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## VISION AND MISSION STATEMENT

**THE VISION**

To be the leader in interlining industry by building companies image through Quality improvement, Customer satisfaction and by maintaining a high level of ethical and professional standards through Optimum use of resources.

**MISSION STATEMENT**

1. Endeavoring to be the Market leader and international player by enhancing market share and to conduct business in the best possible manner by using high level of ethical professionalism.
2. Seeking long term and good trading relation with customers and suppliers with fair, honest and mutually profitable dealings.
3. Building an excellent reputation of our organization and to maintain high professional and ethical standards with eyes on the future.
4. Offering high quality products according to the highest international standards.
5. Continuous enhancement in shareholders' value through team work and constant improvement in performance in all operating areas in competitive business
6. Providing congenial work environment, where employees are treated with respect and dignity and work as a team of common goals.
7. Contributing to the national economy by uplifting and skills diversification of the people through fulfillment of our social responsibility

## COMPANY PROFILE

**BOARD OF DIRECTORS**

- |                               |   |                 |
|-------------------------------|---|-----------------|
| 1. Mr. Maqsood Ahmad Butt FCA | : | Chair Person    |
| 2. Mr. Faisal Khan            | : | Chief Executive |
| 3. Mrs. Naseem Maqsood Butt   | : | Director        |
| 4. Mr. Ali Maqsood            | : | Director        |
| 5. Mrs. Durray Zara Butt      | : | Director        |
| 6. Dr. Aruj Butt              | : | Director        |
| 7. Muhammad Saeed Akhtar      | : | Director        |

**CHIEF FINANCIAL OFFICER**

Mrs. Durray Zara Butt

**COMPANY SECRETARY**

Mr. Muhammad Sajjad Hussain

**SHARE REGISTRARS**

M/s. Corplink (Pvt.) Ltd.  
Wings Arcade, 1-K, Commercial  
Model Town Lahore.  
Tel: 35839182, 35869037

**LEGAL ADVISOR**

Mr. Mian Waheed Akhtar,  
Advocate High Court/ Supreme Court  
Lahore.

**AUDITORS**

M/s. Qadeer & Co.  
Chartered Accountants,  
32-A Lawrence Road,  
Lahore.

**REGISTERED OFFICE**

2-KM Off Raiwind-Manga Road,  
Raiwind, Lahore.  
Tel: (92 - 42) 35393125-6, 38102800  
Fax: (92 - 42) 35393127  
E-mail: info@aruj.com  
Website: www.aruj.com

**AUDIT COMMITTEE**

Muhammad Saeed Akhtar	Chairman
Mr. Maqsood Ahmad Butt FCA	Member
Mr. Ali Maqsood Butt	Member

**REGISTERED OFFICE**

2-KM Off Raiwind-Manga Road,  
Raiwind, Lahore.  
Tel: (92 - 42) 35393125-6, 38102800  
Fax: (92 - 42) 35393127  
E-mail: info@aruj.com  
Website: www.aruj.com

**HR & REMUNERATION COMMITTEE**

Muhammad Saeed Akhtar	Chairman
Mrs. Naseem Maqsood Butt	Member
Dr. Aruj Butt	Member

**BANKERS**

Standard Chartered Bank (Pakistan) Ltd.  
Habib Bank Limited.  
Bank Alfalah Limited.  
Bank of Punjab.  
JS Bank Limited.  
Faysal Bank Limited.  
Meezan Bank

## NOTICE OF 29<sup>th</sup> ANNUAL GENERAL MEETING.

Notice is hereby given that 29<sup>th</sup> Annual General Meeting of **Aruj Industries Limited** will be held on Saturday, November 27, 2021 at 9:00 AM at the Registered Office of the Company at 2-KM, Off: Raiwind Manga Road, Raiwind, Lahore to transact the following business:-

### ORDINARY BUSINESS:

1. To Confirm the Minutes of last Extra Ordinary General Meeting held on 31<sup>st</sup> March, 2021.
2. To receive and adopt the Annual Audited Accounts for the year ended June 30, 2021 along with Directors and Auditors report thereon.
3. To appoint Auditors of the Company to hold office till the conclusion of next Annual General Meeting and to fix their remuneration.

### Any Other Business

4. To transact any other business with the permission of the Chair.

By order of the Board

Lahore.  
November 04, 2021

**Muhammad Sajjad Hussain**  
Company Secretary

### NOTES:

- 1) Share Transfer Books of the Company will remain closed from November 21, 2021 to November 27, 2021 (both days inclusive). Transfers received in order at company's Shares Registrar Office at the close of business on November 20, 2021 will be treated as in time.
- 2) Members who have not yet submitted photocopies of Computerized National Identity Card (CNIC) are requested to send the same at the earliest.
- 3) A member eligible to attend and vote at this meeting may appoint another member as his / her proxy to attend and vote instead of him / her. Proxies in order to be effective must be received at the Company's Registered Office, not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.
- 4) Due to current COVID-19 situation, the Securities and Exchange Commission of Pakistan (SECP) in terms of circular No.5 of 2020 issued on March 17, 2020 has advised companies to modify their usual planning for general meeting for the safety and well being of shareholders and the public at large. Considering the SECP directives, the Company has decided to convene this AGM with minimal physical interaction of shareholders while ensuring compliance with the quorum requirements and request the members to consolidate their attendance at the AGM through proxies.
- 5) Members can also avail video conference facility. In this regard, please fill the following and submit to registered address of the Company 10 days before the general meeting. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at geographical location, to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.
- 6) The Company will intimate members regarding venue of video conference facility at least 5 days before the date of general meeting alongwith complete information necessary to enable them to access such facility.

I/We \_\_\_\_\_  
Of \_\_\_\_\_, being a member of Aruj Industries Limited, holder of  
\_\_\_\_\_ ordinary shares as per Register Folio / CDC account  
No. \_\_\_\_\_ hereby opt for video conference facility at  
\_\_\_\_\_.

\_\_\_\_\_  
Signature of Member

- 7) In terms of the Companies Act, 2017, member residing in a city holding at least 10% of the total paid up share capital may demand the facility of video link for participating in the Annual General Meeting
- 8) Shareholders are requested to immediately notify the change in address, if any to Company Shares Registrar i.e. M/s Corplink (Pvt.) Limited Wings Arcade, 1-K, Commercial, Model Town, Lahore Tel: 042-35916714-35916719

عروج انڈسٹریز لمیٹڈ اطلاع برائے 28 واں سالانہ اجلاس عام

بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ عروج انڈسٹریز لمیٹیڈ کا 29 واں سالانہ اجلاس عام 27 نومبر 2021ء بروز ہفتہ صبح 9 بجے کمپنی کے رجسٹرڈ آفس واقع 2 کلومیٹر آف رائیونڈ مانگا روڈ، رائے ونڈ، لاہور میں درج ذیل امور کی انجام دہی کیلئے منعقد ہوگا۔

امور برائے خصوصی اجلاس عام:

- 1- 31 مارچ 2021ء کو منعقدہ خصوصی سالانہ جنرل اجلاس کی کارروائی کی توثیق کرنا۔
- 2- 30 جون 2021ء کو ختم ہونے والے سال کے آڈٹ شدہ اکاؤنٹس کے ساتھ ڈائریکٹرز اور آڈیٹرز کی رپورٹس کو وصول کر کے ان کی توثیق کرنا۔
- 3- اگلی سالانہ جنرل میٹنگ تک کے لیے کمپنی کے ڈائریکٹرز کا انتخاب اور ان کا مشاہرہ مقرر کرنا۔
- 4- چیئرمین کی اجازت سے دیگر امور کی انجام دہی۔

لاہور 27 نومبر 2021ء

**نوٹ:**

- 1- کمپنی حصص کی منتقلی کی کتابیں 21 نومبر 2021ء سے 27 نومبر 2021ء (بشمول ہر دو ایام) بند رہیں گی۔ 20 نومبر 2021ء کو کاروبار کے اختتام کے وقت شیئرز رجسٹر آفس میں موصول شدہ منتقلیاں بروقت تصور کی جائیں گی۔
- 2- جن ممبران نے ابھی تک کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی فوٹو کاپیاں جمع نہیں کروائیں ہیں ان سے جلد از جلد بھیجنے کی درخواست کی جاتی ہے۔
- 3- اس میٹنگ میں شرکت کرنے اور ووٹ ڈالنے کا اہل ممبر کسی دوسرے ممبر کو اپنا پراکسی مقرر کر سکتا کر سکتی ہے۔ پراکسی کا تقرر نامہ اجلاس کے انعقاد کے وقت سے 48 گھنٹے پہلے کمپنی کو موصول ہونا چاہیے جس پر ممبر کے دستخط، مہر اور گواہ کے دستخط ہونے چاہئیں۔
- 4- کووڈ 19 کی موجودہ صورتحال کی وجہ سے سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے اپنے سرکلر نمبر 5 (2020) کے ذریعے کمپنیز کو ہدایت نامہ جاری کیا ہے کہ وہ اپنے شیئرز ہولڈرز کی بالعموم اور جنرل پبلک کی سیفٹی کے لیے اپنے معمول کے امور میں رد و بدل کر سکتی ہیں۔ SECP کی ہدایت کے پیش نظر کمپنی نے اس AGM میں شیئرز ہولڈرز کی ذاتی طور پر شرکت کو کم از کم رکھنے کا فیصلہ کیا ہے جبکہ شیئرز ہولڈرز سے درخواست کی گئی ہے کہ وہ اپنی حاضری پراکسیز کے ذریعے یقینی بنائیں۔
- 5- ممبران ویڈیو کانفرنس سہولت سے بھی فائدہ اٹھا سکتے ہیں۔ اس سلسلے میں درج ذیل معلومات درج کر کے کمپنی کے رجسٹرڈ ایڈریس پر عمومی اجلاس سے 10 دن پہلے جمع کروائیں۔ اگر کمپنی جغرافیائی محل وقوع پر مقید 10 فیصد یا اس سے زیادہ حصص یافتگان کے حامل ممبران سے اجلاس کی تاریخ سے کم از کم 10 دن پہلے ویڈیو کانفرنس کے ذریعے اجلاس میں شرکت کے لیے رضامندی حاصل کرتی ہے تو کمپنی اس شہر میں ویڈیو کانفرنس سہولت کا بندوبست کرے گی۔ بشرطیکہ اس شہر میں ایسی سہولت دستیاب ہو۔

- 6۔ کمپنی اجلاس کی تاریخ سے کم از کم 5 دن پہلے ویڈیو کانفرنس کی سہولت کے مقام کے بارے میں ممبران کو تمام تفصیلات سے آگاہ کرے گئے تاکہ انہیں اس سہولت تک رسائی ممکن ہو سکے۔

[illegible]

- 7- کمپنیز ایکٹ 2017ء کے مطابق ایسا ممبر جو اس شہر میں رہائش پذیر ہو جو شوہر ٹوٹل ادا شدہ سرمائے کے کم از کم 10 فیصد شیئر ز رکھتا ہو سالانہ جنرل اجلاس میں شرکت کے لیے ویڈیولنک کی سہولت طلب کر سکتا ہے۔
- 8- حصص داران سے درخواست کی جاتی ہے کہ وہ اپنے پتہ میں کسی قسم کی تبدیلی درج ذیل پتہ پر مطلع کریں۔
- میسرز کاربنک (پرائیویٹ) لمیٹڈ ونگز آرکڈ، 1-کے، کمرشل، ماڈل ٹاؤن، لاہور

042-35916714 - 35916719: ٲل فون

## CHAIRPERSON'S REVIEW

As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of **ARUJ INDUSTRIES LIMITED** is carried out. The objective of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of goals set for the Company.

For the financial year ended June 30, 2021, the Board's overall performance and effectiveness has been assessed as satisfactory. The Board also identifies areas of improvement in line with the best practices.

The Board received wide-ranging agendas and supporting papers in a timely manner for its meetings. The Board was fully involved in the strategic planning process and in developing the vision for the Company. All Directors, including Independent Director, fully took part in and made contributions to the decision-making process of the Board. The Board has in place comprehensive policies for all relevant areas of the Company's operation and these policies are reviewed and updated from time to time.

The Audit Committee and Human Resources & Remuneration Committee met regularly to fortify the functions of the board.

The company has an independent Internal Audit department, which leads the Internal Audit function and follows a risk based Audit methodology. Audit reports are presented to the Board for review and actions where necessary.

In the closing, on behalf of the Board I wish to acknowledge the contribution of all our employees in the success of the Company. I would like to thank our shareholders, bankers, customers, suppliers and other business partners for their confidence and support.

Maqsood Ahmed Butt FCA  
Chairperson  
Dated: November 04, 2021

## چیئر مین کا جائزہ

جیسا کہ کارپوریٹ گورننس کے تحت ضروری ہے، عروج انڈسٹریز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی سالانہ کارکردگی کا جائزہ لیا جاتا ہے۔ اس جائزے کا مقصد اس بات کو یقینی بنانا ہے کہ بورڈ کی مجموعی کارکردگی اور اثر کو کمپنی کے لئے مقرر کردہ مقاصد کے تناظر میں پرکھا جائے۔

30 جون، 2021 کو ختم ہونے والے مالی سال کے لئے، بورڈ کی مجموعی کارکردگی اور اثر تسلی بخش رہی ہے۔ بورڈ بہترین طریقوں کے تناظر کے ساتھ بہتری کیلئے بھی نشاندہی کرتا ہے۔

بورڈ نے اپنی میٹنگ کے لئے بروقت انداز میں وسیع ایجنڈا اور متعلقہ کاغذات وصول کیے ہیں۔ بورڈ اسٹریٹجک منصوبہ بندی کے عمل میں اور کمپنی کے نقطہ نظر کو فروغ دینے میں مکمل طور پر شریک تھا۔ تمام ڈائریکٹرز، بشمول آزاد ڈائریکٹرز نے مکمل طور پر بورڈ کے فیصلہ سازی کے عمل میں حصہ لیا۔ بورڈ کمپنی کے آپریشن کے تمام متعلقہ شعبوں کے لئے جامع پالیسیاں بناتا ہے اور ان پالیسیوں کا وقفوں سے جائزہ لیا جاتا ہے اور اپ ڈیٹ کیا جاتا ہے۔ آڈٹ کمیٹی اور انسانی وسائل اور معاوضہ کمیٹی نے باقاعدگی سے بورڈ کے افعال کو مضبوط بنانے کے لئے میٹنگز کی تھیں۔

کمپنی میں ایک اندرونی آڈیٹ ڈیپارٹمنٹ ہے، جو اندرونی آڈیٹ کی قیادت کرتا ہے اور خطرے کی بنیاد پر آڈٹ کے طریقہ کار کی پیروی کرتا ہے۔ آڈٹ کی رپورٹوں کو جائزہ لینے اور اقدامات کے لئے بورڈ کو پیش کیا جاتا ہے۔

آخر میں بورڈ کی طرف سے اپنے تمام ملازموں کے تعاون کو تسلیم کرنا چاہتا ہوں۔ میں اپنے حصص داروں، بینکوں، گاہکوں، سپلائرز اور دیگر کاروباری شراکت داروں کو ان کے اعتماد اور حمایت کے لئے شکریہ ادا کرنا چاہتا ہوں۔

مقصود احمد بٹ ایف۔سی۔اے

چیئر مین

تاریخ: 04 نومبر، 2021



## DIRECTOR'S REPORT

The Directors of your Company would like to present to you the 29<sup>th</sup> Annual General Meeting of **Aruj Industries Ltd.** and would like to present their report along with the audited accounts for the year ended 30<sup>th</sup> June, 2021.

### OPERATING RESULTS:

	For the year ended June 30, 2021 Rupees	For the year ended June 30, 2020 Rupees
Sales	1,391,626,358	1,171,354,766
Gross Profit	141,119,029	149,845,624
Profit/(Loss) Before Taxation	34,610,171	23,062,847
Taxation	21,280,584	12,555,483
Profit/(Loss) After Taxation	13,329,587	10,507,364
Earnings per Share	1.27	1.00

### SALIENT FEATURES:

Your Company has managed a net increase in sales of 18.8% when compared to the previous financial year.

Our Processing Unit saw favorable conditions in the past year. As the COVID-19 restrictions get lifted from across the globe, there is a firm demand for textiles at home and abroad, including retail sales.

These both factors helped push local sales to a 49.26% growth as compared to the same period last year. Your company would like to keep this momentum up for the coming financial year, as demand for processing remains strong.

While your Company has been working hard to maintain sales levels from pre-Covid19 periods, it had proved difficult. But, with the opening of our export markets (UK, EU), we foresee to increase exports in the coming financial year, as demand is returning to previous levels.

While we see good reasons to be optimistic, we do foresee some barriers that we need to overcome. Due to prenominal increase in prices of cotton, dyes and chemicals and other inputs, the Company is facing constraints in working capital in addition to a massive jump in energy prices across the board. The time lag between increase in cost of input and passing on the same to customers may take a little time. This would affect the bottom line in the short term, but rest assured, your company is doing it's best to minimize the effects of such a price hike.

### STATEMENT OF COMPLIANCE ON CORPORATE AND FINANCIAL FRAME WORK:

The management is fully aware of the compliance with code of corporate governance as incorporated in the additional listings regulations of the stock exchanges and necessary steps have been taken for their effective implementations which are as follows:

### PRESENTATION OF FINANCIAL STATEMENTS:

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

### BOOKS OF ACCOUNTS:

Proper books of account of the Company have been maintained.

### ACCOUNTING POLICIES:

Appropriate accounting policies have been consistently applied in preparation of financial and accounting estimate are based on reasonable and prudent judgment.

### COMPLIANCE WITH INTERNATIONAL ACCOUNTING STANDARDS:

International Accounting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed.

### INTERNAL CONTROL SYSTEM:

The system of internal control of the Company is sound and has been effectively implemented and is being monitored by the qualified internal auditors.

### GOING CONCERN:

There are no significant doubts upon the Company's ability to continue as a going concern.

### BEST PRACTICES OF CORPORATE GOVERNANCE:

There has been no material departure from the best practices of corporate governance, as described in the listing regulations of the stock exchanges.

### FINANCIAL DATA OF LAST SIX YEARS:

Key operating and financial data of last six years is annexed.

### OUTSTANDING STATUTORY DUES:

The Company is regular payer of all Government dues and previous record is quite evident and clear in this regard.

### SIGNIFICANT PLANS AND DECISIONS:

As part of its balancing modernization and replacement plan, the Company has added certain machinery to increase the quality of its products.

### MEETINGS OF BOARD OF DIRECTORS:

During the year Seven meetings of the board of Directors of the Company were held. Attendance by each Director in the meeting is as follows:

	Name of Directors	Meeting Attended
1.	Mr. Maqsood Ahmad Butt	7
2.	Dr. Mrs. Naseem Maqsood	5
3.	Mr. Ali Maqsood Butt	7
4.	Mr. Faisal Khan	7
5.	Mr. Durray Zara Butt	4
6.	Dr. Aruj Butt	5
7.	Mr. Muhammad Saeed Akhtar	7

Leave of absence was granted to the directors who could not attend the meeting of the board

**AUDIT COMMITTEE:**

The Board of Directors in compliance to the code of corporate governance has established an audit committee and the following directors are its members.

1.	Muhammad Saeed Akhtar	Chairman
2.	Mr. Maqsood Ahmad Butt	Member
3.	Mr. Ali Maqsood Butt	Member

**EARNING PER SHARES:**

Earning per share for the period ended 30th June 2021 works out to Rs. 1.27 as compared to Rs. 1 per share of the last year.

**AUDITORS:**

The auditors, M/s Qadeer & Company, Chartered Accountants have retired and being eligible, have offered themselves for re-appointment.

The audit committee of the board has recommended to the board their appointment as auditors of the Company for the year 2021-22.

**PATTERN OF SHAREHOLDING:**

Statements showing the Pattern of Shareholding as at 30 June, 2021 required under the Company Act, 2017 and the code of corporate governance are annexed.

**TRADING IN COMPANY'S SHARES:**

The Directors, CEO, traded in the shares of the Company during the year have been disclosed in form 34 attached in this annual report.

**ACKNOWLEDGEMENT:**

We would like to take this opportunity to express our appreciation to the management and employees of the Company for their hard work and dedication. We would also like to express our gratitude to our valued shareholders, customers, suppliers and financial institutions for their cooperation, constant support and trust reposed in your Company.

**FOR AND ON BEHALF OF THE BOARD**

**MR. MAQSOOD AHMAD BUTT FCA**  
(Chairman)

**MR. FAISAL KHAN**  
(Chief Executive)

Lahore  
Dated: November 04, 2021

**آڈیٹرز:**

میسرز قدیر اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے ہیں اور اہل ہونے کے ساتھ دوبارہ تعیناتی کیلئے اپنے آپ کو پیش کر رہے ہیں۔  
بورڈ کی آڈٹ کمیٹی نے سال 2021-22 کے لیے میسرز قدیر اینڈ کمپنی کی تقرری کیلئے بورڈ کو تجویز کیا ہے۔

**شیئر ہولڈنگ کا پیٹرن:**

کمپنی ایکٹ 2017 کے تحت 30 جون 2021 کو شیئر ہولڈنگ کے پیٹرن کو ظاہر کرنے والے بیانات اور کارپوریٹ گورننس کے ضابطہ کے ساتھ منسلک ہیں۔

**کمپنی کے حصص میں تجارت:**

سال کے دوران کمپنی کے حصص کی تجارت کرنے والے ڈائریکٹرز، سی ای او کا انکشاف اس سالانہ رپورٹ میں منسلک فارم 34 میں کیا گیا ہے۔

**اعتراف:**

کمپنی کی انتظامیہ، ملازمین کی محنت اور لگن سے کام کرنے کیلئے تعریف کے مستحق ہیں ہم اپنے قابل قدر حصص یافتگان، گاہکوں، سپلائرز اور مالیاتی اداروں کے تعاون، مدد، مسلسل حمایت اور اعتماد کے شکر گزار ہیں۔

(مقصود احمد بٹ FCA)

(چئیرمین)

فیصل خان

چیف ایگزیکٹو

لاہور

تاریخ: 04 نومبر 2021ء

کے علاوہ ورکنگ کپیٹل میں رکاوٹوں کا سامنا ہے۔ ان پٹ کی لاگت میں اضافے اور اسے صارفین تک پہنچانے کے درمیان وقت کے وقفے میں تھوڑا وقت لگ سکتا ہے۔ اس سے مختصر مدت میں نچلی سطح پر اثر پڑے گا، لیکن یقیناً جانیں، آپ کی کمپنی قیمتوں میں اس طرح کے اضافے کے اثرات کو کم کرنے کی پوری کوشش کر رہی ہے۔

### Corporate and Financial فریم ورک پر تعمیل کا بیان:

انتظامیہ کارپوریٹ اور فنانشل فریم ورک پر عمل درآمد کے بارے میں بخوبی آگاہ ہے بشمول سٹاک ایکسچینج کی اضافی لسٹنگ کے ضابطے کے جن کی تعمیل کے لیے اقدام کیے گئے ہیں۔

مالی بیانات کی پریزنٹیشن:

کمپنی کی انتظامیہ کی طرف سے تیار کیے گئے مالی بیانات، کمپنی کی کاروباری امور، اس کے آپریشنز، اور ایکویٹی کی تبدیلی کے بارے میں مناسب طور پر پیش کرتے ہیں۔

اکاؤنٹس کی کتب:

حساب کتاب کی کتابوں کو صحیح طریقے سے رکھا گیا ہے۔

اکاؤنٹنگ پالیسیاں:

مالی بیانات اور اکاؤنٹنگ تخمینہ کی تیاری میں اکاؤنٹنگ پالیسیوں کے تسلسل کو لاگو کیا گیا ہے۔ جو کہ دانشمندانہ فیصلے پر مبنی ہیں۔

بین الاقوامی اکاؤنٹنگ معیار کے ساتھ تعمیل:

انٹرنیشنل اکاؤنٹنگ سٹینڈرڈ جو کہ پاکستان میں لاگو ہیں، ان کی پیروی کرتے ہوئے مالی بیانات بنائے گئے ہیں اور جہاں پیروی نہیں کی گئی، ان کا انکشاف کر دیا گیا ہے۔

اندرونی کنٹرول کا نظام:

کمپنی کی اندرونی کنٹرول کا نظام مضبوط ہے اور موثر طریقے سے لاگو کیا گیا ہے، اور قابلیت رکھنے والے اندرونی آڈیٹرز کی نگرانی میں ہیں۔

حالیہ تشویش:

ایک جاری تشویش کے طور پر جاری رکھنے کی کمپنی کی صلاحیت پر کوئی خاص شک نہیں ہے۔

کارپوریٹ گورننس کے بہترین طرز عمل:

کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی رخصتی نہیں ہوئی، جیسا کہ اسٹاک ایکسچینج کے لسٹنگ کے ضوابط میں بیان کیا گیا ہے۔

گزشتہ چھ سالوں کا مالیاتی ڈیٹا:

پچھلے چھ سالوں کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا منسلک ہے۔

بقایا قانونی واجبات:

کمپنی تمام سرکاری واجبات کی باقاعدہ ادائیگی کرنے والی ہے اور اس سلسلے میں سابقہ ریکارڈ بالکل واضح اور واضح ہے۔

اہم منصوبے اور فیصلے:

کمپنی کے پیداواری عمل کو جدید، متوازن اور متبادل بنانے کے لیے کمپنی نے کچھ مشینری شامل کی ہے۔

بورڈ آف ڈائریکٹرز کے اجلاس:

سال کے دوران کمپنی کے بورڈ آف ڈائریکٹرز کے سات اجلاس منعقد کئے گئے تھے، ہر ایک کی طرف سے حاضری کی تفصیل یہ ہے۔

1. جناب مقصود احمد بٹ 7
2. ڈاکٹر مسز نسیم مقصود 5
3. جناب علی مقصود بٹ 7
4. جناب فیصل خان 7
5. مسز درے زار ابٹ 4
6. ڈاکٹر عروج بٹ 5
7. محمد سعید اختر 7

جوڈائریکٹرز بورڈ کے اجلاس میں شرکت نہیں کر سکتے تھے، ان کی رخصت دی گئی تھی۔

آڈٹ کمیٹی:

کارپوریٹ گورننس کے کوڈ پر عمل پیرا ہوتے ہوئے بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی قائم کیا ہے اور مندرجہ ذیل ڈائریکٹرز اس کے

اراکین ہیں۔

1. محمد سعید اختر چیئر پرسن
2. مقصود احمد بٹ رکن
3. علی مقصود بٹ رکن

ایک حصص کمائی:

30 جون 2021 کو ختم ہونے والے سال کیلئے ہر 10 روپے کے حصص پر Rs. 1.27 فی حصص خالص آمدنی ہوئی جبکہ 30 جون

2020 کو ختم ہونے والے سال کیلئے ہر حصص پر آمدنی Rs. 1.00 تھی۔



## KEY OPERATING &amp; FINANCIAL DATA FROM 2015 TO 2021

	2016	2017	2018	2019	2020	2021
Net Sales Revenue	1,251,872,885	1,380,753,165	1,162,366,244	1,433,016,290	1,171,354,766	1,391,626,358
Cost of Goods Sold	1,111,629,891	1,221,130,325	1,053,087,323	1,318,726,514	1,021,509,142	1,250,507,329
Gross Profit	140,242,994	159,622,840	109,278,921	114,289,776	149,845,624	141,119,029
Operating Profit/ (Loss)	76,425,274	67,811,308	46,260,375	55,818,562	75,879,091	71,415,072
Profit (Loss) Before Tax	54,820,016	44,465,114	11,278,442	15,057,026	23,062,847	34,610,171
Profit (Loss) After Tax	41,668,897	31,462,159	6,570,286	13,124,928	10,507,364	13,329,587
Paid up Capital	104,578,900	104,578,900	104,578,900	104,578,900	104,578,900	104,578,900
Current Assets	558,523,178	717,764,147	777,259,38	862,540,980	802,155,539	792,098,666
Current Liabilities	426,037,663	648,855,757	755,144,99	878,545,761	795,702,015	771,802,550

Net Sales Revenue  
Cost of Goods Sold  
Gross Profit  
Operating Profit/ (Loss)  
Profit (Loss) Before Tax  
Profit (Loss) After Tax  
Paid up Capital  
Current Assets  
Current Liabilities

## ڈائریکٹرز رپورٹ

آپ کی کمپنی عروج انڈسٹریز لمیٹڈ کے ڈائریکٹرز کمپنی کے 29 ویں سالانہ عام اجلاس کے سامنے 30 جون 2021 میں ختم ہونے والے سال کے لیے آڈٹ شدہ اکاؤنٹس کے ساتھ ساتھ اپنی رپورٹ پیش کرنا چاہیں گے۔

سیلز	سال 30 جون 2021	سال 30 جون 2020
کل منافع	1,391,626,358	1,171,354,766
منافع/ (نقصان) ٹیکسیشن سے پہلے	141,119,029	149,845,624
ٹیکسیشن	34,610,171	23,062,847
منافع/ (نقصان) ٹیکسیشن سے بعد	21,280,584	12,555,483
فی شیر آمدنی	13,329,587	10,507,364
	1.27	1.00

## نمایاں خصوصیات؛

آپ کی کمپنی نے پچھلے مالی سال کے مقابلے میں 18.8% کی فروخت میں خالص اضافہ کا انتظام کیا ہے۔ ہمارے پروسیسنگ یونٹ نے پچھلے سال میں سازگار حالات دیکھے۔ چونکہ دنیا بھر سے COVID-19 کی پابندیاں ختم ہو رہی ہیں، اندرون اور بیرون ملک ٹیکسٹائل کی مضبوط مانگ ہے، بشمول خوردہ فروخت۔ ان دونوں عوامل نے گزشتہ سال کی اسی مدت کے مقابلے میں مقامی فروخت کو 49.26 فیصد تک بڑھانے میں مدد کی۔ آپ کی کمپنی آنے والے مالی سال کے لیے اس رفتار کو برقرار رکھنا چاہے گی، کیونکہ پروسیسنگ کی مانگ مضبوط ہے۔ جبکہ آپ کی کمپنی کو وڈ 19 سے پہلے کے ادوار سے فروخت کی سطح کو برقرار رکھنے کے لیے سخت محنت کر رہی ہے، یہ مشکل ثابت ہوئی تھی۔ لیکن، ہماری برآمدی منڈیوں (برطانیہ، یورپی یونین) کے کھلنے کے ساتھ، ہم آنے والے مالی سال میں برآمدات میں اضافے کی پیش گوئی کر رہے ہیں، کیونکہ طلب سابقہ سطح پر واپس آ رہی ہے۔

جب کہ ہم پر امید ہونے کی اچھی وجوہات دیکھتے ہیں، ہم کچھ رکاوٹوں کا اندازہ لگاتے ہیں جن پر ہمیں قابو پانے کی ضرورت ہے۔ کپاس، رنگوں اور کیمیکلز اور دیگر اشیاء کی قیمتوں میں غیر معمولی اضافے کی وجہ سے، کمپنی کو پورے بورڈ میں توانائی کی قیمتوں میں زبردست اضافے

## STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES

(Code of Corporate Governance ) Regulations, 2019

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

1. The total number of directors are 7 as per the following:

- |    |          |    |
|----|----------|----|
| a. | MALE :   | 04 |
| b. | FEMALE : | 03 |

2. The composition of board is as follow:

Category	Names
Independent Director	o Mr. Muhammad Saeed Akhtar
Executive Directors	o Mr. Faisal Khan
	o Mrs. Durray Zara Butt
-	o Mr. Ali Maqsood Butt
Non Executive Directors	o Mr. Maqsood Ahmad Butt -Chairman
	o Dr. Mrs. Naseem Maqsood Butt
	o Dr. Aruj Butt

The Company has not appointed at least two or one third members of the Board, whichever is higher, as independent directors. However, the Company is looking for independent directors to comply with the requirements.

Further, the Company has not complied with the requirement that executive directors, including the chief executive officer, shall not be more than one third of the Board. The Board is also in the process to comply with the requirement at their earliest.

3. The directors have confirmed that none of them is serving as a director on more than **s e v e n** listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
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. A complete record of particulars of significant policies along with the dates 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 chairman and, in his 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. No director have attended director's training program during the year.
10. No appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit have been made during the year.

11. Chief Financial Officer (CFO) and Chief Executive Officer (CEO) duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:

**a) Audit Committee**

- Mr. Muhammad Saeed Akhtar - Chairman/ member
- Mr. Maqsood Ahmed Butt - member
- Mr. Ali Maqsood Butt - member

**b) HR and Remuneration Committee**

- Mr. Muhammad Saeed Akhtar - Chairman/ member
- Dr. Mrs. Naseem Maqsood Butt - member
- Dr. Aruj Butt - member

13. The terms of references of the aforesaid committee have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committees were as per following:

- |    |                               |     |
|----|-------------------------------|-----|
| a) | Audit Committee               | (5) |
| b) | HR and Remuneration Committee | (1) |

15. The Board has set up an effective internal audit function supervised by a qualified Accountant, who is being assisted by in house executives to carry out the Internal Control functions. The Head of Internal Audit is suitably qualified and experienced for the purpose and is 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 ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirements the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements (except of non-compliances stated in serial # 3 above) of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and.

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

**STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES**  
(Code of Corporate Governance ) Regulations, 2019

Non-Mandatory Requirement	Reg. No.	Explanation
<b>Regulations are partially complied. Nomination Committee:</b>  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.	29(1)	Currently, the board has not constituted a separate Nomination Committee and the functions are being performed by the Human Resource & Remuneration Committee.
<b>Risk Management Committee:</b>  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.	30(1)	The Board has not constituted a separate risk management committee however the risk is managed at respective department level which is also supervised by the departmental head.

\_\_\_\_\_  
(Mr. Maqsood Ahmad Butt )  
(Chairman)  
Lahore  
Dated: November 04, 2021

\_\_\_\_\_  
(Mr. Faisal Khan)  
(Chief Executive)  
Lahore  
Dated: November 04, 2021

**Independent Auditor's Review Report to the Members**  
**Of ARUJ INDUSTRIES LIMITED**

**Review Report On The Statement Of Compliance Contained**  
**In Listed Companies (code Of Corporate Governance) Regulations, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Aruj Industries 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 a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

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

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

Further, we highlight below instance(s) of non-compliance with the requirement(s) of the Codes as reflected in the note/ paragraph reference where it/these is/are stated in the Statement of Compliance:

Paragraph Reference	Description
2	*The Company has not appointed at least two or one third members of the Board, whichever is higher, as independent directors. However, the Company is looking for independent directors to comply with the requirements.
2	**Further, the Company has not complied with the requirement that executive directors, including the chief executive officer, shall not be more than one third of the Board. The Board is also in the process to comply with the requirement at their earliest.

**Lahore,**  
**Dated: November 04, 2021**

**QADEER AND COMPANY,**  
**CHARTERED ACCOUNTANTS**  
**ENGAGEMENT PARTNER**  
**ABDUL RAHMAN, ACA**

INDEPENDENT AUDITOR'S REPORT

To the members ofARUJ INDUSTRIES LIMITED

Report on theAudit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Aruj Industries 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, statement of profit or loss and 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 income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

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

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

The engagement partner on the audit resulting in this independent auditor's report is **Abdul Rahman**.

Lahore,  
Dated: November 04, 2021

Qadeer and Company,  
Chartered Accountants



## STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2021

	Note	2021	2020
		Rupees	
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital			
12,500,000 ordinary shares of Rs. 10/- each		125,000,000	125,000,000
Issued, subscribed and paid up capital	5	104,578,900	104,578,900
Capital reserve	6	100,000,000	100,000,000
Directors' Loan	7	90,398,538	87,448,538
Unappropriated profit		110,256,213	98,894,561
		405,233,651	390,921,999
<b>Non-current liabilities</b>			
Long term loan	8	12,012,982	-
Lease liabilities	9	113,877	5,363,183
Deferred liabilities	10	62,861,264	56,397,744
		74,988,124	61,760,927
<b>Current liabilities</b>			
Trade and other payables	11	226,073,132	233,084,016
Unclaimed dividend		2,290,218	2,290,218
Accrued markup	12	4,071,310	11,097,362
Short term borrowings	13	491,291,568	508,626,794
Current portion of long term loan		24,025,772	-
Current portion of lease liabilities		7,027,380	27,748,819
Provision for taxation	14	17,023,170	12,854,806
		771,802,550	795,702,015
<b>Contingencies and commitments</b>			
	15	-	-
<b>Total equity and liabilities</b>		<b>1,252,024,325</b>	<b>1,248,384,941</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	16	368,764,987	400,164,402
Capital work in progress	17	84,898,140	36,251,914
		453,663,127	436,416,316
Long term deposits	18	6,262,532	9,813,086
		459,925,659	446,229,402
<b>Current assets</b>			
Stores, spares and loose tools	19	19,740,909	13,528,250
Stock in trade	20	251,827,225	286,100,101
Trade debts	21	278,755,276	326,115,399
Loans, advances and other receivables	22	162,420,472	96,879,289
Trade deposits and short term prepayments	23	145,236	174,081
Tax refunds due from the Government	24	57,861,791	57,777,941
Cash and bank balances	25	21,347,757	21,580,478
		792,098,666	802,155,539
<b>Total assets</b>		<b>1,252,024,325</b>	<b>1,248,384,941</b>

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

**FAISAL KHAN**  
CHIEF EXECUTIVE

**ALI MAQSOOD BUTT**  
DIRECTOR

**MRS. DURRAY ZARA BUTT**  
CHIEF FINANCIAL OFFICER

## ARUJ INDUSTRIES LTD.

## STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		Rupees	
Sales - net	26	1,391,626,358	1,171,354,766
Less: Cost of sales	27	1,250,507,329	1,021,509,142
<b>Gross Profit</b>		<b>141,119,029</b>	<b>149,845,624</b>
Less: Selling and Distribution cost	28	27,195,628	32,643,977
Less: Administrative expenses	29	42,508,329	41,322,556
<b>Operating Profit</b>		<b>71,415,072</b>	<b>75,879,091</b>
Less: Finance cost	30	35,194,405	55,281,763
Less: Other expenses	31	2,565,093	1,709,276
		33,655,574	18,888,052
Add: Other Income	32	954,597	4,174,795
<b>Profit before taxation</b>		<b>34,610,171</b>	<b>23,062,847</b>
Taxation	33	21,280,584	12,555,483
<b>Profit for the year</b>		<b>13,329,587</b>	<b>10,507,364</b>
<b>Earnings per share - basic and diluted</b>	<b>34</b>	<b>1.27</b>	<b>1.00</b>

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

**FAISAL KHAN**  
CHIEF EXECUTIVE

**ALI MAQSOOD BUTT**  
DIRECTOR

**MRS. DURRAY ZARA BUTT**  
CHIEF FINANCIAL OFFICER



## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2021

		2021	2020
	Note	Rupees	
Profit for the year		13,329,587	10,507,364
<b>Other comprehensive (loss) / Income</b>			
Items that will not be subsequently reclassified to profit and loss:			
Remeasurement of staff retirement benefit	10.08	(1,967,935)	(160,414)
<b>Total comprehensive income for the year</b>		<b>11,361,652</b>	<b>10,346,950</b>

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

**FAISAL KHAN**  
CHIEF EXECUTIVE

**ALI MAQSOOD BUTT**  
DIRECTOR

**MRS. DURRAY ZARA BUTT**  
CHIEF FINANCIAL OFFICER

## ARUJ INDUSTRIES LTD.

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2021

		2021	2020
	Note	Rupees	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		34,610,171	23,062,847
Adjustment for:			
Depreciation		33,239,707	37,601,168
Financial Charges		35,194,405	55,281,763
Gain on Disposal		-	(1,017,381)
Provision for staff retirement benefits		9,512,307	8,748,176
Worker's welfare fund		706,330	470,670
Worker's profit participation fund		1,858,763	1,238,606
		80,511,512	102,323,002
<b>Profit before working capital changes</b>		<b>115,121,683</b>	<b>125,385,849</b>
(Increase)/decrease in current assets:			
Stores, spare parts and loose tools		(6,212,659)	(231,504)
Stock in trade		34,272,876	(26,150,529)
Trade debts		47,360,123	98,211,786
Loans and advances		(67,831,760)	9,737,628
Trade deposits and short term prepayments		28,845	276,365
Tax refunds due from the Government		(83,850)	(8,056,900)
Increase/(decrease) in current liabilities:			
Trade and other payables		(8,337,344)	(175,297,507)
		(803,769)	(101,510,661)
<b>Cash generated from operations</b>		<b>114,317,914</b>	<b>23,875,188</b>
Financial charges paid		(42,220,457)	(53,140,923)
Staff retirement benefits paid		(8,354,250)	(1,997,532)
Workers' profit participation fund paid		(1,238,633)	(709,124)
Taxes paid		(11,484,115)	(9,948,477)
Net cash inflow from operating activities		51,020,459	(41,920,868)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Long-term security deposits		29,402	(550,420)
Fixed capital expenditure		(1,840,292)	(1,821,499)
Capital work in progress		(48,646,226)	(11,038,526)
Disposal proceeds		-	2,300,000
Net cash used in investing activities		(50,457,116)	(11,110,445)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds / (Repayment) from/(to) directors' loans - Net	38	2,950,000	(420,000)
Proceeds / (Repayment) of lease liabilities - Net		(22,449,593)	(24,167,362)
Proceeds / (Repayment) from Long term loan - Net	8.10	36,038,755	
Proceeds / (Repayment) from short term borrowings - Net		(17,335,226)	89,251,547
Dividend paid		-	-
Net cash used in financing activities		(796,064)	64,664,185
Net (decrease) / increase in cash and cash equivalents		(232,721)	11,632,872
<b>Cash and cash equivalents at the beginning of the year</b>		<b>21,580,478</b>	<b>9,947,606</b>
<b>Cash and cash equivalents at the end of the year</b>	25	<b>21,347,756</b>	<b>21,580,478</b>

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

**FAISAL KHAN**  
CHIEF EXECUTIVE

**ALI MAQSOOD BUTT**  
DIRECTOR

**MRS. DURRAY ZARA BUTT**  
CHIEF FINANCIAL OFFICER

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2021

	SHARE CAPITAL	CAPITAL RESERVE	DIRECTORS' LOAN	UNAPPROPRIATED PROFIT	TOTAL
	(RUPEES)				
BALANCE AS AT JUNE 30, 2019	104,578,900	100,000,000	87,868,538	88,547,611	380,995,049
Loan From Directors	-	-	(420,000)	-	(420,000)
Transaction with owners	-	-	(420,000)	-	(420,000)
Profit for the year	-	-	-	10,507,364	10,507,364
Other comprehensive income / (loss)	-	-	-	(160,414)	(160,414)
Total comprehensive income for the year:	-	-	-	10,346,950	10,346,950
BALANCE AS AT JUNE 30, 2020	104,578,900	100,000,000	87,448,538	98,894,561	390,921,999
Loan from directors	-	-	2,950,000	-	2,950,000
Transaction with owners	-	-	2,950,000	-	2,950,000
Profit for the year	-	-	-	13,329,587	13,329,587
Other comprehensive income / (loss)	-	-	-	(1,967,935)	(1,967,935)
Total comprehensive income for the year:	-	-	-	11,361,652	11,361,652
BALANCE AS AT JUNE 30, 2021	104,578,900	100,000,000	90,398,538	110,256,213	405,233,651

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

# ARUJ INDUSTRIES LTD.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

## 1 LEGAL STATUS AND OPERATIONS

- 1.1 Aruj Industries Limited ("the Company") was incorporated in Pakistan on December 31, 1992 under the Companies Ordinance, 1984 (now the Companies Act 2017), as a Public Company, limited by shares and quoted on Pakistan Stock Exchange Limited. The company is principally engaged in manufacturing of Fusible Interlining and Dying / Bleaching / Stitching of Fabric. The Company commenced its commercial operations on May 15, 1995.

The geographical location and address of the Company's business units, including mills/plant is as under:

<b>Geographical location</b>	<b>Business Units</b>
2-KM, Off Raiwind Manga Road, Raiwind, Lahore.	Head Office
1-KM, Raiwind Road, Thokar Niaz Baig, Lahore.	Branch Office and shop

## 2 STATEMENT OF COMPLIANCE

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

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

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

### 2.01 New standards, amendments to approved accounting and reporting standards and new interpretations

There were certain amendments to accounting and reporting standards which became effective for the Company for the current year. However, these are considered not to be relevant or to have any significant impact on the Company's financial reporting except some additional disclosures and, therefore, have not been disclosed in these financial statements.

### 2.02 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company as on reporting date.

The following new/revised standards, amendments and improvements with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretations:

IAS-1	Presentation of Financial Statements; Classification of liabilities as current or non-current (Amendments)	1-Jan-23
IAS 7 & IAS 9	Interest Rate Benchmark Reform - Phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	1-Jan-22
IAS-8	Accounting Policies, Changes in Accounting Estimates and Errors; Definition of Accounting estimates (Amendments)	1-Jan-23
IAS-12	Income Taxes (The ammendments to narrow the scop of initial recognition exemption)	1-Jan-23
IAS-37	Provision, contingent liabilities and contingent assets Amendments regarding the cost to include when assessing whether a contract is onerous	1-Jan-22
IAS-16	Property, Plant and Equipment Amendment prohibiting the company from deducting from the cost of property,plant and equipmentamounts received from selling items produced while the company is preparing the asset for its intended use.	1-Jan-22
IAS-41	Amendment resulting from Annual Improvements to IFRS Standards 2018-2020 (the requirement in paragraph of IAS 41 for the entities to exclude taxation cash flows when measuring the fair value of biological assets using a present value technique)	1-Jan-22
IFRS-1	First time adoption of International Financial Reporting Standards ammendments resulting from Annual improvemennts of IFRS standards 2018-2020 (Subsidiary as a first-time adopter )	1-Jan-22
IFRS-3	Business combination ; Amendments updating a refrence to conceptual framework	1-Jan-22
IFRS-4	Insurance Contracts ; Amendments regarding the expiry date of the deferral approach	1-Jan-23

IFRS-9	Financial instruments; Fees in the '10 percent' test for derecognition of financial liabilities (Amendments)	1-Jan-22
IFRS-16	Leases (Extention in respect of the practical expedient for COVID-19 related to rent concession by one year).	1-Jul-21
IFRS-16	Amendment resulting annual improvements to IFRS standards 2018-2020(to resolve any potential confusion that might arise in the lease incentives)	1-Jan-22
IFRS-10	Consolidated Financial Statements and IAS 28 Investment In associate and joint venture ; ammendment regarding sale or contribution of assets between an investor and its associate or joint venture.	Not yet finalized
IAS-41	Agriculture; Taxation in fair value measurements (Amendments)	1-Jan-22

It is anticipated that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than the impact on presentation/disclosures.

International Accounting Standards Board (IASB) has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts

3 BASIS OF PREPARATION

3.01 Basis of Measurement

These financial statements have been prepared under the "historical cost" convention, except as otherwise stated in respective policies and notes hereunder. In these financial statements, except for staff retirement benefits at present value and the Statement of Cash Flows, all transactions have been accounted for on accrual basis.

3.02 Functional and presentation currency

Items included in the financial statements are prepared using the currency of the primary economic environment in which the Company operates i.e. Pakistan Rupees which is the Company's functional and presentation currency.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set-out below. These policies have been consistently applied to all the years presented.

4.01 Foreign currency translation

Transactions in foreign currencies are translated in Pakistan rupees (functional and presentation currency) at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistan rupees at the rates of exchange approximating those prevalent at the statement of financial position date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss.

4.02 Staff retirement benefits

The Company operates an unfunded gratuity scheme covering its permanent employees. Employees are eligible for benefits under this scheme after the completion of a prescribed qualifying period of service. The latest actuarial valuation was carried out as at June 30, 2021. Charge for the current year is based on estimates provided by the actuary as at June 30, 2021. All actuarial gains and losses (i.e. remeasurements) are recognized in 'other comprehensive income' as they occur.

4.03 Trade debts

Trade debts originated by the Company are recognized and carried at original invoice amount less an expected credit losses. Subsequently these are valued at amortized cost. An estimated provision for doubtful debt is made when collection of the amount is no longer probable based on expected credit loss.

4.04 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

4.05 Long Term Deposits

These are stated at cost or amortized cost which represents the fair value of consideration given.

4.06 Contingent liabilities

Contingent liability is disclosed when:

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

4.07 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flow, cash and cash equivalents comprise cash in hand and cash with banks in current accounts.

4.08 Contingent assets

Contingent assets are disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization become virtually certain.

4.09 Taxation

a Current

Provision for current taxation is the amount computed on taxable income at the current rates of taxation or alternative corporate tax computed on accounting income or minimum tax on turnover, whichever is higher, and taxes paid / payable on final tax basis, after taking into account tax credit available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from the assessment made / finalized during the year. Taxes paid during the year or withheld at source are shown as advance payments and are adjusted at the time of filing of Income Tax Return. Amount of tax paid in excess of tax payable as per Income Tax Return is booked as refundable.

b Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all major temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all major taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax assets and liabilities are calculated at the rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the income.

4.10 Property, plant and equipment

Property, plant and equipment except freehold land are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Freehold land is stated at cost less any identified impairment loss. Cost in relation to certain property, plant and equipment signifies historical cost, applicable exchange differences on foreign currency loans and directly attributable cost of bringing the asset to working condition. Borrowing cost pertaining to the construction/ erection period is also capitalized as part of historical cost.

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

Depreciation on property, plant and equipment except for the freehold land is charged to the statement of profit or loss applying the reducing balance method so as to write off the depreciable amount of the assets over their estimated useful lives at the rates specified in the respective note to the financial statements. The Company charges the depreciation on additions from the date when the asset is available for use and to the preceding day when the asset is de-recognized.

The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each statement of financial position date.

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the statement of profit or loss in the year the asset is de-recognized.

4.11 Capital work in progress

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



4.12 Impairment of non-financial assets

Carrying amounts of the Company's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and impairment loss is recognized in the statement of profit or loss.

4.13 Accounting for finance lease

IFRS 16 supersedes IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains a Lease', SIC 15 'Operating leases - incentives' and SIC 27 'Evaluating the substance of transactions involving the legal form of a lease'. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of July 01, 2019. Under this method, the standard is applied retrospectively with cumulative effect of initially applying standard recognized at the date of initial application and accordingly the Company is not required to restate prior year results. The Company also elected to use the recognition exception for lease contracts that, at the commencement date, have a lease term of twelve months or less and do not contain a purchase option (short term leases).

Adoption of IFRS 16 does not have any material impact on financial statements except reclassification of 'Leased assets' as 'Right-of-use assets' and 'Liabilities against assets subject to finance lease' as 'Lease Liabilities'.

The Company has lease contracts for vehicles and plant and machinery. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Company; otherwise it was classified as an operating lease. Finance leases were capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognized as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalized and the lease payments were recognized as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognized under Prepayments and Trade and other payables, respectively.

Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases, except for short-term leases. The standard provides specific transition requirements and practical expedients, which has been applied by the Company.

The Company did not change the initial carrying amounts of recognized assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognized under IAS 17). Also, the Company did not have operating leases during the current.

As a result of adoption of IFRS 16, the Company has adopted following new accounting policy:

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Company mainly leases vehicles and plant and machinery for its operations. The Company recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- The initial direct costs; and
- Restoration cost (if any).

Subsequently, right-of-use assets are recognized at cost less any accumulated depreciation and impairment losses if any, and adjusted for certain re-measurements of the lease liability. The right-of-use asset is depreciated using the reducing balance method over the asset's useful life. The estimated useful lives of assets are determined on the same basis as that for owned assets.

4.14 Stores, spares and loose tools

Usable stores and spares are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus incidental charges paid thereon. Provision for obsolete and slow moving stores and spares is based on management's estimate.

4.15 Stock-in-trade

These are valued at lower of cost or net realizable while the cost is calculated using the following basis:

- Raw materials - At weighted average cost.
- Work in process - At average manufacturing cost.
- Finished goods - At average manufacturing cost.
- Wastes - At net realizable value.

Raw material is stated at weighted average except items in transit which are valued at cost accumulated up to the balance sheet date. Cost of work in process and finished goods comprises of cost of direct materials, labour and appropriate manufacturing overheads. Net realizable value of finished goods and waste represents estimated selling prices in the ordinary course of business less incidental selling expenses.

4.16 Revenue recognition

Revenue from local sale of goods be recognized at the point in time when control of goods is transferred to the customer, which is when the goods are dispatched to the customer and invoices are generated.

Local sale

The revenue from sale of goods is recognized at the point in time when control of the goods is transferred to the customer, generally on dispatch of products from the mill.

Export sale

The revenue from sale of goods is recognized at the point in time when control of the goods is transferred to the customer, dependent on the related inco-terms generally on date of bill of lading or delivery of the product to the port of destination.

Export rebate and Duty Drawbacks are accrued on the basis of actual export proceeds realized.

4.17 Rendering of services

Revenue from garments stitching and fabric processing services to local customers is recognized at the point in time, generally on dispatch of the processed fabric from the factory.

4.18 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

The Company classifies its financial assets in the following categories: at fair value through statement of profit or loss, fair value through other comprehensive income and amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. All the financial assets of the Company as at statement of financial position date are carried at amortized cost.

A financial asset is measured at amortized cost if it meets both the following conditions and is not designated as at fair value through statement of profit or loss:

- (i) it is held with in a business model whose objective is to hold assets to collect contractual cash flows; and
- (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company recognizes loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost and contract assets. The Company measures loss allowance at an amount equal to lifetime ECLs.

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

At each reporting date, the Company assesses whether the financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortized costs are initially measured at fair value minus transaction costs. Financial liabilities at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit or loss. Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortized cost using the effective yield method. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit or loss.

4.19 Offsetting of financial assets and liabilities

A financial asset and a financial liability is offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognized amount and the Company intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.20 Loans and receivables

These are initially measured at the fair value of the consideration receivable. Subsequently these are valued at amortized cost. These assets are written off when there is no reasonable expectation of recovery, based on the expected credit loss.

4.21 Related party transactions

All transactions with related parties are carried out by the Company at arms' length. Nature of the related party relationship as well as information about the transactions and outstanding balances are disclosed in the relevant notes to the financial statements.

4.22 Impairment

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income currently. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

**4.23 Borrowings and their costs**

Borrowings are recognized initially at fair value, net of transaction costs incurred, and subsequently at amortized cost. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are charged to statement of profit or loss in the period in which these are incurred.

**4.24 Dividend and other appropriations**

Dividend is recognized as a liability in the period in which it is declared. Appropriations of profits are reflected in the statement of changes in equity in the period in which such appropriations are approved.

**4.25 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer has been identified as the 'chief operating decision-maker', who is responsible for allocating resources and assessing performance of the operating segments.

**4.26 Share capital**

Ordinary shares are classified as equity and recognized at their face value.

**4.27 Provisions**

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

**4.28 Fair values of financial assets and liabilities**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

As at June 30, 2021, all financial assets and financial liabilities are carried at amortized cost.

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred.

The Company's policy for determining when transfers between levels in the hierarchy have occurred includes monitoring of the following factors:

- changes in market and trading activity (eg. significant increases / decreases in activity)
- changes in inputs used in valuation techniques (eg inputs becoming / ceasing to be observable in the market)

There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year.

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

**4.29 Foreign currency transactions and translation**

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the reporting date. Foreign exchange gains and losses on translation are recognized in the statement of profit or loss.

**5 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**

	Note	2021 Rupees	2020
7,058,190 (2020: 7,058,190) ordinary shares of Rs. 10/- each fully paid in cash		70,581,900	70,581,900
3,399,700 (2020: 3,399,700) ordinary shares of Rs. 10/- each issued for consideration other than cash	5.1	33,997,000 104,578,900	33,997,000 104,578,900

- 5.1 These include shares issued against acquisition of assets.

	Note	2021	2020	
		Rupees		
5.2	The Shareholders' rights and privileges are governed through The Companies Act, 2017 and the rules and regulations made thereunder; the Company's Memorandum and Articles of Association and there is no specific shareholder's agreement executed for voting rights, board selection, right of first refusal and block voting.			
6	<b>CAPITAL RESERVE</b>			
	These reserves represents the amount set aside from unappropriated profits and utilized for the purpose of capital expenditures in factory building and plant and machinery.			
7	<b>DIRECTOR'S LOAN</b>			
	Loan from directors - unsecured	7.2	90,398,538	87,448,538
7.1	These loans are accounted for under Technical Release - 32 "Accounting Director's Loan" issued by the Institute of Chartered Accountants of Pakistan effective for the financial statements for the period beginning on or after January 01, 2016 with earlier application permitted.			
7.2	This loan has been obtained from Directors of the Company, and is interest free. There is no fixed tenor or schedule for repayment of this loan. According to the loan agreement, the lenders shall not demand repayment and the same is entirely at the Company's option. This loan is for the purpose of capaital expenditure or otherwise as the Board deem fit. Directors include Mr. Maqsood Ahmed butt (15.9 % shareholding) and Mr. Ali Maqsood butt (22.08 % shareholding).			

	2021			2020		
	Future Minimum Lease Payments	Finance Cost	Present Value	Future Minimum Lease Payments	Finance Cost	Present Value
RUPEES						
Not later than one year	7,210,349	182,969	7,027,380	29,848,819	2,100,000	27,748,819
Later than one year but not later than five years	114,883	1,006	113,877	5,536,610	173,427	5,363,183
Total future minimum lease payments	7,325,232	183,975	7,141,257	35,385,429	2,273,427	33,112,002



This represents vehicles, plant and machinery acquired under lease arrangements. The leases are secured by 10% down payment, insurance in lessor's favor and post dated cheques in favor of lessor for entire principal along with markup amount. Rentals are payable monthly. The leases are priced at six month KIBOR plus 2.75% to 3% per annum (2020: six month KIBOR plus 2.75% to 3% per annum). Under the terms of agreement, taxes, repairs, replacements and insurance costs in respect of assets subject to lease are borne by the Company. The Company also has the option to acquire these assets at the end of the respective lease terms and intends to exercise the option.

		2021	2020
	Note	Rupees	
<b>10 DEFERRED LIABILITIES</b>			
Deferred tax - net	10.01	21,703,855	18,366,327
Employees retirement benefits	10.04	41,157,409	38,031,417
		<u>62,861,264</u>	<u>56,397,744</u>
<b>10.01 DEFERRED TAX - NET</b>			
Taxable temporary differences / (deductible temporary differences) arising in respect of:			
Accelerated depreciation		22,415,802	17,953,087
Employees retirement benefits		(5,728,127)	(4,726,397)
Finance lease and others		5,016,180	5,139,637
		<u>21,703,855</u>	<u>18,366,327</u>

10.02 The movement In temporary differences are as follows :

	Balance as at July 01, 2019	Recognized in profit & loss	Balance as at July 01, 2020	Recognized in profit & loss	Balance as at June 30, 2021
(RUPEES)					
<b>Deferred tax Debits:</b>					
Employees retirement benefits	(4,036,174)	(690,222)	(4,726,396)	(1,001,730)	(5,728,126)
	<u>(4,036,174)</u>	<u>(690,222)</u>	<u>(4,726,396)</u>	<u>(1,001,730)</u>	<u>(5,728,126)</u>
<b>Deferred tax Credits:</b>					
Accelerated depreciation	16,655,312	1,297,775	17,953,087	4,462,715	22,415,802
Finance lease and Others	5,785,686	(646,049)	5,139,637	(123,457)	5,016,180
	<u>18,404,824</u>	<u>(38,496)</u>	<u>18,366,328</u>	<u>3,337,528</u>	<u>21,703,856</u>

10.03 Deferred tax asset of Rs. 11.92 millioin (2020: 9.27 million) on minimum tax and carry forward of tax losses has not been recognized due to uncertainty of adjustments in foreseeable futures.

		2021	2020
	Note	Rupees	
<b>10.04 EMPLOYEES RETIREMENT BENEFITS</b>			
<i>statement of financial position :</i>			
Present value of defined benefit obligation	10.06	41,157,409	36,834,561
Benefits payable as at end of the year		-	1,196,856
<i>Balance sheet liability</i>		<u>41,157,409</u>	<u>38,031,417</u>

	Note	2019-20	2018-19
		Rupees	
<b>10.05 Statement of financial position for the previous year</b>			
Present value of defined benefit obligations as at 30th June BoY		38,031,417	29,923,503
plus payables			1,196,856
Less Fair Value of Plan Assets		-	-
<b>Net Define Benefit Liability as at 30th June BoY</b>		<u>38,031,417</u>	<u>31,120,359</u>
		<b>2020-21</b>	<b>2019-20</b>
		Rupees	
<b>10.06 Reconciliation of Present Value of Defined Benefit Obligations</b>			
Present Value of Defined Benefit Obligations as at 30th June BoY		38,031,417	31,120,359
Service Cost (Current service cost + Past service cost + gain/losses on settlement)		6,685,559	5,132,584
Interest on Defined Benefit Liability		2,826,748	3,615,592
Benefits paid		(8,354,250)	(1,997,532)
Actuarial (gain)/losses		1,967,935	160,414
<b>Present Value of Defined Benefit Obligations as at 30th June EoY</b>		<u>41,157,409</u>	<u>38,031,417</u>
<b>10.07 Amount Chargeable to Profit &amp; Loss for the current year</b>			
Service Cost (Current service cost + Past service cost + Gain/losses on settlement)		6,685,559	5,132,584
Net Interest on Defined Benefit Liability (Asset)		2,826,748	3,615,592
<b>Total Amount Chargeable to P&amp;L Account</b>		<u>9,512,307</u>	<u>8,748,176</u>
		Head office	1,489,015
		Other Staff	7,259,161
<b>Total Amount Chargeable To P&amp;L Account</b>		<u>9,512,307</u>	<u>8,748,176</u>
<b>10.08 Measurement of Net Defined Benefit Liability</b>			
Actuarial (gain)/losses due to changes in Demographic Assumptions		-	-
Actuarial (gain)/losses due to changes in Financial Assumptions		-	-
Actuarial (gain)/losses due to experience adjustments		1,967,935	160,414
Return on Plane Assets		-	-
Effect of Changes in Asset Ceiling		-	-
<b>Amount chargeable to Other Comprehensive Income (OCI)</b>		<u>1,967,935</u>	<u>160,414</u>
<b>10.09 Statement of Financial Position as at 30th June End of the Year (EoY)</b>			
Present Value of Defined Benefit Obligation as at 30th June EoY		41,157,409	36,834,561
Plus Payables		-	1,196,856
Less Fair Value of Plan Assets		-	-
<b>Net Defined Benefit Liability as at 30th June EoY</b>		<u>41,157,409</u>	<u>38,031,417</u>
		<b>2020-21</b>	<b>2019-20</b>
		Rupees	
<b>10.10 Estimated Expense Chargeable to Profit &amp; Loss for the Next Year</b>			
Service Cost		6,789,019	6,685,559
Net Internet Cost on Net Defined Benefit Liability		4,115,741	2,826,748
<b>Total Amount Chargeable to P &amp; L Account</b>		<u>10,904,760</u>	<u>9,512,307</u>
		<b>2020-21</b>	<b>2019-20</b>
		Rupees	
<b>10.11 Reconciliation of Net Defined Benefit Liability</b>			
Defined Benefit Liability as at 30th June BoY		38,031,417	31,120,359
Cost Chargeable to P&L		9,512,307	8,748,176
Cost Chargeable to OCI		1,967,935	160,414
Benefit Paid during the Year		(8,354,250)	(1,997,532)
<b>Net Defined Benefit Liability as at 30th June EoY</b>		<u>41,157,409</u>	<u>38,031,417</u>
<b>10.12 Sensitivity Analysis as at 30.06.2021</b>			
	Change in assumptions	PVDBO in Rs.	
	Discount Rate+1%	37,631,396	
	Discount Rate-1%	45,012,699	
	Salary income+1%	45,013,805	
	Salary income-1%	37,631,858	

10.13 Method and Assumptions

Valuation Method Used

IAS-19 mandates projected units credit (PUC) Method (which is an Actuarial Technique) to determine the present value of define benefit obligation, current service cost and past service cost. The same method is used the underlying valuation.

Assumptions

The economic and demographic assumption used in the valuation are unbiased, mutually compatible and best estimates as per the requirements of IAS-19. Financial assumptions are based on market expectations as at the valuation date. These assumptions are as follows:

Discount Rate

The market of high quality corporates bonds is not deep enough in Pakistan. Therefore, discount rate is based on market yields on Government bonds as at the valuation date. The discount rate used for the valuation is 10% per anum.

Rate of Growth in Salary

The Gratuity benefits are calculated using the Gross Salary. In view of the market expectations and long-term monetary policy of the State Bank regarding inflation, it has been assumed that the average rate of long-term future Salary increase will be 9% per anum.

Mortality, Withdrawal, Disability Retirement Rates

The mortality rates used for active employees are based on SLIC (2001-05) Mortality Table.

The rates for withdrawal from service and retirement on ill- health grounds are based on industry / country experience.

Comparison of Assumption with previous valuation

	2020-21	2019-20
Discount rate	10.00%	8.50%
Expected rate of salary increase in future years	9.00%	7.50%
Average Expected Remaining Working Lifetime of employees	10 Years	11 Years
Average Duration of Liability	9 Years	9 Years
Normal Retirement Age	60 Years	60 Years

The critical gap between the discount rate and salary growth rates one percentage point (1%). This difference is consistent with previous year's assumptions. Therefore, no significant gain/loss would arise due to change in economic assumptions.

Risk associated with the scheme

Interest Rate Risk

The present value of the defined benefit liability is calculated using the discount rate by the reference to the market yields at the end of the reporting period on high quality corporate bonds, or where there is no Deep market in such bonds, by reference to market yields on government bonds. Currencies and terms of bond yields used must be consistent with the currency and estimated term of the post-employment benefit obligation being discontinued. A decrease in bond interest rates will increase the liability, and vise versa.

Salary Risk

The present value of defined benefit liability is calculated be reference to the future salaries of plan participants. As such, an increase in the salary of plan participants will increase the salary and vise versa.

Withdrawal Rate Risk

The present value of defined benefit liability is calculated be reference to the best estimate of the withdrawal rate / attrition rate of plan participants. As such, an increase in the withdrawal rate may increase/decrease the liability and vice versa depending on the age-service distribution of existing employees.

Mortality Rate Risk

The present value of defined benefit liability is calculated be reference to the best estimate of the mortality plan participants during the employment. An improvement in mortality rates of the participants may increase/decrease the liability and vice versa depending on the age-service distribution of existing employees.

Actuarial Gain/Loss Recognition

The amount of gains/losses has been charged immediately to Other Comprehensive Income as per the provisions of IAS-19.

		2021	2020
	Note	Rupees	
<b>11 TRADE AND OTHER PAYABLES</b>			
Creditors		154,948,420	205,750,406
Advances from customers - Unsecured		37,693,984	-
Accrued expenses		13,516,813	12,024,733
Workers' welfare fund		4,617,346	3,911,016
Workers' profit participation fund	11.01	1,858,763	1,238,633
Other payables		13,437,806	10,159,228
		<u>226,073,132</u>	<u>233,084,016</u>
<b>11.01 WORKERS' PROFIT PARTICIPATION FUND</b>			
Opening Balance		1,238,633	709,151
Allocation for the year		1,858,763	1,238,606
		3,097,396	1,947,757
Less: Paid during the year		(1,238,633)	(709,124)
		<u>1,858,763</u>	<u>1,238,633</u>

	Note	2021	2020
		Rupees	
<b>12 ACCRUED MARKUP</b>			
Accrued markup		<u>4,071,310</u>	<u>11,097,362</u>
<b>13 SHORT TERM BORROWINGS</b>			
<b>From banking companies-secured</b>			
Habib Bank Limited	13.01	97,160,000	97,700,000
The Bank of Punjab	13.02	100,000,000	100,000,000
Bank Alfalah Limited	13.03	288,097,807	310,926,794
<b>Banking Overdrafts</b>			
Meezan Bank	13.04	<u>6,033,761</u>	<u>-</u>
		<u>491,291,568</u>	<u>508,626,794</u>

**13.01** This represent facility of Finance against packing credit facility (including its sublimits of ERF Part II, Running Finance Facility, FBP facility, FAFB and Letter of Guarantee) having total limit of Rs. 100 million. The tenor of the facility renewed for one year on 31st July 2020 and subsequent to the date of financial statements on 31st July 2021. It carries mark-up at the rate of 3 months KIBOR + 2.5% p.a to 3 months KIBOR + 2.75% p.a and SBPrate + 1% p.a. The Facility from HBL is secured against 1st pari passu charge over all present and future current assets of PKR 133.333 million, registered with SECP. Lien over Proceeds of export bills sent under LC / collection. 1st pari passu charge over all present and future fixed assets of PKR 100 million registered with SECP and personal Guarantees of all Directors.

**13.02** This represents export refinance facility having limit of Rs. 100 million and carries markup at the rate of SBP+ 1%; and FAFB facility having limit of Rs. 50 million (which is unutilized) having markup at the rate of matching KIBOR + 2.5% p.a. Securities for facilities from The Bank of Punjab are as follows:

- 1st PariPassu charge of Rs.134 Million and 67 Million over present and future current assets of the company with 25% margin.

- 1st PariPassu charge of Rs.100 Million over present and future fixed assets of the company.

- Personal Guarantees of Mr. Maqsood Butt, Mr. Ali Maqsood Butt and Mr. Faisal Khan (Directors of the Company) along with their personal net worth statements.

- Token legal mortgage of Rs. 0.1 million along with equitable mortgage over residential property measuring 2 Kanals 14 Marlas owned by director of the Company.

- The expiry date of the facilities from Bank of Punjab was 30th June 2021 and renewed subsequent to the statement of financial position up to 30th June 2022.

**13.03** This represent facilities of CF-Hypo, FAPC Own Source, FBP Disc., SLC and LG having limits of Rs. 60 million, Rs. 125 million, Rs. 35 million, Rs. 142.5 million and Rs. 22.5 million respectively. The expiry date of the facilites are 30th November 2021. It carries mark-up at the rate of 1 months KIBOR + 2.5% and SBP rate + 1% p.a. These facilities are secured as follows:

- 1st Paripassu charge of Rs.474 Million on all present and future current assets of the Company (Shared with HBL :133.333 million & BOP:201 million) to be registered with SECP.

- 1st PariPassu charge of Rs.300 Million over present and future fixed assets of the Company (Shared with HBL :100 million & BOP:100 million) to be registered with SECP.

- Equitable mortgage with TRM over a property owned by the the Company having a market value of Rs. 575.117 million.

- Equitable mortgage over a property owned by the Chairman of the Company having a market value of Rs. 147.119 million.

- Lien on the import and local documents. and

- Personal Guarantees of all sponsor directors of the Company.

**13.04** These represent overdrafts in current accounts of the Company due to unrepresented cheques outstanding at the reporting date.

	Note	2021	2020
		Rupees	
<b>14 PROVISION FOR TAXATION</b>			
Opening balance		12,854,806	8,440,771
Add: Current and prior year tax		17,943,056	12,593,979
Less: Adjustments during the year		(13,774,692)	(8,179,944)
		<u>17,023,170</u>	<u>12,854,806</u>

Income tax return up to and including tax year 2020 has been filed to the tax authorities under the provision of Income Tax Ordinance, 2001.

**15 CONTINGENCIES AND COMMITMENTS****Contingencies**

**15.01** On behalf of the Company, Bank Alfalah Limited (2020: Standard Chartered Bank (Pakistan) Limited) has issued guarantee amounted to Rs. 20.302 million (2020: Rs. 20.812 million) in favour of SNGPL.

**15.02** The Company has challenged the recovery of Gas Infrastructure Development Cess and filed petition challenging the demand of GIDC in the High Court of Sindh at Karachi. The High Court of Sindh granted stay against charging of GIDC. Since, the issue is being faced by the industry at large, therefore management is of the view that there is no need to maintain any provision against the liability. The management is confident that the final decision of the case shall be in its favor. Furthermore, it is difficult to determine the exact monetary estimate as the applicability of the Gas Infrastructure Development Cess is in litigation. However the amount may approximate Rs. 17.97 Million.

**Commitments**

**15.03** No major commitments outstanding as at the date of the Statement of Financial Position.

**16 PROPERTY, PLANT AND EQUIPMENT**

PARTICULARS	COST			Rate %	DEPRECIATION				Written down value as at June 30, 2020
	As at July 01, 2019	Addition / Transfer	(Deletion)		As at June 30, 2020	For the year	Adjustment	As at June 30, 2020	
	Rupees	Rupees	Rupees		Rupees	Rupees	Rupees	Rupees	Rupees
<b>OWNED ASSETS</b>									
Freehold land	7,544,681	-	-	-	7,544,681	-	-	-	7,544,681
Building on freehold land	221,336,791	-	-	5	221,336,791	9,303,798	-	44,564,628	176,772,163
Plant & Machinery	297,651,459	870,710	-	10	319,638,930	12,618,519	-	196,186,115	123,452,815
-Transferred from ROUA		21,116,761				11,669,554			
Furniture and Fixture	1,443,364	38,000	-	10	1,481,364	-	-	930,711	550,653
Motor Vehicles	27,225,869	-	(2,827,560)	20	45,742,707	2,283,040	(1,544,941)	33,842,460	11,900,247
-Transferred from ROUA		21,344,398				16,155,882			
Office Equipment	3,306,661	912,789	-	10	4,219,450	1,292,962	-	1,535,025	2,684,425
Loose Tools	145,757	-	-	10	145,757	107,590	-	111,407	34,350
Laboratory Equipment	366,921	-	-	10	366,921	309,981	-	315,675	51,246
Electric Installation	4,282,897	-	-	10	4,282,897	1,743,199	-	253,970	2,285,728
Fire Fighting Equipment	556,587	-	-	10	556,587	430,232	-	12,636	113,719
Telephone Installation	113,775	-	-	10	113,775	104,210	-	957	8,608
Gas Installation	1,310,000	-	-	10	1,310,000	979,812	-	1,012,831	297,169
<b>Subtotal</b>	<b>565,284,762</b>	<b>44,282,658</b>	<b>(2,827,560)</b>		<b>606,739,860</b>	<b>229,947,158</b>	<b>26,280,495</b>	<b>281,044,055</b>	<b>325,695,805</b>
<b>LEASED ASSETS</b>									
Motor Vehicles	38,793,347	5,371,650	-	20	22,820,599	18,164,354	-	7,204,393	15,616,206
-Transferred from ROUA		(21,344,398)				(16,155,882)			
Plant & Machinery	100,010,154	-	-	10	78,893,393	24,121,711	-	20,041,001	58,852,392
-Transferred from ROUA		(21,116,761)				(11,669,554)			
<b>Subtotal</b>	<b>138,803,501</b>	<b>(37,089,509)</b>	<b>-</b>		<b>101,713,992</b>	<b>42,286,065</b>	<b>(27,825,436)</b>	<b>27,245,394</b>	<b>74,468,598</b>
<b>TOTAL 2020</b>	<b>704,088,263</b>	<b>7,193,149</b>	<b>(2,827,560)</b>		<b>708,453,852</b>	<b>272,233,223</b>	<b>(1,544,941)</b>	<b>308,289,450</b>	<b>400,164,402</b>
<b>TOTAL 2019</b>	<b>628,443,369</b>	<b>97,158,556</b>	<b>(21,513,662)</b>		<b>704,088,263</b>	<b>247,734,272</b>	<b>(11,341,462)</b>	<b>272,233,223</b>	<b>431,855,040</b>

PARTICULARS	COST			Rate %	DEPRECIATION			Written down value as at June 30, 2021
	As at July 01, 2020	Addition / Transfer	(Deletion)		As at July 01, 2020	Adjustment	For the year	
	Rupees	Rupees	Rupees		Rupees	Rupees	Rupees	Rupees
<b>OWNED ASSETS:</b>								
Freehold land	7,544,681	-	-	-	-	-	-	7,544,681
Building on freehold land	221,336,791	-	-	5	44,564,628	-	8,838,608	167,933,555
Plant & Machinery	319,638,930	85,050	-	10	196,186,115	-	12,350,441	128,888,802
-Transferred from ROUA		28,485,357				10,783,980		
furniture & fixture	1,481,364	204,800	-	10	930,711	-	64,450	691,003
Motor Vehicles	45,742,707	-	-	20	33,842,460	-	2,380,049	14,095,716
-Transferred from ROUA		9,637,406				5,061,888		
Office Equipment	4,219,450	1,550,442	-	10	1,535,025	-	318,596	3,916,271
Loose Tools	145,757		-	10	111,407	-	3,435	30,915
Laboratory Equipment	366,921		-	10	315,675	-	5,125	46,121
Electric Installation	4,282,897		-	10	1,997,169	-	228,573	2,057,155
Fire Fighting Equipment	556,587		-	10	442,868	-	11,372	102,347
Telephone Installation	113,775		-	10	105,167	-	861	7,747
Gas Installation	1,310,000		-	10	1,012,831	-	29,717	267,452
<b>Subtotal</b>	<b>606,739,860</b>	<b>39,963,055</b>	<b>-</b>		<b>281,044,055</b>	<b>15,845,868</b>	<b>24,231,226</b>	<b>325,581,765</b>
<b>RIGHT-OF-USE ASSETS:</b>								
Motor Vehicles	22,820,599	-		20	7,204,393		3,123,241	7,917,447
-Transferred from ROUA		(9,637,406)				(5,061,888)		
Plant & Machinery	78,893,393	-		10	20,041,001		5,885,239	35,265,775
-Transferred from ROUA		(28,485,357)				(10,783,980)		
<b>Subtotal</b>	<b>101,713,992</b>	<b>(38,122,763)</b>	<b>-</b>		<b>27,245,394</b>	<b>(15,845,868)</b>	<b>9,008,480</b>	<b>43,183,222</b>
<b>TOTAL 2021</b>	<b>708,453,852</b>	<b>1,840,292</b>	<b>-</b>		<b>308,289,450</b>	<b>-</b>	<b>33,239,707</b>	<b>368,764,987</b>
<b>TOTAL 2020</b>	<b>704,088,263</b>	<b>7,193,149</b>	<b>(2,827,560)</b>		<b>272,233,223</b>	<b>(1,544,941)</b>	<b>37,601,168</b>	<b>400,164,402</b>

## 16.01 Depreciation is allocated as under:

Cost of Sales  
Administrative Expenses

	2021	2020
	Rupees	Rupees
	27,417,821	29,880,144
	5,821,886	7,721,024
	<u>33,239,707</u>	<u>37,601,168</u>

## 16.02 Land - freehold and building on freehold land

Particulars	Area	Location
Freehold land	112 Kanals and 12 Marlas	2 KM, Off Raiwind Manga Road, Raiwind, Lahore.
Building on freehold land is located in above mentioned freehold land.		

Note	2021	2020
	Rupees	
<b>17 CAPITAL WORK IN PROGRESS</b>		
Building on freehold land:		
As at 01st July	36,251,914	25,213,388
Additions during the year	48,646,226	11,038,526
Transferred to Property Plant & Equipment	-	-
As at 30th June	<u>84,898,140</u>	<u>36,251,914</u>
<b>18 LONG TERM DEPOSITS</b>		
Advance lease deposit-non interest bearing	3,398,593	6,919,745
Sui northern gas pipeline ltd.-non interest bearing	1,351,071	1,351,071
Other-non interest bearing	1,512,868	1,542,270
	<u>6,262,532</u>	<u>9,813,086</u>
<b>19 STORES, SPARES AND LOOSE TOOLS</b>	<u>19,740,909</u>	<u>13,528,250</u>
19.01 No identifiable store and spare are held for specific capitalization.		
<b>20 STOCK IN TRADE</b>		
Finished goods	138,677,301	102,901,780
Raw materials		
- Fabric and accessories	40,843,293	108,050,832
- Chemicals	67,441,082	69,124,903
- Packing material	866,849	3,492,394
- Rice Husk, Diesel & Coal	3,998,700	2,530,192
	<u>251,827,225</u>	<u>286,100,101</u>
20.01 No stock in trade has been pledged by any institution / party.		
<b>21 TRADE DEBTS</b>		
Considered good:		
Export - secured	82,148,426	62,836,376
Local - un-secured	196,606,850	263,279,023
	<u>278,755,276</u>	<u>326,115,399</u>
<b>22 LOANS, ADVANCES AND OTHER RECEIVABLES</b>		
Loans and advances - considered good	101,725,751	36,345,516
Rebate and DLTL Receivable	20,874,952	18,423,427
Advance income tax - net of adjustment	39,819,769	42,110,346
	<u>162,420,472</u>	<u>96,879,289</u>
22.01 LOANS AND ADVANCES - CONSIDERED GOOD		
Unsecured:		
To suppliers for goods and services	97,082,751	33,989,354
To Employees - Interest free	4,583,000	1,919,000
For local guarantee	60,000	437,162
	<u>101,725,751</u>	<u>36,345,516</u>
<b>23 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>		
Security deposits	-	-
Prepaid insurance	145,236	174,081
	<u>145,236</u>	<u>174,081</u>
<b>24 TAX REFUNDS DUE FROM THE GOVERNMENT</b>		
Sales tax -Refundable	57,861,791	57,777,941
<b>25 CASH AND BANK BALANCES</b>		
Cash in hand	11,392,223	10,406,675
Cash at banks - in current accounts	9,955,534	11,173,803
	<u>21,347,757</u>	<u>21,580,478</u>



	Note	2021	2020
		Rupees	
<b>26 SALES - NET</b>			
Sales:			
- Local	26.01	163,814,560	87,245,340
- Export		667,911,485	683,302,457
Local: Processing and coating	26.01	544,262,667	385,449,633
Rebate and DLT on export		15,637,646	15,357,336
		<u>1,391,626,358</u>	<u>1,171,354,766</u>
<b>26.01</b> It is net off of sales tax and further sales tax amounting to Rs. 115,570,160/- (2020: Rs. 80,589,418/-) and 1,845,762/- (2020: Rs. 2,936,947/-) respectively.			
<b>27 COST OF SALES</b>			
Fabric and accessories consumed	27.01	477,935,533	420,972,519
Chemicals consumed	27.02	383,816,744	255,408,879
Packing material consumed	27.03	49,021,602	51,267,176
Rice Husk, diesel and coal consumed	27.04	57,170,063	22,013,234
Stores and spares consumed	27.05	3,248,000	115,489
Salaries and other benefits	27.06	107,517,588	95,540,061
Fuel and power		118,214,749	101,935,339
Postage, telephone and telegram		1,678,444	3,857,467
Laboratory expenses		4,296,928	4,207,165
Insurance		5,061,505	5,348,946
Import expenses		15,730,464	15,453,760
Freight and octroi		4,373,389	4,414,295
Repair and maintenance - machinery/building		28,529,292	16,505,746
Processing Charges (CMT)		2,270,728	2,379,796
Depreciation	16.01	27,417,821	29,880,144
		<u>1,286,282,850</u>	<u>1,029,300,016</u>
<b>Finished goods:</b>			
Opening stock		102,901,780	95,110,906
Closing stock		(138,677,301)	(102,901,780)
		<u>(35,775,521)</u>	<u>(7,790,874)</u>
		<u>1,250,507,329</u>	<u>1,021,509,142</u>
<b>27.01 Fabric and accessories consumed</b>			
Opening stock		108,050,832	93,782,208
Add: Purchases		410,727,994	435,241,143
		<u>518,778,826</u>	<u>529,023,351</u>
Less: Closing stock		(40,843,293)	(108,050,832)
		<u>477,935,533</u>	<u>420,972,519</u>
<b>27.02 Chemicals consumed</b>			
Opening stock		69,124,903	39,232,172
Add: Purchases		382,132,923	285,301,610
		<u>451,257,826</u>	<u>324,533,782</u>
Less: Closing stock		(67,441,082)	(69,124,903)
		<u>383,816,744</u>	<u>255,408,879</u>
<b>27.03 Packing material consumed</b>			
Opening stock		3,492,394	7,858,372
Add: Purchases		46,396,057	46,901,198
		<u>49,888,451</u>	<u>54,759,570</u>
Less: Closing stock		(866,849)	(3,492,394)
		<u>49,021,602</u>	<u>51,267,176</u>
<b>27.04 Rice Husk, diesel and coal consumed</b>			
Opening stock		2,530,192	23,965,914
Add: Purchases		58,638,571	577,512
		<u>61,168,763</u>	<u>24,543,426</u>
Less: Closing stock		(3,998,700)	(2,530,192)
		<u>57,170,063</u>	<u>22,013,234</u>

		2021	2020
	Note	Rupees	
<b>27.05 Stores and spares consumed</b>			
Opening stock		13,528,250	13,296,746
Add: Purchases		9,460,659	346,993
		<u>22,988,909</u>	<u>13,643,739</u>
Less: Closing stock		<u>(19,740,909)</u>	<u>(13,528,250)</u>
		<u>3,248,000</u>	<u>115,489</u>
<b>27.06</b> Salaries and other benefits include staff retirement benefits amounting to Rs. 7,893,231/- (2020: Rs. 7,259,161/-).			
<b>28 SELLING AND DISTRIBUTION COST</b>			
Export expenses		<u>27,195,628</u>	<u>32,643,977</u>
<b>29 ADMINISTRATIVE EXPENSES</b>			
Director's remuneration		7,164,000	6,976,000
Salaries and other benefits	29.01	12,505,336	11,248,489
Postage and telegram		1,289,610	1,750,096
Printing and stationary		1,612,194	869,910
Vehicle running and maintenance		9,375,834	8,891,495
Insurance		152,575	423,133
Fee and subscription		848,460	1,248,989
Entertainment		953,580	533,046
Auditor's remuneration	29.02	820,000	820,000
Utilities		177,325	-
Misc Expenses		1,152,929	558,374
Legal and professional		634,600	282,000
Depreciation	16.01	5,821,886	7,721,024
		<u>42,508,329</u>	<u>41,322,556</u>
<b>29.01</b> Salaries and other benefits include staff retirement benefits amounting to Rs.1,619,976/- (2020: Rs. 1,489,015/-).			
<b>29.02 AUDITOR'S REMUNERATION</b>			
Audit fee		700,000	700,000
Half yearly review		50,000	50,000
Other certification charges		50,000	50,000
Out of pocket expenses		20,000	20,000
		<u>820,000</u>	<u>820,000</u>
<b>30 FINANCE COST</b>			
Interest / mark-up on:			
Short-term borrowings		28,832,881	39,029,899
Finance lease		1,912,707	6,139,640
Workers' Profit Participation Fund	11.01	-	-
Bank charges		4,448,817	10,112,224
		<u>35,194,405</u>	<u>55,281,763</u>
<b>31 OTHER EXPENSES</b>			
Workers' profit participation fund	11.01	1,858,763	1,238,606
Workers' welfare fund		706,330	470,670
		<u>2,565,093</u>	<u>1,709,276</u>
<b>32 OTHER INCOME</b>			
Gain on Disposal of Fixed Assets		-	1,017,381
Exchange gain		954,597	3,157,414
		<u>954,597</u>	<u>4,174,795</u>



		2021	2020
	Note	Rupees	
<b>33 TAXATION</b>			
Current tax - for the year		17,023,170	12,854,806
- prior years		919,886	(260,827)
Deferred tax		3,337,528	(38,496)
		<u>21,280,584</u>	<u>12,555,483</u>

**33.01** Income tax return has been filed to income tax authorities up to and including tax year 2020 under the provisions of the Income tax Ordinance, 2001.

**33.02** Numerical reconciliation between the average effective tax rate and the applicable tax rate is not given due to application of minimum tax @ 1.50% (2020: 1.50%) on local sales and final tax @ 1% (2020: 1%) on export sales realizations for the calculation of provision of tax for the year and application of tax credits.

<b>34 EARNINGS PER SHARE - BASIC AND DILUTED</b>	2021	2020
Net profit for the year / Profit attributable to ordinary shareholders - Rupees	<u>13,329,587</u>	<u>10,507,364</u>
Weighted average number of ordinary shares outstanding during the year - Numbers	<u>10,457,890</u>	<u>10,457,890</u>
Earnings per share - basic - Rupees	<u>1.27</u>	<u>1.00</u>

There is no dilutive effect on the basic earnings per share of the company .

<b>35 FINANCIAL INSTRUMENTS BY CATEGORY</b>	2021	2020
Rupees		
<b>Financial assets as per Balance Sheet - at amortized cost</b>		
Long term deposits	6,262,532	9,813,086
Trade debts	278,755,276	326,115,399
Loans and advances	4,643,000	2,356,162
Trade deposits	-	-
Cash and bank balances	21,347,757	21,580,478
	<u>311,008,565</u>	<u>359,865,125</u>
<b>Financial liabilities as per Balance Sheet - at amortized cost</b>		
Long term loan	36,038,754	-
Liability against assets subject to finance lease	7,141,257	33,112,002
Trade and other payables	183,761,802	229,173,000
Accrued interest / mark-up	4,071,310	11,097,362
Short term finance	491,291,568	508,626,794
	<u>722,304,691</u>	<u>782,009,158</u>

### 36 FINANCIAL INSTRUMENTS

#### 36.01 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on having cost effective funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors.

#### (a) Market risk

##### (i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company imports some items of garment accessories and chemicals such as HDP and also exports goods that are exposed to currency risk, primarily with respect to liabilities and foreign currency debts denominated in US Dollars. In current year under report, the Company has imported some raw material denominated in Dollars. The Company's exposure to foreign currency risk in US Dollars is as follows:

	2021	2020
	Rupees	
Foreign trade debts	82,148,426	62,836,376
Foreign payables	-	-
Net exposure	<u>82,148,426</u>	<u>62,836,376</u>

The following significant exchange rates have been applied at the reporting dates:

USD to PKR	157.75	168.25
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The Company manages its currency risk by close monitoring of currency markets. However, the Company does not hedge its currency risk exposure.

At June 30, 2021, if the Rupee had weakened / strengthen by 1% against the US dollar with all other variables held constant, pre-tax profit for the year would have been Rs. 821,484/- (2020: Rs. 628,364/-) lower / higher, mainly as a result of foreign exchange losses / gains on translation of US dollar-denominated financial assets and liabilities.

#### (ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company has no significant interest-bearing assets, the Company's income and operating cash inflows are substantially independent of changes in market interest rates.

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

	2021	2020
	Rupees	
<b>Financial liabilities - variable rate instruments:</b>		
Finance lease	7,141,257	33,112,002
Long term loan	36,038,75	-
Short term borrowings	491,291,568	508,626,794
	<u>534,471,580</u>	<u>541,738,796</u>
<b>Financial assets</b>	-	-
	<u>534,471,579</u>	<u>541,738,796</u>

#### Fair value sensitivity analysis for fixed rate instruments:

The company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account.

#### Cash flow sensitivity analysis for variable rate instruments:

A change of 1% in interest rates at the reporting date would have decreased / (increased) profit for the year by the amount shown below. This analysis assumes that all other variables, in particular foreign currency rates, remains constants. This analysis is performed on the same basis as for 2020.

	Profit and Loss 1% rate	
	Increase	Decrease
<b>As at June 30, 2021</b>		
Cash flow sensitivity - variable rate financial liabilities	<u>5,344,716</u>	<u>(5,344,716)</u>
<b>As at June 30, 2020</b>		
Cash flow sensitivity - variable rate financial liabilities	<u>5,417,388</u>	<u>(5,417,388)</u>

#### (iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity securities price risk as its investment is not in any securities.

#### (b) Credit risk

Credit risk represents the risk of financial loss being caused if counter parties fail to discharge an obligation.

Credit risk arises from deposits with banks, trade debts, loans and advances, deposits and other receivables. The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities, where applicable. Where considered necessary, advance payments are obtained from certain parties. Out of the total financial assets of Rs 311,008,565/- (2020: Rs 359,865,125/-), the financial assets that are subject to credit risk aggregated Rs 299,616,342/- (2020: Rs 349,458,450/-).

The maximum exposure to credit risk for trade debts at the balance sheet date by geographic region is as follows:

	2021	2020
	Rupees	
Local debts	196,606,850	263,279,023
Foreign debts	82,148,426	62,836,376
	<b>278,755,276</b>	<b>326,115,399</b>

The majority of foreign debtors of the company are situated in Europe.

The aging of loans and receivables at the reporting date was:

Past due upto 12 months	259,200,321	304,011,912
More than one year	19,554,955	22,103,487
	<b>278,755,276</b>	<b>326,115,399</b>

For trade debts, management determines the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are fixed by the management based on internal or external ratings. The utilisation of credit limits 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. The carrying values of financial assets which are neither past due nor impaired are as under:

	2021	2020
	Rupees	
Long term deposits	6,262,532	9,813,086
Trade debts	278,755,276	326,115,399
Loans and advances	4,643,000	2,356,162
Cash and bank balances	9,955,534	11,173,803
	<b>299,616,342</b>	<b>349,458,450</b>

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

Banks	Rating Agency	Rating	
		Long term	Short term
Bank Al-Habib Limited	PACRA	AAA	A-1+
The Bank of Punjab	PACRA	AA+	A-1+
Meezan Bank	JCR-VIS	AAA	A-1+
Habib Bank Limited	JCR-VIS	AAA	A-1+
JS Bank Limited	PACRA	AA-	A-1+
Bank Al-Falah Limited	PACRA	AA+	A-1+
Faysal Bank Limited	PACRA	AA	A-1+
Standard Chartered Bank (Pakistan) Limited	PACRA	AAA	A-1+

### (c) Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to growing nature of the business the Company maintains flexibility in funding by maintaining committed credit lines available.

Financial Liabilities in accordance with their contractual maturities are presented as follows:

FINANCIAL LIABILITIES	Interest / mark up bearing		Non interest bearing		Total
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Sub-total
RUPEES					
<b>June 30, 2021:</b>					
Long term loan	24,025,772	12,012,982	36,038,754	-	-
Lease liabilities	7,027,380	113,877	7,141,257	-	-
Trade and other payables	-	-	-	183,761,802	183,761,802
Accrued mark up	-	-	-	4,071,310	4,071,310
Unclaimed dividend	-	-	-	2,290,218	2,290,218
Short-term finance	491,291,568	-	491,291,568	-	491,291,568
	<b>522,344,720</b>	<b>12,126,860</b>	<b>534,471,580</b>	<b>190,123,330</b>	<b>724,594,910</b>
<b>June 30, 2020:</b>					
Lease liabilities	27,748,819	5,363,183	33,112,002	-	-
Trade and other payables	-	-	-	229,173,000	229,173,000
Accrued mark up	-	-	-	11,097,362	11,097,362
Unclaimed dividend	-	-	-	2,290,218	2,290,218
Short-term finance	508,626,794	-	508,626,794	-	508,626,794
	<b>536,375,613</b>	<b>5,363,183</b>	<b>541,738,796</b>	<b>242,560,580</b>	<b>784,299,376</b>

### 36.02 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is not subject to any externally imposed Capital requirements.

The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

During the year, the Company's strategy was to maintain leveraged gearing. The gearing ratios as at June 30, 2021 and 2020 were as follows:

During the year, the Company's strategy was to maintain leveraged gearing. The gearing ratios as at June 30, 2021 and 2020 were as follows:

	Note	2021	2020
		Rupees	
Long term financing		43,180,011	33,112,002
Short term finance		491,291,568	508,626,794
Total debt		534,471,579	541,738,796
Total Equity		405,233,651	390,921,999
Total Capital		939,705,230	932,660,795
Gearing Ratio		56.88%	58.09%

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

### 37 REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors	
	2021	2020	2021	2020
	RUPEES		RUPEES	
Remuneration	3,924,000	3,816,000	3,240,000	3,160,000
Allowances:				
House Rent Allowances	-	-	-	-
Utilities	-	-	-	-
Total Rupees	3,924,000	3,816,000	3,240,000	3,160,000
Number of Persons	1	1	1	1

37.01 The Chief Executive and Directors are also provided with free use of the Company maintained cars and residential phones.

37.02 No meeting fee has been paid to any director of the Company.

37.03 Person qualified as executive of the company in accordance with the Companies Act, 2017 are eight (2020: five), drawing average monthly gross salary in aggregate, amounting to Rs. 1,744,760/- (2020: Rs.926,005/-).

### 38 AGGREGATE TRANSACTIONS WITH RELATED PARTIES

The Company may in the normal course of business carry out transactions with related parties. Amounts due from related parties, transaction with related parties and relationship with related parties are shown under respective notes, if any. Remuneration of Chief Executive Officer, Directors and Executive is disclosed in note # 37 and loan from directors is disclosed in note # 7 of the Financial Statements and Statement of Cash Flows.

	2021	2020
	Rupees	
Loans received during the year	2,950,000	1,080,000
Loans paid during the year	-	1,500,000

### 39 PLANT CAPACITY AND ACTUAL PRODUCTION

39.1	Processing capacity	Meters	
	Annual capacity	24,540,000	24,540,000
	Actual production	8,071,317	7,923,591
39.2	Garments capacity	Pieces	
	Annual capacity	1,650,000	1,650,000
	Actual production	699,394	788,448
39.3	The difference between annual capacity and actual production is mainly due to supply demand situation in domestic and international markets. Further, exact comparison of the plant capacity and actual production of these divisions are indeterminable due to multi product plants involving varying processes of manufacturing and run length of order lots.		

### 40 ACCOUNTING ESTIMATES AND JUDGMENTS

#### Income taxes:

The company takes into account the current income tax law and decisions taken by the appellate authorities. Instances where the company's view differs from the view taken by the income tax departments at the assessments stage and where the company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

#### Property, plant and equipment:

The company reviews the value of assets for possible impairment on an annual basis. Any changes in the estimates in future years might affect the carrying amounts of the respective items of property , plant and equipment with a corresponding affect on the depreciation charge and impairment.

#### Staff retirement benefit - gratuity:

Certain actuarial assumptions have been adopted as disclosed in the financial statements for valuation of present value of defined benefit obligation.

#### Stock in trade and stores and spares:

The Company reviews the net realizable value of stock in trade and stores and spares to assess any diminution in the respective carrying values. Net realizable value is determined with reference to estimated selling price less estimated cost to complete and estimated expenditure to make sales.

### 41 ENTITY-WIDE INFORMATION

The Company constitutes of a single reportable segment, the principal classes of products are Fusible Interlining, Dying / Bleaching / Processing, Stitching of Fabric and other related products.

#### Information about geographical areas

The Company does not hold non-current assets in any foreign country.

#### Information about major customers

The Company have transactions with eight (2020: two) external customers each of which amounts to 10 percent or more of its revenues.

### 42 NUMBER OF EMPLOYEES

#### Total Employees:

	2021	2020
Average during the year	304	302
As at June 30	269	271

### 43 GENERAL

Figure have been rounded off to the nearest Pakistani rupee.

Corresponding figures have been rearranged / reclassified, wherever necessary to facilitate comparison and/or compliance.

### 44 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the board of directors in their meeting held on November 04, 2021.

FAISAL KHAN  
CHIEF EXECUTIVE

ALI MAQSOOD BUTT  
DIRECTOR

MRS. DURRAY ZARA BUTT  
CHIEF FINANCIAL OFFICER

**FORM 34**

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

1.1 Name of the Company **ARUJ INDUSTRIES LIMITED**

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

-----Shareholdings-----			
<b>2.2 No. of Shareholders</b>	<b>From</b>	<b>To</b>	<b>Total Shares Held</b>
75	1	100	3,306
368	101	500	174,480
67	501	1,000	61,880
62	1,001	5,000	160,270
14	5,001	10,000	106,847
5	10,001	15,000	61,673
1	15,001	20,000	16,000
1	20,001	25,000	21,350
1	25,001	30,000	30,000
1	30,001	35,000	34,500
2	35,001	40,000	78,000
1	40,001	45,000	43,500
1	45,001	50,000	47,000
1	50,001	55,000	52,500
1	60,001	65,000	64,000
2	130,001	135,000	264,300
1	185,001	190,000	187,700
1	415,001	420,000	419,994
1	455,001	460,000	458,010
1	1,660,001	1,665,000	1,664,011
1	1,885,001	1,890,000	1,889,527
2	2,305,001	2,310,000	4,619,042
610			<b>10,457,890</b>

<b>2.3 Categories of Shareholders</b>	<b>Shares Held</b>	<b>Percentage</b>
2.3.1 Directors, Chief Executive Officer, and their spouse and minor children	9,051,584	86.5527%
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	187,700	1.7948%
2.3.3 NIT and ICP	0	0.0000%
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	38	0.0004%
2.3.5 Insurance Companies	0	0.0000%
2.3.6 Modarabas and Mutual Funds	0	0.0000%
2.3.7 Shareholders holding 10% or more	8,172,580	78.1475%
2.3.8 General Public		
a. Local	1,202,653	11.5000%
b. Foreign	0	0.0000%
2.3.9 Others (to be specified)		
Joint Stock Companies	9,501	0.0909%
Pension Funds	6,197	0.0593%
Others	217	0.0021%



ARUJ INDUSTRIES LIMITED  
Categories of Shareholding required under Code of Corporate Governance (CCG)  
As on June 30, 2021

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):			
1	ARUJ CONSTRUCTIONS (PRIVATE) LIMITED	187,700	1.7948%
Mutual Funds (Name Wise Detail)			
		-	-
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	MR. MAQSOOD AHMAD BUTT	1,664,011	15.9115%
2	DR. MRS. NASEEM MAQSOOD	458,010	4.3796%
3	MRS. DURRAY ZARA BUTT	1,889,527	18.0680%
4	MR. MUHAMMAD SAEED AKHTAR	1,000	0.0096%
5	MR. ALI MAQSOOD BUTT	2,309,521	22.0840%
6	MISS ARUJ BUTT	2,309,521	22.0840%
7	MR. FAISAL KHAN	419,994	4.0160%
Executives:			
		-	-
Public Sector Companies & Corporations:			
		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		6,235	0.0596%
Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)			
1	MR. ALI MAQSOOD BUTT	2,309,521	22.0840%
2	MISS ARUJ BUTT	2,309,521	22.0840%
3	MRS. DURRAY ZARA BUTT	1,889,527	18.0680%
4	MR. MAQSOOD AHMAD BUTT	1,664,011	15.9115%

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

S. No.	NAME	SALE	PURCHASE
	NIL		
Dear Sir, please check at your end			

PROXY FORM  
(29<sup>th</sup> ANNUAL GENERAL MEETING)

I/We \_\_\_\_\_son/daughter/wife

of \_\_\_\_\_of \_\_\_\_\_being member (s)

of **ARUJ INDUSTRIES LIMITED**, holder of \_\_\_\_\_

ordinary shares of the Company, under Folio No. / Participant's ID/CDC sub account No. \_\_\_\_\_

hereby appoint \_\_\_\_\_of \_\_\_\_\_failing him/her \_\_\_\_\_

of \_\_\_\_\_who is/are member(s) of **ARUJ INDUSTRIES LIMITED**,

under Folio No. / Participant's ID/CDC sub-account No. \_\_\_\_\_ respectively, as my/our proxy

in my/our absence to attend and vote for me/us and on my/our behalf at the 29<sup>th</sup> Annual General Meeting of the Company to be held on November 27, 2021 and/or any adjournment thereof.

As witness my/our hand this \_\_\_\_\_day of November, 2021

Signed in the presence of.

Witness \_\_\_\_\_

Name \_\_\_\_\_

Occupation \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Signature of  
shareholder (s) on  
revenue stamp  
worth Rupees 5/-

The signature should agree with the  
specimen registered with the Company.

IMPORTANT:

1. Proxies, in order to be affective, must be received at the Company's Registered Office not less than 48 hours before the time of holding the meeting and must be signed and witnessed.

2. No person shall act as proxy unless he/she is a member of the Company.

3. Shareholders are requested to notify change in their address, if any.