

Zephyr Textiles Limited
ANNUAL REPORT 2021

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BOARD OF DIRECTORS:	Mr. Mussaid Hanif Mr. Arbab Muhammad Khan Mr. Rana Kamal Ud Din Ms. Tehniyat Mussaid Ms. Sabah Burhan Ms. Sarah Naviwala Ms. Nuzhat Kamran	CEO Chairperson
AUDIT COMMITTEE:	Ms. Nuzhat Kamran Mr. Rana Kamal Ud Din Ms. Tehniyat Mussaid	Chairperson/Member Member Member
HR & REMUNERATION COMMITTEE:	Ms. Nuzhat Kamran Mr. Arbab Muhammad Khan Ms. Sabah Burhan	Chairperson/Member Member Member
CHIEF FINANCIAL OFFICER:	Mr. Naveed Aleem	
COMPANY SECRETARY:	Mr. Abdul Jabbar	
AUDITORS:	Azhar Zafar & Company	Chartered Accountants
LEGAL ADVISOR:	Cornelius Lane & Mufti Advocate and Solicitors Nawa-e-Waqt House, 4 Shahrah-e-Fatima Jinnah, Lahore - 54000, Pakistan	
BANKERS TO THE COMPANY:	Habib Bank Limited Allied Bank Limited Askari Bank Limited United Bank Limited Habib Metropolitan Bank Limited Bank Al Habib Limited	National Bank of Pakistan MCB Bank Limited The Bank of Punjab Faysal Bank Limited Meezan Bank Limited Silk Bank Limited
MILLS:	1 km, Balloki Bhai Pheru Road Bhai Pheru. Phone : 0494 - 512007-9, 513103-5 Fax : 0494 - 512011 63 km, Gulshan Adda, Jumber Khurd, District Kasur.	(Weaving unit & Power plant) (Towel Unit)
REGISTERED & HEAD OFFICE:	3rd Floor, IEP Building, 97 B/D-I, Gulberg III, Lahore E-mail: info@zephyr.com.pk Website: www.zephyr.com.pk Phone : 042 35782905 - 15 Fax : 042 35753202	

Note: Zephyr's Company Information & Financial Statements are also available at the above website.

NOTICE IS HEREBY GIVEN that the 23rd Annual General Meeting of Zephyr Textiles Limited ("ZTL" or "the Company") will be held at the Registered Office of the Company, 3rd Floor IEP Building, 97 B/D-I, Gulberg III, Lahore on Thursday, October 28, 2021, at 10:30 AM to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the last Extra Ordinary General Meeting dated August 16, 2021.
2. To approve Final Cash Dividend @ 5% [i.e. Rs.0.50/- Per Ordinary Share] as recommended by the Board of Directors.
3. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2021 together with the Chairperson's Review Report, Directors' and Auditor's report thereon.
4. To appoint auditors for the year ending June 30, 2022 and to fix their remuneration. The present Auditors M/S Azhar Zafar & Company, Chartered Accountants, retire and being eligible offer themselves for reappointment.
5. To transact any other business with the permission of the Chair.

By Order of the Board



Abdul Jabbar
Company Secretary
Lahore:
Thursday October 07, 2021.

NOTE:

1 BOOK CLOSURE NOTICE:

Share transfer books of the company will remain closed from October 22, 2021 to October 28, 2021 (both days inclusive) and no transfer will be accepted during this period.

FOR ATTENDING THE MEETING THROUGH VIDEO LINK DUE TO COVID 19 PANDEMIC:

In pursuance of SECP Circular Nos. 5, 10A and 20 of 2020 dated 17th March, 2020, 01st April, 2020 and 31st August, 2020 respectively regarding Regulatory Relief to dilute impact of Corona Virus (COVID 19) for Corporate Sector, the entitled shareholders interested in attending the Annual General Meeting (AGM) through video link facility ("Zoom" which can be downloaded from Google Play or Apple App Store) are requested to get themselves registered with the Company Secretary office at least two working days before the holding of the time of AGM at abdul.jabbar@zephyr.com.pk by providing the following details:-

Name of Shareholder	CNIC Number	Folio Number	Cell Number	Email Address

- 1 Upon receipt of the above information from interested shareholders, the Company will send the login details at their email addresses.
- 1 On the AGM day, the shareholders will be able to login and participate in the AGM proceedings through their smart phone or computer devices from their any convenient location.
- 1 The login facility will be opened thirty (30) minutes before the meeting time to enable the participants to join the meeting after identification process and verification process.
- 1 Shareholders will be encouraged to participate in the AGM to consolidate their attendance and participation through proxies.
- 1 A Shareholder entitled to attend and vote at this meeting may appoint another shareholder as his/her proxy to attend and vote as his/her proxy to attend and vote on his/her behalf. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a naturally certified copy of the power of attorney must be received at the registered office of the company, duly stamped, signed and witnessed not later than 48 hours before the meeting.
- 1 CDC Account holders will further have to observe the following guidelines, as laid down in Circular O 1 dated January 20, 2000, issued by the Securities and Exchange Commission of Pakistan:

1 **Submission of copies of CNIC (Mandatory):**

Pursuant to the Notification SRO.275(I)/2016 dated March 31, 2016 read with S.R.O.19(I)/2014 dated January 10, 2014 and SRO.831(I)/2012 dated July 5, 2012 of the Securities & Exchange Commission of Pakistan (SECP), Dividend Warrant(s) shall mandatorily bear the Computerized National Identity Card (CNIC) numbers of shareholders. Shareholders are therefore requested to fulfill the statutory requirements and submit a copy of their CNIC or NTN in case of corporate entities (if not already provided) to the Company's Share Registrar.

1 Transmission of audited financial statements / notices through email

As notified by the SECP vide SRO.787(I)/2014 dated September 8, 2014, all listed companies are allowed to circulate audited financial statements along with notice of annual general meetings to its shareholders through their e-mail addresses subject to written consent of the shareholders. Standard Request Form available on the Company's website: <http://zephyrtextiles.com>

1 Transmission of annual financial statements through cd/dvd/usb

SECP through its SRO.470(I)/2016 dated May 31, 2016 have allowed companies to circulate their annual balance sheet, profit and loss account, auditor's report and directors' report to its members through CD/DVD/USB at their registered addresses. In view of the above the Company has sent its Annual Report to the shareholders in the form of CD/DVD. Any Member can send request for printed copy of the Annual Report to the Company on standard request form placed under the Investor Information section on its website <http://zephyrtextiles.com>

1 Unclaimed Dividends:

As per the provision of section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company which have remained unclaimed/unpaid for a period of three years from the date on which it was due and payable are required to be deposited with the Commission for the credit of Federal Government after issuance of notices to the shareholders to file their claim. In this regards, a notice to shareholder was sent at their provided addresses and subsequently final notice was published in newspapers having nationwide circulation.

Shareholders are requested to ensure that their claims for unclaimed dividend and shares are lodged timely. In case, no claim is lodged with the Company in the given time, the Company shall proceed to deposit the unclaimed/unpaid amount and shares with the Federal Government pursuant to the provision of Section 244 (2) of companies Act, 2017.

I am pleased to present you the annual report of Zephyr Textiles Limited (the “Company”) for the year ended 30 June 2021.

Board Performance

For the financial year ended June 30, 2021, an annual appraisal of the Board, its Committees and individual directors was carried out as per the directives of Listed Companies (Code of Corporate Governance) Regulations, 2019. The performance was evaluated on various parameters such as structure, composition, quality, diversity, experience, competencies, performance of specific duties and obligations, quality of decision-making and overall effectiveness of the Board.

The Board has developed a mechanism of regular assessment of the Company's objectives, strategies and business & financial performance by timely interacting with the management, internal auditors and other independent consultants and providing appropriate direction. The management is responsible for carrying out day-to-day business activities and transforming the Board's strategies into actions. Particularly in the unprecedented situation of COVID-19 outbreak, the management with the oversight of the Board ensured business continuity while keeping in view the safety and well-being of the employees and the other stakeholders.

Mr. Arbab Muhammad Khan appointed as an executive director on October 05, 2020, due to sad demise of Mr. Burhan Muhammad Khan on September 15, 2020. The performance of board, which is reviewed and assessed against a sophisticated criterion, was found to be adequate based on the latest evaluation. Key highlights of the board's achievements are as follows:

- Routine BMR
- Quarterly and annual financial statements
- Ensured the quality and appropriateness of financial reporting and the transparency of disclosures in annual and quarterly financial statements.
- Internal audit and audit committee reports and findings and Reviewed effectiveness of internal control system.
- Appointment of external auditors, and
- Distribution of WPPF

I am pleased to note that the Board has performed its duties and responsibilities diligently and effectively to achieve business goals of the Company. The Board committees also provided great assistance through their timely reports to the Board, thus contributing towards crucial business decisions.



Tehniyat Mussaid
Chairperson

Lahore: September 30, 2021

Dear members,

The Directors of your Company takes pleasure in presenting before you the Annual Report along with audited financial statements and independent auditors' report thereon for the period ended June 30, 2021.

Financial Review

Sales revenue of the Company increased from PKR 4.33 billion last year to PKR 6.13 billion in the period ended June 30, 2021 with an increase of 41.67%. The Company earned gross profit of PKR 807.55 million and net profit of PKR 302.08 million in the period ended June 30, 2021 as compared to PKR 401.73 million and PKR 55.07 million respectively in corresponding period last year. Financial cost also reduced by 7.92% in the period under review as compared to corresponding period due to repayment of long term loans. Following is the financial synopsis:

Description	2021	2020	% Increase/ (Decrease)
Net sales	6,128,887,901	4,326,054,617	41.67
Gross profit	807,545,936	401,731,284	101.02
EBITDA	539,356,794	246,678,000	118.65
Depreciation	178,387,906	169,986,363	4.94
Finance cost	111,992,545	121,619,841	(7.92)
Pre-tax profit	360,968,888	76,391,637	372.52
After tax profit	302,076,904	55,072,196	448.51
EPS	5.08	0.93	448.51

The company had a healthy flow of orders for export as well local sales during the year although there were uncertainties abound due to havocs of COVID-19 all over the world. Despite the closure of markets and travel restrictions, the demand of basic textiles continued to flow into Pakistan. The business environment during period under review has been very challenging due to massive fluctuations in exchange rate, surging prices of energy and other related commodities.

The Company installed a solar power system of 437 KW at its towel unit to reduce the energy cost which also helped in mitigating our carbon footprint. The Company successfully added a new business segment last year with commercial dyeing of knit fabric for garment exporters. We have also started exporting Knitted fabrics and will continue to expand in this sector. We will continue to develop capacity in this product line with internal generation of funds. The natural fit would be to get into export of garments which we are committed to start by the beginning of next financial year.

Capital Expenditures

The Company invested PKR 278.91 million in fixed capital expenditure (CAPEX) which is 30% above last year's CAPEX. Investment of PKR 210 million out of PKR 278.91 was made with cash generated from business operations. This BMR covers both modernization of existing equipment and induction of new equipment like yarn and fabric dyeing machines, coal boiler, 437 KWH solar power plant and stitching machines, etc. This shows the Company's commitment to broaden, upgrade and modernize its manufacturing facilities on regular basis.

Working Capital Management

Current ratio for the period stands at 1.11 (2020: 1.10) along with long term rating of BBB+ and short-term rating of A-2 provided by VIS Credit Rating Company Limited which shows the Company's ability to meet its long as well as short term obligations. The Company utilized its working capital in most efficient way to achieve more than 40% growth in sales revenue. The Company earned EBITDA of PKR 539.36 million as compared to PKR 246.68 in corresponding period last year. EBITDA to sale percentage was 8.80% as compared to 5.70% last year. The strong EBITDA reflects the Company's ability to carry out BMR and to continue financing of working capital requirements.

Dividend

Keeping in view the Company's needs and future ability of cash generation, the Board of Directors of the Company is pleased to recommend 5% dividend for the year ended June 30, 2021 (June 30, 2020: 0%).

Earnings per Share

The Company maintains a positive stream of earning per share (EPS) which shows effectiveness of management's strategy in order to enhance the shareholders' value. The earning per share (EPS) stands at PKR 5.08 for the period ended June 30, 2021 as compared to PKR 0.93 corresponding previous year.

General market review and future prospects

The period under review affected by second and third waves of coronavirus pandemic globally and the world experienced frequent lockdowns and restrictions of movement, which drastically impacted the global supply chain infrastructure. Vaccination process is in full swing across the globe and the World is opening economic activities now with enforced SOPs. The Government of Pakistan implemented the vaccine drive very successfully even for the workers of remotely located factories.

Local yarn prices consistently increased due to shortage of cotton output domestically and firm price trend worldwide. The industry had to depend on imported cotton and yarn to a large extent. We are expecting a better cotton crop for the current year. Meanwhile the international prices of cotton have touched the highest mark for the last ten years. A massive, unexpected, increase of ocean freights, in last two quarters of the period under review, created some uncertainty which continues to jeopardize the supply chains worldwide. We expect that the volatility of prices in energy and commodities will be a drag on the value added export sector for the coming quarters.

The Government continued the policy of regionally competitive prices of energy for export-oriented industries for current financial year. This is some relief in the short run but a constant threat for the energy intensive nature of the industry going forward. The industry needs a medium to long term policy about energy prices to harness the growth potential effectively.

Pakistan economy has shown significant signs of economic recovery. The Government is also committed to continue to support economic activities especially for textile export industry. This can be achieved by continuation of strategies and policies of ease of doing business in Pakistan.

Corporate Social Responsibility

The Company continued to undertake following social activities being a responsible corporate citizen.

Equal Opportunity Employment

The Company provides equal employment opportunities to employees and applicants without regard to race, color, religion, gender and disability status.

Environmental Protection

The Company is committed to fulfill its responsibility towards sustainability of environment. The plantation drive is an ongoing effort and during the year we have managed to plant 2000 trees in the factory and surrounding area. We are running a fully functional effluent treatment plant which works on biological process with the minimum use of chemicals. Further, environment friendly solar power plant has also been installed to reduce the carbon emissions.

The company is active participant of Zero Discharge of Hazardous Chemicals (ZDHC) initiative and continues to update its chemical inventory according to the Manufacturing Restricted Substance List (MRSL) guidelines.

Health Benefits to Employees

Healthy social activities have been arranged at manufacturing facilities. The Company has developed a gym and sports compound for the resident workers and employees of the Company to maintain their physical and mental health. Further, a cricket team from head office regularly participates in a local cricket tournament which helps in developing the camaraderie among employees along with recreation.

Corporate Governance

Board of Directors

Following are directors of the Company:

1. Mr. Mussaid Hanif	Executive Director/CEO
2. Mr. Arbab Muhammad Khan	Executive Director
3. Mr. Rana Kamal Ud Din	Independent Director
4. Ms. Tehniyat Mussaid	Director/Chairperson
5. Ms. Sabah Burhan	Director
6. Ms. Nuzhat Kamran	Independent Director
7. Ms. Sarah Naviwala	Director

Directors' Training Program

The Board of directors of the Company consist of 7 Directors out of which the following five directors have obtained a certificate for the Directors' Training Program offered by a local institution that meets the criteria specified by the Securities and Exchange Commission of Pakistan ("SECP"):

- Ms. Tehniyat Mussaid
- Ms. Sabah Burhan
- Mr. Arbab Muhammad Khan
- Ms. Sarah Naviwala
- Ms. Nuzhat Kamran

The remaining two directors have undertaken to either apply to SECP for an exemption or be certified prior to the expiration of the requisite deadline.

Corporate Briefing Session

Corporate Briefing Session is being held annually to brief investors regarding the performance of the Company and future outlook.

Compliance of Corporate and Financial Reporting Framework

We are committed to good corporate governance and do comply with the requirements of Code of Corporate Governance Regulation 2019 (CCG 2019) included in the listing regulations of Pakistan Stock Exchange Limited. The statement of compliance with the CCG 2019 is enclosed.

Board Committees

Audit Committee

The Audit Committee is comprised of all three non-executive members of the board. The chairperson of the committee is an independent director. The audit committee is performing its duties in line with its terms of reference as determined by the Board of Directors. During the year under review, four audit committee meetings were held, attendance position was as under:

Name	Designation	Meetings attended
Ms. Nuzhat Kamran	Chairperson/Member	4
Ms. Tehniyat Mussaid	Member	4
Mr. Rana Kamal ud Din	Member	4

Human Resource & Remuneration Committee

The HR and remuneration committee comprised of three members of whom two are non-executive directors and the Chairperson is an independent director. The Human Resource & Remuneration Committee is performing its duties in line with its terms of reference as determined by the Board of Directors. During the year under review, only one HR and Remuneration committee meeting were held and attendance position was as under:

Name	Designation	Meetings attended
Ms. Nuzhat Kamran	Chairperson/Member	1
Mr. Arbab Muhammad Khan	Member	1
Ms. Sabah Burhan	Member	1

Meetings of the Board of Directors

During the year under review, four meetings of the Board of Directors of the Company were held and the attendance position is as follows:

S.No.	Name of Directors	No. of meetings attended
1.	Mr. Mussaid Hanif	4
2.	Mr. Arbab Muhammad Khan	4
3.	Mr. Rana Kamal Ud Din	4
4.	Ms. Nuzhat Kamran	4
5.	Ms. Tehniyat Mussaid	4
6.	Ms. Sabah Burhan	4
7.	Ms. Sarah Naviwala	2

Directors' Remunerations

The remuneration of board members is approved by the board itself. However, in accordance with the Code of Corporate Governance, it is ensured that no director takes part in deciding his or her own remuneration. The Company does not pay remuneration and meeting fee to non-executive and independent directors respectively. Remuneration package of Chief Executive and other executive directors is disclosed in Note.37 to the financial statements.

Directors' Statement

In compliance of the Code of Corporate Governance, we give below statements on Corporate and Financial reporting framework:

1. Financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of account of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.

4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

Auditors

The present auditors of the Company M/s Azhar Zafar & Company, Chartered Accountants have completed the annual audit for the year ended June 30, 2021, and have issued an unqualified audit report. The existing auditors will retire on conclusion of the Annual General Meeting of the Company, and being eligible; have offered themselves for reappointment for the year ending June 30, 2022.

Acknowledgement

The board places on record its profound gratitude for its valued shareholders, banks, financial institutions and customers, whose cooperation, continued support and patronage have enabled the Company to strive for constant improvement. During the period under review, relations between the management and employees remained cordial and we wish to place on record our appreciation for the dedication, perseverance and diligence of the staff and workers of the Company.



Mussaid Hanif
Chief Executive



Arbab Muhammad Khan
Director

Lahore:
September 30, 2021

Horizontal Analysis

(Rupees in Million)

	2021	Variance vs Last Year Increase/ (Decrease) (%)	2020	Variance vs Last Year Increase/ (Decrease) (%)	2019	Variance vs Last Year Increase/ (Decrease) (%)	2018	Variance vs Last Year Increase/ (Decrease) (%)	2017	Variance vs Last Year Increase/ (Decrease) (%)	2016	Variance vs Last Year Increase/ (Decrease) (%)
OPERATING RESULTS												
Sales - net	6,128.89	41.67	4,326.05	(15.03)	5,091.14	19.73	4,252.32	14.03	3,728.96	(5.18)	3,932.86	4.68
Cost of sales	5,321.34	35.60	3,924.32	(14.08)	4,567.40	20.61	3,786.85	14.09	3,319.30	(6.12)	3,535.64	3.11
Gross Profit	807.55	101.02	401.73	(23.30)	523.74	12.52	465.47	13.62	409.66	3.13	397.21	21.15
Distribution cost	210.88	60.60	131.31	(6.37)	140.24	38.42	101.31	9.67	92.38	25.03	73.89	(4.95)
Administrative expenses	89.52	5.98	84.47	(0.63)	85.00	23.77	68.68	5.40	65.16	2.64	63.49	11.29
Other operating expenses	47.71	113.02	22.40	128.22	9.81	(16.27)	11.72	(81.44)	63.16	422.86	12.08	205.29
Financial cost	111.99	(7.92)	121.62	(15.75)	144.36	(8.61)	157.96	29.66	121.82	(3.57)	126.33	(24.05)
Other operating income	13.53	(60.74)	34.45	697.29	4.32	26.70	3.41	(84.93)	22.63	107.49	10.91	(94.62)
Profit/(Loss) before taxation	360.97	372.52	76.39	(48.61)	148.65	15.04	129.21	43.96	89.76	(32.17)	132.33	(41.32)
Provision for taxation	58.89	176.24	21.32	(30.80)	30.81	18.32	26.04	25.00	20.83	(17.65)	25.30	12.69
PROFIT/(LOSS) BEFORE TAXATION	302.08	448.51	55.07	(53.26)	117.84	14.21	103.17	49.68	68.93	(35.60)	107.03	(47.29)
BALANCE SHEET												
NON-CURRENT ASSETS												
Property, plant and equipment	2,035.55	6.94	1,903.44	(0.33)	1,909.71	(3.62)	1,981.44	(0.71)	1,995.53	11.02	1,797.52	(2.11)
Capital work in progress	33.09	(47.73)	63.32	103.76	31.08	-	-	(100.00)	9.70	-	-	(100.00)
Long term deposits	22.74	1.22	22.47	0.03	22.46	(0.18)	22.50	16.65	19.29	146.55	7.82	(0.64)
TOTAL NON-CURRENT ASSETS	2,091.38	5.14	1,989.22	1.32	1,963.24	(2.03)	2,003.93	(1.02)	2,024.52	12.14	1,805.34	(2.67)
CURRENT ASSETS												
Stores, spare parts and loose tools	173.82	24.32	139.82	27.34	109.80	6.00	103.59	(23.19)	134.87	20.14	112.26	3.57
Stock in trade	1,411.06	27.82	1,103.93	20.70	914.62	(14.49)	1,069.58	18.20	904.90	16.75	775.09	8.42
Trade debts	823.67	16.20	708.87	(0.50)	712.46	8.18	658.60	88.04	350.24	(21.60)	446.75	19.88
Loans and advances	133.83	74.39	76.74	(23.64)	100.50	179.43	35.97	8.07	33.28	(5.87)	35.36	(14.01)
Trade deposits and short term prepayments	347.02	41.03	246.05	15.43	213.16	12.94	188.74	(4.12)	196.86	30.64	150.68	32.73
Other receivables	137.44	71.74	80.03	(7.39)	86.42	11.45	77.54	129.65	33.76	24.64	27.09	29.76
Investments	3.97	(93.71)	63.08	6,274.43	0.99	34.79	0.73	(56.31)	1.68	5.08	1.60	4.73
Cash and bank balances	78.87	9.87	71.79	29.06	55.62	91.86	28.99	(41.89)	49.89	(22.99)	64.79	74.26
TOTAL CURRENT ASSETS	3,109.68	24.87	2,490.30	13.53	2,193.57	1.38	2,163.74	26.87	1,705.48	5.69	1,613.61	14.43
TOTAL ASSETS	5,201.06	16.11	4,479.52	7.76	4,156.81	(0.26)	4,167.68	11.73	3,730.00	9.10	3,418.94	4.71
CURRENT LIABILITIES												
Trade and other payables	1,252.97	47.05	852.08	45.91	583.99	(11.95)	663.21	80.93	366.56	(5.41)	387.54	8.76
Accrued mark-up	21.82	(9.46)	24.10	5.65	22.82	5.28	21.67	36.82	15.84	10.59	14.32	213.83
Short term borrowings	1,268.83	(3.89)	1,320.19	5.61	1,250.02	7.88	1,158.70	18.04	981.62	38.18	710.42	17.44
Current portion of long term financing	258.92	295.44	65.48	(60.79)	167.01	1.28	164.91	(17.42)	199.70	13.24	176.35	16.34
TOTAL CURRENT LIABILITIES	2,802.55	23.91	2,261.85	11.76	2,023.84	0.76	2,008.49	28.44	1,563.72	21.35	1,288.63	15.33
WORKING CAPITAL	307.13	34.44	228.45	34.59	169.73	9.33	155.25	9.52	141.76	(56.38)	324.98	10.98
TOTAL CAPITAL EMPLOYED	2,398.51	8.15	2,217.67	3.97	2,132.97	(1.21)	2,159.19	(0.33)	2,166.28	1.69	2,130.31	(0.81)
NON-CURRENT LIABILITIES												
Long term financing	241.67	(30.96)	350.04	14.83	304.82	(26.77)	416.22	(23.53)	544.32	(4.58)	570.45	(15.72)
Deferred liabilities	245.80	(3.37)	254.37	5.51	241.10	(0.61)	242.57	7.75	225.13	(2.80)	231.62	(0.41)
TOTAL NON-CURRENT LIABILITIES	487.48	(19.35)	604.41	10.71	545.92	(17.13)	658.80	(14.38)	769.45	(4.07)	802.07	244.86
NET WORTH	1,911.04	18.46	1,613.26	1.65	1,587.05	5.78	1,500.39	7.41	1,396.83	5.16	1,328.25	46.05
NET WORTH REPRESENTED BY												
Issued, subscribed and paid-up capital	594.29	0.00	594.29	0.00	594.29	0.00	594.29	0.00	594.29	0.00	594.29	0.00
Accumulated Profit / Loss	1,035.67	44.56	716.44	7.45	666.74	20.16	554.86	18.32	468.97	26.85	369.71	45.96
Surplus on revaluation of property, plant and equipment	281.08	(7.09)	302.53	(7.21)	326.02	(7.18)	351.24	5.30	333.57	(8.42)	364.25	(6.79)
TOTAL NET WORTH	1,911.04	18.46	1,613.26	1.65	1,587.05	5.78	1,500.39	7.41	1,396.83	5.16	1,328.25	7.26
TOTAL LIABILITIES	5,201.06	16.11	4,479.52	7.76	4,156.81	(0.26)	4,167.68	11.73	3,730.00	9.10	3,418.94	4.71

Vertical Analysis

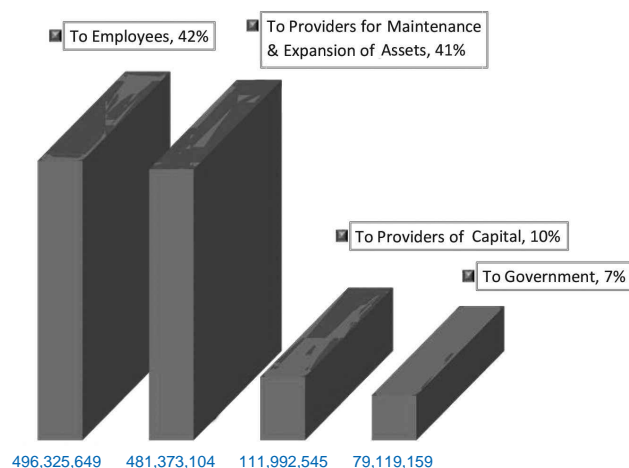
(Rupees in Million)

	2021	% of Total Value	2020	% of Total Value	2019	% of Total Value	2018	% of Total Value	2017	% of Total Value	2016	% of Total Value
OPERATING RESULTS												
Sales - net	6,128.89	100.00	4,326.05	100.00	5,091.14	100.00	4,252.32	100.00	3,728.96	100.00	3,932.86	100.00
Cost of sales	5,321.34	86.82	3,924.32	90.71	4,567.40	89.71	3,786.85	89.05	3,319.30	89.01	3,535.64	89.90
Gross Profit	807.55	13.18	401.73	9.29	523.74	10.29	465.47	10.95	409.66	10.99	397.21	10.10
Distribution cost	210.88	3.44	131.31	3.04	140.24	2.75	101.31	2.38	92.38	2.48	73.89	1.88
Administrative expenses	89.52	1.46	84.47	1.95	85.00	1.67	68.68	1.62	65.16	1.75	63.49	1.61
Other operating expenses	47.71	0.78	22.40	0.52	9.81	0.19	11.72	0.28	63.16	1.69	12.08	0.31
Financial cost	111.99	1.83	121.62	2.81	144.36	2.84	157.96	3.71	121.82	3.27	126.33	3.21
Other operating income	13.53	0.22	34.45	0.80	4.32	0.08	3.41	0.08	22.63	0.61	10.91	0.28
Profit/(Loss) before taxation	360.97	5.89	76.39	1.77	148.65	2.92	129.21	3.04	89.76	2.41	132.33	3.36
Provision for taxation	58.89	0.96	21.32	0.49	30.81	0.61	26.04	0.61	20.83	0.56	25.30	0.64
PROFIT/(LOSS) AFTER TAXATION	302.08	4.93	55.07	1.27	117.84	2.31	103.17	2.43	68.93	1.85	107.03	2.72
BALANCE SHEET												
NON-CURRENT ASSETS												
Property, plant and equipment	2,035.55	39.14	1,903.44	42.49	1,909.71	45.94	1,981.44	47.54	1,995.53	53.50	1,797.52	52.58
Capital work in progress	33.09	0.64	63.32	1.41	31.08	0.75	-	-	9.70	0.26	-	-
Long term deposits	22.74	0.44	22.47	0.50	22.46	0.54	22.50	0.54	19.29	0.52	7.82	0.23
TOTAL NON-CURRENT ASSETS	2,091.38	40.21	1,989.22	44.41	1,963.24	47.23	2,003.93	48.08	2,024.52	54.28	1,805.34	52.80
CURRENT ASSETS												
Stores, spare parts and loose tools	173.82	3.34	139.82	3.12	109.80	2.64	103.59	2.49	134.87	3.62	112.26	3.28
Stock in trade	1,411.06	27.13	1,103.93	24.64	914.62	22.00	1,069.58	25.66	904.90	24.26	775.09	22.67
Trade debts	823.67	15.84	708.87	15.82	712.46	17.14	658.60	15.80	350.24	9.39	446.75	13.07
Loans and advances	133.83	2.57	76.74	1.71	100.50	2.42	35.97	0.86	33.28	0.89	35.36	1.03
Trade deposits and short term prepayments	347.02	6.67	246.05	5.49	213.16	5.13	188.74	4.53	196.86	5.28	150.68	4.41
Other receivables	137.44	2.64	80.03	1.79	86.42	2.08	77.54	1.86	33.76	0.91	27.09	0.79
Investments	3.97	0.08	63.08	1.41	0.99	0.02	0.73	0.02	1.68	0.05	1.60	0.05
Cash and bank balances	78.87	1.52	71.79	1.60	55.62	1.34	28.99	0.70	49.89	1.34	64.79	1.89
TOTAL CURRENT ASSETS	3,109.68	59.79	2,490.30	55.59	2,193.57	52.77	2,163.74	51.92	1,705.48	45.72	1,613.61	47.20
TOTAL ASSETS	5,201.06	100.00	4,479.52	100.00	4,156.81	100.00	4,167.68	100.00	3,730.00	100.00	3,418.94	100.00
CURRENT LIABILITIES												
Trade and other payables	1,252.97	24.09	852.08	19.02	583.99	14.05	663.21	15.91	366.56	9.83	387.54	11.34
Accrued mark-up	21.82	0.42	24.10	0.54	22.82	0.55	21.67	0.52	15.84	0.42	14.32	0.42
Short term borrowings	1,268.83	24.40	1,320.19	29.47	1,250.02	30.07	1,158.70	27.80	981.62	26.32	710.42	20.78
Current portion of long term financing	258.92	4.98	65.48	1.46	167.01	4.02	164.91	3.96	199.70	5.35	176.35	5.16
TOATL CURRENT LIABILITIES	2,802.55	53.88	2,261.85	50.49	2,023.84	48.69	2,008.49	48.19	1,563.72	41.92	1,288.63	37.69
WORKING CAPITAL	307.13	5.91	228.45	5.10	169.73	4.08	155.25	3.73	141.76	3.80	324.98	9.51
TOTAL CAPITAL EMPLOYED	2,398.51	46.12	2,217.67	49.51	2,132.97	51.31	2,159.19	51.81	2,166.28	58.08	2,130.31	62.31
NON-CURRENT LIABILITIES												
Long term financing	241.67	4.65	350.04	7.81	304.82	7.33	416.22	9.99	544.32	14.59	570.45	16.68
Deferred liabilities	245.80	4.73	254.37	5.68	241.10	5.80	242.57	5.82	225.13	6.04	231.62	6.77
TOTAL NON-CURRENT LIABILITIES	487.48	9.37	604.41	13.49	545.92	13.13	658.80	15.81	769.45	20.63	802.07	23.46
NET WORTH	1,911.04	36.74	1,613.26	36.01	1,587.05	38.18	1,500.39	36.00	1,396.83	37.45	1,328.25	38.85
NET WORTH REPRESENTED BY												
Issued, subscribed and paid-up capital	594.29	11.43	594.29	13.27	594.29	14.30	594.29	14.26	594.29	15.93	594.29	17.38
Accumulated Profit / Loss	1,035.67	19.91	716.44	15.99	666.74	16.04	554.86	13.31	468.97	12.57	369.71	10.81
Surplus on revaluation of property, plant and equipment	281.08	5.40	302.53	6.75	326.02	7.84	351.24	8.43	333.57	8.94	364.25	10.65
TOTAL NET WORTH	1,911.04	36.74	1,613.26	36.01	1,587.05	38.18	1,500.39	36.00	1,396.83	37.45	1,328.25	38.85
TOTAL LIABILITIES	5,201.06	100.00	4,479.52	100.00	4,156.81	100.00	4,167.68	100.00	3,730.00	100.00	3,418.94	100.00

Statement of Value Addition

Wealth Generated	Year 2021		Year 2020	
	Amount Rs.	%	Amount Rs.	%
Sales Revenue	6,128,887,901		4,326,054,617	
Other Income	13,526,478		34,452,195	
	6,142,414,379		4,360,506,812	
Less:				
Material & Services				
Material & Factory Cost	4,722,423,218		3,371,922,330	
Administrative Cost	40,967,152		40,117,564	
Distribution & Other Cost	210,213,552		122,581,726	
	4,973,603,922		3,534,621,620	
Total Wealth Generated	1,168,810,457	100%	825,885,192	100%
Wealth Distributed	Year 2021		Year 2020	
	Amount Rs.	%	Amount Rs.	%
To Employees				
Salaries & Benefits	496,325,649	42.46%	453,721,000	54.94%
To Government				
Tax	58,891,984	5.04%	21,319,441	2.58%
Worker Profit Participation Fund	19,059,803	1.63%	4,027,900	0.49%
Worker Welfare Fund	1,167,372	0.10%	138,454	0.02%
To Providers of Capital				
Dividends to Share Holders	-	-	-	-
Mark Up/Interest on Borrowed Funds	111,992,545	9.58%	121,619,841	14.73%
To Providers for Maintenance & Expansion of Assets				
Depreciation	179,296,200	15.34%	169,986,360	20.58%
Profit Retained	302,076,904	25.84%	55,072,196	6.67%
	1,168,810,457		825,885,192	

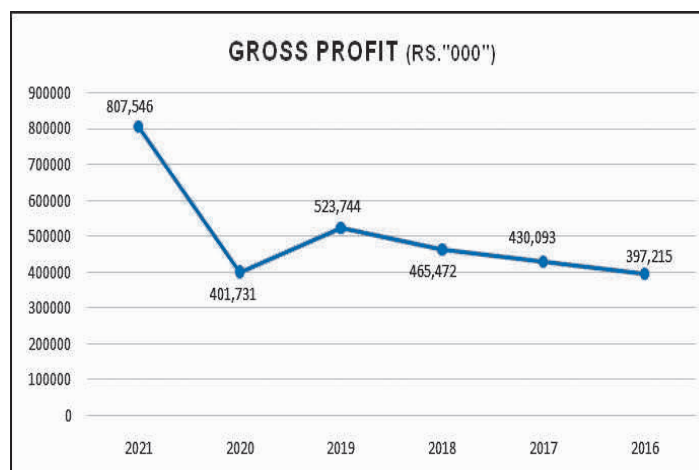
Distribution of Wealth



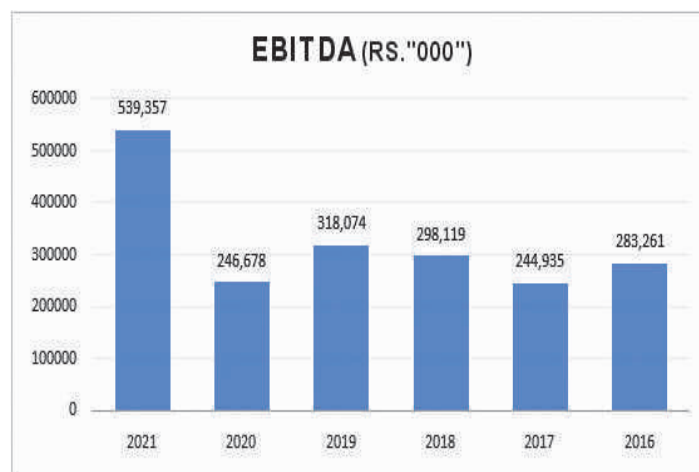
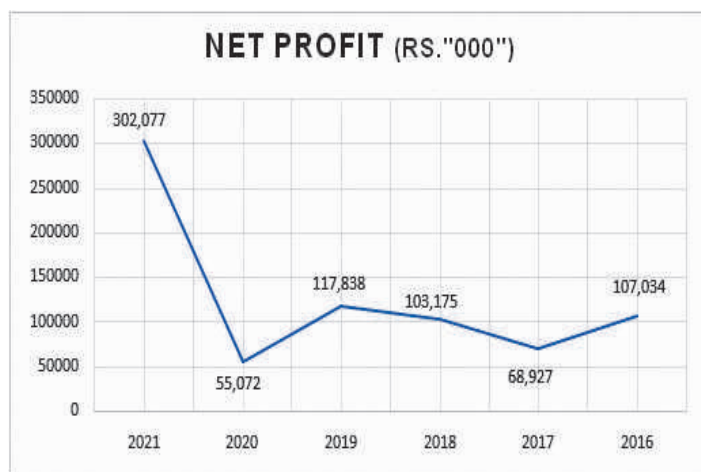
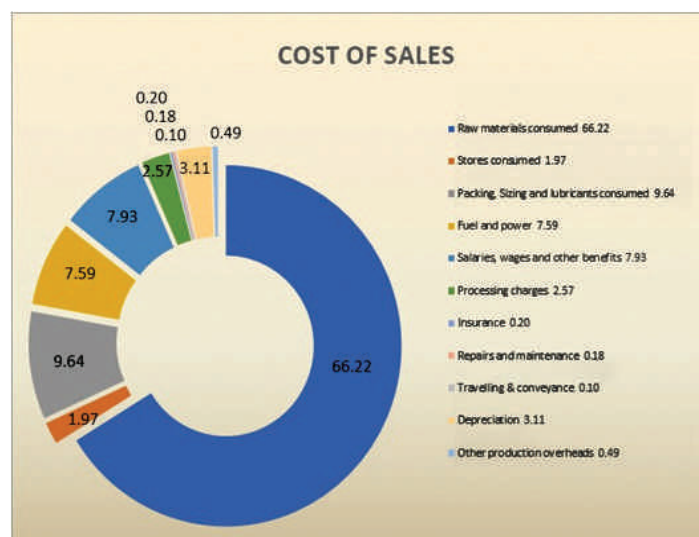
Key Operating and Financial Data of Last Six Years

	June 30, 2021	June 30, 2020	June 30, 2019 (Rupees in Thousand)	June 30, 2018	June 30, 2017	June 30, 2016
PROFIT AND LOSS						
Sales	6,128,888	4,326,055	5,091,139	4,252,317	3,728,955	3,932,857
Cost of Sales	5,321,342	3,924,323	4,567,395	3,786,846	3,319,300	3,535,642
Gross Profit	807,546	401,731	523,744	465,472	409,656	397,215
Operating Profit Plus Other Income	472,961	198,011	293,010	287,169	211,582	258,663
EBITDA	539,357	246,678	318,074	298,119	244,935	283,261
Financial & Other Charges	111,993	121,620	144,363	157,956	121,825	126,334
Taxation	58,892	21,319	30,809	26,038	20,831	25,295
Net Profit after tax	302,077	55,072	117,838	103,175	68,927	107,034
BALANCE SHEET						
Capital	594,287	594,287	594,287	594,287	594,287	594,287
Share Subscription Money	-	-	-	-	-	-
Reserves	1,035,675	716,442	666,743	554,862	468,969	369,712
Surplus on Revaluation of Fixed Assets	281,076	302,532	326,024	351,241	333,573	364,247
Net worth	1,911,038	1,613,261	1,587,054	1,500,390	1,396,829	1,328,246
Long Term Liabilities	241,674	350,037	304,818	416,224	544,322	570,447
Deferred Liabilities	245,801	254,374	241,098	242,573	225,127	231,622
Current Liabilities	2,802,548	2,261,851	2,023,837	2,008,488	1,563,718	1,288,630
Total Liabilities	3,290,023	2,866,262	2,569,753	2,667,285	2,333,167	2,090,699
Total Equity & Liabilities	5,201,061	4,479,523	4,156,807	4,167,675	3,729,997	3,418,945
Fixed Assets	2,035,549	1,903,440	1,909,708	1,981,436	1,995,530	1,797,516
Capital Work in Progress	33,094	63,318	31,075	-	9,702	-
Long Term Deposits	22,739	22,465	22,459	22,498	19,287	7,823
Current Assets	3,109,679	2,490,299	2,193,565	2,163,741	1,705,478	1,613,606
Total Assets	5,201,061	4,479,523	4,156,807	4,167,675	3,729,997	3,418,945
INVESTOR INFORMATION						
Break Up Value Per Share (Rs.)	32.16	27.15	26.71	25.25	23.50	22.35
Bonus/Cash dividend (Rs. In Million)	-	29.71	29.71	-	-	-
Earning Per Share (Rs.)	5.08	0.93	1.98	1.74	1.16	1.80
Return on Equity (%)	15.81	3.41	7.42	6.88	4.93	8.06
Return on Assets (%)	5.81	1.23	2.83	2.48	1.85	3.13
FINANCIAL RATIOS						
Gross Margin (%)	13.18	9.29	10.29	10.95	10.99	10.10
Net Margin (%)	4.93	1.27	2.31	2.43	1.85	2.72
EBITDA (% of Sales)	10.14	6.29	6.96	7.87	7.38	8.01
Current Ratio	1.11	1.10	1.08	1.08	1.09	1.25
Long Debt To Equity Ratio	26:74	26:74	30:70	39:61	53:47	56:44
Interest Cover Ratio (Times)	4.22	1.63	2.03	1.82	1.74	2.05
Gearing Ratio	48:52	52:48	52:48	54:46	55:45	52:48

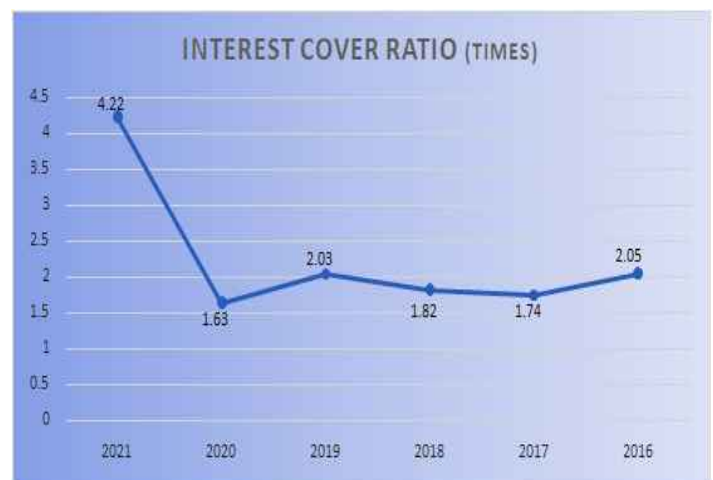
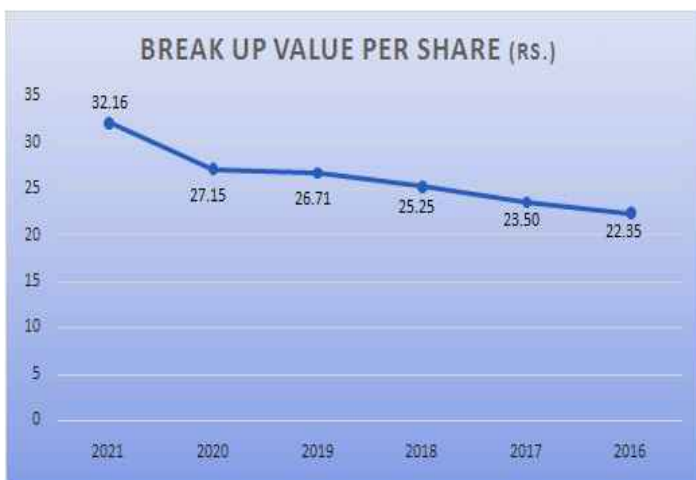
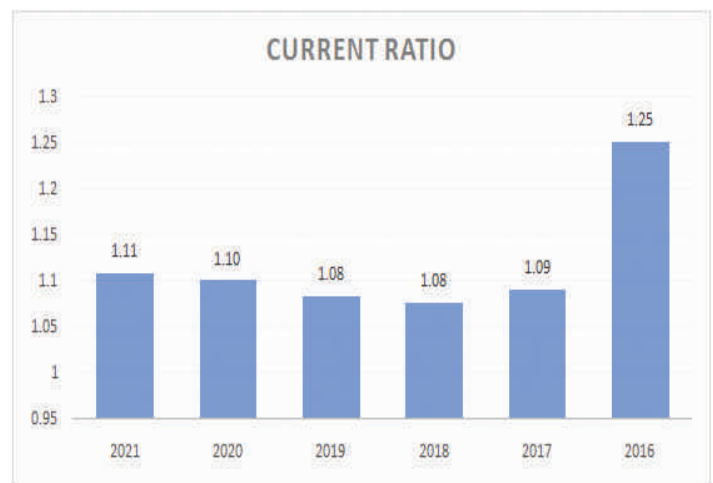
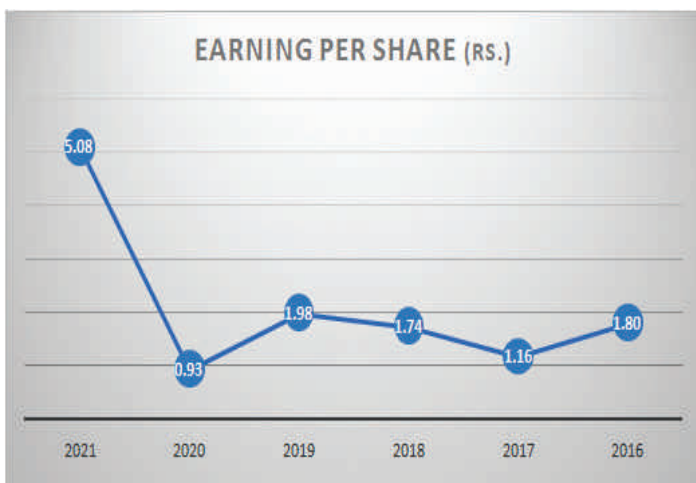
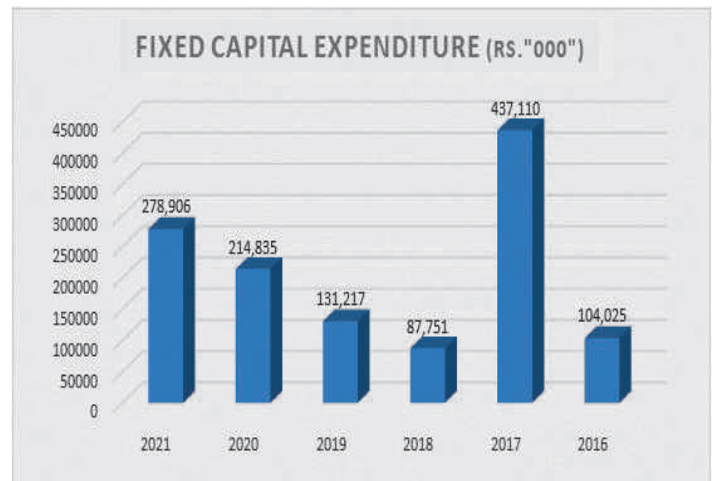
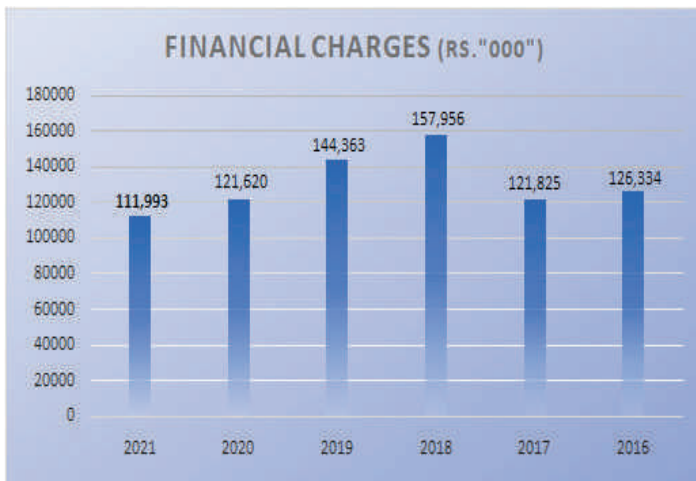
Graphical Representation



COST OF SALES		
Details	%	Value In Millions
Raw materials consumed	66.22	3,594.30
Stores consumed	1.97	106.77
Packing, Sizing and lubricants consumed	9.64	523.41
Fuel and power	7.59	411.85
Salaries, wages and other benefits	7.93	430.30
Processing charges	2.57	139.32
Insurance	0.20	11.04
Repairs and maintenance	0.18	9.93
Travelling & conveyance	0.10	5.45
Depreciation	3.11	168.62
Other production overheads	0.49	26.84
Total	100.00	5,427.83



Graphical Representation



DuPont Analysis

Details	Amount in "000"	Value for the year ended	2021
Gross Revenues	6,128,888	Tax burden	0.96%
Cost of Sales	5,321,342	Interest burden	1.83%
Admin & Selling Exp	348,111	Net profit margin	4.93%
Interest Expense	111,993	Return on Assets	5.81%
Taxation	58,892	Ownership Ratio	36.74%
Other Income	13,526	Return on Equity	15.81%
Total Assets	5,201,061		
Total Liabilities	3,290,023		

1- Operating Profit Margin

Gross Revenue	(-)	Admin & Selling Exp	(-)	Cost of Sales	(=)	Net Operating Income
6,128,888		348,111		5,321,342		459,435

Net Oprtg Income	(+)	Other Income	(-)	Interest Expense	(=)	Net Income
459,435		13,526		111,993		360,969

Net Income	(-)	Taxation	(÷)	Gross Revenue	(=)	Net Profit Margin
360,969		58,892		6,128,888		4.93%

2- Asset Turnover Ratio

Gross Revenue	(÷)	Total Assets	(=)	Asset Turnover Ratio	Times
6,128,888		5,201,061		1.178	

3- Owner's Equity

Total Assets	(-)	Total Liabilities	(=)	Owner's Equity
5,201,061		3,290,023		1,911,038

4- Total Assets

Total Liabilities	(+)	Total Equity	(=)	Total Assets
3,290,023		1,911,038		5,201,061

5- Return on Assets

Net Profit Margin	(x)	Asset Turnover Ratio	(=)	Return on Assets
4.93%		1.18		5.81%

5- Ownership Ratio

Owner's Equity	(÷)	Total Assets	(=)	Ownership Ratio
1,911,038		5,201,061		36.74%

7- Return on Equity

Return on Assets	(÷)	Ownership Ratio	(=)	Return on Equity
5.81%		36.74%		15.81%

Pattern of Share Holding

As on June 30, 2021

Incorporation Number 0039902

The Companies Ordinance, 1984 (Section 236 (1) & 464) Form 34

Number of Shareholders	Shareholding		Total Shares held
	From	To	
64	1	100	809
150	101	500	74,227
60	501	1000	59,142
105	1001	5000	327,200
23	5001	10000	174,500
14	10001	15000	178,066
10	15001	20000	188,000
6	20001	25000	139,000
10	25001	30000	287,798
1	30001	35000	31,000
3	35001	40000	117,000
6	40001	45000	259,000
1	45001	50000	50,000
2	50001	55000	107,500
2	55001	60000	111,000
1	60001	65000	62,000
1	65001	70000	68,000
1	70001	75000	72,500
1	80001	85000	80,500
3	95001	100000	300,000
2	100001	105000	206,000
1	105001	110000	110,000
2	120001	125000	248,500
1	135001	140000	137,000
1	140001	145000	140,500
1	520001	525000	521,000
1	530001	535000	532,000
1	1560001	1565000	1,561,000
1	1945001	1950000	1,949,171
1	2165001	2170000	2,166,800
1	2465001	2470000	2,465,300
1	2640001	2645000	2,644,139
1	4485001	4490000	4,485,151
1	4760001	4765000	4,761,056
1	5285001	5290000	5,288,277
1	5380001	5385000	5,384,277
1	7315001	7320000	7,317,951
1	16820001	16825000	16,823,365
484			59,428,729

Categories of Shareholders

As on June 30, 2021

Shareholder's category		No. of shareholders	Share held	Percentage
1	Directors, Chief Executive Officer and their spouses and minor children			
	Mr. Mussaid Hanif	2	21,308,516	35.8556
	Ms. Sabah Burhan	4	11,965,922	20.1349
	Mr. Arbab Muhammad Khan	2	5,290,777	8.9027
	Ms. Tehniyat Mussaid	2	4,026,300	6.7750
	Ms. Sarah Naviwala	1	50,000	0.0841
	Mr. Rana Kamal Ud Din	1	2,500	0.0042
	Ms. Nuzhat Kamran	1	500	0.0008
Total		13	42,644,515	71.76
2	Associated companies, undertaking and related parties	0	-	-
3	Executive	0	-	-
4	Public Sector Companies and Corporation	0	-	-
5	Banks, Development Financial Institutions, Non-Banking Financial Institutions	1	4,761,056	8.0114
6	General public - Local	458	11,974,156	20.1488
7	General public - Foreign	8	33,001	0.0555
8	Others	4	16,001	0.0269
Total		471	16,784,214	28.24
Grand Total		484	59,428,729	100.00
Shareholders holding 5% or more			Shares held	Percentage
Mr. Mussaid Hanif			21,308,516	35.8556
Ms. Sabah Burhan			11,965,922	20.1349
Mr. Khitab Muhammad Khan			5,384,277	9.0601
Mr. Arbab Muhammad Khan			5,290,777	8.9027
Ms. Tehniyat Mussaid			4,026,300	6.7750
The Bank of Punjab, Treasury Division			4,761,056	8.0114

Name of Company: ZEPHYR TEXTILES LIMITED (the "Company")

For the year ended: June 30, 2021

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

1. The total number of Directors are "seven" as per the following:
 - a) Male: 3
 - b) Female: 4
2. The composition of the Board of Directors is as follow:

Category	Names
Independent Directors	<ol style="list-style-type: none"> 1. Ms. Nuzhat Kamran 2. Mr. Rana Kamal-ud-Din
Executive Directors	<ol style="list-style-type: none"> 3. Mr. Mussaid Hanif (CEO) 4. Mr. Arbab Muhammad Khan
Non-Executive Directors	<ol style="list-style-type: none"> 5. Ms. Tehniyat Mussaid (Chairperson) 6. Ms. Sabah Burhan 7. Ms. Sarah Naviwala

The Independent Directors meet the criteria of independence as defined under the Companies Act, 2017.

3. The Directors have confirmed that none of them is serving as a Director of more than seven listed Companies (Excluding the listed subsidiaries of listed holding companies where applicable), 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 ensure that complete record of particulars of significant policies along with the date on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board / Shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairperson and, in her absence, by a Director elected by the Board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of Meeting of Board.
8. The Board of Directors has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.

9. The Board of Directors of the Company consist of seven (7) Directors out of which the following five (5) Directors have obtained a certificate for the Directors' Training Program offered by a local institution that meets the criteria specified by the Securities and Exchange Commission of Pakistan ("SECP"): The remaining two (2) Directors have undertaken to either apply to SECP for an exemption or be certified prior to the expiration of the requisite deadline.
10. No new appointments of the Chief Financial Officer, Company Secretary and Head of Internal Audit were made during the year.
11. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
12. The Board of Directors have formed committees comprising of the members given bellow:

Audit Committee:	Ms. Nuzhat Kamran	Chairperson/ Member
	Ms. Tehniyat Mussaid	Member
	Mr. Rana Kamal ud Din	Member
Human Resource & Remuneration Committee:	Ms. Nuzhat Kamran	Chairperson/ Member
	Mr. Arbab Muhammad Khan	Member
	Ms. Sabah Burhan	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee were as per following:
 - a. Audit Committee 4 quarterly meetings
 - b. HR and Remuneration Committee 1 annual meeting
15. The Board has set up an effective internal audit function and the persons involved are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the regulations 3, 6, 7, 8, 27, 32, 33 and 36 been complied with.

19. Explanations for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

Sr. No.	Requirement	Explanation of Non-Compliance	Regulation Number
1.	<p>Nomination Committee</p> <p>The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem Appropriate in its circumstances.</p>	Currently, the Board has not constituted a separate nomination committee and the functions are being performed by the human resource and remuneration Committee. The Board shall consider to constitute Nomination committee after coming election of directors.	29
2.	<p>Risk Management Committee</p> <p>The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.</p>	Currently, the Board has not constituted a risk management committee and senior officer of the Company performs the requisite functions and apprise the Board accordingly. The Board shall consider to constitute risk management committee after coming election of directors.	30



Tehniyat Mussaid
Chairperson

Lahore:
September 30, 2021



Mussaid Hanif
Chief Executive

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 Zephyr Textiles Limited ("the Company") for the year ended June 30, 2021 in accordance with the requirements of regulation 36 of the Regulations.

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

As 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 Board Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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

Lahore
September 30, 2021

Azhar Zafar & Co

Azhar Zafar & Co.
Chartered Accountants
Engagement Partner: Talat Mehboob

OPINION

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

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

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current period. This matter was 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 this matter.

S.NO	Key audit matter	How the matter was addressed in our audit
1.	Control environment relating to the financial reporting process and related IT systems	
	<p>The IT control environment relating to the financial reporting process and the application controls of individual IT systems have an impact on the selected audit approach.</p> <p>As the financial statements are based on extensive number of data flows from multiple IT systems, consequently the financial reporting control environment is determined as a key audit matter.</p>	<p>Our audit procedures included evaluation of the financial reporting process and related control environment, as well as testing of the effectiveness of controls including general IT controls. Our audit procedures focused on testing the reconciliation and approval controls as well as on evaluating the administration of access rights.</p> <p>Our audit procedures extensively consisted of several substantive procedures as well as data analysis relating to the most significant balances on the profit and loss account and statement of financial position.</p>

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 auditors' report thereon.

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

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

RESPONSIBILITIES OF MANAGEMENT AND BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

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

AUDITORS' 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 auditors' 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss, statement of comprehensive income, 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;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditors' report is Talat Mehboob.

Azhar Zafar & Co

Azhar Zafar & Co.
Chartered Accountants
Engagement Partner: Talat Mehboob

Lahore
September 30, 2021

Statement of Financial Position

As at June 30, 2021

	Note	2021 (Rupees)	2020 (Rupees)
Equity and liabilities			
Share capital and reserves			
Authorized capital			
62,500,000 ordinary shares of Rs. 10/- each		625,000,000	625,000,000
Issued, subscribed and paid up share capital	5	594,287,290	594,287,290
Accumulated profit		1,035,674,899	716,441,820
Surplus on revaluation of property, plant and equipment	6	281,076,200	302,531,787
Total equity		1,911,038,389	1,613,260,897
Liabilities			
Non-current			
Long term financing	7	241,674,201	350,037,080
Deferred liabilities	9	245,801,072	254,374,295
Total non-current liabilities		487,475,273	604,411,375
Current			
Trade and other payables	10	1,196,315,205	818,277,585
Contract liabilities		55,961,706	28,947,258
Accrued mark-up	11	21,824,137	24,103,436
Short term borrowings	12	1,268,832,350	1,320,186,209
Unclaimed dividend		694,043	4,859,107
Current portion of long term borrowings	8	258,920,223	65,476,939
Total current liabilities		2,802,547,664	2,261,850,534
Contingencies and commitments	13	-	-
Total liabilities		3,290,022,937	2,866,261,909
Total equity and liabilities		5,201,061,326	4,479,522,806
Assets			
Non-current			
Property, plant and equipment	14	2,031,916,154	1,903,439,609
Capital work in progress	15	33,093,809	63,318,407
Intangible assets	16	3,633,180	-
Long term deposits	17	22,739,301	22,465,301
Total non-current assets		2,091,382,444	1,989,223,317
Current			
Stores, spare parts and loose tools		173,818,512	139,817,517
Stock in trade	18	1,411,063,195	1,103,928,987
Trade debts	19	823,673,013	708,870,453
Loans and advances	20	133,825,882	76,737,771
Trade deposits, prepayments and balances with statutory authorities	21	347,015,479	246,051,354
Other receivables	22	137,443,759	80,032,166
Short term investments	23	3,965,854	63,075,961
Cash and bank balances	24	78,873,188	71,785,280
Total current assets		3,109,678,882	2,490,299,489
Total assets		5,201,061,326	4,479,522,806

The annexed notes 1 to 46 form an integral part of these financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

Statement of Profit or Loss

For the year ended June 30, 2021

	Note	2021 (Rupees)	2020 (Rupees)
Sales - net	25	6,128,887,901	4,326,054,617
Cost of sales	26	(5,321,341,965)	(3,924,323,333)
Gross profit		807,545,936	401,731,284
Distribution cost	27	(210,881,723)	(131,307,995)
Administrative expenses	28	(89,516,995)	(84,465,508)
Other operating expenses	29	(47,712,263)	(22,398,498)
Operating profit		459,434,955	163,559,283
Other income	30	13,526,478	34,452,195
Operating profit before finance cost		472,961,433	198,011,478
Finance cost	31	(111,992,545)	(121,619,841)
Profit before tax		360,968,888	76,391,637
Taxation	32	(58,891,984)	(21,319,441)
Profit after taxation		302,076,904	55,072,196
Earnings per share:			
Basic and diluted earnings per share	33	5.08	0.93

The annexed notes 1 to 46 form an integral part of these financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

Statement of Comprehensive Income

For the year ended June 30, 2021

	Note	2021 (Rupees)	2020 (Rupees)
Profit after taxation		302,076,904	55,072,196
Other comprehensive income / loss			
Items that will not be reclassified to profit and loss account:			
Gains / (losses) on remeasurement of staff retirement benefit plan	9.4	(4,299,412)	848,942
Total comprehensive income for the year		297,777,492	55,921,138

The annexed notes 1 to 46 form an integral part of these financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

Statement of Cash Flows

For the year ended June 30, 2021

	Note	2021 (Rupees)	2020 (Rupees)
Cash flows from operating activities			
Cash generated from operations	34	412,926,934	474,370,956
Finance cost paid		(106,005,165)	(110,026,864)
Taxes paid		(72,027,464)	(45,636,206)
Staff retirement benefits - gratuity paid		(34,623,447)	(12,111,159)
Net cash flow from operating activities		200,270,858	306,596,727
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		4,815,000	4,641,541
Purchase of property, plant and equipment		(278,906,075)	(214,834,872)
Purchase of intangible assets		(4,541,475)	-
Long term deposits		(274,000)	(6,800)
Purchase of short term investments - net		59,200,041	(61,453,398)
Dividend - net		(2,060,247)	(24,745,563)
Net cash flow from investing activities		(221,766,756)	(296,399,092)
Cash flows from financing activities			
Short term borrowings - net		(51,353,859)	70,167,632
Long term financing - net		79,937,665	(64,201,700)
Net cash flow from financing activities		28,583,806	5,965,932
Net (decrease)/ increase in cash and cash equivalents		7,087,908	16,163,567
Cash and cash equivalents at beginning of the year		71,785,280	55,621,713
Cash and Cash equivalents at end of the year		78,873,188	71,785,280

The annexed notes 1 to 46 form an integral part of these financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

Statement of Changes in Equity

For the year ended June 30, 2021

	Share capital (Rupees)	Accumulated profit/(loss) (Rupees)	Revaluation surplus (Rupees)	Total equity (Rupees)
Balance as at July 01, 2019 - restated	594,287,290	666,742,622	326,024,212	1,587,054,124
Total comprehensive income for the year	-	55,921,138	-	55,921,138
Transfer of surplus on revaluation on disposal of property, plant & equipment	-	(884,283)	884,283	-
Final dividend at Rs. 0.5 per ordinary share	-	(29,714,365)	-	(29,714,365)
Current year incremental depreciation - net of tax	-	24,376,708	(24,376,708)	-
Balance as at June 30, 2020	594,287,290	716,441,820	302,531,787	1,613,260,897
Balance as at July 1, 2020	594,287,290	716,441,820	302,531,787	1,613,260,897
Total comprehensive income for the year	-	297,777,492	-	297,777,492
Transfer of surplus on revaluation on disposal of property, plant & equipment	-	(917,772)	917,772	-
Final dividend at Rs. 0.5 per ordinary share	-	-	-	-
Current year incremental depreciation - net of tax	-	22,373,359	(22,373,359)	-
Balance as at June 30, 2021	594,287,290	1,035,674,899	281,076,200	1,911,038,389

The annexed notes 1 to 46 form an integral part of these financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

Notes to the Financial Statements

For the year ended June 30, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

Zephyr Textiles Limited ("the Company") was incorporated in Pakistan on February 26, 1999 as a private limited Company under the Companies Ordinance, 1984 (now Companies Act, 2017). Subsequently on October 04, 2004 it was converted into a public limited Company and its shares are quoted on Pakistan Stock Exchange Limited (PSX). The Company is principally engaged in the manufacturing, dying and trading of woven cloth which also includes towels. The registered office of the Company is situated at 3rd Floor, IEP Building, 97B/D-1, Gulberg III, Lahore, Punjab and the manufacturing facilities are located at Bhai Pheru and Jumber.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017.

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain financial instruments, which are carried at fair values and staff retirement benefit - gratuity which is carried at present value of defined benefit obligation net of fair value of plan assets.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee which is the Company's functional and presentation currency. Figures in the financial statements have been rounded off to the nearest Rupee unless otherwise stated.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amount of assets, liabilities, income and expenses.

The estimates and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances and are continually evaluated. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods. Judgments made by management in application of the approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of

Notes to the Financial Statements

For the year ended June 30, 2021

material adjustments in the next year are discussed in respective policy note. The areas involving significant estimates or judgments are:

- (i) Estimate of payables and receivables in respect of staff retirement benefit schemes [notes 4.1];
- (ii) Estimated useful life of property, plant and equipment [notes 4.2];
- (iii) Provision for slow moving inventories [notes 4.4 and 4.5];
- (iv) Provision for expected credit loss [note 4.10].
- (v) Estimation of current and deferred tax [note 4.14].

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

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

The following standards, amendments and interpretations are effective for the year ended June 30, 2021. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update these pronouncements with regard to references to and quotes from the framework or to indicate where they refer to different version of the Conceptual Framework.	January 01, 2020
Amendments to IFRS 3 'Business Combinations' - Definition of a business	January 01, 2020
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform	January 01, 2020
Amendments to IFRS 16 'Leases' - Covide - 19 related rent concessions	June 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material	January 01, 2020
Certain annual improvements have also been made to a number of IFRSs.	

3.2 New accounting standards, amendments and interpretations that are not yet effective

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

Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covide - 19 related rent concessions	April 01, 2021

Notes to the Financial Statements

For the year ended June 30, 2021

Effective date
(annual periods
beginning on or
after)

Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022

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):

IFRS - 1 First time adoption of International Financial Reporting Standards.

IFRS - 17 Insurance Contracts.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Staff retirement benefits

Defined benefit plan _ gratuity

The Company operates an unfunded gratuity scheme (defined benefit plan) covering all eligible employees, payable at the cessation of employment. Contribution is made in accordance with actuarial recommendations. Actuarial valuation is conducted by an independent actuary, annually using projected unit credit method related details of which are given in note 9 to the financial statements. The obligation at the balance sheet date is measured at the present value of the estimated future cash outflows. All contributions are charged to profit or loss for the year.

Notes to the Financial Statements

For the year ended June 30, 2021

Principal actuarial assumptions used in the actuarial valuation carried out as at June 30, 2021 are as follows:

- | | |
|--|----------------------|
| - Discount rate | 10.25% (2020: 8.50%) |
| - Expected rate of salary increase in future | 9.25% (2020: 7.50%) |

4.2 Property, plant and equipment

- Owned assets

Property, plant and equipment are initially recognized at acquisition cost. Subsequently, property, plant and equipment, except for free hold land are stated at cost less accumulated depreciation and impairment, if any. Free - hold land, building on free - hold land and plant & machinery are stated at revalued amounts less subsequently accumulated depreciation and impairment, if any.

Cost of property, plant and equipment consists of historical cost, borrowing costs pertaining to the erection and other directly attributable costs of bringing the assets to their working condition or for commencement of commercial production.

Depreciation on all the items of property, plant and equipment except for free - hold land is charged to income applying the reducing balance method at the rates specified in Note 14.

Depreciation on additions to property, plant and equipment is charged from the month in which asset become available for use, while on disposals depreciation is charged up to the month of disposal.

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

Gain/loss on disposal of property, plant and equipment is credited or charged to income in the year of disposal. Normal repairs and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalized.

Any surplus arising on revaluation of property, plant and equipment is credited to the surplus on revaluation of property, plant and equipment account. Revaluation is carried with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of incremental depreciation charged on the revalued assets, the related surplus on revaluation of property, plant and equipment (net of deferred tax) is transferred directly to accumulated (loss)/profit.

4.3 Intangible assets

Intangible assets (including computer software) acquired by the Company are stated at cost less accumulated amortization and impairment losses, if any.

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditures are expensed as incurred.

Amortization is charged to statement of profit or loss on straight line basis over a period of ten years. Amortization on addition is charged from the date the asset is put to use while no amortization is charged from the date the asset is disposed off.

4.4 Investments

Investments are stated at fair value plus directly attributable transaction costs. Subsequently investments which are traded in active market, fair value is determined by reference to quoted market price and the investments for which a quoted market price is not available, or the fair value cannot be reasonably calculated, are measured at cost, subject to impairment review at each balance sheet date.

Notes to the Financial Statements

For the year ended June 30, 2021

4.5 Stores, spare parts and loose tools

Useable stores, spare parts and loose tools are valued principally at lower of moving average cost, or net realizable value (NRV), while items considered obsolete are carried at nil value. Goods in transit are stated at cost comprising invoice value plus other charges paid thereon.

4.6 Stock in trade

Stock in trade is valued at lower of cost and net realizable value (NRV), except waste which is valued at net realizable value. Materials in transit are stated at cost comprising invoice value plus other charges paid thereon.

Cost of major components of stock in trade is determined as follows:-

Raw material	-at weighted average cost
Work in process and finished goods	- at prime cost plus appropriate production overheads determined on weighted average basis.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred to make the sale.

4.7 Trade and other receivables

Trade debts and other receivables are carried at original invoice value less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

4.8 Borrowings

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method.

4.9 Borrowing cost

Interest, markup and other charges on finances are capitalized up to the date of commissioning of respective qualifying asset acquired out of the proceeds of such finances. All other interest, markup and other charges are recognized in profit and loss account.

4.10 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

4.11 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

Notes to the Financial Statements

For the year ended June 30, 2021

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments).
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

The Company measures financial assets at amortised cost if both of the following conditions are met:

- i) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the EIR method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes long term deposits, trade debts, trade deposits and other receivables.

Financial assets at fair value through OCI (debt instruments)

The Company measures financial assets at fair value through OCI if both of the following conditions are met:

- i) The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the Financial Statements

For the year ended June 30, 2021

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's consolidated statement of financial position) when:

- i) The rights to receive cash flows from the asset have expired, or
- ii) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement? and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the

Notes to the Financial Statements

For the year ended June 30, 2021

asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are significantly past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Off-setting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle either on a net basis, or to realize the asset and settle the liability simultaneously.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Notes to the Financial Statements

For the year ended June 30, 2021

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the statement of comprehensive income. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortized cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective interest rate (EIR) method.

Gains and losses are recognized in statement of comprehensive income when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of comprehensive income.

This category generally applies to the liabilities as disclosed in Note 35.

4.12 Capital work in progress

Capital work in progress is stated at cost less impairment, if any. Cost of property, plant and equipment consists of historical cost, borrowing costs pertaining to the erection/construction period and other directly attributable costs of bringing the assets to their working condition or for commencement of commercial production. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when these assets are available for use.

4.13 Foreign currency translation

These financial statements are presented in Pak Rupees, which is the Company's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date, while the transactions in foreign currencies during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. Exchange gains and losses are recorded in the profit and loss account.

4.14 Revenue recognition

Revenue from different sources is recognized as under:

Local sales are recognised as revenue when invoiced with the transfer of control of goods, which coincides with delivery.

Export sales are recognised as revenue when invoiced with the transfer of control of goods, which coincides either with the date of bill of lading or upon delivery to customer or its representative, based on the terms of arrangement.

Export rebates are accounted for on accrual basis. Investment and interest income is recognized on time proportion basis.

Notes to the Financial Statements

For the year ended June 30, 2021

Dividend income on ordinary shares is recognized when the right to receive dividend has been established.

Capital gains or losses arising on sale of investments are taken to income in the period in which they arise.

Rebate income is recognized on accrual basis.

4.15 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

The Company recognises deferred tax liability on surplus on revaluation of property, plant and equipment which is adjusted against the related surplus.

4.16 Impairment

Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated with reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss account.

4.17 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that out flow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.18 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

Notes to the Financial Statements

For the year ended June 30, 2021

4.19 Related party transactions

Transactions with related parties are priced on arm's length basis. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller.

4.20 Dividend and other appropriations

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

	2021 (Number of Share)	2020	2021 (Rupees)	2020 (Rupees)
5 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL				
Ordinary shares of Rs. 10 each fully paid up in cash	51,901,483	51,901,483	519,014,830	519,014,830
Ordinary shares of Rs. 10 each issued as fully paid bonus shares	7,527,246	7,527,246	75,272,460	75,272,460
	59,428,729	59,428,729	594,287,290	594,287,290

5.1 All ordinary share holders has same rights regarding voting, board selection and entitlement of dividend.

6 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Surplus arising on revaluation	6.1	408,530,813	438,724,855
Less: Deferred tax arising on surplus on revaluation	6.2	127,454,613	136,193,068
		281,076,200	302,531,787

	2021 (Rupees)	2020 (Rupees)
6.1 Surplus on revaluation of property plant and equipment		
Opening surplus on revaluation of property plant and equipment	438,724,855	471,812,778
Surplus arising on revaluation	-	-
	438,724,855	471,812,778
Incremental depreciation on :		
Buildings on freehold land	(5,429,408)	(5,715,166)
Non factory building	(4,728,958)	(5,254,398)
Plant and machinery	(21,353,407)	(23,363,828)
	(31,511,773)	(34,333,392)
Adjustment on disposal of property, plant and equipment	1,317,731	1,245,469
	(30,194,042)	(33,087,923)
	408,530,813	438,724,855

Notes to the Financial Statements

For the year ended June 30, 2021

This represents surplus over book value resulting from the revaluation of land - freehold, buildings on freehold land, non factory building and plant and machinery. The valuation was carried out on June 30, 2018 by Unicorn International Surveyors an independent valuer not connected with the Company and is on the panel of Pakistan Bankers Association and possesses appropriate qualification and recent experience in the fair value measurements in the relevant locations.

	Note	2021 (Rupees)	2020 (Rupees)
6.2 Relating deferred tax liability			
Relating deferred tax liability as on July 1,		136,193,068	145,788,566
Tax effect on incremental depreciation		(8,738,455)	(9,595,498)
		127,454,613	136,193,068

7. LONG TERM FINANCING- SECURED

Facility	Note	Repayment commencement	Mark up	Sanctioned limit (Rs. in million)	Number of installments	2021 (Rupees)	2020 (Rupees)
Long Term Finance	7.1	January-17	SBP Rate + 2.5%	300	20 Quarterly	100,483,476	109,820,628
Term Finance	7.1	January-19	3 months Kibor + 2%	36	36 monthly	15,000,000	17,500,000
Term Finance _ SBP refinance							
Scheme (salaries & wages)	7.1	January-21	SBP Rate + 3%	153.77	08 Quarterly	115,327,500	49,775,673
Long Term Finance	7.1	April-21	SBP Rate + 3%	67	38 Quarterly	31,415,921	-
Term Finance	7.1	September-21	3 months Kibor + 2%		38 Quarterly	14,042,782	-
Term Finance	7.1	April-21	SBP Rate + 4%	36.78	38 Quarterly	35,758,553	-
Subtotal - BOP						312,028,232	177,096,301
Demand Finance - III	7.1 & 7.2	Sep-15	3 months Kibor + 1%	327.502	28 Quarterly	143,507,366	159,219,968
Frozen Markup	7.1 & 7.3	Sep-15	Interest free	219.977	28 Quarterly	45,058,826	79,197,750
Subtotal - NBP						188,566,192	238,417,718
Total						500,594,424	415,514,019
Current portion	8					(238,146,989)	(65,476,939)
Overdue portion	8					(20,773,234)	-
Total current portion						(258,920,223)	(65,476,939)
Total long term portion						241,674,201	350,037,080

Notes to the Financial Statements

For the year ended June 30, 2021

- 7.1** It represents long term financing from commercial banks (stated above) and the amounts claimed by such institutions. Markup is leviable along with installment (except interest free loans) as per schedule stated above. These loans are secured against first ranking pari passu charge over current and fixed assets of the Company executed through the joint pari passu agreement with the lenders of the Company and joint memorandum of deposit of title deeds, equitable mortgage charge on land and personal guarantees of the directors of the Company.
- 7.2** It represents loan from National Bank of Pakistan which was restructured on terms agreed between the parties.
- 7.3** It represents restructured loan converted from mark up payable on the facilities from National Bank of Pakistan till June 30, 2015.

	Note	2021 (Rupees)	2020 (Rupees)
8 CURRENT PORTION OF LONG TERM BORROWINGS			
Current portion of long term borrowing	7	238,146,989	65,476,939
Overdue portion of long term borrowing	7	20,773,234	-
		258,920,223	65,476,939
9 DEFERRED LIABILITIES			
Deferred tax relating to surplus on revaluation of property, plant and equipment	6	127,454,613	136,193,068
Employee retirement benefits- gratuity	9.1 to 9.8	118,346,459	118,181,227
		245,801,072	254,374,295
9.1 The scheme provides for gratuity benefits for all the permanent employees of the Company who attain the minimum qualifying period of one year. Provision has been made on the basis of latest actuarial valuation made as on June 30, 2021 using projected unit credit actuarial cost method.			
9.2 The amount recognized in the balance sheet			
Present value of defined benefit obligations		118,346,459	118,181,227
Less: Fair value of plan assets		-	-
		118,346,459	118,181,227
9.3 Charge for the year			
Current service cost		21,915,359	24,005,910
Interest cost		8,573,908	11,826,118
		30,489,267	35,832,028

Notes to the Financial Statements

For the year ended June 30, 2021

	Note	2021 (Rupees)	2020 (Rupees)
9.4 Movement in liability			
Balance at beginning of year		118,181,227	95,309,300
Charge for the year		30,489,267	35,832,028
Benefits paid during the year		(34,623,447)	(12,111,159)
Unrecognised actuarial (gains) / losses		4,299,412	(848,942)
		118,346,459	118,181,227

9.5 Allocation of charge for the year

Cost of sales	26.2	24,357,076	27,930,223
Distribution Cost	27.1	2,114,792	3,471,753
Administrative expenses	28.1	4,017,399	4,430,052
		30,489,267	35,832,028

9.6 Expected expense for the next year

The Company expects to charges Rs. 38.346 million of profit and loss account on account of defined benefit plan gratuity for the year ending June 30, 2022.

9.7 Sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the impact on present value of the defined benefit obligation as at June 30, 2021 would have been as follows:

	(Rupees)	(Rupees)
	Gratuity	
	Increase / (decrease) on present value of defined benefits obligation due to	
	Increase	Decrease
Discount rate 100 bps movement	107,138,822	130,729,402
Future salary 100 bps movement	130,726,511	107,137,505

	Year	Value (Rupees)
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9.8 Historical information

Present value of defined benefit obligation.	2021	118,346,459
	2020	118,181,227
	2019	95,309,300
	2018	86,519,195
	2017	76,456,869

Notes to the Financial Statements

For the year ended June 30, 2021

	Note	2021 (Rupees)	2020 (Rupees)
10 TRADE AND OTHER PAYABLES			
Creditors		959,923,522	595,177,229
Accrued liabilities		142,516,884	165,962,066
With holding tax		51,616,228	18,971,644
Retention money payable		700,000	700,000
Workers' funds	10.1 & 10.2	41,558,571	37,466,646
		1,196,315,205	818,277,585
10.1 Workers' funds			
Workers' profit participation fund			
Opening balance		25,705,077	19,259,187
Provision for the year		19,059,803	4,027,900
Payment during the year		(19,259,188)	-
Interest on funds utilized in Company's business	31	3,123,938	2,417,991
		28,629,630	25,705,077
Workers' welfare fund			
Opening balance		11,761,569	11,623,115
Provision for the year		1,167,372	138,454
		12,928,941	11,761,569
		41,558,571	37,466,646
10.2	Mark up on Workers' Profit Participation Fund has been provided @ 12.153% per annum (2020: 12.555% per annum).		
11 ACCRUED MARK-UP			
Long term financing		7,183,503	17,076,198
Short term borrowings		14,640,634	7,027,238
		21,824,137	24,103,436

Notes to the Financial Statements

For the year ended June 30, 2021

12 SHORT TERM BORROWINGS

Facility	Note	Sanctioned limit Rupees (M)	Markup rate (Matching KIBOR/ LIBOR+)	Repayment terms	2021 (Rupees)	2020 (Rupees)
From banking companies_secured:						
Pre - shipment	12.1 & 12.4	1,172	3.00% to 9.05%	Half Yearly	1,170,600,000	1,172,000,000
Post - shipment	12.2 & 12.4	100	15.10%	Half Yearly	-	18,000,000
Cash / running finance	12.3 & 12.4	118.430	8.75% to 9.09%	One Year	98,232,350	112,886,209
From related parties_unsecured:						
Loan from directors	12.5	17.300	Interest free	On demand	-	17,300,000
					1,268,832,350	1,320,186,209

12.1 The Company has aggregated sanctioned limits of pre - shipment facilities amounting to Rs. 1,172.00 million. The Company has availed these limits amounting to Rs. 50.00 million from United Bank Limited, Rs. 237.00 million from Habib Bank Limited, Rs. 318.60 million from National Bank of Pakistan Limited and Rs. 565.00 million from Bank of Punjab.

12.2 The Company has aggregated sanctioned limit of post - shipment facility amounting to Rs. 100 million. The Company has availed limit of Rs. 18.00 million from Bank of Punjab.

12.3 The Company has aggregate sanctioned limit of cash / running finance facility amounting to Rs. 100.00 million. The Company has availed Rs. 98.232 million from National Bank of Pakistan Limited.

12.4 These facilities are secured against first ranking pari passu charge over current assets of the Company executed through joint pari passu agreement with the lenders of the Company, hypothecation of stocks, lien on confirmed export orders and personal guarantees of the directors.

12.5 It represents interest free loan from directors to meet working capital requirements and repayable on demand.

13 CONTINGENCIES AND COMMITMENTS

Contingencies

13.1 The Company has filed a recovery suit against the Punjab Cotton Mills Limited for Rs. 5.107 million along with interest. The execution was filed which is still pending.

13.2 M/s. M. J. Industries had filed a suit against the Company for declaration for Rs. 0.545 million. The case was dismissed by the Honorable Civil Judge, Lahore. M/s. M. J. Industries had filed an application for the restoration of the suit which was also rejected by the Civil Judge, Lahore.

The Company has filed a recovery suit against the M/s M. J. Industries for Rs. 0.545 million. The summon and notices have been issued to the defendant and the case is pending due to non appearance of the defendant before the Honorable Civil Judge, Lahore. The Company is hopeful of settlement of the case in its favor.

13.3 The Company has filed a recovery suit against the M/s. Amtex Limited for Rs. 2.917 million. The case is decreed in favour of Zephyr Textiles Limited by the Honorable Judge, high Court, Lahore. The case is pending for execution.

13.4 M/s. Sitara Textiles has filed a suit against the Company for recovery of damages against non performance of contract no. LO417 for supply of fabric. According to legal confirmation status, suit is pending for framing of issues.

Notes to the Financial Statements

For the year ended June 30, 2021

The Company has filed a suit against M/s. Sitara Textiles Limited for financial loss, cost of sales loss, loss of business and loss due to breach of contract for Rs. 37.680 million. Company is hopeful of settlement of the case in its favor.

M/s. Sitara Textiles has filed an other suit against the Company for financial loss and loss due to breach of contract for Rs. 65.724 million. The case is pending before Supreme Court of Pakistan.

The Company has again filed an other suit against M/s. Sitara Textiles Limited for financial loss and loss due to breach of contract for Rs. 65.724 million. The case is pending before Supreme Court of Pakistan.

13.5 The Company has filed suit for Recovery of Rs. 34.027 Millions for unauthorized sale of shares by First Pakistan Capital Limited. The case is pending before Senior Civil Judge Lahore.

13.6 The Company has filed a suit against old tenants for vacation of property purchased by the Company situated at Ek Moria Pull Lahore. The matter is pending for adjudication. Certain suits were filed against the Company regarding the said property which are as under:

- Muhammad Sajid (the plaintiff) has filed a suit for permanent injunctions and declaration against interfering the possession of plaintiff property by pretending that the suit property has been purchased by Zephyr Textiles Limited (the defendant) through registered sales deed bearing distavez no. 2775 dated 01-09-2010, whereas the purchased property of the defendant is separate and different from the suit property of the plaintiff. The case is dismiss by the Court during the year.

- Sh. Zafar Iqbal v/s. M/s Zephyr Textiles Limited. Sh. Zafar Iqbal has filed a suit for cancelation of registry with respect to the said property purchased by the Company. The case is pending for adjudication. The Company is hopeful for settlement of the above stated suits in its favor.

13.7 Guarantees issued by various commercial banks, in respect of financial and operational obligations of the Company, to various institutions and corporate bodies aggregate to Rs. 53.533 million (2020: Rs. 49.976 million).

13.8 Foreign bills purchased by banks amounting to Rs. 273.143 million (2020: Rs. 276.246 million).

Commitments

13.9 Contracts for capital expenditure are Rs. 21.389 million (2020: Rs. 5.667 million).

13.10 Letters of credit other than for capital expenditure are Rs. 57.391 million (2020: Rs. 16.133 million).

13.11 Outstanding foreign currency forward contracts of Rs. 344.478 million (2020: Rs. 658.366 million).

Notes to the financial statements

For the year ended June 30, 2021

14. PROPERTY, PLANT AND EQUIPMENT

Particulars	Land - freehold	Buildings on freehold land	Link road	Non factory building	Plant and machinery	Furniture and fittings	Vehicles	Electrical installation	Office equipments	Total
COST										
Balance as at July 01, 2019	176,946,000	327,382,048	29,702,478	78,630,094	1,400,686,512	7,840,573	57,986,225	71,238,591	31,116,235	2,181,528,755
Additions during the year	-	-	-	110,000	161,644,790	1,090,300	13,856,910	1,475,099	4,414,749	182,591,848
Disposals	-	-	-	-	(20,824,492)	-	(2,534,623)	(1,300,000)	(65,000)	(24,724,115)
Balance as at June 30, 2020	176,946,000	327,382,048	29,702,478	78,740,094	1,541,506,810	8,930,873	69,308,512	71,413,690	35,465,984	2,339,396,488
Additions during the year	-	5,092,159	633,460	-	283,055,316	1,913,725	12,641,995	118,500	5,675,518	309,130,673
Disposals	-	-	-	-	(2,249,873)	-	(3,032,190)	-	(32,000)	(5,314,063)
Balance as at June 30, 2021	176,946,000	332,474,207	30,335,938	78,740,094	1,822,312,253	10,844,598	78,918,317	71,532,190	41,109,502	2,643,213,098
DEPRECIATION										
Balance as at July 01, 2019	-	16,355,122	13,938,815	7,863,009	134,966,182	4,234,093	31,538,891	45,946,510	16,978,266	271,820,888
Accumulated depreciation eliminated on disposal	-	-	-	-	(3,488,102)	-	(1,766,800)	(577,142)	(18,328)	(5,850,372)
Depreciation expense	-	15,551,346	788,183	7,077,626	134,695,183	448,810	7,150,892	2,572,762	1,701,561	169,986,363
Balance as at June 30, 2020	-	31,906,468	14,726,998	14,940,635	266,173,263	4,682,903	36,922,983	47,942,130	18,661,499	435,956,879
Accumulated depreciation eliminated on disposal	-	-	-	-	(503,409)	-	(2,540,516)	-	(3,916)	(3,047,841)
Depreciation expense	-	14,878,884	767,250	6,379,946	143,332,092	482,959	8,256,141	2,353,723	1,936,911	178,387,906
Balance as at June 30, 2021	-	46,785,352	15,494,248	21,320,581	409,001,946	5,165,862	42,638,608	50,295,853	20,594,494	611,296,944
Written down value as at June 30, 2021	176,946,000	285,688,855	14,841,690	57,419,513	1,413,310,307	5,678,736	36,279,709	21,236,337	20,515,008	2,031,916,154
Written down value as at June 30, 2020	176,946,000	295,475,580	14,975,480	63,799,459	1,275,333,547	4,247,970	32,385,529	23,471,560	16,804,485	1,903,439,609
Rate of depreciation	0%	5%	5%	10%	10%	10%	20%	10%	10%	

Notes to the Financial Statements

For the year ended June 30, 2021

- 14.1 Land - freehold of the Company is located at Bhai Pheru and Jumber, Punjab, Pakistan, with an area of 96 kanals and 9.988 acres. Details of factory and residential buildings of the company constructed on this land are as follows:

Location	Particulars	Covered area Sqft
Weaving Unit, Bhai Pheru	Industrial: Lintals, pre stress, TR girder, power house/chiller area, looms shed, production area and godowns. Non - industrial: Senior staff residential flats, labour colony, office block, canteen and baths.	409,326
Towel Unit, Jumber	Industrial: Lintals, pre stress, TR girder, stitching & dyeing hall, godown hall, store, workshop and shed. Non - industrial: Office block, canteen and rooms.	110,318

- 14.2 The basis used for the revaluation of land - freehold, buildings on freehold land, non factory building and plant and machinery were as follows:

Land - freehold

Fair market rate of the land was assessed through inquiries in the vicinity of land and information obtained through property owners of the area.

Buildings on freehold land and non factory building

New construction value (new replacement value of each item of the buildings) was arrived at by looking at the condition of the buildings. Valuer has noted the type of construction and current construction status and then worked out the current cost of the like construction and have determined the ageing effect on the super structure and applied cost on sqft., basis as depreciated value.

Plant and machinery

For the valuation of the plant and machinery a depreciation factor of 5% and appreciation factor of 4% applied due to inflation in prices of imported as well as local machinery. Value of plant and machinery assessed on lump sum basis.

14.3 Forced sale value

The forced sale value of the revalued land - freehold has been assessed at Rs. 150.404 million, buildings (buildings on freehold land and non factory building) Rs. 365.075 million and plant and machinery has been assessed at Rs. 1.055 billion.

	Note	2021 (Rupees)	2020 (Rupees)
14.4 Depreciation for the year has been allocated as under :			
Cost of sales	26	167,711,895	160,685,100
Distribution cost	27	5,338,005	4,650,632
Administrative expenses	28	5,338,005	4,650,632
		178,387,906	169,986,363

- 14.5 Land - freehold, buildings on freehold land, non factory building and plant and machinery represents values subsequent to revaluation as at June 30, 2021. Had there been no revaluation, the cost, accumulated depreciation, and book value of the revalued property, plant and equipment as on June 30, 2021 would have been as follows:

	Cost as at June 30, 2021	Accumulated depreciation as at June 30, 2021	Book value as at June 30, 2021	Book value as at June 30, 2020
Land - freehold	106,864,276	-	106,864,276	106,864,276
Buildings on freehold land	375,086,869	197,957,937	177,128,932	186,451,508
Non factory building	62,567,053	47,806,333	14,760,720	16,400,800
Plant and machinery	2,255,214,403	1,506,618,159	748,596,244	835,190,380
	2,799,732,601	1,752,382,429	1,047,350,172	1,144,906,964

Notes to the Financial Statements

For the year ended June 30, 2021

14.6 Disposal of Property, Plant and Equipment

The following is the detail of disposals during the year:

Particulars	Cost/ Assessed value	Book value	Sale proceed	Gain / (loss)	Mode of disposal	Name and Address of Buyers
Vehicles						
Suzuki Cultus LEH - 13 - 1324	1,087,940	251,924	940,000	688,076	Negotiation	Ms. Noreen Anjum d/o Mr. M. Akram, House No. 32, G Block, Mohallah Ghazi Colony, Sadar Bazar, Lahore.
Honda City LRY - 3094	856,360	21,425	945,000	923,575	Negotiation	Mr. M. Asif Mehmood, House No. 1040, Block B-1, China Scheme, Shadbagh, Lahore.
Suzuki Cultus LEF - 13 - 7254	1,087,890	218,325	910,000	691,675	Negotiation	Mr. Tariq Mehmood s/o Mr. Malik M. Yousaf, Muhallah Dara Chah, Bediyan Road, Lahore.
Plant and Machinery						
Tsudukoma Looms	2,249,873	1,746,464	2,000,000	253,536	Negotiation	Rashid Fabrics (Private) Limited, 4-KM Khurianwala, Jaranwala Road, Faisalabad.
Office Equipments						
Laptop	32,000	28,084	20,000	(8,084)	Negotiation	Mr. M. Qasim s/o Mr. M. Saleem, House No. 76-A1, Approach Road, Tajpura Scheme, Lahore.
2021	5,314,063	2,266,222	4,815,000	2,548,778		
2020	24,724,115	18,873,743	4,641,541	(14,232,202)		

	Note	2021 (Rupees)	2020 (Rupees)
15 CAPITAL WORK IN PROGRESS			
Plant and machinery		-	38,200,000
Building		33,093,809	25,118,407
	15.1	33,093,809	63,318,407

15.1 Movement in the account is as follows

Opening balance as at July 01,	63,318,407	31,075,383
Addition made during the year:		
- Plant and machinery	87,721,013	114,741,561
- Building	8,608,862	11,315,665
	96,329,875	126,057,226
Capitalized during the year:		
- Plant and machinery	125,921,013	93,814,202
- Building	633,460	-
	126,554,473	93,814,202
	33,093,809	63,318,407

Notes to the Financial Statements

For the year ended June 30, 2021

	Note	2021 (Rupees)	2020 (Rupees)
16 INTANGIBLE ASSETS			
Software:			
Net carrying value basis:			
Opening balance		-	-
Additions during the year _ at cost		4,541,475	-
Amortization for the year		908,295	-
		3,633,180	-
Gross carrying value basis:			
Cost		4,541,475	-
Accumulated amortization		908,295	-
		3,633,180	-
17 LONG TERM DEPOSITS			
Security deposits - WAPDA		9,230,022	9,230,022
Security deposits - OTHERS		13,509,279	13,235,279
		22,739,301	22,465,301
18 STOCK IN TRADE			
Raw material		289,810,464	89,163,484
Work in process		148,794,875	95,669,862
Finished goods		972,457,856	919,095,641
		1,411,063,195	1,103,928,987
18.1	Finished goods includes stock in transit amounting to Rs. 264.839 million (2020: Rs. 15.205 million).		
18.2	Finished goods includes stock held by third parties amounting to Rs. 35.321 million (2020: Rs. 33.828 million).		
19 TRADE DEBTS			
Considered good			
Export - secured against letters of credit		142,017,528	70,867,022
Local - Unsecured		682,200,396	638,003,431
Considered doubtful			
Local - Unsecured		-	-
Less: provision for expected credit loss	19.1	544,911	-
		823,673,013	708,870,453
19.1	Movement in provision for expected credit loss		
Balance at the beginning of the year		-	5,575,951
Charged during the year		544,911	-
Written off during the year		-	(5,575,951)
		544,911	-
20 LOANS AND ADVANCES			
Considered good:			
Loan due from employees - interest free		34,098,802	27,510,880
Advances to:			
- Suppliers		39,381,045	36,181,797
- Suppliers against letters of credit		60,346,035	13,045,094
		133,825,882	76,737,771

Notes to the Financial Statements

For the year ended June 30, 2021

	Note	2021 (Rupees)	2020 (Rupees)
21 TRADE DEPOSITS, PREPAYMENTS AND BALANCES WITH STATUTORY AUTHORITIES			
Prepayments		1,710,520	4,180,763
Advance income tax		47,020,330	42,623,305
Margin deposits		8,289,747	-
Sales tax refundable		276,037,083	193,092,538
Export rebate receivable		13,957,799	6,154,748
		347,015,479	246,051,354
22 OTHER RECEIVABLES			
Other receivables		137,443,759	80,032,166
		137,443,759	80,032,166

	Note	2021 Number of share/units	2020 Number of share/units	2021 (Rupees)	2020 (Rupees)
23 SHORT TERM INVESTMENTS					
Investment in Funds	23.1				
Atlas Money Market Fund		108	122,877	54,759	62,084,399
Faysal Money Market Fund		700	661	71,319	67,382
JS Growth Fund		4,744	4,744	884,379	710,027
NBP Financial Sector Income Fund		261,380	-	2,755,308	-
		266,932	128,282	3,765,764	62,861,809
Investments at fair value through profit or loss - listed securities					
Pak Electron Limited		944	944	33,097	21,646
Attock Refinery Limited		13	13	3,334	1,161
Samba Bank Limited		24,500	24,500	163,660	191,345
		25,457	25,457	200,090	214,152
		292,389	153,739	3,965,854	63,075,961

23.1 Atlas Money Market Fund, Faysal Money Market Fund, JS Growth Fund and NBP Financial Sector Income Fund are an open ended money market mutual funds. The said investment is valued at fair value and any gain or loss resulting from fair value adjustment is charged to profit or loss.

	Note	2021 (Rupees)	2020 (Rupees)
24 CASH AND BANK BALANCES			
Cash in hand		752,702	1,042,029
Cash at banks - local currency			
- current accounts	24.1	76,823,495	69,928,433
- saving account	24.2	18,868	18,868
Cash at banks - foreign currency		1,278,123	795,950
		78,873,188	71,785,280

24.1 This includes amount held in Habib Metropolitan Bank escrow account against dividend payable amounting to Rs. 66,876 (2020: Rs. 134,348).

24.2 The balance in saving account carry rate of profit @ 7.40% (2020: 7.40%).

Notes to the Financial Statements

For the year ended June 30, 2021

	Note	2021 (Rupees)	2020 (Rupees)
25 SALES - NET			
Gross local sales		3,676,034,712	2,821,861,701
Sales tax		(534,444,737)	(410,791,840)
Net local sales		3,141,589,975	2,411,069,861
Export		2,919,202,858	1,920,816,735
Total sales		6,060,792,833	4,331,886,596
Export rebate		134,740,255	66,488,579
Commission and claims		(58,175,227)	(64,830,671)
Trade discount		(8,469,960)	(7,489,887)
		6,128,887,901	4,326,054,617
26 COST OF SALES			
Raw material consumed	26.1	3,594,298,841	2,592,010,819
Stores, spare parts and lose tools consumed		106,773,038	116,010,973
Packing, sizing and lubricants consumed		523,410,515	378,117,685
Fuel and power		411,846,294	406,821,838
Salaries, wages and other benefits	26.2	430,298,557	391,715,903
Processing charges		139,318,552	168,113,511
Insurance		11,037,122	10,232,652
Repairs and maintenance		9,934,208	7,033,198
Traveling and conveyance		5,453,876	5,227,203
Depreciation	14.4	167,711,895	160,685,100
Amortization	16	908,295	-
Other production overheads		26,838,000	19,687,452
		5,427,829,193	4,255,656,333
Adjustment of work-in-process			
Opening stock		95,669,862	119,369,187
Closing stock		(148,794,875)	(95,669,862)
		(53,125,013)	23,699,325
		5,374,704,180	4,279,355,658
Adjustment of finished goods and waste			
Opening stock		919,095,641	564,063,316
Closing stock		(972,457,856)	(919,095,641)
		(53,362,215)	(355,032,325)
		5,321,341,965	3,924,323,333
26.1 Raw material consumed			
Opening stock		89,163,484	231,185,931
Purchases		3,803,897,228	2,454,595,319
Return / discount on purchases		(23,371,194)	(17,601,010)
		3,780,526,034	2,436,994,309
Freight		14,419,787	12,994,063
		3,884,109,305	2,681,174,303
Closing stock		(289,810,464)	(89,163,484)
		3,594,298,841	2,592,010,819

26.2 This includes employee benefits amounting to Rs. 24.357 million (2020: Rs. 27.930 million).

Notes to the Financial Statements

For the year ended June 30, 2021

	Note	2021 (Rupees)	2020 (Rupees)
27 DISTRIBUTION COST			
Salaries, wages and other benefits	27.1	22,815,254	22,307,781
Traveling and conveyance		430,166	1,682,276
Sales promotion		4,975,488	1,782,544
Communication		7,984,416	7,024,638
Vehicles running and maintenance		2,873,485	1,708,132
Freight		143,371,934	71,552,371
Clearing and forwarding		9,242,512	6,138,141
Depreciation	14.4	5,338,005	4,650,632
Others		13,850,463	14,461,480
		210,881,723	131,307,995
27.1 This includes employee benefits amounting to Rs. 2.115 million (2020: Rs. 3.472 million).			
28 ADMINISTRATIVE EXPENSES			
Directors' remuneration		5,100,000	6,000,000
Salaries and other benefits	28.1	38,111,838	33,697,316
Traveling and conveyance		7,026,973	12,888,840
Rent, rates and taxes		4,868,366	4,843,592
Printing and stationery		2,421,162	2,238,245
Communication		3,161,031	2,417,221
Vehicle running and maintenance		4,689,325	4,693,744
Repairs and maintenance		1,378,535	1,154,476
Auditors' remuneration	28.2	954,250	954,250
Fee and subscription		2,157,065	1,476,697
Legal and professional		6,968,771	2,865,070
Electricity, gas and water		4,112,226	3,738,784
Insurance		1,411,141	1,407,729
Advertisement		122,500	200,700
Depreciation	14.4	5,338,005	4,650,632
Provision for expected credit loss	19.1	544,911	-
Others		1,150,896	1,238,216
		89,516,995	84,465,508
28.1 This includes employee benefits amounting to Rs. 4.017 million (2020: Rs. 4.430 million).			
28.2 Auditors' remuneration			
Audit fee		726,000	726,000
Half yearly review		137,500	137,500
Code of corporate governance review		90,750	90,750
		954,250	954,250
29 OTHER OPERATING EXPENSES			
Exchange loss		15,681,983	-
Provision for workers' profit participation fund		19,059,803	4,027,900
Provision for workers' welfare fund		1,167,372	138,454
Loss on disposal of property, plant and equipment	14.6	-	14,232,202
Others		11,803,105	3,999,943
		47,712,263	22,398,498

Notes to the Financial Statements

For the year ended June 30, 2021

	Note	2021 (Rupees)	2020 (Rupees)
30 OTHER INCOME			
Income from financial assets			
Exchange gain		-	30,210,351
Dividend income		2,104,817	769,526
Gain on investments at fair value		89,935	633,047
Income from non financial assets			
Gain on disposal of property, plant and equipment	14.6	2,548,778	-
Other Income - fair price shop		2,567,463	165,922
Others		6,215,485	2,673,349
		13,526,478	34,452,195
31 FINANCE COST			
Mark-up on long term financing		26,251,146	33,475,003
Mark-up on short term borrowings		53,918,358	64,874,244
Interest on Workers' Profit Participation Fund	10.1	3,123,938	2,417,991
Bank charges and others		23,556,362	12,965,848
Unwinding of discount		5,142,741	7,886,755
		111,992,545	121,619,841
32 TAXATION			
Provision for taxation- current		67,630,439	30,914,938
Deferred taxation		(8,738,455)	(9,595,498)
		58,891,984	21,319,441

32.1 The Company is under the ambit of final tax up to the extent of export sales under Section 169 of Income Tax Ordinance 2001. Provision for income tax is made accordingly. Income tax provision for income which is not subject to final tax under Section 169 of Income Tax Ordinance, 2001 has been calculated in accordance with Section 113 of the Income Tax Ordinance, 2001.

32.2 No numeric tax rate reconciliation has been given in these financial statements as provisions made during the current and preceding financial years mainly represent either alternative corporate tax or minimum tax payable under section 113.

Notes to the Financial Statements

For the year ended June 30, 2021

	Note	2021 (Rupees)	2020 (Rupees)
33 EARNING/(LOSS) PER SHARE - BASIC AND DILUTED			
Earnings attributable to ordinary shareholders		302,076,904	55,072,196
Weighted average number of ordinary shares	5	59,428,729	59,428,729
		5.08	0.93
33.1 There is no dilutive effect on the basic earning per share.			
34 CASH FLOW FROM OPERATING ACTIVITIES			
Profit for the year before taxation		360,968,888	76,391,637
Adjustments for:			
Depreciation on property, plant and equipment	14.4	178,387,906	169,986,363
Amortization	16	908,295	-
Provision for expected credit loss		544,911	-
Loss/ (gain) on disposal property, plant and equipment		(2,548,778)	14,232,202
Gain on sale of investments		(89,935)	(633,047)
Dividend income		(2,104,817)	(769,526)
Staff retirement benefits - gratuity		30,489,267	35,832,028
Provision for WPPF & WWF		20,227,175	4,166,353
Interest on Workers' Profit Participation Fund		3,123,938	2,417,991
Unwinding of discount		5,142,741	7,886,755
Finance cost		103,725,866	111,315,095
Profit before working capital changes		698,775,457	420,825,851
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(34,000,995)	(30,018,516)
Stock in trade		(307,134,208)	(189,310,554)
Trade debts		(115,347,471)	3,591,508
Loans and advances		(57,088,111)	23,760,575
Other receivables		(57,411,593)	6,385,186
Trade deposits, prepayments and balances with statutory authorities		(96,567,100)	(18,170,920)
Increase / (decrease) in current liabilities			
Trade and other payables		373,945,695	253,047,028
Contract liabilities		27,014,448	4,260,798
Payment of workers' profit participation fund		(19,259,188)	-
Net changes in working capital		(285,848,523)	53,545,105
		412,926,934	474,370,956

35. FINANCIAL ASSETS AND LIABILITIES

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair value hierarchy

Fair value is defined as 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.

Notes to the Financial Statements

For the year ended June 30, 2021

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

Level 1 : Fair value measurements using quoted (unadjusted) in active markets for identical asset or liability.

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

Level 3 : Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Mark-up bearing		Non Mark-up bearing		TOTAL 2021	TOTAL 2020
	Maturity up to one year (Rupees)	Maturity after one year (Rupees)	Maturity up to one year (Rupees)	Maturity after one year (Rupees)	(Rupees)	(Rupees)
Financial Assets						
- Loans and receivables						
Long term deposits	-	-	-	22,739,301	22,739,301	22,465,301
Trade debts	-	-	823,673,013	-	823,673,013	708,870,453
Loans and advances	-	-	34,098,802	-	34,098,802	27,510,880
Trade deposits	-	-	8,289,747	-	8,289,747	-
Cash and bank balances	1,296,991	-	77,576,197	-	78,873,188	71,785,280
- At fair value through profit or loss						
Investments	3,965,854	-	-	-	3,965,854	63,075,961
	5,262,846	-	943,637,759	22,739,301	971,639,905	893,707,875
Financial Liabilities						
- At amortized cost						
Long term financing	258,920,223	241,674,201	-	-	500,594,424	415,514,019
Trade and other payables	-	-	1,196,315,205	-	1,196,315,205	818,277,585
Accrued mark-up	-	-	21,824,137	-	21,824,137	24,103,436
Short term borrowings	1,268,832,350	-	-	-	1,268,832,350	1,320,186,209
Unclaimed Dividend	-	-	694,043	-	694,043	4,859,107
	1,527,752,573	241,674,201	1,218,833,385	-	2,988,260,159	2,582,940,356
On balance sheet gap	(1,522,489,727)	(241,674,201)	(275,195,626)	22,739,301	(2,016,620,254)	(1,689,232,481)
Off balance sheet items						
Bills discounted with recourse					273,143,214	276,245,953
Bank guarantees issued in the ordinary course of business					53,533,073	49,976,000
Letters of credit					78,780,576	21,800,361

Notes to the Financial Statements

For the year ended June 30, 2021

36 FINANCIAL RISK MANAGEMENT

Effective interest rates

Financial liabilities

Long term financing	3.00% to 9.59% (2020: 3.00% to 15.85%) per annum
Short term borrowings	3.00% to 9.09% (2020: 3.00% to 15.92%) per annum

36.1 Financial risk factors

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

- Credit risk
- Liquidity risk
- Market risk (Currency risk, other price risk and interest rate risk)

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

Concentration and management of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted.

Credit risk from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institution, as well as credit exposures to customers, including trade receivables and committed transactions. Out of total financial assets of Rs. 971.640 million (2020: Rs. 893.708 million), the financial assets that are subject to credit risk amounted to Rs. 888.801 million (2020: Rs. 758.846 million).

For trade receivables, internal risk assessments process determines the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal and external ratings in accordance with the limits set by the management. The utilization of credit limit is regularly monitored. Accordingly, the credit risk is minimal and the Company also believes that it is not exposed to major concentration of credit risk.

Concentration of the credit risk arises when the number of counter parties engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration risk.

The Company monitors the credit quality of the financial assets with reference to the historical performance of such assets and available external credit ratings. The carrying value of financial assets which are neither past due nor impaired are as under:

	2021 (Rupees)	2020 (Rupees)
Long term deposits	22,739,301	22,465,301
Trade debts	823,673,013	708,870,453
Loans and advances	34,098,802	27,510,880
Trade deposits and other receivables	8,289,747	-
Bank balances	78,120,486	70,743,251
	966,921,349	829,589,885

Notes to the Financial Statements

For the year ended June 30, 2021

The credit quality of receivables can be assessed with reference to their historical performance with no or some defaults in recent history. The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

	Rating agency	Long term Rating	Short term Rating
Bank Alfalah Limited	PACRA	AA+	A-1+
	JCR-VIS	AA+	A-1+
Askari Bank Limited	PACRA	AA+	A-1+
	PACRA	AA	A-1+
Faysal Bank Limited	JCR-VIS	AA	A-1+
Meezan Bank Limited	JCR-VIS	AA+	A-1+
MCB Bank Limited	PACRA	AAA	A-1+
Habib Metropolitan Bank Limited	PACRA	AA+	A-1+
	PACRA	AAA	A-1+
National Bank of Pakistan	JCR-VIS	AAA	A-1+
Bank of Punjab	PACRA	AA	A-1+
United Bank Limited	JCR-VIS	AAA	A-1+
Soneri Bank Limited	PACRA	AA-	A-1+
Habib Bank Limited	JCR-VIS	AAA	A-1+
Allied Bank Limited	PACRA	AAA	A-1+
Bank Al Habib Limited	PACRA	AA+	A-1+

Liquidity risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is not materially exposed to liquidity risk as the Company has obtained short term borrowings from various commercial banks to meet any deficit, if required to meet the short term liquidity commitments. In addition, the Company uses different methods including restructuring and rescheduling of existing loan facilities which assists it in monitoring cash flow requirements. Therefore, the management envisages that sufficient financial resources will be available for the continuing operations of the Company.

Market risk

Market risk is the risk that changes in market price, 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 Company is exposed to market risk on account of foreign currency balances, interest bearing borrowings, investments and foreign currency receivables.

Currency risk

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

Notes to the Financial Statements

For the year ended June 30, 2021

The Company is exposed to currency risk on import of raw materials and stores and spares and export of goods mainly denominated in US dollars and on foreign currency bank accounts. The Company's exposure to foreign currency risk for US Dollars, Pound Sterling and Euro is as follows:

	2021 (Rupees)	2020 (Rupees)
Foreign debtors	142,017,528	70,867,022
Foreign currency bank account	1,278,123	795,950
Gross balance sheet exposure	143,295,651	71,662,972
Letters of credit	78,780,576	21,800,361
	222,076,227	93,463,333

	Avarege rate		Reporting date rate	
	2021	2020	2021	2020
Rupees per USD	158.30	158.48	154.95	168.75
Rupees per Euro	188.71	175.52	189.53	189.73
Rupees per GBP	219.28	200.04	220.65	207.67

As at reporting date, had the exchange of USD, Euro and Pound Sterling depreciated or appreciated by 10% against the currency with all other variables held constant, the change in post tax profit/(loss), mainly as a result of foreign exchange gain/(loss) on translation of foreign currency denominated payables, would have been as follows:

	30-Jun-21		30-Jun-20	
	% Change (+ -)	Impact (+ -)	% Change (+ -)	Impact (+ -)
Effect on profit or loss				
USD	10	8,351,531	10	3,067,350
Euro	10	1,275,345	10	2,002,575
Pound Sterling	10	-	10	-

The sensitivity analysis prepared is not necessarily indicative of the effects on profit/(loss) for the year and assets/liabilities of the Company.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rate.

At the reporting date the variable interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2021 Effective interest rate %	2020 Effective interest rate %	2021 Carrying value in Rupees	2020 Carrying value in Rupees
Long term financing	3.00% to 9.59%	3.00% to 15.85%	500,594,424	415,514,019
Short term financing	3.00% to 9.09%	3.00% to 15.92%	1,268,832,350	1,320,186,209

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased/(increased) loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2021.

Notes to the Financial Statements

For the year ended June 30, 2021

	Profit and loss 100 BPS	
	Increase	decrease

As at 30 June 2021

Cash flow sensitivity-Variable rate financial liabilities	17,694,268	(17,694,268)
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As at 30 June 2020

Cash flow sensitivity-Variable rate financial liabilities	17,357,002	(17,357,002)
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The sensitivity analysis prepared is not necessarily indicative of the effects on loss for the year and assets/liabilities of the Company.

Past due balances

	2021 (Rupees)	2020 (Rupees)
The aging of trade receivable at the reporting date is:		
Past due 1-30 days	813,257,171	686,134,215
Past due 30-150 days	10,415,842	22,736,238
Past due 150 days	544,911	-
Less: provision for expected credit loss	(544,911)	-
	823,673,013	708,870,453

36.2 Capital risk management

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide adequate returns for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, appropriation of amounts to capital reserves or/and issue new shares, as the case may be.

Consistent with others in the industry, the Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectations of the shareholders. Debt is calculated as total borrowings ("long term financing" and "short term borrowings" as shown in the balance sheet). Total capital comprises shareholders' equity as shown in the balance sheet under "share capital and reserves" and net debt.

The salient information relating to capital risk management of the Company as of June 30, 2021 and June 30, 2020 were as follows:

	2021 (Rupees)	2020 (Rupees)
Total borrowings	1,769,426,774	1,735,700,228
Cash and bank balances	(78,873,188)	(71,785,280)
	1,690,553,586	1,663,914,948
Total equity	1,911,038,389	1,613,260,897
	3,601,591,975	3,277,175,845
Gearing ratio %	46.94	50.77

Notes to the Financial Statements

For the year ended June 30, 2021

37 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Description	2021			2020		
	Chief Executive	Directors	Executive	Chief Executive	Directors	Executive
Managerial remuneration	2,000,000	1,400,000	8,968,000	2,000,000	2,000,000	6,264,000
House rent allowance	800,000	560,000	3,587,200	800,000	800,000	2,505,600
Utilities	200,000	140,000	896,800	200,000	200,000	626,400
	3,000,000	2,100,000	13,452,000	3,000,000	3,000,000	9,396,000
No. of persons	1	1	6	1	1	4

37.1 Some of the Directors and the Executives are provided with free use of Company cars as per rules.

37.2 No meeting fee was paid to the Directors for attending the meetings of the Board.

38 TRANSACTIONS WITH RELATED PARTIES

There were no related parties other than those as disclosed in note # 37 above.

39. ENTITY-WIDE INFORMATION

39.1 The Company markets and sells fabric and towel. Breakdown of net revenues for both the products of the Company is as follows:

	2021 (Rupees)	2020 (Rupees)
Fabric	2,666,116,253	1,887,388,832
Towel	3,394,676,580	2,444,497,764
	6,060,792,833	4,331,886,596

39.2 Major export sales are made to Belgium, Germany, USA and Italy which represents 97% of total export sales (2020: 78%).

39.3 All the non-current assets of the Company are located in Pakistan.

39.4 The Company's customer base is diverse with no single customer accounting for more than 10.58% of net revenue.

40 PLANT CAPACITY AND PRODUCTION

	2021 (Rupees)	2020 (Rupees)
Greige Fabric unit		
No. of looms installed	199	199
No. of looms worked	199	199
Shifts per day	3	3
No. of days actually worked	365	365
Installed capacity (square meters in millions @ 50 picks)	84.62	84.62
Actual production (square meters in millions @ 50 picks)	74.67	65.56

Notes to the Financial Statements

For the year ended June 30, 2021

	2021 (Rupees)	2020 (Rupees)
Towel unit		
No. of looms installed	45	45
No. of looms worked	45	45
Shifts per day	3	3
No. of days actually worked	365	365
Installed capacity (Tons)	4,835	4,835
Actual production (Tons)	4,614	3,905
Towel dyeing and processing unit		
Installed capacity (Tons)	6,245	5,825
Actual production (Tons)	4,556	3,795

40.1 It is difficult to determine precisely the production capacity in textile weaving mills since it fluctuates widely depending on various factors such as speed, width and construction of cloth woven etc.

40.2 Difference is due to the supply demand situation in the market.

41 NUMBER OF EMPLOYEES

Number of employees as on June 30,	1068	1176
Average number of employees during the year	1056	1156

42 EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Company in its meeting held on September 30, 2021 has proposed cash dividend of Rs. 29.714 million (2020: Nil million) at Rs. 0.5 per ordinary share of Rs. 10 each for the year ended June 30, 2021 subject to the approval of shareholders in the Annual General Meeting to be held on October 28, 2021. These financial statements do not reflect these appropriations.

43 DISCLOSURE REQUIREMENTS FOR ALL SHARES ISLAMIC INDEX

With reference to circular no. 14 of 2016 dated April 21, 2016, issued by the Securities and Exchange Commission of Pakistan relating to "All Shares Islamic Index", the Company does not have investment, bank balance or other operations having Islamic mode therefore, individual items required by circular no. 14 of 2016 have not been disclosed.

44 IMPACT OF COVID-19 (CORONA VIRUS)

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. Since March 2020, the Government of Pakistan announced temporary lock downs from time to time as a measure to reduce the spread of the COVID-19. However, after implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company henceforth continued its operations in order to maintain business performance despite slowed down economic activity.

According to management's assessment, there is no significant accounting impact of the effects of COVID-19 in these financial statements. Management is confident that they have sufficient liquidity to support the business operations in future. In this regard company is able to meet its obligations as they come due and no such indications exists that may trigger impairment of its assets.

45 AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors of the Company and authorised for issue on September 30, 2021.

46 FIGURES

Figures have been rounded off to the nearest Rupee.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

5. کمپنی کے اندرونی کنٹرول نظام کا ڈیزائن مستحکم ہے اور اس کو موثر انداز میں مناسب نگرانی کے ساتھ نافذ کیا گیا ہے۔

6. کمپنی کے کاروبار کو جاری رکھنے کی صلاحیت شہادت سے بالاتر ہے۔

7. کارپوریٹ گورننس کے اصولوں کے منافی کوئی اقدام نہیں کیا گیا ہے۔

آڈیٹرز

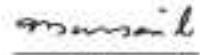
کمپنی کے موجودہ آڈیٹرز، میسرز اظہر ظفر اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے 30 جون 2021، کو ختم ہونے والے مالی سال کا سالانہ آڈٹ مکمل کر لیا ہے، اور ایک غیر قابل تجدید آڈٹ رپورٹ جاری کی ہے۔ موجودہ آڈیٹرز کمپنی کے سالانہ عام اجلاس کے اختتام پر ریٹائر ہو جائیں گے۔ اور انہوں نے 30 جون 2022، کو ختم ہونے والے سال کے لئے خود کو دوبارہ تقرری کے لئے پیش کیا ہے۔

اعتراف

بورڈ اپنے قابل قدر حصص داران، بینکوں، مالیاتی اداروں اور صارفین کا تہہ دل سے شکر گزار ہے۔ جن کے مستقل تعاون اور سرپرستی کی بدولت کمپنی کو مستحکم بہتری کے لئے جدوجہد کرنے میں مدد ملی ہے۔ زیر جائزہ مدت کے دوران، انتظامیہ اور ملازمین کے مابین تعلقات خوشگوار رہے اور ہم کمپنی کے عملے اور کارکنوں کی لگن، استقامت اور مستعدی کا برملا اعتراف کرتے ہیں۔



محترم ارباب محمد خان
ڈائریکٹر



محترم مسعود حنیف
چیف ایگزیکٹو

لاہور

30 ستمبر، 2021

بورڈ آف ڈائریکٹرز کے اجلاس

زیر غور سال کے دوران، کمپنی کے بورڈ آف ڈائریکٹرز کے 4 اجلاس ہوئے تھے۔ اور حاضری کی پوزیشن درج ذیل ہے۔

نمبر شمار	ڈائریکٹرز کے نام	اجلاس میں شمولیت
1.	محترم مساعد صلیق	4
2.	محترم ار باب محمد خان	4
3.	محترم رانا کمال الدین	4
4.	محترمہ تبینت مساعد	4
5.	محترمہ نزہت کامران	4
6.	محترمہ صباح برہان	4
7.	محترمہ سارہ ثنوی والا	2

ڈائریکٹرز کے معاوضے

بورڈ ممبروں کے معاوضے کی منظوری بورڈ ہی دیتا ہے۔ تاہم، کارپوریٹ گورننس کے کوڈ کے مطابق، یہ یقینی بنایا جاتا ہے کہ کوئی بھی ڈائریکٹر اپنے معاوضے کے فیصلے میں حصہ نہیں لے گا۔ کمپنی غیر ایگزیکٹو ڈائریکٹرز اور خود مختار ڈائریکٹر کو بالترتیب معاوضہ اور مینٹنگ فیس ادا نہیں کرتی ہے۔ چیف ایگزیکٹو اور دیگر ایگزیکٹو ڈائریکٹرز کے معاوضے کے متعلق کو مالی گوشوارے کے نوٹ نمبر 37 میں بیان کر دیا گیا ہے۔

ڈائریکٹرز کا بیان

1. کوڈ آف کارپوریٹ گورننس کے ضابطہ اخلاق کی تعمیل میں، کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک پر بیانات درج ذیل ہیں:
1. فنانشل سٹینٹ کمپنی کی انتظامیہ نے تیار کی ہے۔ کمپنی کے معاملات، عملی کارکردگی کے نتائج، کیش فلو اور ایکویٹی میں تبدیلی کو خوش اسلوبی سے پیش کیا گیا ہے۔
2. کمپنی کے حسابات کی کتابیں حسب ضابطہ برقرار رکھی گئیں۔
3. مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو ہوتی ہیں اور محاسبہ کا تخمینہ معقول اور محتاط فیصلے پر مبنی ہوتا ہے۔
4. بین الاقوامی مالیاتی رپورٹنگ معیارات، جیسا کہ پاکستان میں قابل اطلاق ہیں، مالی گوشوارے کی تیاری میں ان پر عمل کیا گیا ہے اور اگر اس کے علاوہ کچھ ہوا ہے تو اسے ظاہر کیا گیا ہے۔

کارپوریٹ اور مالی رپورٹنگ فریم ورک کی تعمیل

ہم اچھی کارپوریٹ گورننس کے لئے پرعزم ہیں اور پاکستان اسٹاک ایکسچینج لمیٹڈ کے کوڈ آف کارپوریٹ گورننس کی فہرست میں شامل قواعد ریگولیشن 2019 (سی سی جی 2019) کی ضروریات کی تعمیل کرتے ہیں۔ سی سی جی 2019 کی تعمیل کا بیان منسلک ہے۔

بورڈ کمیٹیاں

آڈٹ کمیٹی

یہ آڈٹ کمیٹی بورڈ کے تینوں غیر ایگزیکٹو ارکان پر مشتمل ہے۔ کمیٹی کی چیئر پرسن ایک آزاد ڈائریکٹر ہے۔ آڈٹ کمیٹی اپنے ضابطہ کی شرائط کے مطابق اپنے فرائض سرانجام دے رہی ہے جیسا کہ بورڈ آف ڈائریکٹرز نے طے کیا ہے۔ زیر غور سال کے دوران، آڈٹ کمیٹی کے چار اجلاس ہوئے، حاضری کی پوزیشن درج ذیل ہے:

نام	عہدہ	اجلاس میں شمولیت
محترمہ نزہت کامران	چیئر پرسن / ڈکن	4
محترمہ تبینت مسعود	ڈکن	4
محترمہ رانا کمال الدین	ڈکن	4

انسانی وسائل اور معاوضہ کمیٹی

انسانی وسائل اور معاوضہ کمیٹی میں تین ممبر شامل ہیں جن میں سے دو نان ایگزیکٹو ڈائریکٹر ہیں اور چیئر پرسن آزاد ڈائریکٹر ہیں۔ یہ کمیٹی اپنے ریفرنس کی شرائط کے مطابق اپنے فرائض سرانجام دے رہی ہے جیسا کہ بورڈ آف ڈائریکٹرز نے طے کیا ہے۔ زیر غور مدت کے دوران اس کمیٹی کا صرف 1 اجلاس منعقد ہوا اور حاضری کی پوزیشن درج ذیل ہے:

نام	عہدہ	اجلاس میں شمولیت
محترمہ نزہت کامران	چیئر پرسن / ڈکن	1
محترمہ ارباب محمد خان	ڈکن	1
محترمہ صبا جبرہان	ڈکن	1

کارپوریٹ گورننس

بورڈ آف ڈائریکٹرز

کمپنی کے ڈائریکٹرز مندرجہ ذیل ہیں:

1.	محترم مساعد صلیف	ایگزیکٹو ڈائریکٹر/ ای ای او
2.	محترم ارباب محمد خان	ایگزیکٹو ڈائریکٹر
3.	محترم رانا کمال الدین	خود مختار ڈائریکٹر
4.	محترمہ تہنیت مساعد	ڈائریکٹر/ چیئر پرسن
5.	محترمہ نزہت کامران	خود مختار ڈائریکٹر
6.	محترمہ صباح برہان	ڈائریکٹر
7.	محترمہ سارہ نیوی والا	ڈائریکٹر

ڈائریکٹرز کا تربیتی پروگرام

کمپنی کے بورڈ آف ڈائریکٹرز میں 7 ڈائریکٹرز شامل ہیں جن میں سے مندرجہ ذیل پانچ ڈائریکٹرز نے مقامی ادارے کے ذریعہ پیش کردہ ڈائریکٹرز کے ٹریننگ پروگرام کے لئے سند حاصل کی ہے جو سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان "ایس ای سی پی" کے متعین کردہ معیار پر پورا اترتی ہے:

- محترمہ تہنیت مساعد
- محترمہ صباح برہان
- محترم ارباب محمد خان
- محترمہ سارہ نیوی والا
- محترمہ نزہت کامران

جبکہ بقیہ دو ڈائریکٹرز ایک اقرار نامہ کے ذریعے استثنیٰ کے لئے ایس ای سی پی کو درخواست دیں گے یا مقررہ مدت ختم ہونے سے قبل سند یافتہ ہو جائیں گے۔

کارپوریٹ بریفنگ سیشن

کمپنی کی کارکردگی اور مستقبل کا جائزہ عمل، سرمایہ کاروں کو بریف کرنے کے لیے ہر سال کارپوریٹ بریفنگ سیشن منعقد کیا جاتا ہے۔

اشیاء کپاس کی بین الاقوامی قیمتیں گزشتہ دس سال کی بلند ترین سطح کو ٹھوگتی ہیں۔ زیر جائزہ مدت کی آخری دوسرے ماہیوں میں سمندری مال برداری کرایوں میں غیر متوقع اضافے سے غیر یقینی صورتحال پیدا ہوئی جو دنیا بھر میں سپلائی چین کو خطرے میں ڈال رہی ہے۔ توقع ہے کہ توانائی اور اشیاء کی قیمتوں میں اتار چڑھاؤ کا اثر، ویلیو ایڈسکلر پر آنے والی سہ ماہیوں تک رہے گا۔

حکومت نے رواں مالی سال کے لیے درآمد کنندگان صنعت کے لیے توانائی کی علاقائی قیمتوں کی مسابقتی پالیسی جاری رکھی۔ یہ راحت مختصر مدت کے لیے ہے لیکن آگے ترقی کرنے والی صنعت کو توانائی کی فراہمی کے لیے ایک مسلسل خطرہ ہے۔ صنعت کو توانائی کی قیمتوں کے بارے میں درمیانے درجے تا طویل مدت کے لیے پالیسی کی ضرورت ہے تاکہ ترقی کی صلاحیت کو موثر طریقے سے استعمال کیا جاسکے۔ پاکستانی معیشت میں معاشی بہتری کی نمایاں علامات دکھائی دے رہی ہیں۔ حکومت اقتصادی سرگرمیوں، خصوصاً ٹیکنالوجی درآمد کنندگان کے ساتھ تعاون جاری رکھنے کے لیے بھی پُر عزم ہے۔ یہ پاکستان میں کاروبار کرنے میں آسانی کی حکمت عملیوں اور پالیسیوں کے تسلسل سے حاصل کیا جاسکتا ہے۔

کارپوریٹ سماجی ذمہ داری

کمپنی ایک ذمہ دار کارپوریٹ تنظیم ہونے کی حیثیت سے مندرجہ ذیل سماجی سرگرمیاں کرتی ہے۔

یکساں مواقع روزگار

کمپنی ملازمین اور درخواست دہندگان کو رنگ، نسل، مذہب، جنس اور جسمانی معذوری کی پروا کیے بغیر روزگار کے یکساں مواقع فراہم کرتی ہے۔

ماحولیاتی تحفظ

کمپنی ماحول کی پائیداری کے لیے اپنی ذمہ داری کو پورا کرنے کے لیے پُر عزم ہے۔ ملک بھر میں شجرکاری مہم جاری ہے اور ہم نے رواں سال میں اپنے ارد گرد کے علاقے اور فیکٹری میں 2000 درخت لگانے کا انتظام کیا ہے۔ پانی صاف کرنے والا ایک بہترین پلانٹ ہمارے زیر استعمال ہے جو کہ حیاتیاتی طریقے سے کام کرتے ہوئے کیمیکلز کے استعمال میں کمی میں مدد فراہم کرتا ہے۔ مزید برآں کاربن کے اخراج کو کم کرنے کے لیے ایک ماحول دوست شمشیر توانائی کا نظام بھی لگایا گیا ہے۔

کمپنی معزز صحت کیمیکلز کے زیرو ڈسچارج (ZDHC) کے اقدام کی ایک فعال شراکت دار ہے۔ اور ایم۔ آر۔ ایس۔ ایل (MRSL) کی ہدایات کے مطابق اپنی کیمیکل انونٹری کو اپ ڈیٹ کرتی رہتی ہے۔

ملازمین کے لیے طبی صحت کے فوائد

صنعتی سہولیات میں صحت اور سماجی سرگرمیوں کا اہتمام کیا گیا ہے۔ کمپنی نے اپنے رہائشی کارکنوں اور ملازمین کی جسمانی اور ذہنی صحت کو برقرار رکھنے کے لیے ایک عدد دار اور کھیل کے میدان کی سہولت بھی فراہم کی ہے۔ مزید برآں کمپنی ہیڈ آفس کی ایک کرکٹ ٹیم باقاعدگی سے مقامی کرکٹ ٹورنامنٹ میں شرکت کرتی ہے جو تفریح کے ساتھ ساتھ ملازمین کے ساتھ دوستانہ بڑھانے میں بھی مددگار ثابت ہوتا ہے۔

سرمایہ داری اخراجات

کمپنی نے 278.91 ملین روپے قسط کھٹیل اخراجات (CAPEX) میں لگائے، جو کہ گزشتہ سال کے قسط اخراجات کے مقابلہ میں 30 فیصد زیادہ ہیں۔ 278.91 ملین روپے میں سے 210 ملین روپے کی سرمایہ کاری، کاروباری امور سے حاصل ہونے والی نقد رقم سے کی گئی ہے۔ اس بی ایم آر میں موجود آلات کی جدت کاری، اور نئے آلات جیسے سوتر اور کپڑا رنگنے والی مشینیں، کوئلے سے چلنے والا بواکس، 437 کلو واٹ کاشی توانائی کا نظام، اور تولیہ سلائی کرنے کی مشینیں شامل ہیں۔ یہ کمپنی کی پیدوار کی سہولیات کو باقاعدہ طور پر وسیع، آپ گریڈ اور جدید کرنے کے عزم کو ظاہر کرتا ہے۔

مظہم کاروباری سرمایہ

وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ کی مہیا کردہ رپورٹ کے مطابق کمپنی کی کرنٹ ریٹو 1.11 ہے جو کہ سال 2020ء میں 1.10 تھی۔ طویل اور مختصر مدت کے قرضوں کی ریٹنگ بالترتیب BBB+ اور A-2 ہے جو طویل اور مختصر مدت کے قرضوں کے لیے اپنے فراغت اور ذمہ داریوں پر پورا اترنے کی صلاحیت کو ثابت کرتی ہے۔ کمپنی نے اپنے کاروباری سرمائے کو موثر انداز سے استعمال کیا۔ جس کی وجہ سے کمپنی کی سیلز میں 40 فیصد سے زیادہ کا اضافہ ہوا۔ ای۔ بی۔ آئی۔ ٹی۔ ڈی۔ اے (EBITDA) 539.36 ملین روپے رہا، جب کہ گزشتہ سال اسی مدت میں یہ 246.68 ملین روپے تھا۔ ای بی آئی ڈی اے فروخت کا تناسب 8.80 فیصد تھا جو کہ گزشتہ سال 5.70 فیصد تھا۔ مضبوط ای بی آئی ڈی اے کمپنی کی بی۔ ایم۔ آر کو انجام دینے اور کاروباری ضروریات کے لیے سرمائے کی فراہمی کو جاری رکھنے کی صلاحیت کو ظاہر کرتا ہے۔

منافع

کمپنی کی ضروریات اور مستقبل میں سرمایہ کٹھا کرنے کی صلاحیت کو مد نظر رکھتے ہوئے کمپنی کے بورڈ آف ڈائریکٹرز خوشی سے 30 جون 2021ء کو اختتام پذیر مدت کے لیے، اپنے حصص داران کو 5 فیصد منافع دینے کی سفارش کرتے ہیں جب کہ گزشتہ سال 30 جون 2020ء میں یہ شرح صفر تھی۔

فی حصص آمدنی

کمپنی نے فی حصص آمدنی (EPS) کا مثبت سلسلہ برقرار رکھا ہے۔ جو کہ اپنے حصص داران کی قدر بڑھانے کے لیے کمپنی انتظامیہ کی بہترین حکمت عملی کے اثر کو ظاہر کرتا ہے۔ گزشتہ سال فی حصص آمدنی (EPS) 0.93 کے مقابلہ میں 30 جون 2021ء کے لیے 5.08 ہے۔

مارکیٹ کا عمومی جائزہ اور مستقبل کے امکانات

عالمی سطح پر کورونا وائرس وبا کی دوسری اور تیسری لہروں کی وجہ سے زیر جائزہ مدت متاثر ہوئی۔ اور دنیا کو بار بار لاک ڈاؤن اور نقل و حرکت کو محدود کرنے کی پابندیوں کا سامنا رہا۔ جس نے عالمی سپلائی چین کے بنیادی ڈھانچے کو شدید متاثر کیا۔ دنیا بھر میں ویکسینیشن کا عمل زوروں پر ہے اور دنیا کو وائرس اوبیز پر عمل کرتے ہوئے اب اپنی معاشی سرگرمیاں کھول رہی ہے۔ حکومت پاکستان ویکسینیشن مہم پر کامیابی سے عمل پیرا ہے۔ جس میں دور دراز کے علاقوں میں واقع کارخانوں کے مزدوروں کو بھی ویکسینیشن لگانا شامل ہے۔

کپاس کی پیداوار میں کمی کی وجہ سے مقامی سوت کی قیمتوں میں مسلسل اضافہ ہوا ہے۔ اور دنیا بھر میں سوت کی قیمتوں میں اضافہ کارخانان ہے۔ صنعت کو بڑے پیمانے پر درآمد شدہ کپاس اور سوت پر انحصار کرنا پڑا۔ رواں سال میں ہم کپاس کی فصل کی بہتر پیداوار کی توقع کر رہے ہیں۔ دریں

معزز اراکین

آپ کی کمپنی کے ڈائریکٹرز 30 جون 2021ء کو اختتام پذیر مدت کے لیے آپ کے سامنے خود مختار آڈیٹرز کی غیر جانب دار رپورٹ کے ساتھ آڈٹ شدہ سالانہ رپورٹ پیش کرتے ہیں۔

مالی جائزہ

کمپنی کی خالص فروخت 30 جون 2021ء کو اختتام پذیر مدت کے لیے، 41.67 فیصد اضافے کے ساتھ 6.13 ارب روپے تک بڑھ گئی ہے۔ جو کہ گزشتہ سال اسی مدت میں 4.33 ارب روپے تھی۔ کمپنی نے 30 جون 2021ء کو اختتام پذیر مدت کے لیے مجموعی منافع 807.55 ملین روپے اور 302.08 ملین روپے خالص منافع حاصل کیا۔ جب کہ گزشتہ سال اسی مدت میں کمپنی کا مجموعی منافع بالترتیب 401.73 ملین روپے اور خالص منافع 55.07 ملین روپے تھا۔ طویل مدتی قرضوں کی ادائیگی کی وجہ سے، مالیاتی لاگت میں گزشتہ مدت کے مقابل میں، زیر جائزہ مدت میں 7.92 فیصد کمی واقع ہوئی ہے۔ مالیاتی خلاصہ درج ذیل ہے۔

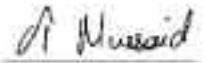
تفصیل	2021	2020	اضافہ / (کمی) فیصد
خالص فروخت	6,128,887,901	4,326,054,617	41.67
مجموعی منافع	807,545,936	401,731,284	101.02
ای بی آئی ٹی ڈی اے	539,356,794	246,678,000	118.65
فروسی	178,387,906	169,986,363	4.94
مالیاتی لاگت	111,992,545	121,619,841	(7.92)
منافع بعد ٹیکس	360,968,888	76,391,637	372.52
منافع علاوہ ٹیکس	302,076,904	55,072,196	448.51
فی حصص آمدنی	5.08	0.93	448.51

رواں سال کے دوران کمپنی کے پاس برآمدات کے ساتھ ساتھ مقامی فروخت کے آرڈرز بھی کافی تعداد میں موجود تھے۔ اگرچہ کرونا وائرس (Covid-19) کی تباہ کاریوں کی وجہ سے، پوری دنیا غیر یقینی صورتحال کی لپیٹ میں تھی۔ مارکیٹوں کی بندش اور سفری پابندیوں کے باوجود نیکسٹل کے شعبے کی بنیادی ضروریات کی مانگ کا رخ پاکستان کی جانب رہا۔ کرنسی ایکسیچ ریٹ میں بڑے پیمانے پر اتار چڑھاؤ، توانائی اور دیگر متعلقہ اشیاء کی قیمتوں میں حیران کن اضافے کی وجہ سے، زیر جائزہ مدت کے دوران کاروباری ماحول بہت مشکل رہا۔

کمپنی نے اپنے ہاؤل پونٹ پر 437 کلو واٹ کا شمسی توانائی کا نظام نصب کیا ہے۔ جو توانائی کی لاگت کو کم کرنے کے ساتھ ساتھ، ہمارے ماحول میں کاربن کے اثرات کو کم کرنے میں مددگار ثابت ہوتا ہے۔ کمپنی نے اپنے کاروبار میں، گزشتہ سال سے ایک نئے شعبہ کا کامیابی سے آغاز کیا ہے جس میں کپڑے کے برآمد کنندگان کے لیے نئے ہوئے کپڑے کو رنگنا شامل ہے۔ ہم نے خود بھی نئے ہوئے کپڑے کی برآمد شروع کر دی ہے۔ اور اس میں مزید توسیع کو جاری رکھیں گے۔ ہم اپنے خود ساختہ فنڈز کے بل بوتے پر اس پراڈکٹ میں ترقی کی صلاحیت میں اضافہ کو جاری رکھیں گے۔ کارمنٹس کی برآمد کے کاروبار میں مکمل طور پر حصہ لینے کے لیے ہم اگلے مالی سال کے آغاز میں پرعزم ہیں۔

بورڈ کی کامیابی کی نمایاں تفصیل درج ذیل ہے۔

- روٹین پی ایم آر
 - سہ ماہی اور سالانہ مالی گوشوارے
 - سالانہ اور سہ ماہی گوشواروں میں مالی رپورٹنگ کو معیاری اور موزوں طریقے سے بیان کرنے کی شفافیت کو یقینی بنانا
 - اندرونی آڈٹ اور آڈٹ کمیٹی کی رپورٹیں اور نتائج اور اندرونی کنٹرول سسٹم کی تاثیر کا جائزہ لیا گیا
 - بیرونی آڈیٹرز کی تقرری، اور
 - ڈبلیو پی پی ایف (W.P.P.F) کی تقسیم
- مجھے یہ بتاتے ہوئے خوشی محسوس ہو رہی ہے کہ بورڈ نے اپنے فرائض اور ذمہ داریاں موثر اور احسن طریقے سے سرانجام دی ہیں۔
بورڈ کمیٹیوں نے بھی اپنی رپورٹیں بروقت فراہم کر کے اہم کاروباری فیصلوں میں اپنا کردار ادا کیا ہے۔



محترمہ جنیبت مسعود
چیئر پرسن

لاہور

30 ستمبر، 2021

معزز حصص داران

مجھے 30 جون 2021ء کو اختتام پزیر سال کے لیے زیفر ٹیکنالوجی لمیٹڈ (کمپنی) کی سالانہ رپورٹ آپ کے سامنے پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔

بورڈ کی کارکردگی

30 جون 2021ء کو اختتام پزیر مالی سال کے لیے بورڈ اس کی کمیٹیوں اور انفرادی ڈائریکٹرز کی سالانہ تشکیص لیسڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی ہدایات کے مطابق کی گئی۔ کارکردگی کا اندازہ مختلف پیرامیٹرز، جیسے ڈھانچے، ساخت، معیار، تنوع، تجربہ، قابلیت، مخصوص فرائض اور ذمہ داریوں کی کارکردگی، فیصلہ سازی کے معیار اور بورڈ کی مجموعی تاثیر کی بنیاد پر کیا گیا۔

بورڈ نے انتظامیہ، اندرونی آڈیٹرز اور دیگر خود مختار کنسلٹنٹس کے ساتھ بروقت گفت و شنید اور مناسب رہنمائی فراہم کرتے ہوئے کمپنی کے مقاصد، حکمت عملیوں اور کاروباری اور مالی کارکردگی کی باقاعدہ تشکیص کا ایک طریقہ کار تیار کیا ہے۔ انتظامیہ روزانہ کے کاروباری امور کو انجام دینے اور بورڈ کی حکمت عملی کو عملی جامہ پہنانے کی ذمہ دار ہے۔ خاص طور پر کورونا وائرس (Covid-19) کے بے پناہ پھیلاؤ کی صورتحال میں بورڈ کی نگرانی میں انتظامیہ نے ملازمین اور دیگر اسٹیک ہولڈرز کی حفاظت اور فلاح و بہبود کو مد نظر رکھتے ہوئے کاروباری تسلسل کو یقینی بنایا۔

15 ستمبر 2020ء کو محترم برہان محمد خان (ایگزیکٹو ڈائریکٹر) کے انتقال پر ملال کے بعد محترم ارباب محمد خان کو 05 اکتوبر 2020ء کو بطور ایگزیکٹو ڈائریکٹر تعینات کر دیا گیا۔ بورڈ کی کارکردگی، جس کی ایک نفیس طریقے سے تشکیص اور جائزہ لیا جاتا ہے۔ اسی تازہ ترین تشکیص کی بنیادوں پر ان کو اس عہدے کے لیے مناسب پایا گیا۔

جیئر پرن کا جائزہ

ZEPHYR TEXTILES LIMITED

3rd Floor IEP Building 97-B/D-1, Gulberg III, Lahore

PROXY FORM

I/ We,

Of

Being a member of ZEPHYR TEXTILES LTD, hereby appoint

Being a member of ZEPHYR TEXTILES LTD, hereby appoint
(NAME)

Of _____ another member of the company

Or failing him/ her _____

(NAME)

Of _____ another member of the company

(being member of the company) as my/ our proxy to attend vote for and on my / our behalf at the Annual General Meeting of the company held at its Registered Office, 3rd Floor IEP Building 97/B/D-1, Gulberg III, Lahore on October 28, 2021 at 10:30 AM and at every adjournments thereof.

As witnessed given under my / our hand (s) this _____ day of _____ 2021.

1. Witness: _____
Signature: _____
Name: _____
Address: _____

Affix
Revenue
Stamps of
Rs. 5/-

Signature of Member

2. Witness: _____
Signature: _____
Name: _____
Address: _____

Shares held _____
Shareholders' _____
CDC A/c # _____

CNIC #: _____

Notes:

1. Proxies, in order to effective, must be reached at the Company's Registered Office, not less than 48 hours the time of holding the meeting and must be duly stamped, signed and witnessed.
2. CDC shareholders, entitled to attend and vote at this meeting, must bring with them their National identity card / passport in original to prove his / her identity, and in case of proxy, must enclosed an attested copies of his/her NIC or passport. Representative of Corporate members should bring the usual documents required for such purpose.

زیر ٹیکسٹائلز لمیٹڈ

پراکسی فارم

میں اہم سہمی اسماء ----- ساکن ----- ضلع -----
بحیثیت ممبر کمپنی سہمی اسماء ----- ساکن ----- کمپنی ممبر یا اسکی عدم موجودگی کی صورت میں
سہمی اسماء ----- ساکن ----- کمپنی ممبر کو بطور مختار (پراکسی) مقرر کرتا کرتی ہوں تاکہ وہ میری اجاری جگہ اور میری
اجاری طرف سے کمپنی کے سالانہ اجلاس عام جو کہ بتاریخ 28 اکتوبر 2021 بوقت صبح 10:30 کمپنی کے رجسٹرڈ آفس تیسری منزل IEP بلڈنگ 97-B/D-1 گلبرگ
لاہور میں منعقد ہو رہا ہے میں بول سکے اور ووٹ ڈال سکے۔

دستخط بتاریخ ----- دن ----- 2021

گواہ کے کوائف

دستخط: -----
نام: -----
پتہ: -----
کمپیوٹر آؤٹ پٹ کی شناختی کارڈ کا نمبر: -----
فولیو نمبر: -----
سی ڈی سی کھاتہ نمبر: -----
حصص کی تعداد: -----

دستخط: -----
(دستخط کمپنی میں موجود رجسٹرڈ دستخط کے مطابق ہونے چاہیے)

اہم:








پراکسی فارم کمپنی کے رجسٹرڈ آفس لاہور میں اجلاس کے انعقاد سے کم از کم ۴۸ گھنٹے قبل جمع کرانا لازمی ہے بصورت دیگر وہ قابل قبول نہ ہوگا۔










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Lahore - Pakistan

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