Weaving Division:			
Production converted into square meter @ 60 PPI	Meters	116,040,131	94,672,367

Remarks

It is difficult to describe precisely the production capacity in spinning / weaving mills since it fluctuates widely depending on various factors such as count of yarn spun, twist, fiber blend and fabric construction etc. It also significantly varies based on the pattern of production adopted throughout the year. Difference of actual production with installed capacity is in normal course of business.

	Note	2021 Rupees ('000')	2020 Rupees ('000')
45 PROVIDENT FUND			
The following information is based on the latest audited financial statements of the trust:			
Size of the fund - Total assets		291,741	240,587
Cost of investments made	45.01	253,913	181,111
Percentage of investments made		87.03%	75.28%
Fair value of investments		253,913	181,111

45.01 The break-up of fair value of investments is:

	2021		2020	
	Rs. ('000')	Percentage	Rs. ('000')	Percentage
Loan to members	44,752	18%	28,045	15%
Bank balances	7,042	3%	15,636	9%
Government securities	155,119	61%	137,430	76%
Other investments	47,000	18%	-	0%
	253,913	100%	181,111	100%

These investments out of provident fund trust have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

46 NUMBER OF EMPLOYEES

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

		2021 Number	2020 Number
Average number of employees during the year	- factory	8,550	7,928
	- others	636	621
		9,186	8,549
Number of employees at the end of the year	- factory	9,035	8,065
	- others	650	621
		9,685	8,686

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

47 FINANCIAL INSTRUMENTS

47.01 The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk. Further, quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

47.02 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from deposits, trade debts, loans, advances and other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Financial assets as per statement of financial position	2021 Rupees ('000')	2020 Rupees ('000')
Long term investment in IML	431,155	212,722
Long term deposits	51,132	51,132
Trade debts	1,121,943	1,266,046
Loans and advances	24,069	81,322
Trade deposits and short term prepayments	116,629	255,832
Cash and Bank balances	54,796	47,952
Investments measured at fair value through profit or loss		
Quoted - at fair value	20	16
Investment measured at fair value through other comprehensive income		
Quoted - at fair value	3,025	1,567
Unquoted - at cost	400	400
	<u>1,803,169</u>	<u>1,916,989</u>

The Company's credit risk exposures are categorized under the following headings:

Counter parties

The Company conducts transactions with the following major counterparties:

- Trade debtors
- Banks and other financial institutions

The Company has adopted a policy of only dealing with creditworthy counter parties as a means of mitigating the risk of financial loss from defaults. The Company's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

Credit risk related to trade debts

Trade debts are essentially due from local and foreign customers against sale of yarn, fabric and waste material and the Company does not expect these counter parties to fail to meet their obligations. The majority of sales to the Company's customers are made on specific terms. Customer credit risk is managed subject to established policies, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on past experience with the customer. Outstanding customer receivables are regularly monitored and any shipments to foreign customers are generally covered by letters of credit.

Trade receivables are non-interest bearing and are generally on 60 to 90 days credit terms.

Impairment losses

The aging of trade debts and loans to employees at the reporting date was:

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	2021 Rupees ('000')	2020 Rupees ('000')
0 to 30 days	343,804	404,210
31 to 180 days	458,405	538,947
181 to 360 days	342,568	401,960
Over one year	1,235	2,250
	<u>1,146,012</u>	<u>1,347,367</u>

Trade debts include debtors with a carrying amount of Rs. 1.23 million (2020: Rs. 2.25 million) which are past due at the reporting date but not impaired as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Concentration of credit risk

Trade debts consist of a large number of diversified customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable where appropriate. Geographically, there is no concentration of credit risk.

Credit risk related to banks and other financial institutions

Credit risk on balances with banks is managed by management in accordance with the Company's policy. Excess funds are placed in deposits with reputable banks and financial institutions.

47.03 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of statement of financial position liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer. Furthermore, support from sponsors in the form of interest free loans to meet liquidity shortfall is also contributory to minimize liquidity risk.

The Company manages liquidity risk by maintaining adequate reserves and borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note No. 15.02 is a list of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

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47.03.1 Liquidity risk table

Financial liabilities in accordance with their contractual maturities are presented below:

30 June 2021							
Interest/mark-up bearing			Non interest/mark-up bearing				
Maturity within one year	Maturity after one year	Sub Total	Maturity within one year	Maturity after one year	Sub Total	Total	
Rupees ('000')							
Financial Liabilities:							
Financial liabilities measured at amortized cost	-	-	-	4,176,997	4,176,997	4,176,997	
Long term financing	815,592	6,894,705	7,710,297	-	-	7,710,297	
Director's loan	-	-	-	120,000	120,000	120,000	
Liabilities against assets subject to finance lease	14,992	12,906	27,898	-	-	27,898	
Short-term borrowings	2,993,518	-	2,993,518	-	-	2,993,518	
Trade and other payables	-	-	1,647,850	-	1,647,850	1,647,850	
Unclaimed dividend	-	-	94	-	94	94	
Accrued mark up	147,638	-	147,638	-	-	147,638	
	3,971,740	6,907,611	10,879,351	1,647,944	4,296,997	5,944,941	16,824,292
30 June 2020							
Interest/mark-up bearing			Non interest/mark-up bearing				
Maturity within one Year	Maturity after one Year	Sub Total	Maturity within one Year	Maturity after one Year	Sub Total	Total	
Rupees ('000')							
Financial Liabilities:							
Financial liabilities measured at amortized cost	-	-	-	3,875,949	3,875,949	3,875,949	
Long term financing	410,786	7,599,183	8,009,969	-	-	8,009,969	
Director's loan	-	-	-	385,187	385,187	385,187	
Liabilities against assets subject to finance lease	19,812	21,380	41,192	-	-	41,192	
Short-term borrowings	3,328,787	-	3,328,787	-	-	3,328,787	
Trade and other payables	-	-	1,180,291	-	1,180,291	1,180,291	
Unclaimed dividend	-	-	94	-	94	94	
Accrued mark up	217,947	-	217,947	-	-	217,947	
	3,977,332	7,620,563	11,597,895	1,180,385	4,261,136	5,441,521	17,039,416

Effective mark up / interest rates have been disclosed in respective notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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47.04 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing returns.

47.04.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Exposure to currency risk

The Company is exposed to currency risk on trade debts which are denominated in currency other than the functional currency of the Company. The Company's exposure to foreign currency risk is as follows:

Statement of financial position items

	2021		2020	
	Rupees ('000')	US \$ ('000')	Rupees ('000')	US \$ ('000')
Trade debts	188,768	1,198	171,497	1,021
L/C Margins	408,796	2,595	204,300	1,216

Off statement of financial position commitments

	2021		2020	
	Rupees ('000')	US \$ ('000')	Rupees ('000')	US \$ ('000')
Letter of credit	176,262	1,119	10,257	61

The following US Dollar exchange rates were applied during the year:

	2021	2020
	Rupees	Rupees
Average rate	162.80	165.53
Statement of financial position date rate	157.54	168.05

Sensitivity analysis - foreign currency

At 30 June 2021, if the Rupee had weakened / strengthened by 5% against the US Dollar with all other variables held constant, profit for the year would have been lower / higher by Rs. 38.691 million (2020: 19.30 million), as a result of foreign exchange gains / losses on translation of foreign currency trade debts. Profit / (loss) is more sensitive to movement in Rupee / foreign currency exchange rates in 2021 than 2020 because of average increase in foreign currency exchange rate during the year.

47.04.2 Interest rate risk

Interest / markup rate risk arises from the possibility that changes in interest / markup rates will affect the value of financial instruments. The Company has significant amount of interest based financial assets and financial liabilities which are largely based on variable interest / markup rates, therefore the Company has to manage the related finance cost which exposes it to the risk of 1 month, 3 months and 6 months KIBOR. Since the impact on interest rate exposure is significant to the Company, management is considering the alternative arrangement to manage interest rate exposure in future.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees ('000')	2020 Rupees ('000')
Fixed rate instruments			
There are no fixed rate instruments.			
Variable rate instruments			
Financial assets			
Cash in deposit accounts		4,787	8,928
Financial liabilities			
Long term finance		7,710,297	8,009,969
Short term finance		2,993,518	3,328,787
Liabilities against assets subject to finance lease		27,898	41,192
		<u>10,731,713</u>	<u>11,379,948</u>

Sensitivity analysis - interest rate

If interest rates had been 1 % higher / lower and all other variables were held constant, the Company's profit / (loss) for the year ended 30 June 2021 would have decreased / increased by Rs. 107.27 million (2020: Rs. 113.70 million). This is mainly attributable to the Company's exposure to interest rates on its variable rate financial instruments.

47.04.3 Other price risk

Other price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to 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 materially exposed to other price risk on financial assets and liabilities.

47.04.4 Financial instruments by category

The Company finances its operation through equity, borrowings and management of working capital with a view to maintain an approximate mix between various sources of finance to minimize risk. Taken as a whole, the Company's risk arising from financial instruments is limited as there is no significant exposure to price and cash flow risk in respect of such instruments.

	Note	2021 Rupees ('000')	2020 Rupees ('000')
Financial assets as per statement of financial position			
Loan and receivable			
Long-term deposits		51,132	51,132
Trade debts		1,121,943	1,266,046
Loans and advances		24,069	81,322
Trade deposits and short term prepayments		116,629	255,832
Cash and Bank balances		54,796	47,952
Long term investment			
Investment in IML at fair value through statement of profit or loss		431,155	212,722
Fair value through profit or loss			
Quoted - at fair value		20	16
Fair value through other comprehensive income			
Quoted - at fair value		3,025	1,567
Unquoted - at cost		400	400
		<u>1,803,169</u>	<u>1,916,989</u>

NOTES TO THE FINANCIAL STATEMENTS

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	Note	2021 Rupees ('000')	2020 Rupees ('000')
Financial liabilities as per statement of financial position			
Financial liabilities measured at amortized cost		4,176,997	3,875,949
Long term finance		7,710,297	8,009,969
Director's loan		120,000	385,187
Liabilities against assets subject to finance lease		27,898	41,192
Short-term borrowings		2,993,518	3,328,787
Trade and other payables		1,647,850	1,180,291
Unclaimed dividend		94	94
Accrued mark up		147,638	217,947
		<u>16,824,292</u>	<u>17,039,416</u>

47.05 Fair values of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirements to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

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

47.05.1 Fair value hierarchy

Following are three levels in fair value hierarchy that reflects the significance of the inputs used in measurement of fair values of financial instruments.

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

Financial assets:	2021			
	Level 1	Level 2	Level 3	Total
	Rupees ('000')			
Financial investments: available for sale	20	-	-	20
Investment at fair value through profit or loss	431,155	-	-	431,155
Investment - available for sale	2,743	-	282	3,025
	<u>433,918</u>	<u>-</u>	<u>282</u>	<u>434,200</u>
Financial assets:	2020			
	Level 1	Level 2	Level 3	Total
	Rupees ('000')			
Financial investments: available for sale	16	-	-	16
Investment at fair value through profit or loss	212,722	-	-	212,722
Investment - available for sale	1,285	-	282	1,567
	<u>214,023</u>	<u>-</u>	<u>282</u>	<u>214,305</u>

48 CAPITAL MANAGEMENT

The Company's objectives, policies and processes for managing capital are as follows:

- The Company is not subject to any externally imposed capital requirements.
- 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

- Consistently with others in the industry, the company monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e., share capital, reserves and unappropriated profit).
- The Company's strategy is to maintain its debt-to-adjusted capital ratio between 40% to 60%. The debt-to-adjusted capital ratios at 30 June 2021 and 30 June 2020 were as follows:

	Note	2021 Rupees ('000')	2020 Rupees ('000')
Total debt		10,731,714	11,379,948
Less: cash and cash equivalents		54,796	47,952
Net debt		10,676,918	11,331,996
Total equity		9,874,147	9,398,680
Total capital employed		20,551,065	20,730,676
Gearing ratio (%)		51.95%	54.67%

49 NON ADJUSTING EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

There were no non-adjusting events after the statement of financial position date.

50 CASH GENERATED FROM OPERATIONS

	Note	2021 Rupees ('000')	2020 Rupees ('000')
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		1,121,325	(170,039)
Adjustments for:			
Provision for staff retirement benefits		186,281	123,880
Depreciation		852,953	863,427
Finance cost		714,861	968,611
Worker's profit participation fund		38,616	-
Worker's welfare fund		18,471	-
Share of (gain) / loss from investment in IML		(218,433)	(22,843)
Loss/(gain) on remeasurement of short term investments		(4)	1
Revaluation loss / (gain) on investment property		(4,354)	(150,039)
Provision for slow moving stores, spares and loose tools		941	1,135
Loss allowance for doubtful trade debts		1,235	2,250
Amortization of deferred mark up		(186,250)	(128,487)
Gain on restructuring from banking companies / financial institutions		-	(91,165)
Gain on amortisation of long term loan		2,948	14,119
(Gain)/loss on disposal of property, plant and equipment		2,315	10,755
		1,409,580	1,591,644
Operating cash flows before working capital changes		2,530,905	1,421,605
Changes in working capital:			
(Increase) / decrease in current assets:			
Stores, spares and loose tools		(87,560)	121,679
Stock-in-trade		(189,652)	97,004
Trade debts		142,868	(268,091)
Loans and advances		(157,135)	(214,430)
Tax refund due from government		92,762	31,781
Trade deposits and short term prepayments		139,203	(22,172)
Increase / (decrease) in current liabilities:			
Trade and other payables		245,053	300,418
		185,539	46,189
Cash generated from operations		2,716,444	1,467,794

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

51 SEGMENT INFORMATION

	Spinning		Weaving		Real estate		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	----- Rupees ('000') -----							
Sales:								
Total	20,976,797	13,863,032	5,031,184	4,285,325	-	-	26,007,981	18,148,357
Intersegment	(539,453)	(448,065)	-	-	-	-	(539,453)	(448,065)
	20,437,344	13,414,967	5,031,184	4,285,325	-	-	25,468,528	17,700,292
Cost of Sales	18,867,654	12,690,382	4,371,852	4,064,052	-	-	23,239,505	16,754,434
Gross profit	1,569,691	724,585	659,333	221,273	-	-	2,229,023	945,858
Distribution Cost	212,019	156,310	90,865	61,090	-	-	302,884	217,400
Administrative expenses	328,185	236,830	140,651	96,755	-	-	468,835	333,585
	540,204	393,140	231,516	157,845	-	-	771,719	550,985
	1,029,487	331,445	427,817	63,428	-	-	1,457,304	394,873
Finance cost	500,403	669,597	214,458	299,014	-	-	714,861	968,611
Profit before unallocated income and expenses	529,084	(338,152)	213,358	(235,586)	-	-	742,443	(573,738)
Unallocated income and expenses								
Other operating charges							60,035	14,119
Other Income							438,917	417,818
Profit before tax							1,121,325	(170,039)
Taxation							373,069	205,023
Profit after tax for the year							748,256	(375,062)
Other comprehensive income:								
Remeasurement (loss) / gain of defined benefit obligation							(9,061)	28,310
Net fair value gain / (loss) on investment through FVOCI							1,459	506
Total comprehensive profit for the year							740,654	(346,246)

Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Total	
	2021	2020	2021	2020	2021	2020
	----- Rupees ('000') -----					
Total assets for reportable segments	10,306,458	10,220,577	8,432,557	8,030,454	18,739,015	18,251,031
Unallocated assets:						
Investment property					784,279	779,925
Long term investments					434,580	214,689
Investment in subsidiary					100,000	1,000
Cash and bank balances					54,796	47,952
Other corporate assets					8,123,552	8,107,017
Total assets as per statement of financial position					28,236,223	27,401,614
Unallocated liabilities:						
Directors' loan					120,000	385,187
Provision for taxation					368,233	251,625
Other corporate liabilities					27,747,990	26,764,802
Total liabilities as per statement of financial position					28,236,223	27,401,614

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

51.01 Geographical information

The Company's revenue from external customers by geographical locations is detailed below:

	Spinning		Weaving		Total	
	2021	2020	2021	2020	2021	2020
	----- Rupees ('000') -----					
Europe	-	-	1,122,879	1,156,465	1,122,879	1,156,465
USA	-	-	114,983	69,475	114,983	69,475
Africa	-	-	67,468	137,648	67,468	137,648
Asia	27,322	15,378	1,435,629	1,200,894	1,462,951	1,216,272
	<u>27,322</u>	<u>15,378</u>	<u>2,740,959</u>	<u>2,564,482</u>	<u>2,768,281</u>	<u>2,579,860</u>

52 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been approved and authorized for issue on 06 October 2021 by the Board of Directors of the Company.

53 GENERAL

- Figures have been rounded off to the nearest Rupees in thousand except where stated otherwise.
- Corresponding figures have been rearranged/reclassified, wherever necessary, to facilitate comparison.



Chief Financial Officer



Director



Chief Executive Officer



In the Name of Almighty Allah The Most Beneficient
The Most Merciful

**COLONY TEXTILE MILLS LIMITED
CONSOLIDATED ACCOUNTS FOR THE YEAR
ENDED
JUNE 30, 2021**

Independent Auditors' Report

To The Members of Colony Textile Mills Limited

Report on the Audit of Consolidated Financial Statements

Opinion

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

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Independent Auditors' Report

To The Members of Colony Textile Mills Limited

Report on the Audit of Consolidated Financial Statements

Key Audit Matters	How the matters were addressed in our audit
1) Revenue (Refer note 33 to the annexed financial statements) Revenue is recognized when control of the underlying products has been transferred to the customers. The Company primarily generates revenue from sale of yarn, fabric and trading in real estate. During the year, the Company's revenue is Rs. 25,462 million which is 90.05% of the total assets. We have considered revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Company, inherent risk of material misstatement and significant increase in revenue from last year despite the impacts of COVID-19 during the year.	Our audit procedures in relation to the matter, amongst others, included the following: <ul style="list-style-type: none"> Assessed the design, implementation and operating effectiveness of the relevant key internal controls over the Company's system which governs revenue recognition; Understood and evaluated the accounting policies with respect to revenue recognition including those related to discounts and commissions and its compliance with International Financial Reporting Standards; Performed testing of sample of revenue transactions with underlying documentation including dispatch documents and sales invoices; Tested on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the correct period; Checked on a sample basis, approval of sales prices and commissions by the appropriate authority; Performed recalculation of discounts and commission as per Company's policy on test basis; Performed audit procedures to analyze variation in the price and quantity sold during the year; and Assessed the adequacy of disclosures made in the financial statements related to revenue.
2) Inventories (Refer notes 25 and 26 to the annexed financial statements) The Company has inventories i.e. stores, spares and loose tools and stock - in - trade aggregating Rs. 5,203 million. We identified this area as a key audit matter because inventories constitute 18.40% of the total assets of the Company as at 30 June 2021 and determining an appropriate write down as a result of net realizable value (NRV) and provision for slow moving inventories involves management judgement and estimation.	Our audit procedures in respect of this area included: <ul style="list-style-type: none"> Observation of physical inventory count procedures and compared on a sample basis, physical count with valuations sheets; Compared on a sample basis specific purchases and directly attributable cost with underlying supporting documents; Compared the NRV, on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value stocks in accordance with applicable accounting and reporting standards; Assessed the provision for slow moving items as at year end is in accordance with the Company policy and relevant accounting standard; and We also considered the adequacy of the related disclosures and assessed these are in accordance with the applicable financial reporting standards and the Companies Act, 2017.

Independent Auditors' Report

To The Members of Colony Textile Mills Limited

Report on the Audit of Consolidated Financial Statements

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditors' Report To The Members of Colony Textile Mills Limited Report on the Audit of Consolidated Financial Statements

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the

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

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

Dated: 06 October, 2021
Lahore


Tariq Abdul Ghani Maqbool & Co.
Chartered Accountants

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2021

	Note	2021 Rupees ('000')	2020 Rupees ('000')
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital	9	5,300,000	5,300,000
Issued, subscribed and paid up capital	10	4,980,100	4,980,100
Reserve arising on amalgamation		3,156,388	3,156,388
Revaluation surplus on property, plant and equipment		19,594	19,594
Directors' loan	11	120,000	385,187
General reserves		4,702	4,702
Unappropriated profit		1,564,304	845,182
Surplus on remeasurement of investments		2,951	1,492
		9,848,039	9,392,645
Non-current liabilities			
Long term financing	12	6,894,705	7,599,183
Liabilities against assets subject to finance lease	13	12,906	21,380
Deferred liabilities	14	5,257,455	4,863,410
		12,165,066	12,483,973
Current liabilities			
Trade and other payables	15	1,921,336	1,294,867
Short term borrowings	16	2,993,518	3,328,787
Accrued mark up	17	147,638	217,947
Unclaimed dividend		94	94
Current portion of long term liabilities	18	830,584	430,598
Provision for taxation	19	368,752	251,638
		6,261,922	5,523,931
Contingencies and commitments	20	-	-
		28,275,027	27,400,549

The annexed notes from 01 to 53 form an integral part of these financial statements.



Chief Financial Officer



Director

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2021

	Note	2021 Rupees ('000')	2020 Rupees ('000')
ASSETS			
Non-current assets			
Property, plant and equipment	21	18,711,700	18,149,162
Right of use assets	22	90,584	105,560
Investment property	23	784,279	779,925
Long term investments	24	434,580	214,689
Long term deposits		51,132	51,132
		<u>20,072,275</u>	<u>19,300,468</u>
Current assets			
Stores, spare parts and loose tools	25	384,598	277,745
Stock in trade	26	4,818,093	4,608,933
Trade debts	27	1,123,472	1,267,062
Loans and advances	28	876,945	706,326
Trade deposits and short term prepayments	29	116,629	255,832
Other financial assets	30	20	16
Tax refunds due from the Government	31	812,111	935,096
Cash and bank balances	32	70,884	49,071
		<u>8,202,752</u>	<u>8,100,081</u>
		<u><u>28,275,027</u></u>	<u><u>27,400,549</u></u>

The annexed notes from 01 to 53 form an integral part of these financial statements.

Chief Executive Officer

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees ('000')	2020 Rupees ('000')
Sales - net	33	25,462,402	17,700,343
Cost of sales	34	23,239,605	16,759,401
Gross profit		2,222,797	940,942
Operating expenses:			
Distribution cost	35	303,447	217,444
Administrative expenses	36	474,410	334,646
		777,857	552,090
Operating profit		1,444,940	388,852
Finance cost	37	714,930	968,612
Other operating charges	38	60,096	14,119
		775,026	982,731
Other income	39	431,858	417,818
Profit / (loss) before taxation		1,101,772	(176,061)
Taxation	40	373,588	205,036
Profit / (loss) after tax for the year		728,184	(381,097)
		Rupees	Rupees
Earnings/(Loss) per share - basic and diluted	41	1.46	(0.77)

The annexed notes from 01 to 53 form an integral part of these financial statements.



Chief Financial Officer



Director



Chief Executive Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees ('000')	2020 Rupees ('000')
Profit / (loss) for the year		728,184	(381,097)
Other comprehensive income:			
Items that will not be reclassified to statement of profit or loss:			
Remeasurement (loss) / gain of defined benefit obligation	14.03	(12,146)	37,949
Deferred tax thereon		3,085	(9,639)
		(9,061)	28,310
Items that may be reclassified to statement of profit or loss:			
Net fair value gain on investment measured at FVTOCI		1,459	506
Total comprehensive income/(loss) for the year		720,582	(352,281)

The annexed notes from 01 to 53 form an integral part of these financial statements.



Chief Financial Officer



Director



Chief Executive Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees ('000')	2020 Rupees ('000')
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	50	2,704,587	1,473,784
Finance cost paid		(297,940)	(385,995)
Staff retirement benefit paid		(107,631)	(62,207)
Income tax paid		(221,264)	(219,803)
		(626,835)	(668,005)
Net cash generated from operating activities		2,077,752	805,779
CASH FLOWS FROM INVESTING ACTIVITIES			
		-	-
Fixed capital expenditure		(1,462,170)	(663,716)
Proceeds from disposal of property, plant and equipment		57,413	15,327
Net cash used in investing activities		(1,404,757)	(648,389)
CASH FLOWS FROM FINANCING ACTIVITIES			
		-	-
Long term finances repaid		(302,620)	(273,576)
Lease rentals - net		(13,294)	(12,521)
Short term borrowings - net		(335,268)	140,491
Net cash used in financing activities		(651,182)	(145,606)
Net increase / (decrease) in cash and cash equivalents		21,813	11,784
Cash and cash equivalents at beginning of the year		49,071	37,287
Cash and cash equivalents at end of the year		70,884	49,071

The annexed notes from 01 to 53 form an integral part of these financial statements.



Chief Financial Officer



Director



Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2021

	Share capital	Reserve arising on amalgamation	Revaluation surplus on property, plant and equipment	Directors' loan	Revenue reserves		Surplus on re-measurement of investments	Total
					General reserves	Unappropriated profit/(loss)		
	Rupees ('000')							
Balance as at 30 June 2019	4,980,100	3,156,388	19,594	385,187	4,702	1,197,969	986	9,744,926
Total comprehensive income for the year								
Profit / (loss) for the year	-	-	-	-	-	(381,097)	-	(381,097)
Remeasurement of defined benefit obligation	-	-	-	-	-	28,310	-	28,310
Net fair value gain on investment measured at FVTOCI	-	-	-	-	-	-	506	506
Total comprehensive income for the year	-	-	-	-	-	(352,787)	506	(352,281)
Directors' loan adjusted during the year	-	-	-		-	-	-	-
Balance as at 30 June 2020	4,980,100	3,156,388	19,594	385,187	4,702	845,182	1,492	9,392,645
Total comprehensive income for the year								
Profit / (loss) for the year	-	-	-	-	-	728,184	-	728,184
Remeasurement of defined benefit obligation	-	-	-	-	-	(9,061)	-	(9,061)
Net fair value gain on investment measured at FVTOCI	-	-	-	-	-	-	1,459	1,459
Total comprehensive income for the year	-	-	-	-	-	719,123	1,459	720,582
Directors' loan adjusted during the year	-		-	(265,187)	-	-	-	(265,187)
Balance as at 30 June 2021	4,980,100	3,156,388	19,594	120,000	4,702	1,564,305	2,951	9,848,040

The annexed notes from 01 to 53 form an integral part of these financial statements.



Chief Financial Officer



Director



Chief Executive Officer

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.01** Colony Textile Mills Limited ("the Holding Company") is a Public Company Limited by shares incorporated in Pakistan on 12 January 2011 under the provisions of the repealed Companies Ordinance, 1984 (now The Companies Act 2017). The Holding Company is listed on Pakistan Stock Exchange Limited. The registered office of the Holding Company is located at M. Ismail Aiwan-i-Science, Building, Ferozepur Road, Lahore, Pakistan. The principal activity of the Holding Company is manufacturing and sale of yarn, fabric, garments made ups and trading in real estate.

Geographical location and addresses of major business units including mills / plants of the Holding Company are as under:

Location	Purpose
M. Ismail Aiwan-i-Science Building, Ferozepur Road, Lahore	Head Office
4km Raiwind Manga Road, Raiwind, District Kasur	Weaving unit
Sher Shah Road Ismailabad, Multan	Spinning unit

2 THE GROUP AND ITS OPERATIONS

The group consists of :

Colony Textile Mills Limited (the Holding Company)

Stitchrite (Private) Limited (the Subsidiary Company)

Stitchrite (Private) Limited was incorporated in Pakistan as on 11 October 2019 under the Companies Act, 2017 (XIX of 2017) limited by shares. The registered office of the Company is located at 221-2nd Floor, Karachi Cotton Association Building, I.I. Chandigarh Road, Karachi, North Karachi Town Sindh 74000. The Company is principally engaged in manufacturing and general trading of textile products.

	Effective Shareholding %
- Stitchrite (Private) Limited	100

3 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE GROUP'S FINANCIAL POSITION AND PERFORMANCE

All significant transactions and events that have affected the consolidated statement of financial position and performance during the year have been adequately disclosed in the notes to these consolidated financial statements. For a detailed discussion about these significant transactions and events, please refer to the Directors' report.

4 BASIS OF PREPARATION

4.01 Statement of compliance

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

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

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

- 4.02** These consolidated financial statements comprise the consolidated statement of financial position of the company as at June 30, 2020 and the related consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows together with notes forming part thereof.

4.03 Standards, interpretations and amendments to published approved accounting standards

The following amendments to existing standards have been published that are applicable to these consolidated financial statements covering annual periods, beginning on or after the following dates:

Standards, amendments to published standards and interpretations effective in current year

- | | |
|-------|---|
| IAS 1 | Presentation of Financial Statements - Amendments regarding the definition of material |
| IAS 8 | Accounting policies, changes in accounting estimates and errors - Amendments regarding the definition of material |

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

IFRS 9	Financial Instruments - Amendments regarding pre-replacement issues in the context of the IBOR reform
IAS 41	Agriculture - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (taxation in fair value measurements)
IFRS 3	Business combinations - Amendments to clarify the definition of a business
IFRS 7	Financial Instruments: Disclosures - Amendments regarding pre-replacement issues in the context of the IBOR reform
IFRS 11	Joint arrangements - Amendments resulting from Annual Improvements 2015–2017 Cycle (remeasurement of previously held interest)
IFRS 16	Leases - Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification

Standards, interpretations and amendments to existing standards that are not yet effective

The following amendments and interpretations to existing standards have been published and are mandatory for accounting periods beginning on or after their respective effective dates.

	Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IAS 8	Accounting policies, changes in accounting estimates and errors - Amendments regarding the definition of accounting estimates	January 01, 2023
IAS 12	Income Taxes - Amendments regarding deferred tax on leases and decommissioning obligations	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 the asset for its intended use	January 01, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous	January 01, 2022
IFRS 1	First-time Adoption of International Financial Reporting Standards Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (subsidiary as a first-time adopter)	January 01, 2022
IFRS 3	Business combinations (amendments)	January 01 2022
IFRS 4	Insurance contracts (amendments) Regarding replacement issues in the context of the IBOR reform	January 01, 2021
IFRS 7, IFRS 9 & IAS 39	Financial Instruments: Disclosure - Amendments regarding replacement issues in the context of the IBOR reform	January 01, 2021
IFRS 4	Insurance contracts - Amendments regarding the expiry date of the deferral approach	January 01, 2023
IFRS 9	Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (fees in the '10 per cent')	January 01, 2022
IAS 1	Presentation of Financial Statements- Amendment to defer the effective date of the January 2020 amendments	January 01, 2023
	Presentation of Financial Statements - Amendments regarding the classification of liabilities	January 01, 2023
	Presentation of Financial Statements - Amendments regarding the disclosure of accounting policies	January 01, 2023

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Standard or Interpretation		Effective Date (Annual periods beginning on or after)
IFRS 16	Leases - Amendments regarding replacement issues in the context of the IBOR reform insurance contracts - Amendments to address concerns and implementation challenges that were identified after IFRS 17 was published (includes a deferral of the effective date to annual periods beginning on or after 1 January 2023)	January 01, 2021 January 01, 2023
IFRS 16	Leases - Amendment to extend the exemption from assessing whether a COVID-19-related rent concession is a lease modification	April 01, 2021
The above standards, amendments and interpretations are either not relevant to the group's operations or are not expected to have significant impact on the group's financial statements except for the increased disclosures in certain cases.		
In addition to the above, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):		

Standard or Interpretation		Effective Date (Annual periods beginning on or after)
IFRS 14	Regulatory deferral accounts	January 01, 2016
IFRS 17	Insurance contracts	January 01, 2021
The Company expects that the adoption of the other amendments and interpretations of the standards will not have any material impact on the Company's financial statements in the period of initial application.		

5 FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency.

6 BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention except for revaluation of certain financial instruments at fair value and recognition of certain employee retirement benefits at present value, investment on equity basis, certain liabilities at amortised cost, investment property and certain other investments at fair value. In these financial statements, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

7 JUDGMENT, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements in conformity with approved accounting standards which requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which such revisions are made and in any future periods affected.

Significant management estimates in these financial statements relate to the useful life of property, plant and equipment, provisions for staff retirement benefits, doubtful receivables, slow moving inventory and taxation. However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in the financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which such estimates are revised. Such estimates are:

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

- Useful life of depreciable assets;
- Loss allowance for doubtful receivables and slow moving stores, spares and loose tools;
- Provision for current tax and deferred tax;
- Staff retirement benefits;
- Net realisable value of stock-in-trade; and
- Expected credit losses.

However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the consolidated financial statements are not expected to result in material adjustments to the carrying amounts of assets and liabilities in the next year.

8 SIGNIFICANT ACCOUNTING POLICIES

8.01 Staff retirement benefits

The Holding Company operates two plans for its employees:

Defined contribution plan

The Holding Company operates recognised defined contributory provident fund for all eligible employees to which monthly contributions are made to cover the obligation. The Group and its employees make equal monthly contributions at the rate of 8.33% of basic salary.

Defined benefit plan

The Holding Company operates a defined benefit plan for all of its eligible employees who have completed their minimum qualifying period of service with the Group. Provisions are made in the consolidated financial statements to cover obligation on the basis of actuarial valuation using the Projected Unit Credit Method. Any actuarial gain or loss is recognised immediately in statement of comprehensive income.

8.02 Taxation

Current

Provision for current taxation is based on applicable current rates of taxation after taking into account tax credits and rebates available, if any, under the provisions of Income Tax Ordinance, 2001. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalized during the year.

Deferred

Deferred tax liability is accounted for in respect of all taxable temporary differences at the statement of financial position date arising from difference between the carrying amount of the assets and liabilities in the consolidated financial statements and corresponding tax bases used in computation of taxable profits. Deferred tax assets are recognised for all deductible temporary differences, unused tax losses, provisions and tax credits to that extent it is probable that taxable profit will be available in future against which the deductible temporary differences can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the asset is to be realized or liability is to be settled. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release – 27 of Institute of Chartered Accountants of Pakistan.

8.03 Property, plant and equipment

Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses (if any) except freehold land which is stated at cost and fully depreciated assets which are carried at residual value. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is charged to statement of profit or loss by applying reducing balance method to write off the cost over estimated remaining useful life of assets. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from property, plant and equipment. Depreciation on addition to property, plant and equipment is charged from the date when asset is available for use up to the date of its de-recognition.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

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When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains / losses on disposal of fixed assets are included in current year's statement of profit or loss.

Subsequent costs included in the asset's carrying amount are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and cost of the item can be measured reliably. All other repair and maintenance cost are charged to the statement of profit or loss during the year in which these are incurred.

Capital work in progress

Capital work in progress is stated at cost less identified impairment loss, if any, and includes the expenditures on material, labor and appropriate overheads directly relating to the construction, erection or installation of an item of property, plant and equipment. These costs are transferred to property, plant and equipment as and when related items become available for intended use.

Right of use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

Where the Group determines that the lease term of identified lease contracts is short term in nature i.e. with a lease term of twelve months or less at the commencement date, right of use assets is not recognised and payments made in respect of these leases are expensed in the statement of profit or loss.

8.04 Investment property

Property held to earn rentals and/or for capital appreciation is classified as investment property. Investment properties are initially measured at cost, including transaction cost. Subsequent to initial recognition, investment properties are stated at fair value, which effect market conditions at reporting date. Gains and losses arising from the change in fair value of properties are included in statement of profit or loss in the year in which they arise. Fair values are determined based on an annual revaluation performed by an independent valuer.

In case of change in use of property from owner occupied property to investment property that will be carried at fair value, Company has applied IAS 16 upto the date of change in use. The difference at that date between carrying amount and fair value has been accounted for in the same way as a revaluation surplus in accordance with IAS-16.

8.05 Financial instruments

Recognition

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument.

a) Financial assets

(i) Initial Measurement

The Group classifies its financial assets in to following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortised cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

(ii) Subsequent Measurement

Debt Investments at FVOCI:

These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Other net gains and losses are recognised in the statement of comprehensive income. On de-recognition, gains and losses accumulated in the statement of comprehensive income are reclassified to the statement of profit or loss.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

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Equity Investments at FVOCI:

These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in statement of comprehensive income and are never reclassified to the statement of profit or loss.

Financial assets at FVTPL:

These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in statement of profit or loss.

Financial assets measured at amortised cost:

These assets are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss.

Financial assets are de recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

b) Financial liabilities

Financial liabilities are classified as measured at amortised cost or at fair value through profit or loss (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the statement of profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognised in the statement of profit or loss. Any gain or loss on de-recognition is also recognised in the statement of profit or loss.

Financial liabilities are de recognised when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

c) Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Group has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

d) Regular way purchases or sales of financial assets

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 on the market place. Regular way purchases or sales of financial assets are recognised and de recognised on a trade date basis.

e) Derivatives

Derivative instruments held by the Group comprise of future and forward contracts in the capital and money markets. These are stated at fair value at the date of statement of financial position. The fair value of the derivatives is equivalent to the unrealised gain or loss from marking the derivatives using prevailing market rates at the date of statement of financial position. The unrealised gains are included in other assets while unrealised losses are included in other liabilities in the statement of financial position. The corresponding gains and losses are included in the statement of profit or loss.

8.06 Contingent liability

Contingent liability is disclosed when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Group; or when there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

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8.07 Stores, spares and loose tools

These are valued at lower of cost and net realizable value. Cost is calculated using moving average method except for items in transit which are valued at cost comprising invoice value plus other charges paid thereon till the statement of financial position date. Provision is made against obsolete items.

8.08 Stock in trade

Basis of valuation are as follows:

Particulars

Raw materials:

At mills	At lower of weighted average cost and net realizable value
In-transit	At cost accumulated to the statement of financial position date
Work in process	At average manufacturing cost
Finished goods	At lower of average manufacturing cost and net realizable value
Waste	At net realizable value
Real estate	At lower of cost and net realizable value

Cost in relation to work in process and finished goods represents the average manufacturing cost which consists of prime cost and attributable production overheads.

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

8.09 Trade debts and other receivables

Financial assets

These are classified at amortised cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

Non-financial assets

These, both on initial recognition and subsequently, are measured at cost.

8.10 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and at banks.

8.11 Borrowings

Loans and borrowings are recorded at the time of proceeds received. Financial charges are accounted for on the accrual basis. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to statement of profit or loss in the period in which these are incurred.

8.12 Trade and other payables

Financial liabilities

These are classified as 'financial liabilities at amortised cost'. On initial recognition, these are measured at cost, being their fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortised cost using the effective interest method, with interest recognised in the statement of profit or loss.

Non-financial liabilities

These, both on initial recognition and subsequently, are measured at cost.

8.13 Provisions

Provisions are recognised when the Group has a legal and constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle these obligations and a reliable estimate of the amounts can be made.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

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8.14 Impairment

Financial assets

The Group recognises loss allowances for expected credit losses in respect of financial assets measured at amortised cost on date of initial recognition. The amount of expected credit loss is updated on each reporting date to reflect the changes in credit risk since initial recognition of the respective financial assets.

Impairment is recognised at an amount equal to lifetime expected credit losses for financial assets for which credit risk has increased significantly since initial recognition. For financial assets for which credit risk is low, impairment is recognised at an amount equal to 12 months' expected credit losses, with the exception of trade debts contract assets and lease receivables, for which The Holding Company recognises lifetime expected credit losses estimated using a provision matrix. The provision matrix is based on the Holding Company's historical credit loss experience, adjusted for factors that are specific to counter parties, general economic conditions and an assessment for both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

All impairment losses are recognised in the statement of profit or loss. An impairment is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognised.

The Group writes off a financial asset when there is information indicating that the counter party is in severe financial condition and there is no realistic prospect of recovery. Any recoveries made post write-off are recognised in the statement of profit or loss.

Non financial assets

The carrying amount of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset's or group of assets' recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of value in use and fair value less cost to sell. Impairment losses are recognised in the statement of profit or loss.

8.15 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. Revenue from operations of the Group are recognised when the goods are provided, and thereby the performance obligations are satisfied. The Group's contract performance obligations are fulfilled at the point in time when the goods are dispatched to the customer. Invoices are generated and revenue is recognised at that point in time, as the control has been transferred to the customers and is reduced for allowances such as taxes, duties, commissions, sales returns and discounts. Revenue from other sources is recognised on the following basis:

- Interest income on deposits with banks and other financial assets is recognised on accrual basis.
- Dividend income is recognised when the Group's right to receive dividend has been established.

8.16 Related parties

- a) Employees Provident Fund
- b) Directors and key management personnel
- c) Stitchrite (Private) Limited

8.17 Related party transactions

Transactions with related parties are based on the transfer pricing policy that all transactions between the Holding Company and the related party of the Holding Company are at arm's length prices using the comparable uncontrolled price method except in circumstances where it is in the interest of the Holding Company not to do so.

8.18 Dividend

Dividend is recognised as liability in the period in which it is declared.

8.19 Foreign currency translations

Transactions in foreign currencies are accounted for in Pak rupees at the rates of exchange prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated at rates of exchange prevailing at the statement of financial position date and in case of forward exchange contracts at the committed rates. Gains or losses on exchange are charged to the statement of profit or loss.

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8.20 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in statement of profit or loss attributable to ordinary shareholders of the Group that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

8.21 Segment reporting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Holding Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief executive to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Chief Executive include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated.

the Group has three reportable business segments. Spinning (Producing different quality of yarn using natural and artificial fibers), Weaving (Producing different quality of fabric using yarn) and Stitching (producing different stitched products).

Transaction among the business segments are recorded at arm's length prices using admissible valuation methods. Inter segment sales and purchases are eliminated from the total.

8.22 Share capital

Ordinary shares are classified as equity. Incremental cost directly attributable to the issue of new shares are shown in equity as deduction, net of tax, from the proceeds.

	Note	2021 Rupees ('000')	2020 Rupees ('000')
9 AUTHORISED SHARE CAPITAL			
185,000,000 (2020: 185,000,000) ordinary shares of Rs. 10/- each		1,850,000	1,850,000
Capital of merged companies			
345,000,000 (2020: 345,000,000) ordinary shares of Rs. 10/- each		3,450,000	3,450,000
		<u>5,300,000</u>	<u>5,300,000</u>
10 ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
20,000 (2020: 20,000) ordinary shares of Rs. 10/- each issued as fully paid in cash shares		200	200
497,989,959 (2020: 497,989,959) fully paid in cash ordinary shares of Rs. 10/- each issued to the shareholders of amalgamated entities		4,979,900	4,979,900
		<u>4,980,100</u>	<u>4,980,100</u>

- Fully paid ordinary shares, which have a par value of Rs. 10/-, carry one vote per share and carry right to dividends.

- There are no rights, preferences and restrictions attached to any class of shares including restrictions on the distribution of the dividends and the repayment of capital.

- There are no shares reserved for issue under options and contracts for the sale of shares.

- There were no bonus shares or treasury shares issued during the year.

	Note	2021 Rupees ('000')	2020 Rupees ('000')
11 DIRECTORS' LOAN			
Directors' loan	11.01	<u>120,000</u>	<u>385,187</u>

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- 11.01** This represents interest free loans from directors of the Company, payable at the discretion of the entity. They do not pass the liability test and thus recorded as equity at face value. They will not be re-measured subsequently. The decision by the entity at any time in future to deliver cash or any other financial asset to settle the directors' loan would be a direct debit to equity. The Company has applied TR-32 'Accounting Directors' Loan' issued by Institute of Chartered Accountants of Pakistan whose compliance was mandatory with effect from period beginning on or after 01 January 2016. Out of total loan, loan of Rs. 120 million is subordinated to the liabilities of financial institutions. During the year, one of non-executive directors has gifted his loan towards his relative members amounting to Rs. 265 million that has been classified accordingly in the financial statements. Since this is not an actual cash outflow of the company, therefore, it has no impact on the cash flow statement for the period.

12 LONG TERM FINANCING		2021	2020
From banking companies-Secured	Note	Rupees ('000')	Rupees ('000')
Name of the Bank			
The Bank of Punjab	12.01	5,910,871	6,070,871
National Bank of Pakistan	12.02	795,435	835,435
Habib Bank Limited	12.03	171,885	175,451
Faysal Bank Limited	12.04	268,062	298,398
Silk Bank Limited	12.05	284,450	294,085
Soneri Bank Limited	12.06	59,217	61,844
Bank Islami Pakistan Limited	12.07	33,127	37,963
Standard Chartered Bank Limited	12.08	187,250	235,922
		7,710,297	8,009,969
Less: Current portion	18	815,592	410,786
		6,894,705	7,599,183

- 12.01** This loan facility was restructured on 31 December 2016. It is repayable from 31 December 2016 to 30 June 2032 including one year grace period. Markup is charged at cost of funds less administrative cost (2020: cost of funds less administrative cost) of the preceding quarter. This facility is secured by joint pari passu charge on fixed assets and current assets of the company, registered with SECP.
- 12.02** This loan facility was restructured on 09 April 2019. It is repayable from 01 July 2019 to 01 April 2034. Markup is chargeable at cost of funds (2020: Cost of fund). The loan is secured against first joint pari passu charge over fixed assets of the Company registered with SECP.
- 12.03** This loan has been restructured in July 2019. It is repayable from 01 July 2019 to 01 July 2027. Markup is to be charged at cost of funds (2020: Cost on funds) provided by the bank. This loan is secured against joint pari passu hypothecation charge, existing ranking charge over plant and machinery and existing joint pari passu charge on current and fixed assets of the Company.
- 12.04** This loan facility was restructured on 09 November 2018. It is repayable from 30 December 2018 to 30 September 2028. Markup is charged at cost of funds (2020: Cost of funds) of the bank. The loan is secured against joint and ranking charge over present and future current assets of the Company registered with SECP.
- 12.05** This loan includes two facilities Term Finance-1 (TF-1) and Term Finance-2 (TF-2) amounting Rs. 246.23 million and Rs. 38.22 million respectively. Both loans were restructured on 15 January 2017. It is payable from 15 January 2018 to 15 October 2032. Markup is payable at Silk bank's cost of funds minus 2% (2020: Cost of funds minus 2%) . Term Finance-2 is interest free and recognised at amortised cost by discounting using effective rate of interest and related present value gain was recognised in the statement of profit or loss. Out of total loan amount of TF-2 Rs. 38.22 million, present value adjustment is Rs. 18.18 million. Both the loans are secured against first joint pari passu charge and ranking charge over the assets of the Company registered with SECP.
- 12.06** This loan facility was restructured on 20 March 2019. It is repayable from March 2019 to December 2024. The loan is secured against hypothecation charge over property, plant and equipment and existing joint pari passu charge over fixed assets including land of the Company, registered with SECP. This loan facility is interest free and recognised at amortised cost by discounting using effective rate of interest and related present value gain was recognised in the statement of profit or loss. Out of total outstanding amount of Rs. 66.61 million, present value adjustment is Rs. 7.39 million.
- 12.07** This loan facility was restructured on 22 December 2018. The loan is repayable from 30 March 2019 and ending on 31 December 2033. The loan is secured against joint pari passu charge on the assets of the Company registered with SECP. It is interest free and recognised at amortised cost by discounting using effective rate of interest and related present value gain was recognised in the statement of profit or loss. Out of total outstanding amount of Rs. 73.57 million, present value adjustment is Rs. 40.44 million.
- 12.08** This facility was created as a result of a restructuring made on 17 May 2019. The loan is repayable from 30 June 2019 and ending on 31 March 2024. This loan is secured against joint pari passu charge over current assets of the Company registered with SECP. This loan facility is interest free and recognised at amortised cost by discounting using effective rate of interest and related present value gain was recognised in the statement of profit or loss. Out of total outstanding amount of Rs. 204.64 million, present value adjustment is Rs. 17.39 million.

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13 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Note	2021 Rupees ('000')	2020 Rupees ('000')
Present value of minimum lease payments	13.02	27,898	41,192
Less: Current portion	18	(14,992)	(19,812)
		<u>12,906</u>	<u>21,380</u>

13.01 This represents machinery under lease and sale and lease back agreements. The principal plus financial charges are payable over the lease period in quarterly/bi monthly installments as per respective agreements ending in the month of September 2025. The liability as at the date of financial position represents the present value of total minimum lease payments discounted at 7.03 % to 8.4% (2020: 8.40% to 13.86%) per annum being the interest rates implicit in leases. The purchase option is available to the Company on payment of last installment and the Company intends to exercise this option. Reconciliation of minimum lease payments and their present values is given below:

	Note	2021 Rupees ('000')	2020 Rupees ('000')
Not later than one year		14,992	19,111
Later than one year but not later than five years		38,673	40,448
Later than five years		-	-
		<u>53,665</u>	<u>59,559</u>
Less: Financial charges allocated to future periods		(25,767)	(18,367)
Present value of minimum lease payments	13.02	27,898	41,192
Less: Current portion		(14,992)	(19,812)
		<u>12,906</u>	<u>21,380</u>
13.02 Present value of minimum lease payments			
Due not later than one year		14,992	19,812
Due later than one year but not later than five years		12,906	21,380
Later than five years		-	-
		<u>27,898</u>	<u>41,192</u>

14 DEFERRED LIABILITIES

Deferred taxation	14.01	855,667	853,765
Deferred markup	14.02	4,176,997	3,875,949
Staff retirement benefits	14.03	224,791	133,696
		<u>5,257,455</u>	<u>4,863,410</u>

14.01 Deferred taxation

Deferred taxation

Comprises of the following:

Deferred tax liability on taxable temporary differences in respect of the following:

- Accelerated tax depreciation allowance

Deferred tax asset on deductible temporary differences in respect of the following:

Lease liabilities

Un-absorbed losses

Minimum tax available for carry forward

Provision for stores, spares and loose tools

Provision for doubtful debts

Provision for gratuity

Statement of Financial position		Statement of Profit or Loss		Statement of OCI	
2021	2020	2021	2020	2021	2020
Rupees ('000')					

3,197,297	2,818,697	378,600	228,986	-	-
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7,086	10,464	3,378	(3,302)	-	-
1,206,102	1,077,450	(128,652)	95,603	-	-
1,070,846	842,168	(228,678)	108,256	-	-
247	299	(52)	10	-	-
325	591	(266)	212	-	-
57,024	33,960	(26,149)	15,452	3,085	(9,639)
<u>2,341,630</u>	<u>1,964,932</u>	<u>(380,419)</u>	<u>216,231</u>	<u>3,085</u>	<u>(9,639)</u>
855,667	853,765	759,019	12,755	(3,085)	9,639

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14.02 Deferred markup	Note	2021 Rupees ('000')	2020 Rupees ('000')
Opening balance		6,343,138	5,668,685
Provision during the year		487,298	674,453
		<u>6,830,436</u>	<u>6,343,138</u>
Less: paid / adjusted during the year		-	-
		<u>6,830,436</u>	<u>6,343,138</u>
Present value adjustment		<u>(2,653,439)</u>	<u>(2,467,189)</u>
		<u>4,176,997</u>	<u>3,875,949</u>

It represents markup deferred by Habib Bank Limited, Faysal Bank Limited, Bank of Punjab, National Bank of Pakistan, First Punjab Modaraba and Silk Bank Limited. It is payable starting from 16 September 2023 and maturing on 01 April 2034.

This deferred markup has been discounted using effective rate of interest and classified separately in non-current liabilities and related present value gain or loss is recognised in statement of profit or loss.

14.03 Staff retirement benefits - unfunded gratuity scheme	Note	2021 Rupees ('000')	2020 Rupees ('000')
(a) Amounts recognised in the statement of financial position:			
Present value of defined benefit obligation		<u>224,791</u>	<u>133,696</u>
Net liability at the end of the year		<u>224,791</u>	<u>133,696</u>
(b) Movement in net liability			
Net liability at beginning of the year		133,696	109,972
Charge for the year		<u>186,580</u>	<u>123,880</u>
		<u>320,276</u>	<u>233,852</u>
Remeasurements chargeable in other comprehensive income		12,146	(37,949)
Benefits paid during the year		<u>(107,631)</u>	<u>(62,207)</u>
Net liability at end of the year		<u>224,791</u>	<u>133,696</u>
(c) Changes in the present value of defined benefit obligation			
Defined benefit obligation at beginning of the year		133,696	109,972
Current service cost		129,484	94,877
Past Service cost		50,384	17,764
Interest cost		<u>6,711</u>	<u>11,239</u>
		<u>320,276</u>	<u>233,852</u>
Remeasurements chargeable in OCI		12,146	(37,949)
Benefits paid during the year		<u>(107,631)</u>	<u>(62,207)</u>
Present value of defined benefit obligation at end of the year		<u>224,791</u>	<u>133,696</u>
(d) Charge for the year			
Current service cost		129,484	94,877
Interest cost		6,711	11,239
Past service cost		<u>50,384</u>	<u>17,764</u>
		<u>186,580</u>	<u>123,880</u>

The principal assumptions used in the actuarial valuation are as follows:

Discount rate	10.00%	14.25%
Expected rate of increase per annum in future salaries	9.00%	8.50%
Expected average remaining working life of employees	3 years	3 years
Expected mortality rate	SLIC 2001 - 2005 Setback 1 Year	SLIC 2001 - 2005 Setback 1 Year
Retirement assumptions	60 years	60 years

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Sensitivity analysis for actuarial assumptions

The following table summarizes how the net defined benefit obligation at the end of the reporting period would have increased/(decreased) as a result of change in respective assumptions.

	Change in assumptions	Increase Rupees ('000') 2021	Decrease Rupees ('000') 2021
Discount rate	1.5%	213,619	232,957
Increase in future salaries	1.5%	233,828	212,631

A change in expected remaining working lives of employees is not expected to have a material impact on the present value of defined benefit obligation. Accordingly, the sensitivity analysis for the same has not been carried out.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of defined benefit obligation as at the reporting date has been calculated by using projected unit credit method, which is the same as that applied in calculating the defined benefit obligation to be recognised in these consolidated financial statements.

Risk factors

The defined benefit plan exposes the Holding Company to the following actuarial risks:

Interest risk: The discount rate used in determination of present value of defined benefit obligation has been determined by reference to market yield at the reporting date on Pakistan Investment Bonds since there is no deep market in long term corporate bonds in Pakistan. An increase in market yield resulting in a higher discount rate will decrease in the defined benefit liability.

Longevity risk: The present value of defined benefit obligation is calculated by reference to the best estimate of the expected remaining working lives of the employees. An increase in the expected remaining working lives will increase the defined benefit obligation. However, the increase is not expected to be material.

Salary risk: The present value of defined benefit obligation is calculated by reference to future salaries of plan participants. An increase in salary of plan participants will increase the defined benefit obligation.

15	TRADE AND OTHER PAYABLES	Note	2021 Rupees ('000')	2020 Rupees ('000')
	Trade creditors		520,108	271,012
	Accrued liabilities		671,190	550,234
	Security deposits		200	192
	Bills payables	15.01	-	44,384
	Advances from customers		21,294	11,906
	Withholding tax payable		195,084	97,786
	Out put tax payable		455,553	318,997
	Workers' profit participation fund	15.02	38,616	-
	Worker's welfare fund	15.03	18,471	-
	Others		820	356
			<u>1,921,336</u>	<u>1,294,867</u>
15.01	Bills payable includes overdue amount of Rs. Nil (2020: Nil).			
15.02	Workers' profit participation fund			
	Opening balance		-	34,901
	Provision for the year		<u>38,616</u>	<u>-</u>
			38,616	34,901
	Payments during the year		<u>-</u>	<u>(34,901)</u>
			<u>38,616</u>	<u>-</u>
	Worker's welfare fund			
	Opening balance		-	-
	Provision for the year		<u>18,471</u>	<u>-</u>
			18,471	-

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FOR THE YEAR ENDED JUNE 30, 2021

		2021	2020
	Note	Rupees ('000')	Rupees ('000')
15.03			
Payment during the year		-	-
Closing balance		18,471	-
16 SHORT TERM BORROWINGS			
Banking companies - secured	16.01	2,993,518	3,328,787
<p>16.01 Conventional short term borrowings are available from banking companies under markup arrangements. The rates of markup range from 5.58% to 12.7% per annum (2020: 5.06% to 17.86%). These are secured against pledge / hypothecation of stock-in-trade, hypothecation of stores and spares, lien over import / export documents, pari passu charge over present and future current assets and ranking charge over fixed assets of the company.</p> <p>16.02 From the total aggregate short term facilities of Rs. 3,478.26 million (2020: 3,402.41 million), the amount of Rs. 340.79 million related to trade lines (2020: Rs. 397.77 million) remained unutilized as at 30 June 2021.</p>			
17 ACCRUED MARKUP			
	Note	2021	2020
		Rupees ('000')	Rupees ('000')
Accrued markup on:			
Liabilities against assets subject to finance lease		20,685	33,746
Short term borrowings		126,953	184,201
		147,638	217,947
18 CURRENT PORTION OF LONG TERM LIABILITIES			
	Note	2021	2020
		Rupees ('000')	Rupees ('000')
Long term financing	18.01	815,592	410,786
Liabilities against assets subject to finance lease		14,992	19,812
		830,584	430,598
<p>18.01 Current portion of long term financing includes principal installments amounting to Rs. 104.62 million (2020: Rs. 9.77 million) which became due as on June 30, 2021.</p>			
19 PROVISION FOR TAXATION			
	Note	2021	2020
		Rupees ('000')	Rupees ('000')
Opening balance		251,638	277,024
Add: Taxation - current	40	368,601	192,282
		620,239	469,306
Less: Tax payments / adjustments during the year		251,487	217,668
		368,752	251,638
20 CONTINGENCIES AND COMMITMENTS			
Contingencies			
<p>20.01 The Company imported textile machinery in 2002 availing exemptions from customs duty and sales tax on import thereof under SROs. 554(I)/97, 987 (I)/99, and 439(I)/2001. The Company had submitted indemnity bonds in that year to the customs authorities in this regard. In case, the conditions of above mentioned SROs are violated, the amount of customs duty and sales tax exempted aggregating Rs. 89.51 million shall be recovered along with such penalties imposed in this regard under section 202 of the Customs Act, 1969. The conditions of the said SRO vis-a-vis export of 50% of additional production during first three years and 60% of the additional production during subsequent two years had been complied with. Audit of first three years had been conducted by the department and had given compliance certificate and audit of second period is in the process. Since, all the conditions have been complied with, no liability will accrue in this respect.</p> <p>20.02 Bank guarantees amounting to Rs. 375.60 million (2020: Rs. 379.10 million).</p>			
Commitments			
		2021	2020
		Rs. in million	Rs. in million
Under letters of credit for imports		176.26	10.26

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21 PROPERTY, PLANT AND EQUIPMENT

	Note	2021 Rupees ('000')	2020 Rupees ('000')
Operating assets	21.01	18,184,413	18,016,710
Capital work in progress	21.04	527,287	132,452
		<u>18,711,700</u>	<u>18,149,162</u>

21.01 The following is a statement of operating fixed assets (tangible):

	Freehold land	Building on freehold land	Plant, machinery and equipment	Factory tools and equipment	Furniture and fixtures	Office and hospital equipment	Library books	Vehicles	Leased plant and machinery	Leased vehicles	Total
RUPEES ('000')											
At 30 June 2019											
Cost	1,454,335	3,667,153	20,840,754	456,772	46,911	40,900	44	173,131	169,348	-	26,849,348
Accumulated depreciation	-	(1,308,531)	(6,862,326)	(159,221)	(26,399)	(24,996)	(44)	(86,866)	(50,664)	-	(8,519,047)
Net book value	1,454,335	2,358,622	13,978,428	297,551	20,512	15,904	-	86,265	118,684	-	18,330,301
Year ended 30 June 2020											
Additions / transfers	-	664	423,996	2,581	4,056	3,065	-	23,134	-	-	457,496
Transfers from capital work in progress	-	35,394	188,633	-	-	-	-	-	-	-	224,027
Transfers from leased plant and machinery	-	-	7,190	-	-	-	-	-	(7,190)	-	-
Transfer to Right of use assets	-	-	-	-	-	-	-	-	(111,494)	-	(111,494)
Disposals / transfers											
Cost	-	-	(52,846)	-	-	-	-	(9,864)	-	-	(62,710)
Depreciation	-	-	30,327	-	-	-	-	6,300	-	-	36,627
Net book value	-	-	(22,519)	-	-	-	-	(3,564)	-	-	(26,083)
Depreciation charge for the year (Note No. 21.02)	-	(118,704)	(711,693)	(14,895)	(1,131)	(1,756)	-	(9,358)	-	-	(857,537)
Net book value as at 30 June 2020	1,454,335	2,275,976	13,864,035	285,237	23,437	17,213	-	96,477	-	-	18,016,710
Year ended 30 June 2021											
Additions	-	5,669	760,390	3,390	10,933	9,815	-	31,320	-	-	821,518
Transfers from capital work in progress and stores (Note No. 21.05)	-	9,807	236,011	-	-	-	-	-	-	-	245,818
Transfers from leased plant and machinery	-	-	12,564	-	-	-	-	-	-	-	12,564
Transfer to Right of use assets	-	-	-	-	-	-	-	-	-	-	-
Disposals / transfers (Note No. 21.06)											
Cost	-	-	(118,987)	-	(148)	-	-	(12,825)	-	-	(131,960)
Depreciation	-	-	61,141	-	52	-	-	8,685	-	-	69,878
Net book value	-	-	(57,846)	-	(96)	-	-	(4,140)	-	-	(62,082)
Accumulated depreciation transferred from leased assets	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge for the year (Note No. 21.02)	-	(113,943)	(707,773)	(14,311)	(1,352)	(2,073)	-	(10,663)	-	-	(850,114)
Net book value as at 30 June 2021	1,454,335	2,177,509	14,107,381	274,316	32,922	24,956	-	112,994	-	-	18,184,413

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	Freehold land	Building on freehold land	Plant, machinery and equipment	Factory tools and equipment	Furniture and fixtures	Office and hospital equipment	Library books	Vehicles	Leased plant and machinery	Leased vehicles	Total
RUPEES ('000')											
At 30 June 2020											
Cost	1,454,335	3,703,211	21,407,727	459,353	50,967	43,965	44	186,401	-	-	27,306,003
Accumulated depreciation	-	(1,427,235)	(7,543,692)	(174,116)	(27,530)	(26,752)	(44)	(89,924)	-	-	(9,289,293)
Net book value in Rupees	1,454,335	2,275,976	13,864,035	285,237	23,437	17,213	-	96,477	-	-	18,016,710
Annual rates (%) of depreciation 2020	-	5	5	5	5	10	15	10	5	10	
At 30 June 2021											
Cost	1,454,335	3,718,687	22,297,705	462,743	61,752	53,780	44	204,896	-	-	28,253,943
Accumulated depreciation	-	(1,541,178)	(8,190,324)	(188,427)	(28,830)	(28,825)	(44)	(91,902)	-	-	(10,069,529)
Net book value in Rupees	1,454,335	2,177,509	14,107,381	274,316	32,922	24,956	-	112,994	-	-	18,184,413
Annual rates (%) of depreciation 2021	-	5	5	5	5	10	15	10	5	10	

21.02 Depreciation charge for the year has been allocated as follows:

	2021 Rupees ('000')	2020 Rupees ('000')
Cost of sales	841,017	849,358
Administrative expenses	13,866	14,113
	854,883	863,471
Property, plant and equipment	850,114	857,537
Right of use asset	4,769	5,934
	854,883	863,471

21.03 No impairment relating to operating fixed assets has been recognised in the current year.

21.04 Capital work in progress

	2021 Rupees ('000')	2020 Rupees ('000')
Plant and machinery	275,203	121,135
Civil work	252,084	11,317
	527,287	132,452

Movement in capital work in progress

Opening	132,452	131,659
Additions during the year	640,652	106,219
	773,104	237,878
Transferred to operating assets	(245,818)	(105,426)
	527,287	132,452

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21.05 Transfer to property, plant and equipment are represented by:

	2021	2020
	Rupees ('000')	Rupees ('000')
Building	9,807	35,394
Plant and machinery	236,011	188,633
	245,818	224,027

21.06 Disposal of property, plant and equipment

The following operating fixed assets were disposed off during the year:

Particulars	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Relationship of purchaser with the Company	Mode of disposal	Buyer's name
RUPEES								
Vehicles								
Honda City MLC-05-6563	900,864	717,309	183,555	700,000	516,445	Third party	Negotiation	Mr. Jahanzeb Khan
Toyota Corolla GLI MN-12-467	1,800,650	1,054,276	746,374	1,545,000	798,626	Third party	Negotiation	Mr. M. Naeem Ahmad
Toyota Corolla XLI MN-13-163	1,554,500	855,074	699,426	1,580,000	880,574	Third party	Negotiation	Mr. M. Naeem Ahmad
Hyundai Santro MNA-07-1345	579,000	443,909	135,091	625,000	489,909	Third party	Negotiation	Mr. M. Naeem Ahmad
Suzuki Cultus LEA-07-9504	660,000	511,144	148,856	420,000	271,144	Third party	Negotiation	Mr. Jahanzeb Khan
Suzuki Cultus LEA-10-5283	770,000	525,733	244,267	610,000	365,733	Third party	Negotiation	Mr. Jahanzeb Khan
Suzuki Mehran L2M-05-1019	350,000	287,489	62,511	320,000	257,489	Third party	Negotiation	Mr. Jahanzeb Khan
Toyota Corolla Altis MN-13-4490	1,923,628	1,019,857	903,771	903,771	-	Third party	Negotiation	Mr. Muhammad Asghar
Toyota 2 O.D LRN-07-7876	1,350,000	1,021,734	328,266	328,266	-	Third party	Negotiation	Mr. Muhammad Asghar
Suzuki Cultus LEA-07-2301	521,739	403,629	118,110	410,000	291,890	Third party	Negotiation	Mr. Jahanzeb Khan
Honda Civic Saloon MLD-04-9071	1,118,000	916,052	201,948	800,000	598,052	Third party	Negotiation	Mr. Jahanzeb Khan
Suzuki Bolan LEE-13-3707	581,197	316,965	264,232	515,000	250,768	Third party	Negotiation	Mr. Jahanzeb Khan
Honda City LRG-02-3015	715,826	611,937	103,889	560,000	456,111	Third party	Negotiation	Mr. Muhammad Sabir
Total	12,825,404	8,685,108	4,140,296	9,317,037	5,176,741			
Machinery								
CARD MK-6 (QTY 1)	2,379,734	1,258,456	1,121,278	800,000	(321,278)	Third party	Negotiation	M/s Faisal Naveed Textile Mills Private Limited
CARD MK-5 (QTY 2)	4,759,469	2,516,909	2,242,560	1,600,000	(642,560)	Third party	Negotiation	M/s Faisal Naveed Textile Mills Private Limited
CARD MK-6 (QTY 17)	40,455,485	21,496,487	18,958,998	13,600,000	(5,358,998)	Third party	Negotiation	M/s Firm Line Corporation
CARD MACHINE (QTY 30)	71,392,032	38,226,073	33,165,959	32,000,000	(1,165,959)	Third party	Negotiation	M/s Ideal Trading Co.
Total	118,986,720	63,497,925	55,488,795	48,000,000	(7,488,795)			
Furniture								
MISC ITEMS	147,967	51,985	95,982	95,982	-	Third party	Negotiation	Mr. Muhammad Asghar
	147,967	51,985	95,982	95,982	-			

21.07 Charge / mortgage on fixed assets has been disclosed in respective notes.

21.08 The Company's obligation under finance lease are secured by lessor's title to the leased assets, which have a carrying amount of Rs. 90.58 million (2020: Rs. 105.56 million).

21.09 Addition in plant and machinery includes capitalization of borrowing cost of Rs. 17.02 million (2020: Rs. 18.6 million).

21.10 Particulars of immovable assets of the Company are as follows:

Location	Addresses	Usage of immovable property	Total Area (Sq. ft.)	Covered Area (Sq. ft.)
Multan	Mouza Junglebhaera and mouza Muzafarabad Multan	Production Unit	6,917,232	2,993,438
Kasur	4km Raiwind Manga road, Raiwind, district Kasur	Production Unit	1,638,528	1,054,751

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FOR THE YEAR ENDED JUNE 30, 2021

		2021	2020
		Rupees ('000')	Rupees ('000')
22 RIGHT OF USE ASSET	Note		
Present value of future lease payments		105,560	118,684
		<u>105,560</u>	<u>118,684</u>
Net book value as at the beginning of the year		105,560	118,684
Transfer to Property, plant and equipment		(10,207)	(7,190)
Depreciation charged during the year		(4,769)	(5,934)
Balance as at the end of the year		<u>90,584</u>	<u>105,560</u>
23 INVESTMENT PROPERTY			
Opening balance		779,925	629,886
Transfer from owner's occupied property		-	-
Revaluation gain / (loss) recognised through statement of profit or loss	23.01	4,354	150,039
		<u>784,279</u>	<u>779,925</u>
23.01 As of reporting date, the fair value of such investment property was determined by an independent external property valuer, Arif Evaluators, having appropriate recognised qualification and relevant experience. Forced sale value of above investment as at reporting date is Rs. 696.204 million.			
24 LONG TERM INVESTMENTS			
	Note	2021	2020
		Rupees ('000')	Rupees ('000')
At fair value through statement of profit or loss designated on initial recognition			
- Investment in Imperial Limited		431,155	212,722
At fair value through other comprehensive income	24.01	3,425	1,967
		<u>434,580</u>	<u>214,689</u>
24.01 Investment - at fair value through other comprehensive income			
		2021	2020
	No. of Shares / Bonds	Rupees ('000')	Rupees ('000')
Quoted - at fair value			
Colony Woolen Mills Limited	70,506	282	282
Azgard Nine Limited	80,948	2,743	1285
Colony Thal Textile Mills Limited	6	-	-
	<u>151,460</u>	<u>3,025</u>	<u>1,567</u>
Unquoted - at cost			
Government Compensation Bonds	400	400	400
	<u>151,860</u>	<u>3,425</u>	<u>1,967</u>
Government Compensation Bonds for Rs. 0.4 million (2020: Rs. 0.4 million) are receivable from the Federal Government in respect of shares held by the Company in the share capital of Multan Electric Supply Company Limited. The Company had challenged the withholding of these Bonds through writ petition filed in the Lahore High Court, Lahore, which is still pending for final adjudication.			
24.02 Investment - at fair value through profit or loss			
		2021	2020
	No. of Shares / Bonds	Rupees ('000')	Rupees ('000')
Quoted - at fair value			
- Investment in Imperial Limited	15,862,960	431,155	212,722
	<u>15,862,960</u>	<u>431,155</u>	<u>212,722</u>
25 STORES, SPARE PARTS AND LOOSE TOOLS	Note	2021	2020
		Rupees ('000')	Rupees ('000')
Stores		263,243	182,889
Spares		120,561	95,374
Loose tools		1,735	617
		<u>385,539</u>	<u>278,880</u>
Less: Provision for slow moving items	25.01	941	1,135
		<u>384,598</u>	<u>277,745</u>

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			2021 Rupees ('000')	2020 Rupees ('000')
25.01 Provision for slow moving items	Note			
Opening balance			1,135	1,090
Provision made during the year			941	1,135
			2,076	2,225
Less: Provision written off during the year			1,135	1,090
Closing balance			941	1,135
26 STOCK IN TRADE				
Textile				
Raw material			1,574,588	1,288,638
Work in process			517,526	467,431
Finished goods			2,560,979	2,687,864
			4,653,093	4,443,933
Real Estate Business				
Land held for development and resale			165,000	165,000
			4,818,093	4,608,933
27 TRADE DEBTS				
Foreign - secured:				
Considered good			188,768	171,497
Local - unsecured				
Considered good			934,704	1,095,565
Considered doubtful			1,235	2,250
			1,124,707	1,269,312
Less: Loss allowance for doubtful trade debts	27.01		1,235	2,250
			1,123,472	1,267,062
27.01 Provision for loss allowance				
Opening balance			2,250	1,430
Loss allowance charged during the year			1,235	2,250
			3,485	3,680
Less: Loss allowance written off during the year			2,250	1,430
Closing balance			1,235	2,250
28 LOANS AND ADVANCES				
Considered good:				
Secured:				
Loans to employees	28.01		24,069	81,327
Advances to:				
-Suppliers			441,256	409,697
-Letters of credit fee, margin and expenses			411,620	215,302
			876,945	706,326
28.01	The advances are given to employees as per company's HR policy.			
29 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS	Note		2021 Rupees ('000')	2020 Rupees ('000')
Trade deposits			106,025	234,030
Other receivables			10,604	21,802
			116,629	255,832
30 OTHER FINANCIAL ASSETS				
Other financial assets	30.01		20	16
30.01	These include shares of listed companies classified at fair value through statement of profit or loss.			
			2021 Rupees ('000')	2020 Rupees ('000')
No. of Shares / Bonds	Note			
		Quoted - at fair value		
89		Oil and Gas Development Company Limited	8	10
250		Maple Leaf Cement Factory Limited	12	6
339			20	16

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

		2021	2020
		Rupees ('000')	Rupees ('000')
31 TAX REFUNDS DUE FROM THE GOVERNMENT	Note		
Sales tax		441,313	523,994
Income tax refundable / adjustable		370,798	411,102
		<u>812,111</u>	<u>935,096</u>
32 CASH AND BANK BALANCES			
Cash in hand		2,163	3,117
Cash at banks:			
-in current accounts		63,934	37,026
-in deposit accounts	32.01	<u>4,787</u>	<u>8,928</u>
		<u>70,884</u>	<u>49,071</u>
32.01 These carry profit / markup ranging from 5.50% to 6.50% (2020: 5.55% to 13.5%) per annum.			
33 SALES	Note	2021	2020
		Rupees ('000')	Rupees ('000')
Local			
Yarn and Fabric		22,104,040	14,871,142
Raw material sales		281,323	83,888
Waste		326,009	204,140
Mask and Garments		207	51
		<u>22,711,579</u>	<u>15,159,221</u>
Export			
Yarn		27,322	15,378
Fabric		2,740,959	2,564,482
Mask and Garments		33,938	-
		<u>2,802,219</u>	<u>2,579,860</u>
Sale of real estate		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
		<u>25,513,798</u>	<u>17,739,081</u>
Commission and duties		<u>(51,396)</u>	<u>(38,738)</u>
		<u>25,462,402</u>	<u>17,700,343</u>
33.01 Sales are shown net of sales tax, amounting Rs. 4,307 millions (2020: 2,846 million).			
34 COST OF SALES	Note	2021	2020
		Rupees ('000')	Rupees ('000')
Raw material consumed	34.01	15,542,583	10,927,775
Stores consumed		990,392	876,159
Staff salaries, wages and benefits	34.02	2,518,576	2,020,063
Power and fuel		3,106,659	2,520,618
Insurance		62,024	57,302
Rent, rates and taxes		27,208	10,128
Depreciation	21.02	841,017	849,370
Other charges		71,638	112,272
Chemical and dye		<u>2,717</u>	<u>139</u>
		<u>23,162,815</u>	<u>17,373,826</u>
		<u>23,162,815</u>	<u>17,373,826</u>
Work in process:			
Opening		467,431	450,135
Closing		<u>(517,526)</u>	<u>(467,431)</u>
		<u>(50,095)</u>	<u>(17,296)</u>
Cost of goods manufactured		<u>23,112,720</u>	<u>17,356,530</u>
Finished goods:			
Opening stock		2,687,864	2,090,735
Closing stock		<u>(2,560,979)</u>	<u>(2,687,864)</u>
		<u>126,885</u>	<u>(597,129)</u>

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

		2021 Rupees ('000')	2020 Rupees ('000')
Real estate:	Note		
Opening stock		165,000	165,000
Closing stock		(165,000)	(165,000)
		-	-
		23,239,605	16,759,401
34.01 Raw material consumed			
Opening stock		1,288,638	2,000,067
Purchases including purchase expenses		15,828,533	10,216,346
		17,117,171	12,216,413
Closing stock		(1,574,588)	(1,288,638)
		15,542,583	10,927,775
34.02 Salaries, wages and other benefits include provision for staff retirement benefits for the year Rs. 204.281 million (2020: Rs. 123.88 million).			
		2021 Rupees ('000')	2020 Rupees ('000')
35 DISTRIBUTION COST	Note		
Staff salaries and benefits		43,640	30,627
Freight charges		85,813	57,563
Telecommunication		3,326	3,178
Export forwarding charges		146,967	111,766
Bank charges		4,116	2,790
Advertisement expense		-	44
Others		19,585	11,476
		303,447	217,444
36 ADMINISTRATIVE EXPENSES			
Staff salaries and benefits	36.01	375,879	215,075
Printing and stationery		948	712
Travelling and conveyance		9,241	14,482
Communication		4,777	7,771
Repair and maintenance		7,080	11,392
Insurance		4,522	4,119
Advertisement		658	125
Fee and subscription		7,367	4,568
Loss allowance		1,235	2,250
Provision for slow moving stores, spares and loose tools		941	1,135
Entertainment		7,919	8,463
Auditors' remuneration	36.02	3,578	3,528
Donation	36.03	10,242	8,807
Expenses related to corporate social responsibilities		18,625	14,770
Legal and professional charges		6,259	7,333
Directors' meeting fee		300	210
Depreciation	21.02	13,866	14,101
Miscellaneous expenses		973	15,805
		474,410	334,646
36.01 Salaries, wages and other benefits include staff retirement benefits for the year Rs. 8.49 million (2020: Rs. 7.62 million).			
		2021 Rupees ('000')	2020 Rupees ('000')
36.02 Auditors' remuneration	Note		
Statutory audit fee		3,169	3,169
Half yearly review fee		259	259
CCG review fee		100	50
Out of pocket expenses		50	50
		3,578	3,528
36.03 No director or his / her spouse had any interest in the donees' fund.			

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

		2021 Rupees ('000')	2020 Rupees ('000')
37 FINANCE COST	Note		
Bank charges and commission		23,722	13,034
Markup on inland bill discounting		31,362	39,225
Markup on;			
- Long term finance		470,270	598,936
- Short term borrowings		186,695	312,300
- Liabilities against assets subject to finance lease		2,881	5,117
		659,846	916,353
		714,930	968,612
38 OTHER OPERATING CHARGES	Note	2021 Rupees ('000')	2020 Rupees ('000')
Unwinding of loans at amortised cost		2,948	14,119
Exchange loss on export sales		61	-
Worker's profit participation fund		38,616	-
Worker's welfare fund		18,471	-
		60,096	14,119
39 OTHER INCOME			
Income from financial assets			
Profit on deposits with banks		8,307	9,403
Amortization of deferred markup		186,250	128,487
Loss on remeasurement of investments		4	(1)
Gain on restructuring from banking companies / financial institutions	39.01	-	90,623
Gain on long term investments		218,433	22,843
Income from other than financial assets			
(Loss) / Gain on sale of property, plant and equipment	21	(2,315)	(10,755)
(Loss) / gain on revaluation of investment property	23	4,354	150,039
Exchange gain realised		10,533	4,624
Miscellaneous income		6,292	22,555
		431,858	417,818
39.01 This includes gain on restructuring of long-term financing and short-term borrowings from banking companies / financial institutions.			
40 TAXATION	Note	2021 Rupees ('000')	2020 Rupees ('000')
Taxation:			
-Current year		368,752	251,638
-Prior years		(151)	(59,356)
		368,601	192,282
Deferred		4,987	12,754
		373,588	205,036
- Income tax return has been filed to the income tax authorities up to and including tax year 2020 under the provisions of the Income Tax Ordinance, 2001.			
- Provision for taxation has been made in accordance with section 154 and 113 of the Income Tax Ordinance, 2001 ("The Ordinance"). There is no relation between aggregate tax expense and accounting profit. Accordingly, no numerical reconciliation has been presented.			
41 EARNINGS PER SHARE	Note	2021	2020
Basic Earnings per share:			
Profit after taxation	Rupees ('000')	728,184	(381,097)
Weighted average number of ordinary shares	Number ('000')	498,010	498,010
Earning per share - basic and diluted	Rupees	1.46	(0.77)
Diluted earnings per share:			

There is no dilutive effect on the basic earnings per share of the Group because the Group has no outstanding potential ordinary shares.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

42 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	CHIEF EXECUTIVE		EXECUTIVE DIRECTOR		NON-EXECUTIVES DIRECTORS		EXECUTIVES	
	2021	2020	2021	2020	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Managerial remuneration	27,273	27,273	4,364	4,364	-	-	55,372	45,241
Retirement benefits	2,272	2,272	364	364	-	-	4,295	3,586
Medical	2,727	2,727	436	436	-	-	5,537	4,524
Meeting fee	-	-	-	-	300	210	-	-
	32,272	32,272	5,164	5,164	300	210	65,204	53,351
Number of Executives	1	1	1	1	5	5	30	23

42.01 Certain executives including Chief Executive Officer of the Group are also provided with free use of Company's cars in accordance with their entitlements.

42.02 No remuneration was given to Non Executive Director except the fee paid for attending the meeting and as disclosed in note No. 36. Non Executive Directors include one independent director.

43 TRANSACTIONS WITH RELATED PARTIES

The Holding Company in the normal course of business carries out transactions with various related parties which comprise of directors, key management personnel and post employment benefits plan. Remuneration of Chief Executive Officer is disclosed in note No. 42. Other significant transactions with related parties are as follows:

Nature of transaction	Nature of Relationship	Note	2021 Rupees ('000')	2020 Rupees ('000')
Expense in relation to provident fund trust	Employees Fund	43.01	27,949	25,206

43.01 The related party status of outstanding balances as at 30 June 2021 related to employee provident fund trust are included in trade and other payables amounting to Rs. 35.003 million (2020: Rs. 58.427 million). These are to be settled in the ordinary course of business.

Following are the related parties with whom the Holding Company had entered into transactions or have arrangements / agreements in place.

Sr. No.	Company Name	Basis of relationship	Aggregate % of Shareholding in The Company
1	CTML Employees Contributory Provident Fund	Trustee	N/A
2	Stitchrite (Private) Limited	Subsidiary	100%

44 PLANT CAPACITY AND ACTUAL PRODUCTION

Installed capacity

Spinning division:

Ring spinning:

Installed capacity converted into 20s count

Kgs 124,807,256 124,807,256

Open end spinning:

Installed capacity converted into 20s count

Kgs 9,332,808 4,571,171

Weaving Division:

Installed capacity converted into square meter at 60 picks

Meters 121,824,244 118,195,436

Stitching Division:

Installed capacity based upon 5 pocket basic/28 operations

Pieces 1,000,000 garments/ annum 288,000 garments/ annum

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

Actual production:
Spinning division:
Ring spinning:

Actual production converted into 20s count

	2021	2020
Kgs	122,251,661	97,011,385

Open end spinning:

Actual production converted into 20s count

Kgs	5,492,209	3,270,245
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Weaving Division:

Actual production converted into square meter at 60 picks

Meters	116,040,131	94,672,367
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Stitching Division:

Actual production based upon 5 pocket basic/28 operations

Pieces	105,655 garments	-
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Remarks

It is difficult to describe precisely the production capacity in spinning / weaving mill since it fluctuates widely depending on various factors such as count of yarn spun, twist, fiber blend and fabric construction etc. It also significantly varies based on the pattern of production adopted throughout the year. Difference of actual production with installed capacity is in normal course of business.

	Note	2021 Rupees ('000')	2020 Rupees ('000')
45 PROVIDENT FUND			
The following information is based on the latest audited financial statements of the trust:			
Size of the fund - Total assets		291,741	240,587
Cost of investments made	45.01	253,913	181,111
Percentage of investments made		87.03%	75.28%
Fair value of investments		253,913	181,111

45.01 The break-up of fair value of investments is:

	2021		2020	
	Rs. ('000')	Percentage	Rs. ('000')	Percentage
Loan to members	44,752	18%	28,045	15%
Bank balances	7,042	3%	15,636	9%
Government securities	155,119	61%	137,430	76%
Other investments	47,000	18%	-	-
	253,913	100%	181,111	100%

These investments out of provident fund trust have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

46 NUMBER OF EMPLOYEES

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

		2021 Number	2020 Number
Average number of employees during the year	- factory	8,576	7,928
	- others	661	626
		9,237	8,554
Number of employees at the end of the year	- factory	9,087	8,065
	- others	690	632
		9,777	8,697

47 FINANCIAL INSTRUMENTS

47.01 the Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk. Further, quantitative disclosures are included throughout these consolidated financial statements.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

47.02 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from deposits, trade debts, loans, advances and other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Financial assets as per statement of financial position	2021 Rupees ('000')	2020 Rupees ('000')
Long term investment in IML	431,155	212,722
Long term deposits	51,132	51,132
Trade debts	1,123,472	1,266,046
Loans and advances	24,069	81,322
Trade deposits and short term prepayments	116,629	255,832
Cash and bank balances	70,884	47,952
Investments measured at fair value through profit or loss		
Quoted - at fair value	20	16
Investment measured at fair value through other comprehensive income		
Quoted - at fair value	3,025	1,567
Unquoted - at cost	400	400
	<u>1,820,787</u>	<u>1,916,989</u>

the Group's credit risk exposures are categorized under the following headings:

Counter parties

the Group conducts transactions with the following major counterparties:

- Trade debtors

- Banks and other financial institutions

the Group has adopted a policy of only dealing with credit worthy counter parties as a means of mitigating the risk of financial loss from defaults. the Group's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

Credit risk related to trade debts

Trade debts are essentially due from local and foreign customers against sale of yarn, fabric and waste material and the Group does not expect these counterparties to fail to meet their obligations. The majority of sales to the Group's customers are made on specific terms. Customer credit risk is managed subject to established policies, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on past experience with the customer. Outstanding customer receivables are regularly monitored and any shipments to foreign customers are generally covered by letters of credit.

Trade receivables are non-interest bearing and are generally on 60 to 90 days credit terms.

Impairment losses

The aging of trade debts and loans to employees at the reporting date was:

	2021 Rupees ('000')	2020 Rupees ('000')
0 to 30 days	344,263	404,210
31 to 180 days	459,017	538,947
181 to 360 days	343,027	401,961
Over one year	1,235	2,250
	<u>1,147,541</u>	<u>1,347,368</u>

Trade debts include debtors with a carrying amount of Rs. 1.23 million (2020: Rs. 2.25 million) which are past due at the reporting date but not impaired as there has not been a significant change in credit quality and the amounts are still considered recoverable.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

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Concentration of credit risk

Trade debts consist of a large number of diversified customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable where appropriate. Geographically, there is no concentration of credit risk.

Credit risk related to banks and other financial institutions

Credit risk on balances with banks is managed by management in accordance with the Group's policy. Excess funds are placed in deposits with reputable banks and financial institutions.

47.03 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Management closely monitors the Group's liquidity and cash flow position. This includes maintenance of statement of financial position liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer. Management has rescheduled the loan financing with The Bank of Punjab and is also in process of rescheduling with National Bank of Pakistan. Furthermore, support from sponsors in the form of interest free loans to meet liquidity shortfall is also contributory to minimize liquidity risk.

The Group manages liquidity risk by maintaining adequate reserves and borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note No. 16.02 is a list of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

47.03.1 Liquidity risk table

Financial liabilities in accordance with their contractual maturities are presented below:

	30 June 2021						
	Interest/mark-up bearing			Non interest/mark-up bearing			
	Maturity within one year	Maturity after one year	Sub Total	Maturity within one year	Maturity after one year	Sub Total	Total
	Rupees ('000')						
Financial Liabilities:							
Financial liabilities measured at amortized cost	-	-	-	-	4,176,997	4,176,997	4,176,997
Long term financing	815,592	6,894,705	7,710,297	-	-	-	7,710,297
Director's loan	-	-	-	-	120,000	120,000	120,000
Liabilities against assets subject to finance lease	14,992	12,906	27,898	-	-	-	27,898
Short-term borrowings	2,993,518	-	2,993,518	-	-	-	2,993,518
Trade and other payables	-	-	-	1,811,644	-	1,811,644	1,811,644
Unclaimed Dividend	-	-	-	94	-	94	94
Accrued mark up	147,638	-	147,638	-	-	-	147,638
	3,971,740	6,907,611	10,879,351	1,811,738	4,296,997	6,108,735	16,988,086

	30 June 2020						
	Interest/mark-up bearing			Non interest/mark-up bearing			
	Maturity within one Year	Maturity after one Year	Sub Total	Maturity within one Year	Maturity after one Year	Sub Total	Total
	Rupees ('000')						
Financial Liabilities:							
Financial liabilities measured at amortized cost	-	-	-	-	3,875,949	3,875,949	3,875,949
Long term financing	410,786	7,599,183	8,009,969	-	-	-	8,009,969
Director's loan	-	-	-	-	385,187	385,187	385,187
Liabilities against assets subject to finance lease	19,812	21,380	41,192	-	-	-	41,192
Short-term borrowings	3,328,787	-	3,328,787	-	-	-	3,328,787
Trade and other payables	-	-	-	1,185,175	-	1,185,175	1,185,175
Unclaimed Dividend	-	-	-	94	-	94	94
Accrued mark up	217,947	-	217,947	-	-	-	217,947
	3,977,332	7,620,563	11,597,895	1,185,269	4,261,136	5,446,405	17,044,300

Effective mark up / interest rates have been disclosed in respective notes to the financial statements.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

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47.04 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing returns.

47.04.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Exposure to currency risk

The Group is exposed to currency risk on trade debts which are denominated in currency other than the functional currency of the Group. The Group's exposure to foreign currency risk is as follows:

Statement of financial position items

	2021		2020	
	Rupees ('000')	US \$ ('000')	Rupees ('000')	US \$ ('000')
Trade debts	188,768	1,198	171,497	1,021
L/C Margins	411,620	2,613	215,302	1,281

Off statement of financial position commitments

	2021		2020	
	Rupees ('000')	US \$ ('000')	Rupees ('000')	US \$ ('000')
Letter of credit	176,262	1,119	10,257	61

The following US Dollar exchange rates were applied during the year:

	2021	2020
	Rupees	Rupees
Average rate	162.80	165.53
Statement of financial position date rate	157.54	168.05

Sensitivity analysis - foreign currency

At 30 June 2021, if the Rupee had weakened / strengthened by 5% against the US Dollar with all other variables held constant, profit for the year would have been lower / higher by Rs. 38.691 million (2020: 19.30 million), as a result of foreign exchange gains / losses on translation of foreign currency trade debts. Profit / (loss) is more sensitive to movement in Rupee / foreign currency exchange rates in 2021 than 2020 because of average increase in foreign currency exchange rate during the year.

47.04.2 Interest rate risk

Interest / markup rate risk arises from the possibility that changes in interest / markup rates will affect the value of financial instruments. The Holding Company has significant amount of interest based financial assets and financial liabilities which are largely based on variable interest / markup rates, therefore the Group has to manage the related finance cost which exposes it to the risk of 1 month, 3 months and 6 months KIBOR. Since the impact on interest rate exposure is significant to The Group, management is considering the alternative arrangement to manage interest rate exposure in future.

	Note	2021	2020
		Rupees ('000')	Rupees ('000')
Fixed rate instruments			
There are no fixed rate instruments.			
Variable rate instruments			
Financial assets			
Cash in deposit accounts		8,928	8,928
Financial liabilities			
Long term finance		7,710,297	8,009,969
Short term finance		2,993,518	3,328,787
Liabilities against assets subject to finance lease		27,898	41,191
		10,731,714	11,379,947

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

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Sensitivity analysis - interest rate

If interest rates had been 1 % higher / lower and all other variables were held constant, the Company's profit / (loss) for the year ended 30 June 2021 would have decreased / increased by Rs. 107.27 (2020: Rs. 113.70) million. This is mainly attributable to the Company's exposure to interest rates on its variable rate financial instruments.

47.04.3 Other price risk

Other price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to 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 Group is not materially exposed to other price risk on financial assets and liabilities.

47.04.4 Financial instruments by category

The Group finances its operation through equity, borrowings and management of working capital with a view to maintain an approximate mix between various sources of finance to minimize risk. Taken as a whole, the Group's risk arising from financial instruments is limited as there is no significant exposure to price and cash flow risk in respect of such instruments.

Financial assets as per statement of financial position	Note	2021 Rupees ('000')	2020 Rupees ('000')
Loan and receivable			
Long-term deposits		51,132	51,132
Trade debts		1,123,472	1,266,046
Loans and advances		24,069	81,322
Trade deposits and short term prepayments		116,629	255,832
Cash and bank balances		70,884	47,952
Long term investment			
Investment in IML at fair value through statement of profit or loss		431,155	212,722
Fair value through profit or loss			
Quoted - at fair value		20	16
Fair value through other comprehensive income			
Quoted - at fair value		3,025	1,567
Unquoted - at cost		400	400
		<u>1,820,786</u>	<u>1,916,989</u>
Financial liabilities as per statement of financial position			
Financial liabilities measured at amortised cost		4,176,997	3,875,949
Long term finance		7,710,297	8,009,969
Director's loan		120,000	385,187
Liabilities against assets subject to finance lease		27,898	41,192
Short-term borrowings		2,993,518	3,328,787
Trade and other payables		1,811,644	1,185,175
Unclaimed dividend		94	94
Accrued markup		147,638	217,947
		<u>16,988,086</u>	<u>17,044,300</u>

47.05 Fair values of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Group is going concern and there is no intention or requirements to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

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

47.05.1 Fair value hierarchy

Following are three levels in fair value hierarchy that reflects the significance of the inputs used in measurement of fair values of financial instruments.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

Financial assets:	2021			
	Level 1	Level 2	Level 3	Total
	Rupees ('000')			
Financial investments: available for sale	20	-	-	20
Investment at fair value through profit or loss	431,155	-	-	431,155
Investment - available for sale	2,743	-	282	3,025
	433,918	-	282	434,200

Financial assets:	2020			
	Level 1	Level 2	Level 3	Total
	Rupees ('000')			
Financial investments: available for sale	16	-	-	16
Investment at fair value through profit or loss	212,722	-	-	212,722
Investment - available for sale	1,285	-	282	1,567
	214,023	-	282	214,305

48 CAPITAL MANAGEMENT

The Group's objectives, policies and processes for managing capital are as follows:

- The Group is not subject to any externally imposed capital requirements.
- The Group's objectives when managing capital are to safeguard the Group'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.
- Consistently with others in the industry, the Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e., share capital, reserves and unappropriated profit).
- The Group's strategy is to maintain its debt-to-adjusted capital ratio between 40% to 60%. The debt-to-adjusted capital ratios at 30 June 2021 and 30 June 2020 were as follows:

Note	2021 Rupees ('000')	2020 Rupees ('000')
Total debt	10,731,714	11,379,948
Less: cash and cash equivalents	70,884	49,071
Net debt	10,660,830	11,330,877
Total equity	9,848,039	9,392,645
Total capital employed	20,508,869	20,723,522
Gearing ratio (%)	51.98%	54.68%

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees ('000')	2020 Rupees ('000')
49 NON ADJUSTING EVENTS AFTER THE			
STATEMENT OF FINANCIAL POSITION DATE			
There were no non-adjusting events after the statement of financial position date.			
50 CASH GENERATED FROM OPERATIONS			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		1,101,772	(176,061)
Adjustments for:			
Provision for staff retirement benefits		186,580	123,880
Depreciation		854,883	863,471
Finance cost		714,930	968,612
Worker's profit participation fund		38,616	-
Worker's welfare fund		18,471	-
Share of (gain) / loss from investment in IML		(218,433)	(22,843)
Loss on remeasurement of short term investments		(4)	1
Revaluation loss / (gain) on investment property		(4,354)	(150,039)
Provision for slow moving stores, spares and loose tools		941	1,135
Loss allowance for doubtful trade debts		1,235	2,250
Amortization of deferred markup		(186,250)	(128,487)
Gain on restructuring from banking companies / financial institutions		-	(91,165)
Gain on amortisation of long term loan		2,948	14,119
Gain on disposal of property, plant and equipment		2,315	10,755
		<u>1,411,878</u>	<u>1,591,689</u>
Operating cash flows before working capital changes		<u>2,513,650</u>	<u>1,415,628</u>
Changes in working capital:			
(Increase) / decrease in current assets:			
Stores, spares and loose tools		(107,795)	119,601
Stock-in-trade		(209,160)	97,004
Trade debts		142,355	(268,091)
Loans and advances		(170,619)	(225,437)
Tax refunds due from government		92,762	31,781
Trade deposits and short term prepayments		139,203	(23,189)
Increase / (decrease) in current liabilities:			
Trade and other payables		304,191	326,487
		<u>190,937</u>	<u>58,156</u>
Cash generated from operations		<u><u>2,704,587</u></u>	<u><u>1,473,784</u></u>

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

51 SEGMENT INFORMATION

	Spinning		Weaving		Real estate		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
----- Rupees ('000') -----								
Sales:								
Total	20,976,797	13,863,032	5,031,184	4,285,325	-	-	26,007,981	18,148,357
Intersegment	(539,453)	(448,065)	-	-	-	-	(539,453)	(448,065)
	20,437,344	13,414,967	5,031,184	4,285,325	-	-	25,468,528	17,700,292
Cost of Sales	18,867,654	12,690,382	4,371,852	4,064,052	-	-	23,239,505	16,754,434
Gross profit	1,569,691	724,585	659,333	221,273	-	-	2,229,023	945,858
Distribution Cost	212,019	156,310	90,865	61,090	-	-	302,884	217,400
Administrative expenses	328,185	236,830	140,651	96,755	-	-	468,835	333,585
	540,204	393,140	231,516	157,845	-	-	771,719	550,985
	1,029,487	331,445	427,817	63,428	-	-	1,457,304	394,873
Finance cost	500,403	669,597	214,458	299,014	-	-	714,861	968,611
Profit before unallocated income and expenses	529,084	(338,152)	213,358	(235,586)	-	-	742,443	(573,738)

Unallocated income and expenses

Other operating charges	60,035	14,119
Other Income	438,917	417,818
Profit before tax	1,121,325	(170,039)
Taxation	373,069	205,023
Profit after tax for the year	748,256	(375,062)
Other comprehensive income:		
Remeasurement (loss) / gain of defined benefit obligation	(9,061)	28,310
Net fair value gain / (loss) on investment through FVOCI	1,459	506
Total comprehensive profit for the year	740,654	(346,246)

Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Total	
	2021	2020	2021	2020	2021	2020
----- Rupees ('000') -----						
Total assets for reportable segments	10,306,458	10,220,577	8,432,557	8,030,454	18,739,015	18,251,031
Unallocated assets:						
Investment property					784,279	779,925
Long term investments					434,580	214,689
Investment in subsidiary					100,000	1,000
Cash and bank balances					54,796	47,952
Other corporate assets					8,123,552	8,107,017
Total assets as per statement of financial position					28,236,223	27,401,614
Unallocated liabilities:						
Directors' loan					120,000	385,187
Provision for taxation					368,233	251,625
Other corporate liabilities					27,747,990	26,764,802
Total liabilities as per statement of financial position					28,236,223	27,401,614

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

51.01 Geographical information

The Company's revenue from external customers by geographical locations is detailed below:

	Spinning		Weaving		Total	
	2021	2020	2021	2020	2021	2020
	Rupees ('000')					
Europe	-	-	1,122,879	1,156,465	1,122,879	1,156,465
USA	-	-	114,983	69,475	114,983	69,475
Africa	-	-	67,468	137,648	67,468	137,648
Asia	27,322	15,378	1,435,629	1,200,894	1,462,951	1,216,272
	27,322	15,378	2,740,959	2,564,482	2,768,281	2,579,860

52 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements have been approved and authorized for issue on 06 October 2021 by the Board of Directors of the Group.

53 GENERAL

- Figures have been rounded off to the nearest Rupees in thousand except where stated otherwise.
- Comparative consolidated statement of financial position, consolidated statement of profit or loss, statement of comprehensive income, consolidated statement of changes in equity consolidated statement of cash flows and related notes for year ended June 30, 2021 has been extracted from annual financial statements of the Holding Company and the Subsidiary Company for the year ended June 30, 2021.



Chief Financial Officer



Director



Chief Executive Officer

PATTERN OF SHAREHOLDING REPORT

AS ON JUNE 30, 2021

Number of ShareHolders	Shareholding		Number of Share Held	% of Capital
	From	To		
237	1	100	6,707	0.00
436	101	500	144,406	0.03
429	501	1000	346,312	0.07
894	1001	5000	2,433,604	0.49
315	5001	10000	2,443,945	0.49
110	10001	15000	1,384,901	0.28
77	15001	20000	1,389,538	0.28
44	20001	25000	1,030,424	0.21
27	25001	30000	764,270	0.15
31	30001	35000	1,027,381	0.21
20	35001	40000	750,989	0.15
16	40001	45000	691,388	0.14
23	45001	50000	1,132,244	0.23
8	50001	55000	419,251	0.08
11	55001	60000	641,467	0.13
5	60001	65000	313,580	0.06
5	65001	70000	341,929	0.07
5	70001	75000	364,615	0.07
10	75001	80000	789,518	0.16
3	80001	85000	252,500	0.05
3	85001	90000	263,672	0.05
2	90001	95000	186,317	0.04
13	95001	100000	1,286,965	0.26
3	100001	105000	311,490	0.06
3	105001	110000	322,980	0.06
2	110001	115000	222,968	0.04
1	115001	120000	117,067	0.02
3	125001	130000	382,684	0.08
2	130001	135000	267,177	0.05
1	135001	140000	138,500	0.03
1	140001	145000	141,000	0.03
2	155001	160000	315,640	0.06
1	160001	165000	160,916	0.03
2	165001	170000	335,091	0.07
2	170001	175000	343,000	0.07
3	175001	180000	537,000	0.11
1	180001	185000	180,485	0.04
1	190001	195000	193,427	0.04
3	195001	200000	600,000	0.12
2	200001	205000	406,500	0.08
1	215001	220000	216,500	0.04
1	220001	225000	221,648	0.04
1	225001	230000	225,500	0.05
1	245001	250000	250,000	0.05
1	255001	260000	256,589	0.05

PATTERN OF SHAREHOLDING REPORT

AS ON JUNE 30, 2021

Number of ShareHolders	Shareholding		Number of Share Held	% of Capital
	From	To		
1	260001	265000	263,500	0.05
2	270001	275000	546,000	0.11
1	295001	300000	300,000	0.06
1	310001	315000	312,000	0.06
1	340001	345000	342,605	0.07
1	370001	375000	373,000	0.07
1	375001	380000	380,000	0.08
1	390001	395000	393,500	0.08
1	395001	400000	400,000	0.08
1	400001	405000	400,945	0.08
1	415001	420000	418,500	0.08
1	445001	450000	447,373	0.09
1	450001	455000	452,508	0.09
1	470001	475000	471,316	0.09
1	490001	495000	495,000	0.10
1	505001	510000	505,500	0.10
2	510001	515000	1,026,626	0.21
2	515001	520000	1,034,823	0.21
1	620001	625000	622,764	0.13
1	625001	630000	626,558	0.13
1	635001	640000	637,500	0.13
2	705001	710000	1,411,188	0.28
2	725001	730000	1,454,272	0.29
1	870001	875000	873,500	0.18
1	935001	940000	938,751	0.19
1	1065001	1070000	1,069,498	0.21
1	1755001	1760000	1,760,000	0.35
1	1975001	1980000	1,979,000	0.40
1	2035001	2040000	2,040,000	0.41
1	2365001	2370000	2,368,863	0.48
1	2410001	2415000	2,413,500	0.48
1	2600001	2605000	2,603,493	0.52
1	2795001	2800000	2,798,000	0.56
1	3325001	3330000	3,325,500	0.67
1	6825001	6830000	6,828,342	1.37
1	7120001	7125000	7,124,400	1.43
1	8940001	8945000	8,941,424	1.80
1	12015001	12020000	12,017,906	2.41
1	12250001	12255000	12,251,186	2.46
1	12640001	12645000	12,644,702	2.54
1	15855001	15860000	15,858,576	3.18
1	19950001	19955000	19,950,652	4.01
2	20295001	20300000	40,595,230	8.15
1	20550001	20555000	20,554,204	4.13
1	20660001	20665000	20,663,363	4.15

PATTERN OF SHAREHOLDING REPORT

AS ON JUNE 30, 2021

Number of ShareHolders	Shareholding		Number of Share Held	% of Capital
	From	To		
1	24280001	24285000	24,282,881	4.88
1	24295001	24300000	24,298,517	4.88
1	24795001	24800000	24,800,000	4.98
1	55710001	55715000	55,713,402	11.19
1	131445001	131450000	131,447,506	26.39
2,818	Total		498,009,959	100.00

PATTERN OF SHAREHOLDING REPORT

AS ON JUNE 30, 2021

Categories of Shareholders	Number of Shareholders	Number of Shares held	Percentage
Individuals	2,758	483,814,906	97.15
NIT and IDBP (ICP UNIT)	1	88,460	0.02
Financial Institutions	13	4,073,872	0.82
Insurance Companies	6	170,888	0.03
Modarabas & Mutual Funds	2	1,469,498	0.30
Joint Stock Companies	35	8,248,351	1.66
Others	3	143,984	0.03
Total	2,818	498,009,959	100.00

PATTERN OF SHAREHOLDING REPORT

AS ON JUNE 30, 2021

CATEGORIES OF SHAREHOLDERS		NO. OF SHAREHOLDERS	TOTAL SHARES HELD	PERCENTAGE
A)	Directors/Chief Executive Officer and their spouse and minor Children			
	Mr. Mughis A. Sheikh	1	19,470,012	3.91
	Mr. Fareed Mughis Sheikh	1	206,944,010	41.55
	Mr. Muhammad Tariq	1	6,337	0.00
	Mr. Muhammad Atta Ullah Khan	1	1,000	0.00
	Mr. Muhammad Ashraf Saif	1	1,000	0.00
	Mr. Abdul Hakeem Khan Qasuria	1	1,000	0.00
	Mrs. Noshaba Faiz	1	1,000	0.00
	SPOUSE (S)			
	Mrs. FOZIA MUGHIS SHEIKH	1	14,230,186	2.86
	Mrs. MAHNAZ FAREED SHEIKH	1	74,347	0.01
B)	Executives N/A	-	-	0.00
C)	Associated Companies, Undertakings and related parties	-	-	0.00
D)	Public Sectors Companies & Corporations	-	-	0.00
E)	NIT and IDBP (ICP UNIT)	1	88,460	0.02
F)	Banks, Development Financial Institutions & Non-Banking Financial Institutions	13	4,073,872	0.82
H)	Insurance Companies	6	170,888	0.03
I)	Modarabas & Mutual Funds	2	1,469,498	0.30
J)	*Shareholding 5% or more	1	206,944,010	41.55
K)	Joint Stock Companies	35	8,248,351	1.66
L)	Others	3	143,984	0.03
M)	General Public	2,749	243,086,014	48.81
TOTAL: -		2,818	498,009,959	100

* Shareholders having 5% or above shares exist in other categories therefore not included in total.

Shareholding Detail of 5% or more

Name of Shareholder	Shares held	%Age
Mr. Fareed Mughis Sheikh	206,944,010	41.55
TOTAL :-	206,944,010	41.55

Financial Highlights

	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
	(Rupees 000)	(Rupees 000)	(Rupees 000)	(Rupees 000)	(Rupees 000)	(Rupees 000)
Operating performance						
Sales-net	25,468,528	17,700,292	23,123,399	16,595,202	13,545,840	11,719,850
Gross profit	2,229,023	945,858	1,727,563	1,258,601	1,002,575	247,653
Profit/(Loss) before taxation	1,121,325	(170,039)	2,224,426	288,694	315,350	(895,582)
Profit/(Loss) after taxation	748,256	(375,062)	1,435,785	40,194	97,130	(889,811)
Financial position						
Property, plant & equipment						
Property, plant and equipment-net	18,211,729	18,118,579	18,330,300	18,398,892	18,544,860	19,157,470
Capital work in progress	527,287	132,452	131,659	96,428	359,238	453,483
	18,739,015	18,251,031	18,461,959	18,495,320	18,904,098	19,610,953
Current assets						
Stores, spare parts, loose tools and stock in trade	5,160,871	4,884,600	5,103,283	5,688,638	5,414,842	5,398,410
Other current assets	2,911,549	3,171,285	2,698,375	2,123,754	1,677,033	1,428,806
Cash and cash equivalents	54,796	47,952	37,287	38,412	40,283	56,885
	8,127,216	8,103,837	7,838,945	7,850,804	7,132,158	6,884,101
Current liabilities						
Short term bank borrowings	2,993,518	3,328,787	3,188,296	3,890,441	4,014,668	4,302,009
Current portion of long term financing	830,584	430,598	640,975	1,970,534	1,654,552	1,456,685
Other current liabilities	2,373,206	1,759,576	1,645,573	3,379,526	3,163,196	3,361,196
	6,197,309	5,518,961	5,474,844	9,240,501	8,832,416	9,119,890
Number of shares	498,010	498,010	498,010	498,010	498,010	498,010
Ratios						
Gross profit ratio	8.75%	5.34%	7.47%	7.58%	7.40%	2.11%
Net profit ratio	2.94%	-2.12%	6.21%	0.24%	0.72%	-7.59%
Earning per share	1.50	(0.75)	2.88	0.08	0.20	(1.79)
Current ratio	1.31	1.47	1.43	0.85	0.81	0.75
Capital structure ratio						
Debt to equity	0.44	0.46	0.46	0.47	0.49	0.53

کمپنی سختی کے ساتھ صحت کے اصولوں اور ماحول دوست منصوبوں پر عمل پیرا ہے۔ مالیاتی حسابات کی تاریخ اور ڈائریکٹرز کی رپورٹ کی تاریخ کی درمیانی مدت میں کوئی مادی تبدیلی نہیں آئی ہے ماسوائے اس کے کہ جو ان مالی حسابات میں لکھ دی گئی ہیں۔

کمپنی کے چھ سالہ مالی حسابات کے بنیادی اعداد و شمار کا خلاصہ لف ہے۔
 ڈائریکٹران کی جانب سے اس سال حصص داران کے لئے منافع کی ادائیگی کا اعلان نہیں کیا گیا۔
 واجب الادا ٹیکسز اور دوسرے حکومتی واجبات کی تفصیلات مالی حسابات کے متعلقہ نوٹ میں درج ہیں۔
 کمپنی اپنے تمام ملازمین کے لئے شرارتی پراویڈنٹ فنڈ چلا رہی ہے جبکہ انتظامی اور غیر انتظامی عملے کے لئے گریجویٹ فنڈ سکیم پر عمل پیرا ہے۔ جنکی مجموعی سرمایہ کاری درج ذیل ہے:

پراویڈنٹ فنڈز مبلغ 254 ملین روپے

گریجویٹ فنڈز مبلغ 225 ملین روپے

زیر جائزہ مالی سال کے دوران کمپنی کے کسی عہدہ دار کی طرف سے کمپنی کے حصص میں کوئی خرید و فروخت نہیں کی گئی۔

مالی حسابات کی تاریخ کے بعد کی مادی تبدیلیاں

مالیاتی حسابات کی تاریخ اور ڈائریکٹرز کی رپورٹ کی تاریخ کی درمیانی مدت میں کمپنی کے مالی حسابات میں کوئی مادی تبدیلی وقوع پذیر نہیں ہوئی۔

مجموعاتی مالی حسابات

کمپنی اور اس کی ملکیتی کمپنی سٹیج رائٹ پرائیویٹ لمیٹڈ کے مجموعاتی مالیاتی حسابات برائے سال ختمہ 30 جون 2021 اس رپورٹ کے ساتھ منسلک ہیں۔

اظہار تشکر

ہم ایگزیکٹوز، افسران اور دیگر عملے کے ارکان کی سخت محنت، تعاون اور مخلصانہ کوششوں کو سراہتے ہیں جو انہوں نے ہر ممکن بہترین نتائج حاصل کرنے میں کیں۔ بورڈ آف ڈائریکٹرز اپنے تمام بنکوں کا بھی شکر گزار جنہوں نے کمپنی کے لئے اپنی حمایت جاری رکھی۔
 انتظامیہ اس بات کے لئے پُر اعتماد ہے کہ یہ تعلقات اور تائید آئندہ آنے والے سالوں میں بھی جاری رہے گی۔

منجانب بورڈ



عبدالحکیم خان قصوریہ

ڈائریکٹر



فرید مغیث شیخ

چیف ایگزیکٹو آفیسر

لاہور: 06 اکتوبر 2020

بیرونی محاسبان کی تعیناتی

کمپنی کے بیرونی محاسب طارق عبدالغنی مقبول اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے اگلے سال کے لئے اپنی خدمات جاری رکھنے کی خواہش ظاہر کی ہے جس کی محاسبتی کمیٹی نے بھی نامزدگی کی تائید کی ہے۔ چنانچہ حصص داران سے ان کو دوبارہ تعینات کرنے کی منظوری کی درخواست کی جاتی ہے جبکہ بیرونی محاسب نے اس بات کا یقین دلایا ہے کہ وہ تعیناتی کی قانون میں موجود اہلیت پر پورا اترتے ہیں۔ مزید برآں یقین دہانی کرائی گئی کہ محاسبتی ادارے یا اس سے منسلک کسی فرد نے دوران سال کمپنی ہذا کے حصص میں خریداری یا تجارت نہیں کی ہے۔

بیرونی محاسبان کی مالی حسابات پر رپورٹ

مالی حسابات برائے سال ختمہ 30 جون 2021 کا بیرونی محاسبان نے باقاعدہ آڈٹ کیا ہے جنہوں نے مالی حسابات کے لئے صاف آڈٹ رپورٹ جاری کی ہے۔

ویب سائٹ کی دستیابی

کمپنی کے سالانہ اور وسط مدتی مالی حسابات کمپنی کی ویب سائٹ www.colonytextiles.com پر دستیاب ہیں۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک پر بیان

- کوڈ آف کارپوریٹ گورننس کے تحت ہم درج ذیل بیان دیتے ہیں
- مالیاتی حسابات بشمول تمام رپورٹس واضح اور درست طریقے سے بنائے گئے ہیں
- بورڈ آف ڈائریکٹرز نے وژن اور مشن کے بیان اور مجموعی کاروباری حکمت عملی کو منظور کیا ہوا ہے۔
- کمپنی نے مالیات کی کتابیں قانون کے مطابق بنائی ہوئی ہیں۔
- کمپنی نے امور کی بہتر انجام دہی کے لئے ہر سطح پر رہنما اصول بنائے ہوئے ہیں جو ہر ڈائریکٹر اور ملازمین سے تسلیم شدہ ہیں۔
- مالی حسابات کی پالیسیاں مالی حسابات کی تیاری میں مناسب انداز میں لاگو کی گئی ہیں۔
- کمپنی نے امور کی بہتر انجام دہی کے لئے ہر سطح پر رہنما اصول بنائے ہوئے ہیں جن پر عمل درآمد ہو رہا ہے۔
- بین الاقوامی قوانین مالیات جو کہ پاکستان میں لاگو ہیں پر عمل ہو رہا ہے۔
- کمپنی کا اندرونی محاسبتی نظام مستحکم ہے اور بہتر انداز میں کام کر رہا ہے۔
- کارپوریٹ گورننس پر عمل درآمد کا بیان اس رپورٹ کے ساتھ منسلک ہے اور یہ رپورٹ بیرونی محاسب کے مطابق ترتیب شدہ ہے۔
- کمپنی کے کاروباری معاملات جاری رہنے میں کوئی شکوک و شبہات نہیں ہیں۔
- کمپنی لسٹنگ قوانین میں موجود کارپوریٹ گورننس کے تحت بہتر انداز میں عمل پیرا ہے۔

ڈائریکٹران کا معاوضہ

کمپنی کے ڈائریکٹران نے ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کے لئے معاوضہ جات کی پالیسی منظور کر رکھی ہے۔ یہ پالیسی انسانی وسائل کے اہم جزو کی حیثیت سے تیار کی گئی ہے جس کا مقصد کاروباری منصوبہ بندی کو سہولت کاری دینا ہے۔ بورڈ کو یقین ہے کہ یہ پالیسیاں ایگزیکٹو اور ڈائریکٹرز کو ان کے فرائض کی ادائیگی میں معاون ثابت ہیں۔

پالیسیاں اور طریقہ کار

بورڈ نے متعلقہ خدشات کے پیش نظر کاروبار کو چلانے کے لئے موثر طریقہ کار اپناتے ہوئے پالیسیاں مرتب کی ہیں۔ ان پالیسیوں کو مرحلہ وار کاروباری خدشات کے تحت پرکھا جاتا ہے۔

بورڈ کی کارکردگی کی جانچ کاری

لسٹڈ کمپنیز کے کوڈ آف گورننس ریگولیشنز 2019 کے تحت ڈائریکٹران نے اپنی اور ذیلی کمیٹیوں کی کارکردگی کی جانچ کاری پرکھنے کے لیے نظام واضح کیا ہے جس کے اصول مشاہراتی کمیٹی کو تفویض کئے گئے ہیں۔

متعلقہ مارٹی کے ساتھ لین دین

متعلقہ پارٹی کے ساتھ لین دین کی تمام تفصیلات محاسبی کمیٹی کی طرف سے نظر ثانی شدہ اور بورڈ سے منظور شدہ ہیں۔ اس لین دین کی تمام تفصیلات 30 جون 2021 کے مالی حسابات میں نوٹس میں درج ہیں۔

چیئر مین کی جائزہ رپورٹ

بورڈ نے چیئر مین کی طرف سے جاری کردہ جائزہ رپورٹ پر غور و خوض کیا ہے اور یہ سالانہ رپورٹ کے ساتھ منسلک ہے۔

کاروباری ضابطہ اخلاق

اخلاقیات اور کاروباری طرز عمل کے ضابطے کمپنی کے ڈائریکٹران اور ملازمین میں تقسیم کیئے گئے ہیں اور ان سے تسلیم شدہ ہیں۔

تعمیلی بیان

کمپنی کے ڈائریکٹران کی طرف سے لسٹڈ کمپنیز کے کوڈ آف گورننس ریگولیشنز 2019 کے تحت تعمیلی بیان منسلک ہے۔

اصولی خطرات

کمپنی کو درپیش خطرات اگر کوئی ہیں، وہ مالی حسابات میں متعلقہ جگہ پر واضح کر دیئے گئے ہیں۔

کارپوریٹ گورننس

انتظامیہ نے کارپوریٹ گورننس کی تمام ضروریات پر عمل درآمد کو یقینی بنایا ہے۔ متعلقہ بیان اس رپورٹ میں شامل ہے۔

ملکیتی حصص کا نمونہ

ملکیتی حصص کا نمونہ برائے سال ختم 30 جون 2021ء لاف ہے۔

ممبر	چیف فنانشل آفیسر	جناب عطامحی الدین خان
ممبر	جنرل منیجر فنانس	جناب بلال احمد خان نیازی

سماجی تعمیل اور انسانی وسائل کمیٹی

آپ کی کمپنی کی کامیابی میں ایک اہم عنصر اس کے انتہائی ہنرمند اور پر جوش افرادی قوت ہے جو ہماری طاقت ہیں۔ ہم بجا طور پر اس حقیقت پر فخر کر سکتے ہیں کہ انسانی وسائل کو ہمیشہ ترجیح دی گئی ہے۔ آج ہم گزشتہ سالوں پر نظر دوڑائیں تو ہم دیکھ سکتے ہیں کہ ہمارے راستے بہت بہتری کی جانب گامزن ہیں اور اخلاقی اقدار پر عمل پیرا ہیں۔

سماجی تعمیل اور انسانی وسائل کی کمیٹی درج ذیل ممبران پر مشتمل ہے:

نام	تخصیص	کمیٹی میں عہدہ
جناب فرید مغیث شیخ	ایگزیکٹو ڈائریکٹر / چیف ایگزیکٹو آفیسر	چیئر مین
جناب محمد عطاء اللہ خان	نان ایگزیکٹو ڈائریکٹر	ممبر
جناب عطامحی الدین خان	چیف فنانشل آفیسر	ممبر

بورڈ آف ڈائریکٹرز

کمپنی کے بورڈ آف ڈائریکٹرز جو تعداد میں سات ہیں اپنی ذمہ داریاں شفاف طریقے سے نگران کے طور پر ادا کرتے ہوئے کمپنی کی پائیدار ترقی میں اضافہ کا باعث ہیں۔

موجودہ بورڈ آف ڈائریکٹرز کی تخصیص اس طرح سے ہے۔

تفصیل	ڈائریکٹران کی تعداد
آزاد / غیر متعلقہ ڈائریکٹر	02
نان ایگزیکٹو ڈائریکٹر	03
ایگزیکٹو ڈائریکٹر	02

زیر جائزہ سال میں ڈائریکٹران کے چھ اجلاس ہوئے تھے، جس میں سبھی ڈائریکٹران نے اپنی اپنی مدت کے دوران تمام اجلاس میں شمولیت کی۔

محاسبتی کمیٹی کے سال میں پانچ اجلاس ہوئے، اس کے تمام ممبران نے تمام اجلاس میں شرکت کی، انسانی وسائل اور مراعاتی کمیٹی کا سال میں ایک اجلاس ہوا، جس میں اس کے تمام ممبران نے شرکت کی،

نائب اگزیکیوٹو ڈائریکٹر

ممبر

جناب محمد اشرف سیف

مجلس عاملہ کمیٹی

مجلس عاملہ کاروبار کے مقاصد مقرر کرنے، مواقع کی نشاندہی، کاروباری مقاصد کو کامیابی کے ساتھ نفاذ کرنے کی ذمہ دار ہے۔ اس کمیٹی کا اہم مقصد ملکی و غیر ملکی باہوں کی بدلتی ضروریات پر نظر رکھنا اور کمپنی کے حالات کے مطابق اہداف کا مقرر کرنا ہے۔ مجلس عاملہ کمیٹی درج ذیل ممبران پر مشتمل ہے:

کمیٹی میں عہدہ	تخصیص	ڈائریکٹر کا نام
چیرمین	ایگزیکٹو ڈائریکٹر/ چیف ایگزیکٹو آفیسر	جناب فرید مغیث شیخ
ممبر	ایگزیکٹو ڈائریکٹر	جناب محمد طارق
ممبر	نائب ایگزیکٹو ڈائریکٹر	جناب محمد عطاء اللہ خان

تکنیکی کمیٹی

تکنیکی کمیٹی چیف ایگزیکٹو آفیسر کو مختلف امور پر مشاورت مہیا کرتی ہے جس میں تکنیکی امور اور ماحول کے تحفظ کی منصوبہ بندی اور دیگر امور شامل ہیں۔ یہ کمیٹی مل کے مجموعی معاملات، مطلوبہ معیار کا حصول، پیداواری اہداف کے حصول کی ذمہ دار ہے اور مجاز حدود میں رہتے ہوئے روزانہ کی بنیاد پر درپیش تکنیکی مسائل کو حل کرتی ہے۔ تکنیکی کمیٹی درج ذیل ممبران پر مشتمل ہے:

کمیٹی میں عہدہ	تخصیص	نام
چیرمین	ایگزیکٹو ڈائریکٹر/ چیف ایگزیکٹو آفیسر	جناب فرید مغیث شیخ
ممبر	ایگزیکٹو ڈائریکٹر	جناب محمد طارق
ممبر	تکنیکی ڈائریکٹر	جناب نور خان

مالیات کمیٹی

مالیات کمیٹی کا کردار مالیاتی اہداف، سالانہ اور سہ ماہی تخمینہ جات، مجاز اخراجات کی منظوری، اضافی رقم کی سرمایہ کاری اور مالیاتی منصوبہ بندی اور اس کا قانون کے مطابق اطلاق ہے جسے یہ کمیٹی چیف ایگزیکٹو آفیسر کی نگرانی میں سرانجام دے رہی ہے۔ مالیات کمیٹی درج ذیل ممبران پر مشتمل ہے:

کمیٹی میں عہدہ	تخصیص	نام
چیرمین	ایگزیکٹو ڈائریکٹر/ چیف ایگزیکٹو آفیسر	جناب فرید مغیث شیخ

کارپوریٹ سماجی ذمہ داری

آپ کی کمپنی ایک منفرد کارپوریٹ اور سماجی ذمہ داری کی پالیسی ہے جس کے تحت وہ اپنی سماجی ذمہ داریوں کو پورا کر رہی ہے۔ ہم ٹیکسز ان کے لوازمات اور ملکی زر مبادلہ میں اضافہ کے ذریعے قومی خزانے میں شراکت دار ہیں۔ ہم برابری کی بنیاد پر ملازمت کے مواقع مہیا کرنے پر فخر محسوس کرتے ہیں۔ آپ کی کمپنی ضرورت مند لوگوں کو مفت خوراک، مفت طبی سہولیات اور صاف پانی کی سہولیات مہیا کر رہی ہے۔ آپ کی کمپنی نے کرونا وباء میں بھی اپنی سماجی ذمہ داری احسن طریقے سے پوری کی ہے۔ گھر سے کام کرنے کی پالیسی کے ساتھ ساتھ کمپنی نے اپنی مل کے احاطے میں میڈیکل کیمپ کا اہتمام بھی کیا تھا تاکہ تمام عملے کے ارکان اور کارکنوں اور ان کے خاندان کے افراد کو وباء سے بچاؤ کے ٹیکے سہل طریقے سے لگ سکیں۔

محاسبی کمیٹی

یہ بورڈ کی سب سے اہم اور مؤثر کمیٹی ہے۔ کمپنی کے اندرونی محاسبی عمل کو اسکے بہترین مفاد میں چلاتے ہوئے اہم کردار ادا کر رہی ہے۔ کمیٹی ممبران نے اندرونی اور بیرونی محاسبان کی رپورٹس کا بغور مطالعہ کیا ہے اور بیرونی محاسب کی تقرری کی سفارش کی ہے۔ محاسبی کمیٹی درج ذیل ممبران پر مشتمل ہے:

کمیٹی میں عہدہ	تخصیص	ڈائریکٹر کا نام
چیئر مین	غیر متعلقہ ڈائریکٹر	جناب عبدالحکیم خان قصوریہ
ممبر	غیر متعلقہ ڈائریکٹر	محترمہ نوشابہ فیض
ممبر	نان ایگزیکٹو ڈائریکٹر	جناب محمد اشرف سیف

انسانی وسائل اور مشاہراتی کمیٹی

انسانی وسائل کی کمیٹی نے کمپنی ملازمین کے تمام طبقات کے لئے معاوضے کے علیحدہ علیحدہ منصوبے بنا رکھے ہیں۔ کمپنی میں سازگار ماحول کا بنانا اور اسے برقرار رکھنا، مناسب سلوک، روزگار کے مواقع اور کامیابی کے ساتھ آگے بڑھنے کی سفارشات تیار کرنا اور ان پر عمل درآمد کروانا کمیٹی کی ذمہ داری ہے۔ ہمیں احساس ہے کہ انسانی وسائل کا روباری حکمت عملی کا اہم جزو ہیں۔ انسانی وسائل اور مشاہراتی کمیٹی درج ذیل ممبران پر مشتمل ہے:

کمیٹی میں عہدہ	تخصیص	ڈائریکٹر کا نام
چیئر مین	نان ایگزیکٹو ڈائریکٹر	جناب محمد عطاء اللہ خان
ممبر	غیر متعلقہ ڈائریکٹر	جناب عبدالحکیم خان قصوریہ

265 ملین روپوں کا بلا سود قرضہ کمپنی کو تحفہ دیا ہے جو کہ ابھی ادا کرنا ہے اور اسے دوسری کاروباری ادائیگیوں میں جمع کیا گیا ہے۔

ڈائریکٹران کا انتخاب

دوران سال کمپنی کے ڈائریکٹران کا انتخاب مکمل ہوا ہے۔ جناب محمد اکرام الحق صاحب نے اپنی پہلی مدت مکمل ہونے کے بعد انتخاب میں حصہ نہیں لیا۔

حصص داران کے لئے منافع کی تقسیم

کمپنی کے زیر جائزہ مالی سال کے نتائج کو دیکھتے ہوئے کمپنی انتظامیہ نے سال ختمہ 30 جون 2021 کے لئے حصص داران کو منافع کی ادائیگی نہ کرنے کی سفارش کی ہے۔

مستقبل کا نقطہ نظر

تیزی سے بدلتے ہوئے عالمی ماحول اور پیچیدگیوں کے تناظر میں یہ دیکھا جا رہا ہے کہ آنے والا سال اپنے آپ میں بہت سے مضمرات چھپائے ہوئے ہوگا۔ جس کو ہم پہلے ہی بحری کرایوں میں اضافہ، عالمی سطح پر توانائی کی کمی، آسمان کو چھوٹی چیزوں اور خام مال کی قیمتیں اور غیر ضروری چیزوں کی مانگ میں کمی جیسے عوامل کی صورت میں دیکھ رہے ہیں۔ ان خدشات میں اس وقت اور اضافہ ہو جاتا ہے جب اس صورتحال میں کپاس کی فصل کی ناکامی، تیزی سے گرتی ہوئی روپے کی قدر، معاشی اور سیاسی عدم استحکام جیسے عناصر شامل ہو جاتے ہیں۔ ہم پر امید ہیں کہ کرونا واء سے ہم جلد چھٹکارا پالیں گے مگر اس واء کے بعد آنے والا دور اس سے بھی زیادہ مشکل ہوگا۔ ان تمام خدشات کے باوجود ہم پر امید ہیں کہ ہماری گورنمنٹ صنعتوں خصوصاً ٹیکسٹائل کی صنعت کے استحکام اور بقاء پر توجہ برقرار رکھے گی۔

جیسا کہ ہمارے کٹائی اور بنائی کی مشینری پرانی ہو چکی ہے جس کے لئے ہم مجبور ہیں کہ بیرون ملک بی ایم آر حل تلاش کریں۔ ہم چین سے سپلائر کا کریڈٹ حاصل کرنے میں کامیاب ہوئے ہیں اور اسے اوپن اینڈ اور بیک پروسیس میں استعمال کر رہے ہیں۔ ہم بہت پر امید ہیں کہ ہم اپنے اس تعلق کو بڑھانے اور اپنی پیداواری سہولیات کو بڑھانے میں کامیاب ہوں گے۔ اللہ تعالیٰ کے فضل اور آپ کی انتظامی ٹیم اور افرادی قوت کی مدد سے ہمیں یقین ہے کہ ہم مضبوطی سے مستقبل کے حالات کا مقابلہ کرنے کے قابل ہو جائیں گے۔

محفوظ صحت مند ماحول

کمپنی اپنے ملازمین اور عوام کے لیے ایسے اقدامات کر رہی ہے جس سے ان کی حفاظت کو یقینی بنایا جاسکے۔ ہم تمام شعبوں مثلاً پیداوار، ترسیل، گودام اور مال کی آمدورفت کے لیے بہتر حفاظتی اقدامات پر توجہ کئے ہوئے ہیں۔ آپ کی کمپنی ماحول کی حفاظت کے لیے ہر ممکن اقدام کر رہی ہے۔

کمپنی کا کتنا ہی کا شعبہ

پاکستان کی کپاس کی فصل اس سال تباہی تھی۔ اس کمی کو کم کرنے کے لئے ایسے کارخانے جن کو بنکوں کی طرف قرضہ جات کی سہولت دستیاب تھی ان کارخانوں نے مسابقتی قیمتوں پر اچھی مقدار میں کپاس درآمد کر لی تھی۔ کچھ ایسی ہی صورت حال synthetic fibre کے شعبے میں بھی دیکھی گئی۔ بنکوں سے دستیاب قرضہ جات کی وجہ سے بروقت خام مال کی درآمد سے ملوں نے غیر معمولی منافع کمایا۔ بد قسمتی سے آپ کی کمپنی کو بنک قرضہ جات کی فراہمی میں کمی کی وجہ سے مختصر مدت کی مد میں خام مال خریدنا پڑا جس کی وجہ سے منافع کو بڑھانے کے موقع سے فائدہ نہیں اٹھا سکی۔ ہمارے پرانے پلانٹ اور مشینری کی وجہ سے ضروری تھا کہ ہم اپنی مصنوعات میں تنوع لے کر آئیں اور گاہکوں کی فہرست میں اضافہ کریں چنانچہ رنگ سپن پولی کٹن اور پولی و سکوز کی پیداوار شروع کر دی ہے۔ ہمیں یقین ہے کہ اس سے ہمیں بے شمار کاروباری فوائد حاصل ہوں گے۔

کمپنی کا بنائی کا شعبہ

بڑھتی ہوئی سوت کی قیمتوں کی وجہ سے بنائی کے شعبے کو اپنی مسابقتی برتری کو برقرار رکھنے کے لئے بڑی محنت کرنا پڑی۔ پورا سال خام کپڑے کی طلب میں اضافہ ہونے کے باوجود اسکی مہنگے داموں تیاری کی وجہ سے منافع کی شرح قابل رشک نہ تھی۔ پرانی مشینری کے ساتھ اس مشکل کو حل کرنے کے لئے ہم دن رات محنت کرتے ہوئے اپنے گاہکوں کی تعداد بڑھانے کے ساتھ اپنی مصنوعات میں تنوع لے کر آ رہے ہیں۔

کمپنی کا غیر منقولہ جائیداد کی تجارت کا شعبہ

دوران سال کمپنی نے اپنی غیر منقولہ جائیداد کے کاروباری شعبہ میں کوئی سرگرمی نہیں کی ہے۔

سٹی رائٹ پرائیویٹ لمیٹیڈ - مکمل ملکیتی کمپنی

سٹی رائٹ پرائیویٹ لمیٹیڈ، کالونی ٹیکسٹائل ملز لمیٹیڈ کی مکمل ملکیتی کمپنی ہے۔ جس کے بنانے کا مقصد مصنوعات کے قدرتی اضافے کے ساتھ کام کی جگہ پر پہنچنے جانے والے گارمنٹس بنانا ہے۔ اس شعبہ کی بڑی استعداد کار کو مد نظر رکھتے ہوئے اس کا ادا شدہ سرمایہ دس لاکھ سے بڑھا کر دس کروڑ کیا گیا ہے۔

مصنوعات کی تیاری کے حوالے آزمائشی آرڈرز پر کام زور و شور سے جاری ہے اور گاہکوں کی طرف سے ابتدائی تعلقات خوشگوار اور حوصلہ افزاء ثابت ہو رہے ہیں اور توقع ہے کہ ہم جلد ایک اچھا کاروباری حلقہ بنالیں گے۔

ڈائریکٹرز کی جانب سے قرض

کمپنی کے بنیادی ڈائریکٹران کمپنی کی فلاح و بہبود کا عزم کئے ہوئے ہیں۔ اسی عزم کے تحت ایک ایگزیکٹو ڈائریکٹر کی طرف سے کمپنی کی مالی حالی حالت کی بہتری کے لیے مبلغ بارہ کروڑ روپے کا بلا سود قرض موجود ہے۔ دوران سال ایک نان ایگزیکٹو ڈائریکٹر کی طرف مبلغ

ڈائریکٹران رپورٹ برائے حصص داران

کمپنی کے ڈائریکٹرز کی جانب سے، میں سالانہ نتفیج شدہ مالی حسابات برائے سال ختمہ 30 جون 2021ء بمشمول محاسب کی رپورٹ پیش کرتا ہوں۔ بموجب کوڈ آف کارپوریٹ گورننس یہ مالی حسابات چیف ایگزیکٹو آفیسر اور چیف اکاؤنٹنٹ صاحبان سے تصدیق شدہ، محاسبی کمیٹی کی تائید سے بورڈ آف ڈائریکٹرز سے منظور شدہ ہیں۔

اس سال کمپنی کا کاروباری حجم مبلغ 25,469 ملین روپے رہا جبکہ پچھلے سال یہ حجم 17,700 ملین روپے تھا۔ کمپنی کا خام منافع مبلغ 2,229 ملین روپے ہے جو پچھلے سال مبلغ 946 ملین روپے تھا۔ کمپنی بعد از ادائیگی ٹیکس مبلغ 748 ملین روپے منافع میں رہی جبکہ کمپنی کو پچھلے سال مبلغ 375 ملین روپے بعد از ٹیکس نقصان کا سامنا تھا۔ چنانچہ اس سال آمدن فی حصہ 1.50 روپے ہے جو کہ پچھلے سال 0.75 روپے فی حصہ نقصان تھا۔

کرونا وباء نے پورے سال کی ہیئت ہی تبدیل کر دی ہے جس کا اثر شاید آنے والے سالوں میں بھی رہے۔ وباء کی صورتحال نے پاکستان اور پوری دنیا کو جہاں نقصان پہنچایا ہے وہاں پاکستان کے لئے منفرد مواقع بھی پیش کئے ہیں۔ زیادہ تر ممالک کے برعکس پاکستان نے مکمل کاروباری بندش کی بجائے مختصر اور محدود پیمانے پر اقدامات کے ذریعے صنعتوں کو رواں دواں رکھا۔ اس حکومتی منصوبہ بندی کی وجہ سے پاکستان کو ناصرف وباء سے نمٹنے میں مدد ملی بلکہ ملکی صنعتوں کو اپنی مصنوعات بھرپور طریقے سے فروخت کرنے کا موقع بھی ملا جبکہ دنیا میں صنعتکاری بند تھی۔ ملکی ٹیکسٹائل صنعت نے اس موقع سے بھرپور فائدہ اٹھایا تھا۔ اس نے ناصرف صنعت کو زندہ کیا بلکہ انضمام و توسیع کے لئے حوصلہ افزائی بھی کی۔

یہ ایک مسلمہ حقیقت ہے کہ ٹیکسٹائل کی صنعت پاکستان کے لئے ریڑھ کی ہڈی کی حیثیت رکھتی ہے۔ اس حقیقت کو اور بڑھتی ہوئی برآمدات کو مدنظر رکھتے ہوئے حکومت نے درمیانی اور لمبی مدت کے لئے پرکشش قرضہ جات کی سہولت مہیا کی۔ جس کے نتیجے میں درمیانے اور بڑے کاروباری منصوبہ جات میں سرمایہ کاری ہوئی جس سے طویل المدتی بنیادوں پر غیر ملکی زرمبادلہ کمانے کے ذرائع پیدا ہوئے۔ مگر بد قسمتی سے آپ کی کمپنی ایسی کسی سہولت سے فائدہ نہ اٹھا سکی۔

اگرچہ ان اقدامات نے جہاں مثبت اثرات مرتب کئے ہیں وہاں بڑھتی ہوئی اور آسمان سے باتیں کرتی ہوئی کاروباری لاگت نے عالمی سطح پر پاکستانی مصنوعات کو عالمی مقابلہ بازی کی دوڑ سے باہر کر دیا ہے۔ اس چیز کا اثر مقامی صنعت نے چند مہینے پہلے ہی محسوس کر لیا ہے جہاں گاہک حضرات ٹیکسٹائل مصنوعات اس بڑھی ہوئی قیمتوں پر خریدنے سے قاصر ہیں۔ جو کہ مقامی منڈیوں پر منحصر کتائی کی ملیں، پاور لومز اور پروسیسنگ ملیں مختلف عوامل کے پیش نظر اپنی پیداوار کو کم کرنے پر مجبور کر رہی ہیں۔

اصولی کاروباری سرگرمیاں

دھاگہ، کپڑا، گارمنٹس کی پیداوار، فروخت اور غیر منقولہ جائیداد کی تجارت کمپنی کی اصولی سرگرمیوں میں شامل ہیں۔

COLONY TEXTILE MILLS LIMITED

FORM OF PROXY

I/We _____
 of _____
 being a member of **COLONY TEXTILE MILLS LIMITED** and holder of _____ Ordinary Shares as per
 Register Folio / CDC Participant No. _____ hereby appoint Mr./Mrs./Miss. _____
 of _____ or failing him / her Mr./Mrs./Miss. _____ of _____
 who is also a member of the **COLONY TEXTILE MILLS LIMITED** vide Registered Folio / CDC Participant I.D.
 No. _____ as my proxy to vote for me and on my behalf at the 11th Annual General Meeting of the Company to
 be held on Thursday the October 28, 2021 at 10.00 a.m. and any adjournment thereof.

Signed this _____ day of October 2021.

Revenue
Stamp

Signature
(As registered with the company)

Witness: 1

Signature: _____

Name: _____

Address: _____

CNIC or _____

Passport # _____

Witness: 2

Signature: _____

Name: _____

Address: _____

CNIC or _____

Passport # _____

NOTES: -

- This proxy form, duly completed and signed, must be received at the Registered Office of the company not later than 48 hours before the time of holding the Meeting.
- Attested copies of the CNIC or the passport of beneficial owners, proxy holder and witnesses shall be furnished with the proxy form.
- The proxy shall produce his original CNIC or original passport at the time of the Meeting.
- In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished along with proxy form to the Company.

کالونی ٹیکسٹائل ملز لمیٹڈ

تشکیل نیابت داری برائے سالانہ اجلاس عام

میں / ہم _____ ساکن _____ کالونی ٹیکسٹائل ملز لمیٹڈ کا / کی / کے حصص دار ہوں / ہیں اور بموجب رجسٹرڈ کھاتہ نمبر یا مجوزہ سی ڈی سی کھاتہ نمبر کے تحت _____ عمومی حصص کا / کی / کے مالک ہوں / ہیں۔ اپنی جگہ پر حق رائے دہی کے لیے _____ رہائشی _____ اور بموجب رجسٹرڈ کھاتہ نمبر یا مجوزہ سی ڈی سی کھاتہ نمبر کے تحت _____ کو یا اس کے نہ آنے کی صورت میں _____ اور بموجب رجسٹرڈ کھاتہ نمبر یا مجوزہ سی ڈی سی کھاتہ نمبر کو جو کہ کالونی ٹیکسٹائل ملز لمیٹڈ کا / کی / کے حصص دار ہے ہیں۔ کو اپنی جگہ بروز جمعرات بتاریخ 28 اکتوبر 2021 بوقت صبح 10 بجے بمقام اسماعیل ایوان سائنس بلڈنگ 205 فیروز پور لاہور میں منعقد ہونے والے گیارہویں سالانہ اجلاس عام یا کسی متبادل دن جو بھی ہوگا میں رائے دہندگی کے لئے نمائندہ مقرر کرتا / کرتی / کرتے ہوں / ہیں۔

بتاریخ _____ اکتوبر 2021 کو دستخط کیا گیا _____ دستخط۔



کمپنی ریکارڈ کے مطابق دستخط

گواہ نمبر: 1	گواہ نمبر: 2
دستخط _____	دستخط _____
نام _____	نام _____
پتہ _____	پتہ _____
شناختی کارڈ نمبر یا _____	شناختی کارڈ نمبر یا _____
پاسپورٹ نمبر _____	پاسپورٹ نمبر _____

نوٹ: 1- یہ مختار نامہ مکمل اور دستخط شدہ، ہمراہ شناختی کارڈ کی تصدیق شدہ کاپیوں، کمپنی کے رجسٹرڈ آفس کے پتے پر اجلاس کے شروع ہونے سے 48 گھنٹے پہلے پہنچ جانا چاہیئے۔

2- کوئی بھی فرد مختار نامہ اس وقت تک استعمال نہیں کر سکتا جب تک کہ وہ کمپنی کا حصص دار نہ ہو۔ علاوہ اس کے کہ کوئی ایک کمپنی کسی فرد کو نمائندہ مقرر کرے جو کمپنی کا حصص دار نہ ہو۔



Colony Textile Mills Limited

Ismail Aiwan-e-Science Building

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Fax: 042-35763247