

September 6, 2022

The General Manager
Pakistan Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
Karachi.

**TRANSMISSION OF ANNUAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022**

Dear Sir,

We have to inform you that the Annual Report of the Company for the year ended June 30, 2022 has been transmitted through PUCARS and is also available on Company's website.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Yours truly,
For **GADOON TEXTILE MILLS LIMITED**



Muhammad Umair
Company Secretary

Head Office:



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Abdul Aziz Haji Hashim Tabba Street,
Karachi-75350, Pakistan.
T (92-21) 35205479-80
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Registered Office:

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gadoon

75
Celebrating
Years of Independence

Gadoon Textile Mills Limited

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پاک سر زمین شادباد

Annual Report 2022

Cover Story

“Pak Sar Zameen Shadbād” – Blessed Be Sacred Land

Pakistan, entering into the 76th year of freedom, joy and prosperity; is a home to diverse ethnicities of region, religion, language, and culture with a strong blend of brotherhood.

The Company feels immensely proud in sharing the same bond of strength for the past 34 years of its existence. Gadoon, being one of the largest spinning units in Pakistan, is here to play its modest part in the Country’s economy by positively impacting with our quality services.

Inculcating values of cultural diversity and a sense of community among the workforce of around 5,000 employees from diversified backgrounds through a journey of growth and prosperity; the Company has succeeded in making a supportive and ethical environment.

The Company has demonstrated resilience in adversity and positive endowment to the families and communities of Pakistan by being able to serve tirelessly with innovative and environmentally conscious practices within the industry.

Based on this ideation and vision, this year’s theme is dedicated to showcase our beautiful mother-land, Pakistan, and to cherish the best years to come.



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01

Organization Overview and External Environment

تو نیشان عزمِ عالی شان

'مینارِ پاکستان' جسے 'ٹاور آف پاکستان' کے نام سے بھی جانا جاتا ہے، 1940 میں تعمیر کیا گیا تھا، جس کا مقصد قراردادِ پاکستان کی یاد منانا ہے، جس نے ایک علیحدہ ریاست کے لیے راہ ہموار کی۔

Company Information

Board of Directors

Mr. Muhammad Yunus Tabba (Chairman)
Mr. Muhammad Sohail Tabba (CEO)
Mr. Muhammad Ali Tabba
Mr. Jawed Yunus Tabba
Ms. Zulekha Tabba Maskatiya
Syed Muhammad Shabbar Zaidi (Independent Director)
Mr. Moin M. Fudda (Independent Director)

Audit Committee

Syed Muhammad Shabbar Zaidi (Chairman)
Mr. Moin M. Fudda
Mr. Muhammad Ali Tabba
Mr. Jawed Yunus Tabba

HR & Remuneration Committee

Mr. Moin M. Fudda (Chairman)
Mr. Jawed Yunus Tabba
Ms. Zulekha Tabba Maskatiya

Budget Committee

Mr. Muhammad Ali Tabba (Chairman)
Mr. Muhammad Sohail Tabba
Mr. Jawed Yunus Tabba
Syed Muhammad Shabbar Zaidi

Executive Director Finance

Mr. Abdul Sattar Abdullah

Chief Financial Officer

Mr. Muhammad Imran Moten

Chief Internal Auditor

Mr. Haji Muhammad Mundia

Company Secretary

Mr. Muhammad Umair

Auditors

Yousuf Adil
Chartered Accountants
Independent correspondent firm of
Deloitte Touche Tohmatsu

Registered Office

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

Head Office

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

Liaison Office

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

Factory Locations

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

Bankers

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

E-Communication

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

Share Registrar/Transfer Agent

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

Gadoon at a Glance

Our Story

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

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

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

Our Business

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

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

After marking a strike within the textile industry, the Company also operates in the dairy segment where the prime business is the production and sale of milk with a current herd size of over 1,100 animals.

Product Portfolio

The Company offers a diverse product portfolio mentioned as follows:

Yarns

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

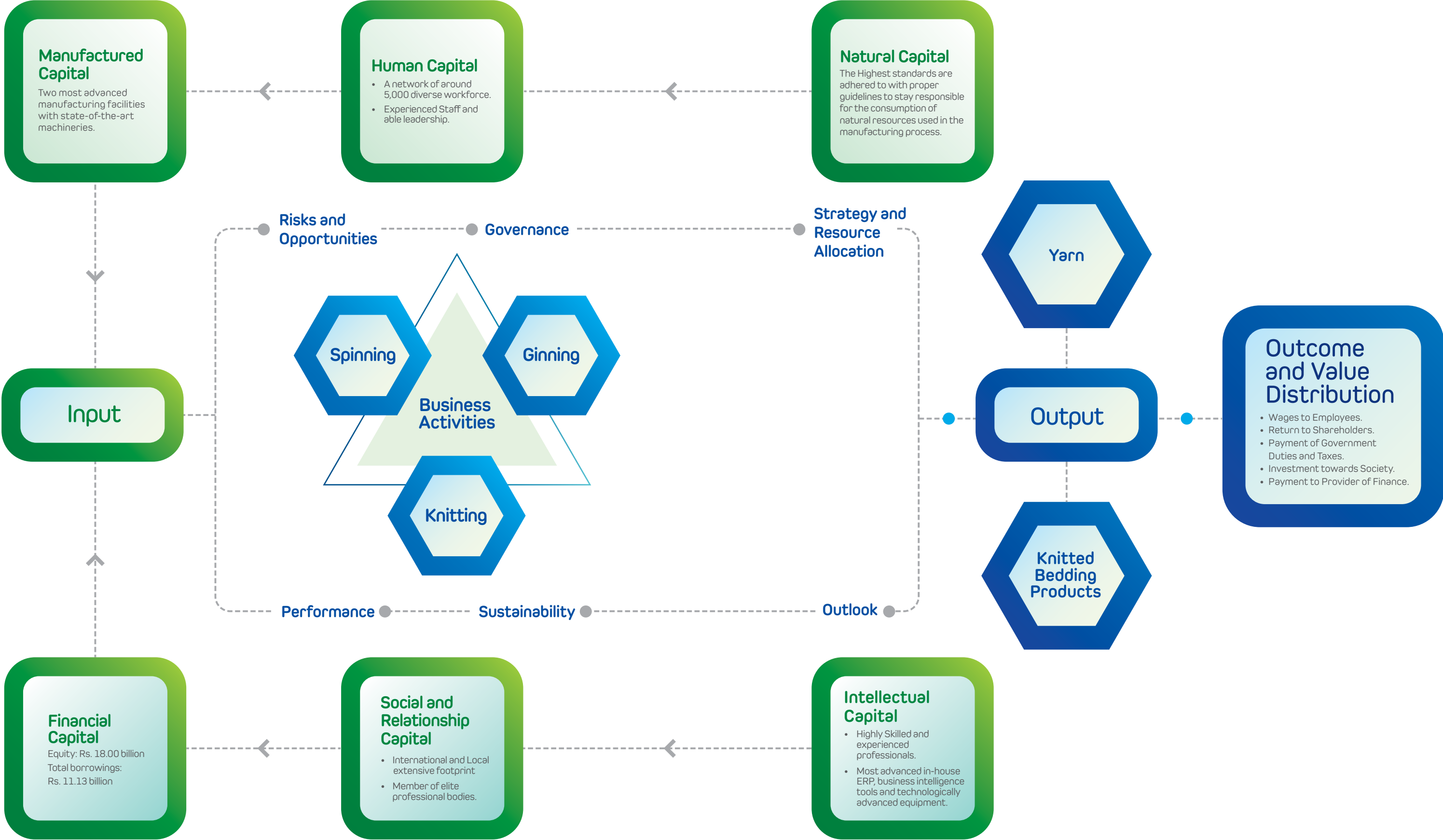
Knitted Bedding Products

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

Our Brands

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

Business Model



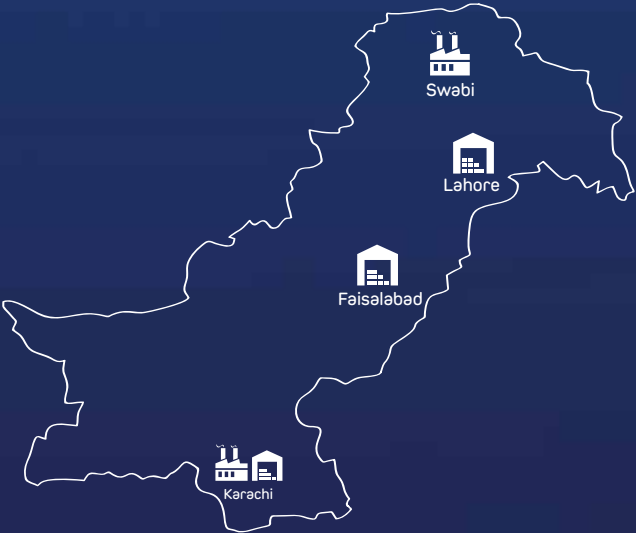
Geographical Spread



Belgium
China
Croatia
Dominican Republic
Egypt
El Salvador
France
Germany
Guatemala
Honduras

Hong Kong
Italy
Japan
Kazakhstan
Malaysia
Netherlands
Pakistan
Poland
Portugal
South Korea

Switzerland
Slovenia
Spain
Sri Lanka
Taiwan
Turkey
USA
Vietnam



 Manufacturing Plant

 Major Market

 International Market



Vision, Mission, Culture and Core Values

Vision

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

Mission

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

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

Culture

GTML embraces a culture that is driven by a people-oriented approach and empowers a collaborative environment for employees.

The management is committed to promote a coherent culture and facilitating effective teamwork at the workplace; thus, our strong belief in cultivating open communication is reflected in all that we do. Frequent feedback and performance evaluation on various levels are ensured to sustain equity and transparency of employees, which supplement mutual trust and respect among employees and with management.

Core Values

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

Business Conduct and Code of Ethics

Statement of Intent

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

Compliance with Laws and Regulations

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

Conflict of Interest

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

Anti-Bribery and Anti-Corruption

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

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

Confidentiality

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

Property Protection

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

Fair and Respectful Workplace

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

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

Health, Safety, and Environment

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

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

Quality Assurance

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

Separation from the Company’s Employment

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

Group Profile



About YBG

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

Holding Company



YB Holdings (Private) Limited (YBHPL)

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

Associates



ICI Pakistan Limited (ICIP)

ICIP is incorporated in Pakistan and is listed on Pakistan Stock Exchange Limited (PSX). The company, along with its subsidiaries, is engaged in the manufacturing of polyester staple fiber, POY Chips, soda ash, specialty chemicals, sodium bicarbonate, and polyurethanes; marketing of seeds, toll manufactured and imported pharmaceuticals, animal health products; and merchandising of general chemicals. It is also engaged in manufacturing and trading infant and grown-up formula. GTML holds 7.21% ownership in ICIP.



Lucky Holdings Limited (LHL)

LHL is a subsidiary of Lucky Cement Limited and was incorporated in Pakistan in the year 2012 as a public unlisted company limited by shares under the Companies Ordinance, 1984. Lucky Cement holds 75% shares of LHL. The main source of earnings for LHL is the royalty income received from ICIP. GTML holds 1.00% ownership in LHL.



Yunus Energy Limited (YEL)

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

The project is equipped with state-of-the-art European technology. Wind Turbine Generators (WTGs) have been manufactured by Nordex Energy Germany, one of the top WTG manufacturers from Europe; electrical balance of plants has been supplied by Alstom France, a leading grid solution provider; whereas construction activities have been carried out by Descon Engineering Limited, the leading construction, and engineering company of Pakistan. It is a clean energy project, harnessing renewable wind resources for the generation of electric power without any carbon emissions. The project is supplying electricity to the national grid regularly post commencing commercial operations in September 2016. GTML holds 19.99% ownership in YEL.

Associated Companies



Aziz Tabba Foundation

Aziz Tabba Foundation (ATF)

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

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



Lucky Motor Corporation Limited (LMCL)



LMCL, a subsidiary of Lucky Cement Limited (LCL) completed three years of operations in June 2022. The company has been structured into three business divisions, namely Automotive, Auto-Parts, and Electronics.

The Automotive Division is engaged in the business of assembling, marketing, distributing, and sales of “Kia” and “Peugeot” brand vehicles, parts, and accessories in Pakistan. LMCL has technical collaboration with Kia Corporation, part of the “Hyundai Motor Group”, which is South Korea’s 2nd largest business group and the world’s 3rd largest automobile group, and Peugeot which is part of the Stellantis Group, which is the world’s 4th largest automobile group.

LMCL has created history in the automobile industry of Pakistan by manufacturing and distributing two different international brands under one roof.

LMCL has 37 Kia dealerships in 21 cities and 8 Peugeot dealerships in 6 cities of Pakistan to serve its customers.

The Auto-Parts Division was established to achieve localization of auto parts for locally assembled Kia and Peugeot models to achieve import substitution and reduce reliance upon imported CKD parts, to produce affordable vehicles. The division produces wire harnesses, air conditioners, seats, and plastic parts such as bumper and grills, etc., for Kia models at present.

The Electronics Division was formed in July 2021 as an outcome of an agreement signed with Samsung Gulf Electronics FZE for assembling Samsung brand mobile phones in Pakistan. Samsung is the world’s 5th Largest Brand. Commercial operations of mobile manufacturing started in December 2021.

LMCL is distinct in terms of its operations and portfolio diversification and is creating substantial value for its shareholders.



Lucky Air (Private) Limited (LAPL)

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



Lucky Cement Limited (LCL)

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

Over the years, the company has grown substantially and is expanding its business operations with production facilities at strategic locations in Karachi to cater to the Southern regions and Peshawar, Khyber Pakhtunkhwa to serve the Northern areas of the Country. The company also has an international footprint, with two joint venture manufacturing facilities in Iraq, and one joint venture manufacturing facility in the Democratic Republic (DR) of

Congo. LCL is Pakistan’s first company to export sizeable quantities of loose cement, being the only cement manufacturer to have its loading and storage export terminal at Karachi Port.

LCL strives to remain an efficient and low-cost producer and is one of the pioneers to introduce and install Waste Heat Recovery, Refuse Derived Fuel (RDF), and Tyre Derived Fuel (TDF) Plants in Pakistan. It also has a self-sufficient Captive power generation facility of 180 MW and supplies additionally generated electricity to support the National grid. LCL owns a fleet of Bulk carriers and Trailers, which gives added advantage in terms of logistics and efficient deliveries to all types of customers spread across the length and breadth of the Country. LCL remains focused on the responsible and rational use of natural resources, a strategy that allows it to reduce any adverse impact on its operations and increase its operational efficiency. The company has embedded sustainability at the core of its operations. All the initiatives developed concerning eco-efficiency are based on its commitment to the United Nation’s Sustainability Development Goals 2030.

After having a strong footprint in the cement manufacturing industry in Pakistan, Iraq, and DR of Congo, LCL has evolved into a conglomerate having strategic investments in diversified industries such as Chemicals, Automobiles, Mobile manufacturing, and Power. With its long-term strategy of diversification and value creation, LCL has become a large conglomerate with direct / indirect investments in the following companies:

- Al Mabrookah Cement Manufacturing Company Limited
- Al Shumookh Lucky Investments Limited
- ICI Pakistan Limited
- ICI Pakistan Powergen Limited
- LCL Investments Holdings Limited
- Lucky Al Shumookh Holdings Limited (LASHL)
- Lucky Electric Power Company Limited
- Lucky Holdings Limited
- Lucky Motor Corporation Limited
- Lucky Rawji Holdings Limited
- Najmat Al-Samawa Company for Cement Industry
- NutriCo Morinaga (Private) Limited
- NutriCo Pakistan (Private) Limited
- Nyumba Ya Akiba S. A. (NYA)
- Yunus Energy Limited



Lucky Commodities (Private) Limited (LCPL)

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

LCPL is currently the largest importer of all types of coal in Pakistan and at present catering to a significant portion of the country’s coal requirement. Being part of the largest business conglomerate in Pakistan, LCPL has a strong market presence, which supports the company to build up a network of high-profile clients, which include power, chemical, textile, steel, and other major manufacturing industries.



Lucky Electric Power Company

Lucky Electric Power Company Limited (LEPCL)

LEPCL is proud for being the premier energy producer from the private sector to provide economical, safe, and reliable power to the off-taker and deliver sustainable value to all stakeholders. LEPCL has set up a 660 MW Supercritical Coal-Fired Power Plant (CFPP) at Bin Qasim, Karachi which in a long run will be fueled by Thar lignite coal, when it is available. It is Pakistan’s first indigenous fuel power plant outside Thar. The project is ushering in a new era of indigenous fuel utilization for baseload power generation, in line with the national objective of reducing reliance on imported fuel. The latest technology for emission control has been installed, which includes Flue Gas.

Desulphurization (FGD), Electrostatic Precipitators (ESP) with associated environmentally friendly equipment. This project achieved its commercial operation on March 21, 2022. The power generated from the plant is being fed into the national grid in line with a power purchase agreement signed with the Government.



Lucky Energy (Private) Limited (LEPL)

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



Lucky Entertainment (Private) Limited (LEL)

Onderland was awarded by 14th Consumer Choice Award 2019 as “Best Family Entertainment Centre and Best Indoor Roller Coaster”. Onderland is regarded as the largest and safest Family Entertainment Centre (FEC) in Pakistan, located in Karachi’s largest mall LuckyOne. Based on two levels, Onderland features technologically advanced indoor attractions. It has partnered with internationally acclaimed and award-winning manufacturers to provide one-of-a-kind entertainment centers in the city. Featuring arcade games, thrill rides, and virtual reality entertainment, being a member of IAAPA (The Global Association for the Attractions Industry), and the Middle East and North Africa Leisure Attractions Council (MENALAC), Onderland is a one-stop amusement spot for kids and adults alike.



Lucky Exim (Private) Limited (LEXL)

LEXL, an indenting arm of (YBG), is the largest indenter of all types of coal in Pakistan. Lucky Exim is the preferred supplier of customers as the business is conducted with integrity, unparalleled service, and

professionalism. Therefore, customers are provided with premium coal that offers the best value for money without compromising on quality. With an initial focus on coal trading, the company plans to diversify its trade activities to various energy and dry bulk commodities.



Lucky Foods (Private) Limited (LFPL)

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



Lucky Knits (Private) Limited (LKL)

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



Lucky Landmark (Private) Limited (LLPL)

Situated in the heart of the city, LLPL owns the LuckyOne Mall, which opened its doors to the public on May 6, 2017. One of the largest malls in Pakistan, with

more than 200 retail outlets, the LuckyOne Mall provides an unprecedented retail space that includes a “Health and Wellness Avenue”, “Wedding Galleria”, “Fashion Alley”, “Banking Enclave” and one of the largest “Food Court” in the Country.

Having the largest Carrefour and the biggest atrium in Pakistan, LuckyOne Mall is the first in the industry to have an in-mall open-air “Food Street” and an international standard FEC - “Onderland”

To facilitate the customers, the mall also offers a double-story basement car parking lot sufficient for around 1500 cars.

It is one of the malls with an International Standard “Learning Studio” for constant training of management and staff.

Recognized for providing an ultimate shopping experience, LuckyOne Mall continues to expand, renovate, and offer an innovative and engaging experience to its customers, making it truly the “Place to Be”.



Lucky Textile Mills Limited (LTML)

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

It can process 108 million meters per annum of fabric. Further LTML has a power generation facility of 6 MW. The stitching division is equipped with sophisticated high-tech machines that can stitch fabrics and transform them into home textile as well as apparel products with a high degree of precision. Stitching machines include Juki, Brother, Kansai, and the automated Texas plant.

Further, the company has achieved its vision of making itself a composite vertical integrated setup by establishing its Spinning Unit. In first phase, the Company has imported 14 Murata Vortex Spinning (MVS) machines and 04 Saurer Automatic Rotor

Spinning Machines. All these machines have already been arrived at the site. The construction activities of the Company’s Spinning Unit are at finalization stage. The Company expects that operational activities of its Spinning unit will commence from September 2022 Insha’Allah.



LuckyOne (Private) Limited (LOPL)

Lucky One Apartments is a magnificent, multifaceted, first-of-its-kind-end residential complex that will revolutionize the luxury living experience in Pakistan. LuckyOne integrates 8 elegant residential towers and a large 8 - acre Rooftop Park. The project comprises two phases of which Phase -1 has been launched. Conveniently situated at the prime location of Karachi on main Rashid Minhas Road, opposite UBL Sports Complex, the apartments are easily accessible through major Flyovers of Karachi. The unbeatable mix of top-class luxury apartments and hi-end amenities like Swimming Pool, Gymnasium, Jogging Track, Tennis Courts, Reading Room, Event Hall, Play areas, and the amazing 8 - acre Rooftop Park will make LuckyOne Apartments the premiere lifestyle destination for urban living in Karachi.



Tabba Heart Institute (THI)

THI is a leading cardiac care hospital of 170-bed with a vision of quality care. Since its inception in 2005, the hospital has carved a niche for itself in the cardiac healthcare sector of the Country and has grown manifolds in its reach and magnitude. The hospital was awarded the prestigious Platinum Performance Achievement Award by the American College of Cardiology. THI is the first and only hospital in Pakistan that has been bestowed with this distinction for the past three consecutive years. THI is certified by International Organization for Standardization (ISO) for quality and safe environment practices with ISO 9001 and 14001 standards respectively and accredited by the College of Physicians and Surgeons Pakistan for its fellowship training programs.

Besides offering a complete range of therapeutic and preventive care for cardiovascular diseases, OPD consultations are also available for Electrophysiology,

Diabetology, Pulmonology, Nephrology, Neurology, Infectious Diseases, Gastroenterology, Physiotherapy, Psychiatry, Geriatrician, and General Medicine. THI also has a structured and recognized fellowship training program in Interventional Cardiology, Cardiac Surgery, and Cardiac Anesthesiology. Moreover, the hospital also offers core skills training program in nursing and allied health services.



Tabba Kidney Institute (TKI)

TKI is a 100-bed Post Graduate Training and Research Center with state-of-the-art technology and expertise of well-experienced doctors, famous for the cure of kidney-related diseases, extends Emergency, In-Patient Department, Consultant Clinics / OPD, Clinical Laboratory, Pharmacy, Radiology services besides providing High-Tech Operation theaters facility equipped with Flexible Ureterorenoscope, 3D Laparoscopic, 140-watt Laser, Trilithology and 4K Camera technology.

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



Lucky Renewables (Private) Limited (LRPL) Formerly [Tricom Wind Power (Private) Limited]

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

The project is equipped with state-of-the-art WTG, manufactured by Siemens Gamesa China; the electrical balance of plants has been supplied by various recognized vendors; whereas construction activities have been carried out by Hydro China International Engineering Company Limited and Orient Energy Systems (Private) Limited.

The project is financed by a consortium of local and foreign lenders. The local Lender consortium comprises Bank Al-Habib Limited and Allied Bank Limited. Foreign financing has been secured from International Finance Corporation. The company achieved its financial close on November 18, 2019, and started commercial operations in September 2021. It is a clean energy project, harnessing renewable wind resources for the generation of electric power without any carbon emissions.



Y.B. Pakistan Limited (YBPL)

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

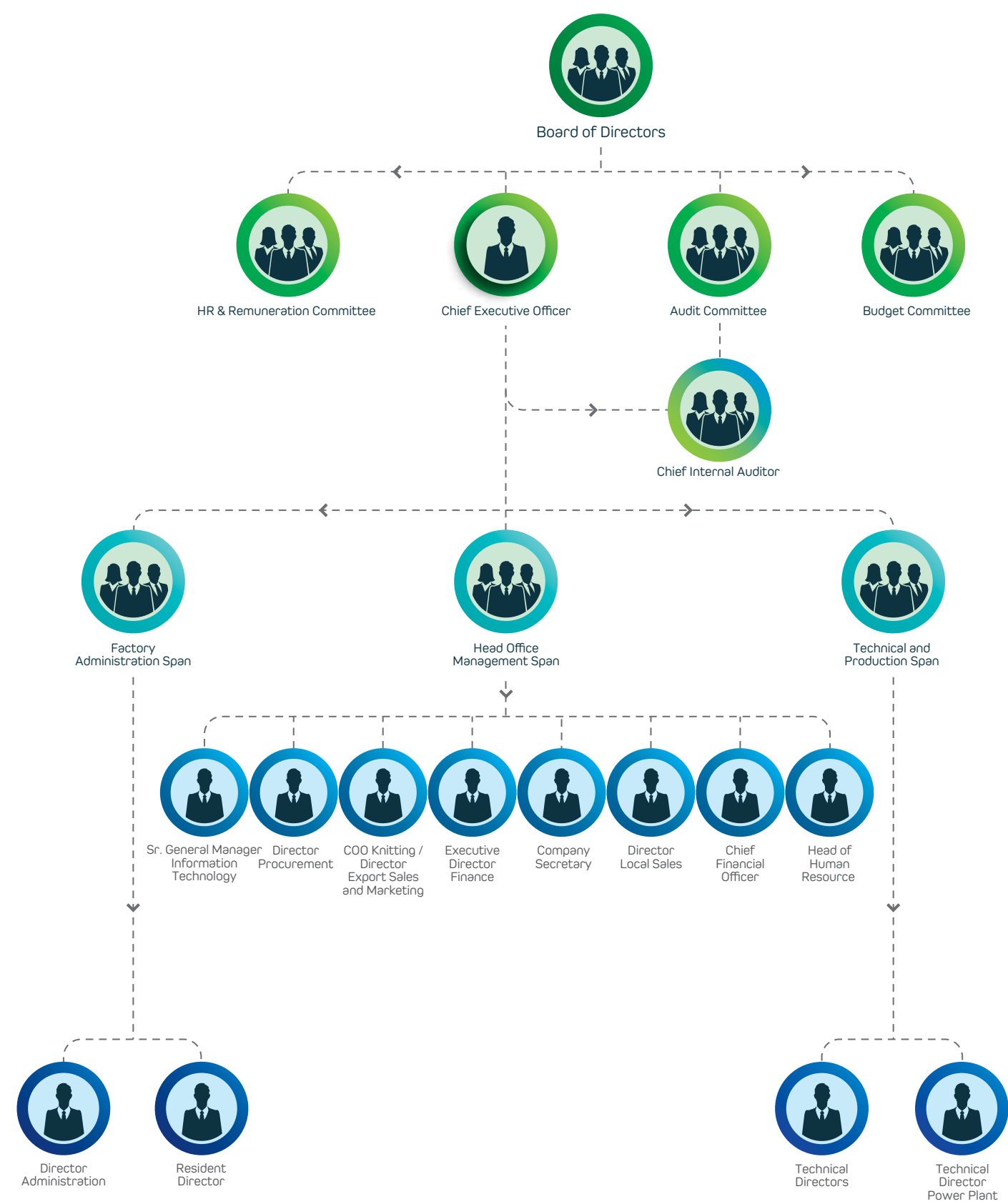


Yunus Textile Mills Limited (YTML)

YTML is a vertically integrated home textile unit established in 1998, consisting of spinning, weaving, dyeing, printing, finishing, cut, and sewing facilities with a workforce of 4,800 employees. In a span of 10 years, it became the number one home textile exporter of Pakistan with more than 10% share (approx.) of all Home Textiles exported. The company has its international warehousing, distribution, and design development offices in the USA, UK, and France.




Organizational Chart




Senior Management


Head Office




Mr. Muhammad Sohail Tabba
Chief Executive Officer




Mr. Abdul Sattar Abdullah
Executive Director Finance




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




Mr. Muhammad Imran Moten
Chief Financial Officer




Mr. Salam Chottani
Director Local Sales



Mr. Haji Muhammad Mundia
Chief Internal Auditor




Mr. Salman Lakhani
Director Procurement




Mr. Muhammad Umair
Company Secretary


Gadoon Amazai Plant




Mr. Waqar Ahmed Khan
Director Administration



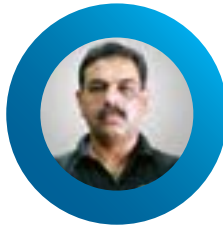
Mr. Iftikhar Ahmed
Director Technical



Mr. Mohammad Nadeem Riaz
Director Technical




Mr. Shafqat Mumtaz Ahmed
Director Technical




Mr. Asad Ansari
Director Technical Power Plant


Karachi Plant



Mr. Tahir Saleem
Executive Director Technical



Mr. Akhtar Kamdar
Resident Director

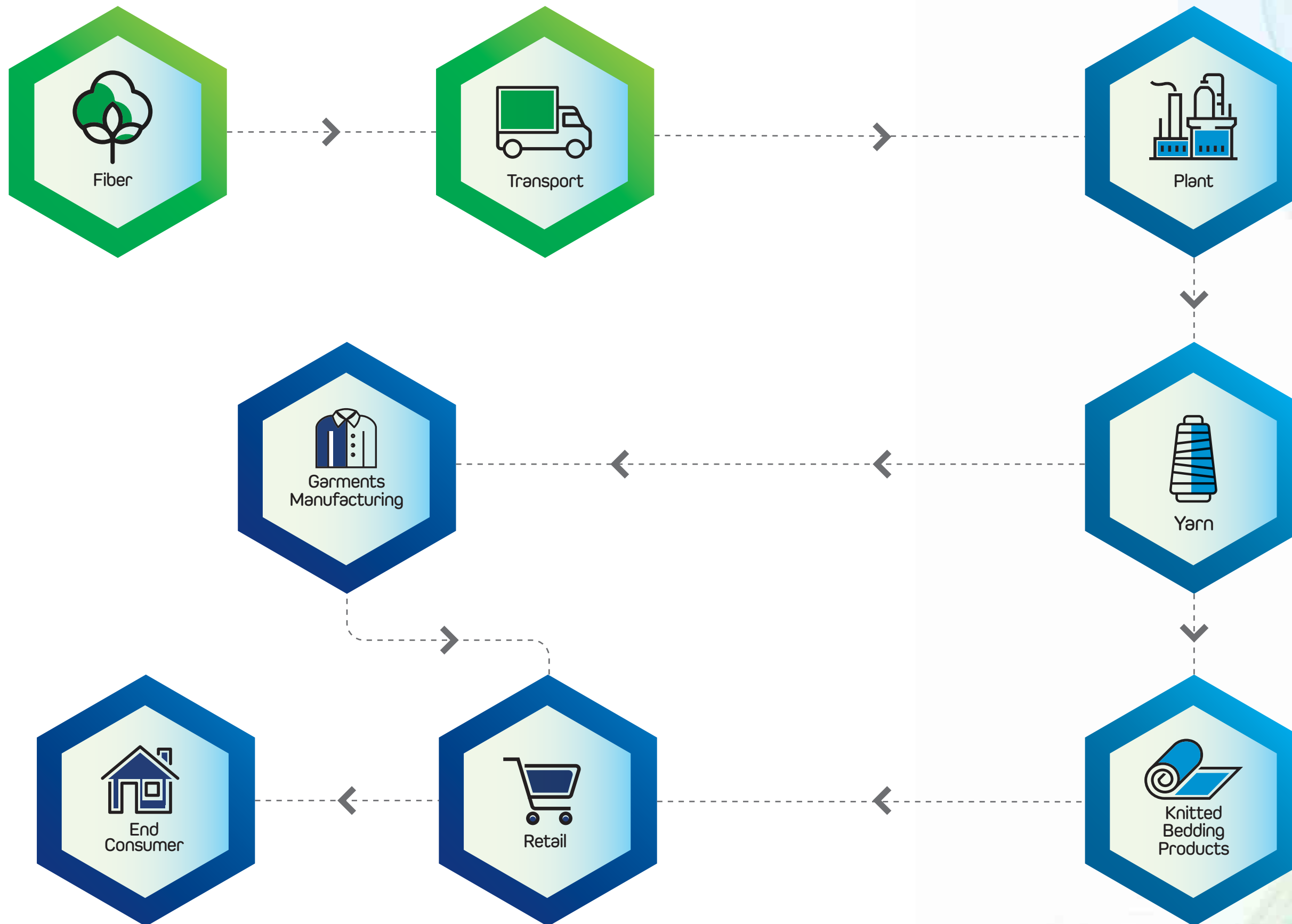


Mr. Suleman Joya
Director Technical

Key Quantitative Information

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

Value Chain Positioning



Pestle Analysis

significant factors affecting the external environment and organization’s response

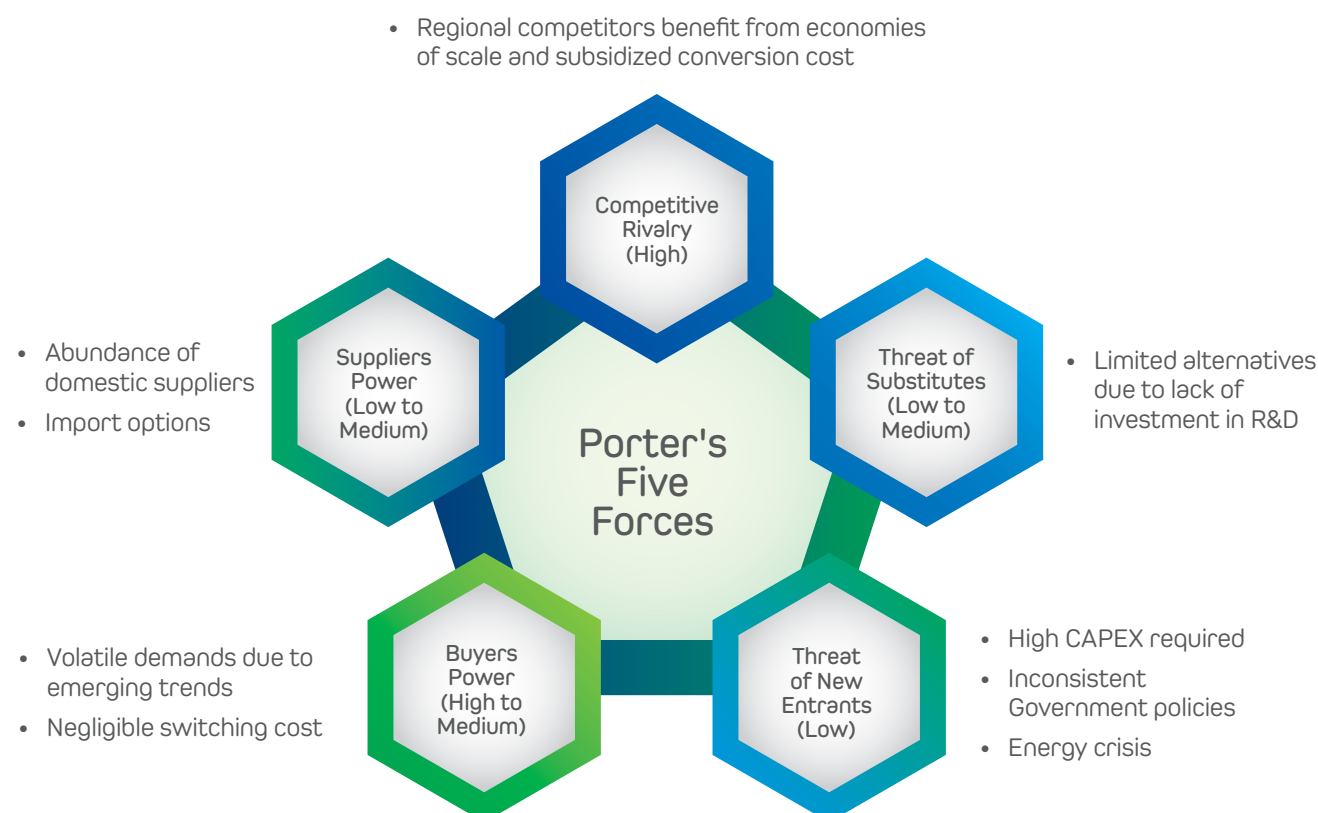
Organizations are affected directly or indirectly by the external environment in which they operate. It is stated with certitude that it is not possible for companies to work in a vacuum or in isolation with their surroundings. The different elements of the external environment are discussed as under:

Nature of Factors	Possible Impacts
Political	Unstable political conditions impede the growth of any economy. Frequent changes in Government policies affects the confidence level of the investors, and accordingly, overall business operations are suffered.
Economic	Economic conditions have a direct impact on the Company’s performance. An adverse movement in the exchange rate, interest rates, inflation rate, etc. might negatively impact the business of the Company.
Social	Being socially responsible is another significant factor of critical importance that adds to the Company’s performance levels. Organization that do not play an active role for the welfare and betterment of society affects their customers, employees or other stakeholder.
Technological	Without technological developments and innovations, growth of the organization may be slowed down.
Legal	Non-compliance with the legal / regulatory requirements may lead to reputational loss for the Company and imposition of fines and penalties.
Environmental	Company activities have an impact on the environment in which they operate. Not giving due importance to the environmental laws may lead to reputational loss and legal repercussion.

Organization’s Response
<ul style="list-style-type: none"> Consistent market analysis by the senior management and proactive planning to mitigate any unfavorable outcome on the Company’s business. Arranging sessions withinvestors / stakeholders to boost their confidence.
<p>The Company actively monitors the economic factors and takes steps to minimize its negative impact. Some of the steps taken during the past couple of years are:</p> <ul style="list-style-type: none"> Conversion from foreign currency-denominated borrowings to local borrowings, and vice versa, owing to possible devaluation of the currency or increase in interest rates. Efficient cotton procurement. Investment in diversified avenues.
<p>The Company not only participates diligently in the CSR activities but also encourages its employees to devote their time to the betterment and well-being of the society. In this respect, different activities are planned each year.</p>
<ul style="list-style-type: none"> In order to gain a competitive advantage, the Company regularly invests significant amounts on new technologically advanced machinery, which is evident from Rs. 1.02 billion CAPEX this year as well. The Company also ensures participation of its senior management in various national / international exhibition / training session, to acquaint them with the latest technology.
<p>In addition to its professional team, the Company also hires lawyer / tax expert services, on a need basis, to ensure compliance with all legal / regulatory requirements.</p>
<p>In addition to ensuring compliance with applicable environmental laws and regulations, the Company also takes additional steps regularly, few instances are:</p> <ul style="list-style-type: none"> Successfully installed Waste Heat Recovery Steam Generator (WHRSG) plant. This plant operates by transforming the engine’s heat and smoke into power that is used for further processes. Installation of RO water plant within the premises of factory in order to provide the clean water and sanitation for the entire workforce.

Competitive Landscape and Market Positioning

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



Seasonality of Business

The Company's primary business is derived from the manufacturing and sale of yarn. During the year the demand of the yarn witness a downward trend from the second half, mainly on account of on-going trade wars, global recession and political instability.

The Company risk assessment team strategizes seasonality through proper inventory, procurement and production planning; whereas the marketing team performs regular trend analysis to pursue demand well before regional and international festivals such as Eid, Christmas, Easter etc.

Legitimate and Regulatory Environment

GTML in addition to the fulfilling the requirement as laid under the various Corporate and taxation laws, is also required to comply with listed Company's requirements under Pakistan Stock Exchange (PSX) regulations and other relevant laws. Although Spinning industry is not a regulated industry, however, the Company has obtained various certifications, to adhere to the requirements as laid under various certifications. Moreover, the Company has its own power generation and is accordingly required to comply with rules and regulations of regulatory bodies including of NEPRA.

Significant Changes from Prior Years

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

Awards and Achievements

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

Awards Received During the FY 2021-2022

Business Excellence Award

The Company has been awarded the Business Excellence Award during the year, presented by Mr. Hasnain Khurshid Ahmad, President of Sarhad Chamber of Commerce and Industry (SCCI) with the sole aim to recognize and honor the Company's outstanding performance and demonstrating progress and best business practices within the industry.

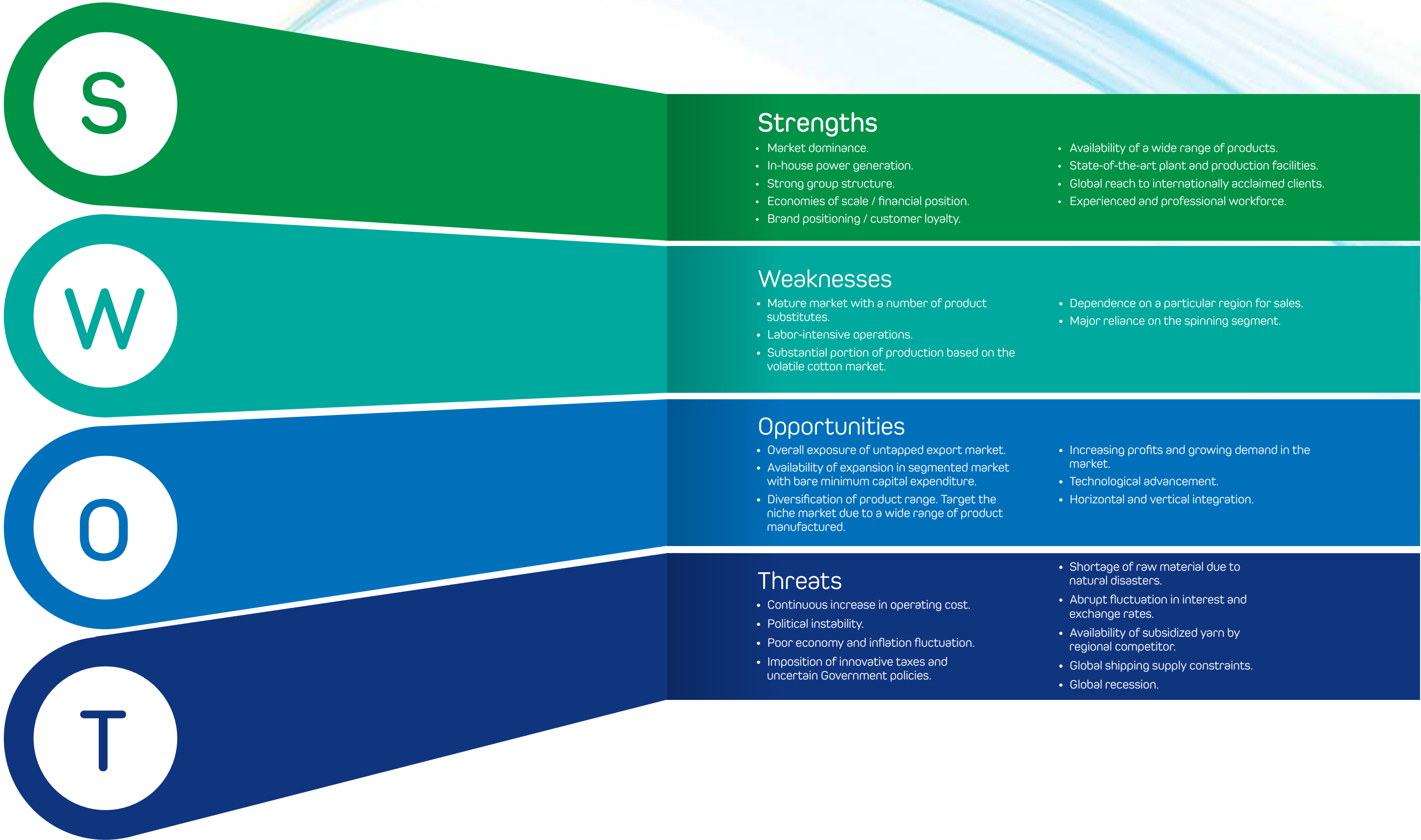


Best Corporate Report Award

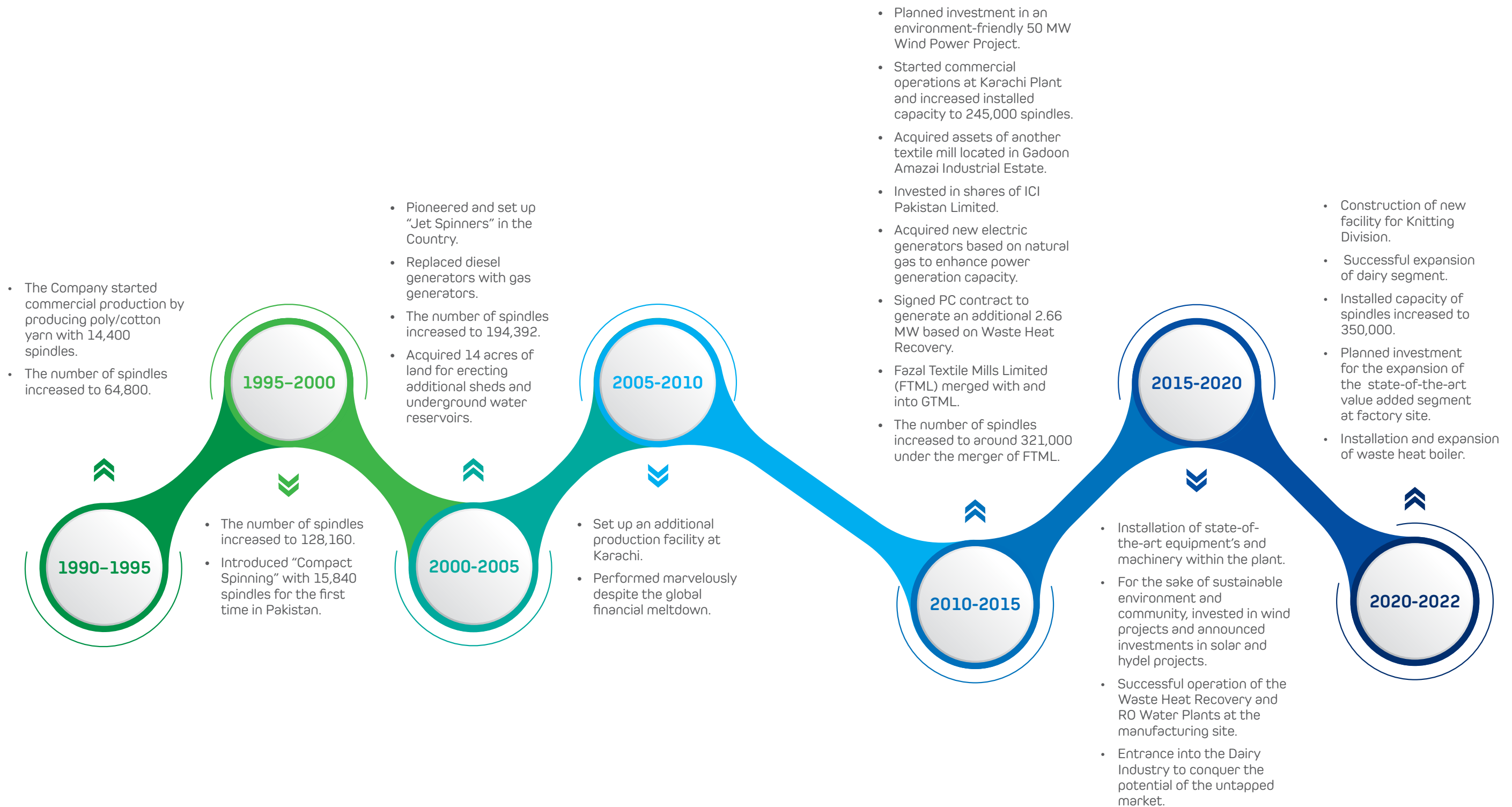
The Company believes in providing the stakeholders with a well-integrated corporate annual report and ensures the quality and transparency of information provided to them. Keeping in view, the Company's best corporate reporting practices, the Company's Annual Report for the year 2020 secured the second position in the Textile sector in the Best Corporate Report Award recognition ceremony jointly held by the Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMAP).



SWOT Analysis



History of Major Occasions



Calendar of Notable Events

Notable Events for the Financial Year - Employees Engagement Activities

Thursday, August 05, 2021 Training-Creativity and Critical Thinking	Friday, August 13, 2021 Independence Day Celebration	Monday, October 25, 2021 Cricket Gala
Sunday, December 05, 2021 Annual Day	Friday, December 10, 2021 Basic Etiquettes for Supporting Staff	Friday, December 10, 2021 World Human Rights Day
Thursday, February 03, 2022 Excel Lens Workshop	Friday, February 04, 2022 World Cancer Day	Tuesday, March 08, 2022 Women's Day Celebration
Thursday, March 17, 2022 Training on Team Building for High Performance (Amazai, KPK)	Saturday, March 26, 2022 Training on Emotional Intelligence (Head office, Karachi)	Tuesday, May 17, 2022 Data Centre and Database Centralization Appreciation Ceremony

Notable Events for the Financial Year

Friday, August 06, 2021 BOD Meeting for Yearly Accounts - 2021	Tuesday, September 28, 2021 34th Annual General Meeting - 2021	Tuesday, October 26, 2021 BOD Meeting for the First Quarter Ended September 30, 2021
Thursday, January 27, 2022 BOD Meeting for Half Year Ended December 31, 2021	Friday, March 18, 2022 Extraordinary General Meeting for Election of Directors	Wednesday, April 27, 2022 BOD Meeting for the Third Quarter Ended March 31, 2022
Friday, June 17, 2022 BOD Budget Meeting 2022-2023		

Tentative Dates for Next Financial Year

Tuesday, August 02, 2022 BOD Meeting for Yearly Accounts - 2022	Wednesday, September 28, 2022 35th Annual General Meeting - 2022	Friday, October 28, 2022 BOD Meeting for the First Quarter Ending September 30, 2022
Friday, January 27, 2023 BOD Meeting for the Half Year Ending December 31, 2022	Friday, April 28, 2023 BOD Meeting for the Third Quarter Ending March 31, 2023	Friday, June 16, 2023 BOD Budget Meeting 2023-2024

بادشاہی مسجد لاہور، دنیا کی پانچویں
بڑی مسجد، اپنی دیر پا خوبصورتی
اور استحکام کے ساتھ عظمت کی علامت ہے۔



Strategy and Resource Allocation

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

Strategic Objectives and Plans

Objectives	Sales maximization and global footprint	Attaining business synergy through operational efficiency	Diversification of risk and businesses to maximize shareholders’ return
Priority	High	High	High
Timeline	Short term	Short term	Medium-term
Current Status	Ongoing process	Ongoing process	Ongoing process
Strategy	Maximize sales by exploring and entering new and untapped markets, hence increasing the global footprint of the Company.	To monitor the business processes regularly and exploring new ways to make the overall process lean and efficient.	To expand within the spinning and other value-added sectors by continuously exploring new opportunities.
Resource Allocated	Financial Capital, Social and Relationship Capital and Manufactured Capital.	Human Capital.	Financial Capital and Human Capital.
Resource Allocation Plan	In addition to the budget allocated for sales and marketing to boost export sales (financial capital) and to explore new untapped markets, the management is making further efforts to build a global image of the Company (social and relationship capital). For these reasons, various activities are also being planned for the forthcoming year. The Company, being a member of various forums / associations, also attends investment conferences and seminars on both local and global levels, thus promoting its corporate image (social capital). In addition, to ensure presence at various events / seminars, our Corporate and Branding team continuously monitors upcoming potential seminars and avenues to participate actively.	<p>The Company significantly focuses on investments in the training and development of its staff and executives at various local and international levels.</p> <p>This helps them to improve their management and technical skills and equips them with the latest production techniques and developments to enhance their overall efficiency and effectiveness (human capital).</p>	<p>The Company has a strong financial standing and being a part of one of the largest conglomerate groups, YBG, has viable access to financial capital from various sources.</p> <p>To manage the investment in diversified portfolios, Company has an experienced strategic management team. The roles and responsibilities have also been appropriately assigned to a dedicated team of professionals (human capital) who are responsible for managing investments and identifying new prospects, and their level of competency has been ensured.</p>
KPIs	1. Market share. 2. New tapped Countries. 3. Brand image positioning.	1. Cost management. 2. Outcome and effectiveness of training sessions.	1. Profitability ratios. 2. Return on capital employed. 3. Gearing ratios.

Sustain industry leadership	Maintaining high ethical, professional, and environmental standards	Contribution toward the sustainability of the society
High	High	High
Long term	Long term	Long term
Ongoing process – Targets for the year achieved.	Ongoing process.	Ongoing process – the Company has conducted several CSR activities and R&D throughout the year to serve society.
Planning and regularly upgrading production facilities; timely deployment of the latest state-of-the-art machinery to maximize overall efficiencies and production of a customer-centric product.	To continuously monitor and incorporate the best industry practices within the Company that contributes to the stakeholders’ well-being.	Continuing a chain of sustainability through the elimination of carbon and by investing in environmentally friendly energy projects. Further contribution towards social initiatives related to employment, health and education.
Manufactured Capital, Human Capital, and Intellectual Capital.	Social and Relationship Capital and Human Capital.	Financial Capital, Manufactured Capital, and Natural Capital.
To sustain industry leadership, the Company has timely invested in technologically advanced machinery (manufactured capital) and continuously upgrading its system and business intelligence tools (intellectual capital). It anticipates that in the coming years, the Company will be able to further rationalize its workforce (human capital), which will bring in further value addition to the Company.	The management of the Company places strong emphasis to ensure that all regulatory requirements and best industry standards are complied with (social and relationship capital). Achievement of this objective would help maintain healthy relations with employees (human capital) and other stakeholders.	<p>In order to contribute to society, the management of the Company has taken a keen interest in different kind of CSR activities and have been allocating funds for the same (financial capital).</p> <p>Further, to promote sustainability, regular research is being carried out to eliminate carbon footprints and install technologically advanced and environmentally friendly plant (manufactured capital). To emphasize the minimal wastage of natural resources used in the manufacturing process, techniques are adopted for the effective use of natural resources (natural capital).</p>
1. Profitability ratios. 2. Market share.	1. Employee retention ratio. 2. Long-term relations with stakeholders.	1. Effective CSR fund allocation. 2. Percentage of SDG’s compliance. 3. Units of energy saved.

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

Key Resources and Capabilities, Providing Sustainable Competitive Advantage

As one of the leading textile employer, the Company continuously strives for a business culture of improvement, sustainable competitiveness, and top performance in an ethical manner. The Company is committed to particular values of monitoring brand reputation, and ensuring customers' satisfaction over time for sustaining a competitive advantage through:

- Being part of one of the largest conglomerates, YBG.
- Self-power generation plants at factory sites, to reduce the pressure on national grid for energy requirements.
- Presence in two distinct locations for better customer's reach and effective implementation of brand positioning strategy.
- Obtaining certifications to maintain the sustainable product portfolio and value creation within the targeted market.
- Continuous investments in state-of-the-art sustainable and efficient machineries.
- Seasoned and experienced management to cater new challenges and achieve operational efficiencies.

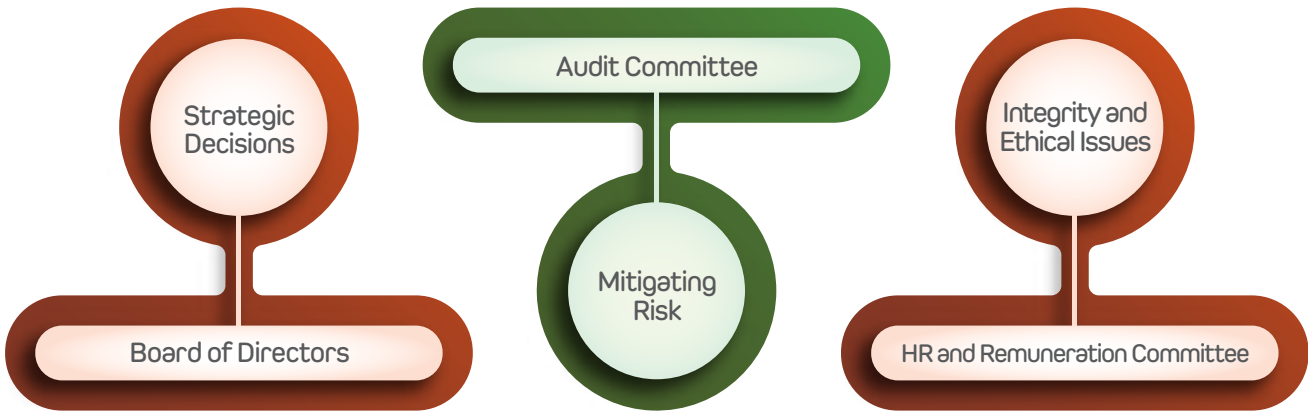
Factors Affecting the Strategic Approach and Resource Allocation

The Company's management is confident in its strategic approach and resource allocation plan for progressive success within the industry. However, there are still several MACRO factors that might affect the plan either directly or indirectly. Following are some factors and their possible effect on the strategic approach and resource allocation plan.

Factors	Effect on Strategic Approach	Effect on Resource Allocation Plan
Technological changes	The change in technology and innovation opens the door to progress. However, this may result in a change in consumer behavior and their pattern of product / services usage. The strategic approach needs to be reviewed continuously with any possible change in technology to cope with the latest industry trends.	Lack of trained staff and risk of mishandling of the equipment or malfunctioning of new machinery might adversely impact the resource allocation plan.
Environmental challenges	Environmental challenges such as climatic changes, shortage of resources and the loss of ecosystem is inevitable, however, through implementation of a potential sustainable strategy we can ensure the safety of the environment and alternative renewable use of natural resources.	Environmental change alters consumer behavior; this can be detrimental to business activity. However, by ensuring strict compliance with the regulations, and taking voluntary steps to adopting environment-friendly practices, we can manage to achieve the strategic goal of the Company to strive and thrive.
Societal Issues	Societal issues such as health, poverty, and the educational system affect the pattern of consumer behavior and their spending thereby having an impact on businesses globally. However, the Company has put in place a strategy to cater to the change in consumer patterns over time by continuous research and development to produce environmentally sustainable products.	Any change in the societal issues may require the Company to lay further emphasis on corporate social responsibility, change workplace culture, possible allocation of resources towards green or ecological products, and more positive attitude towards the use of renewable energy, etc.

Strategic Decision-Making Process

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



Significant Plans and Decisions

From time to time, the Company has diversified its business operations through expansion, and restructuring, including the merger. However, there are no plans for any significant restructuring, expansion of business operations, or discontinuance of any operation except for the expansion of value added segment.

Rationality of Business

The Company has elevated the overall business operations through major capital investment in the spinning and value-added sector by installing state-of-the-art machinery during the previous years. Meanwhile, multiple integrated projects have been initiated by the Company to achieve maximum capacity in terms of production and profit to stay ahead within the industry.

Changes in Objectives and Strategies

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

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

Liquidity Strategy

Current Liquidity Position

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

	2022 ------(Rupees in '000)-----	2021
Equity	18,003,149	12,610,075
Long Term Finance	5,014,436	4,839,538

The Company stands on a strong repayment legacy as the Company has never defaulted any payment against financial institutions, vendors, Government agencies, etc. and the management is confident that the Company would not face any liquidity issues in the future. The Company has sufficient liquid resources in hand to meet its working capital requirement. The Company has managed to improve its current ratio over the years, which is evident from an increase in the current ratio from 0.87 in 2017 to 1.47 in 2022. This depicts the performance of the management in achieving the targets set by the Board. The management ensures all necessary measures to manage the ratio at an optimum level.

The increase in long-term finance is mainly on account of CAPEX made during the year. The principal repayment of Rs. 1.53 billion out of Rs. 5.10 billion appearing as long-term finance as of June 30, 2022, will be due after five years.

Financing Arrangements

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

03

Risks and
Opportunities

پاک سرزمین کا نظام

K2، جسے مقامی طور پر 'چھگوری' کے نام سے جانا جاتا ہے، جس کا مطلب ہے "پہاڑوں کا بادشاہ"، دنیا کی دوسری بلند ترین چوٹی ہے۔ یہ پاکستان اور چین کے درمیان ہمالیہ کی حدود میں واقع ہے۔

Risk Management

Methodology

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



Framework

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

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

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

Principal Risks and Uncertainty

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

- Technological advancements making it more challenging for the Company to compete on the national / international level.
- Declining export sales due to international wars (trade war between US / China, Russia / Ukraine war) and increased competition at global as well as regional levels coupled with the impact of increasing global shipping supply constraints.
- Currency volatility, and abrupt Rupee devaluation, resulting in an increased cost of imported raw materials.
- Implementation of Custom Duties / Regulatory Duties on import of Cotton making raw material costlier.
- Rising trend of conversion, power cost on account of increasing fuel / gas prices, natural gas curtailment, and other inflationary impacts.
- Increasing KIBOR results in increased financing costs.
- Uncertain taxation measures including the imposition of super tax/poverty alleviation tax.
- Withdrawal of Custom Duties / Regulatory Duties on import of Yarn, making the import cheaper.
- Soaring inflation impacts the purchasing power of the common man thereby reducing the demand for the Company's product.

Policy

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

Following are the salient features of the Risk Management Policy:

- Management must ensure that every HOD must identify the risk of his/her department and describe the measures to mitigate the identified risk. Every department must be updated about relevant regulatory requirements, laws, and codes of conduct pertaining to the activity of his/her department, and it should be observed and implemented at various execution levels.
- Each risk should be categorized into 4 levels, namely low, medium, high, and crucial.
- HOD should set and change the levels of risk with the consultation of the Chief Internal Audit (CIA). HOD will also be empowered to modify the measures to cope with already identified risks.
- The monitoring and reporting level of each risk will be defined by the CEO with the consultation of CIA and HOD.

- Every HOD will prepare a document of the identified risk of his / her department along with the control measure to mitigate the risk. The HOD will keep a record of changes in the level of risk and will keep track of reporting to higher authorities and measures taken by the concerned department to control the situation. Every change in the level of risk shall be reported to the CIA for assessment and updating in the Risk Register.

Risk Register and Annual Presentation to Board

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



Risk and Opportunity Report

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

Potential Risks

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

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

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

Potential Opportunities

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

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

Robust Assessment of Risk

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

Capital Structure and Payment of Debts

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

Promoting and enabling Innovation

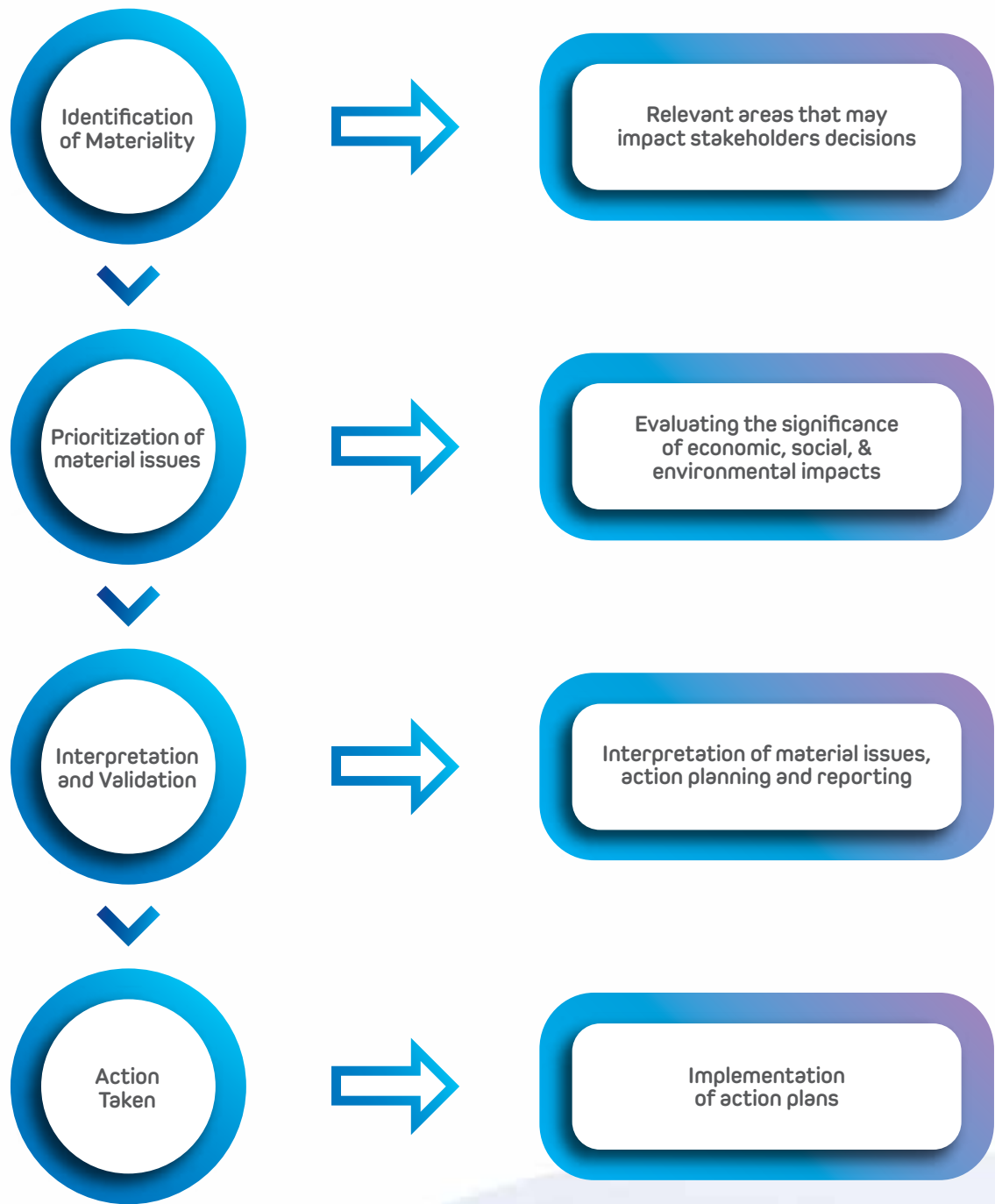
Under the context of sustainable development goals, it is our utmost duty to contribute to the innovation & growth of the industry. We continuously assess, invest and innovate our processes by deploying state-of-the-art technology to stay ahead in our production and operational activities to give the Company an edge in the industry. The Company has a dedicated team of professionals who are always focused on striking the implementation of the latest innovation and value addition ideas to stay ahead in the business.



Materiality Determination

Materiality Analysis

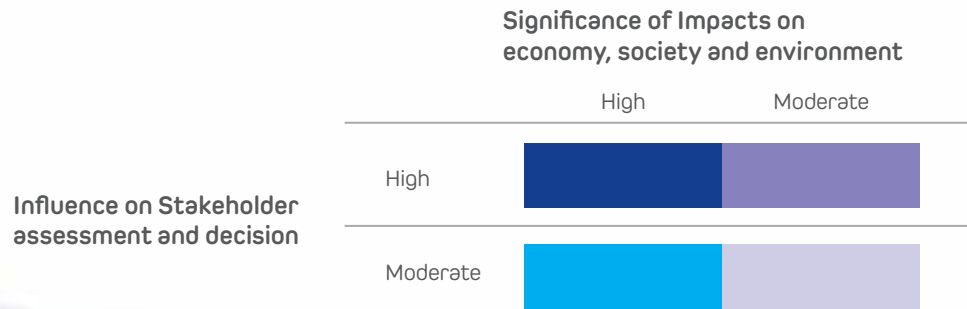
Materiality determination of the Company is the value-creation strategy that prioritizes the most impactful areas of society, environment, and economy. The issues highlighted influence the decision-making process of the stakeholders and the responses need to be timely identified, evaluated, and formulated.



Materiality Matrix

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

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



04

Sustainability and Corporate
Social Responsibility

قوتِ اخوتِ عوام

اسلام آباد میں واقع، 'پاکستان مونومنٹ'
اُن پاکستانی عوام کے اتحاد کی علامت ہے
جس نے اپنے "آج" کو ایک بہتر "کل"
کے لیے قربان کر دیا۔

Expressions of Sustainability

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

In terms of Health, Safety, and Environment (HSE), the Company sets an exemplary contribution toward the welfare of society. Leading to its primary focus, the Company is implementing the latest techniques and adopting various measures of sustainability to uplift the overall potential of operations to comply with environmental protection, occupational health, and safety standards.

Following are the numerous features of sustainability on which the Company's performance, policies, initiatives, and plans are based for the year:

Economic

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

The Company aims to deliver value to its stakeholders along with consistent growth. The Company's presence in the market has a positive impact on the economic development of Pakistan by boosting employment and business opportunities simultaneously. However, for enhanced productivity and growth the Company uses advanced technology that sustainably contributes toward economic development.

Environmental

Sustainability revolves around the environment, which has been integrated into corporate values. The Company duly complies with the environmental laws and is continuously working to improve the environmental management system and voluntarily comply with new global reporting initiatives. The

management of the Company encourages and is keen to explore environment-friendly practices against the goal set for which they are responsible.

Mitigating Adverse Risk of Industrial Effluents

As a reputed employer in the industry, the Company actively aims to mitigate adverse risk and minimize the overall harmful industrial effluents. The management of the Company also ensures that waste material and chemicals are disposed of in an environmentally friendly manner. Under this context, multiple training sessions had been organized to create awareness amongst the employees and staff and actions that need to be taken to achieve the business objective.

Energy Saving Measures

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

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

Furthermore, to save and conserve energy, the Company made a great effort by installing energy savers lights at factory premises. Similarly, the Company is also planning to install solar panels to adopt green sustainable practices. Furthermore, the Company's management enforced certain small yet effective environment-friendly measures by turning off unnecessary lights, switches, or computers during office breaks alongside using energy-efficient office equipment.

Paper-Waste Disposal

The Company acts as socially responsible corporate structure aiming to ensure minimum waste of paper and scanning most of the data digitally. Over the last few years, the management has been donating tons of waste paper for recycling. Such recycled papers were also used in making decorative frames for the office walls.

With the circular waste management systems, another sustainable milestone achieved this year is the conversion of tons of paper waste into compost soil, which is utilized at factory premises during tree plantation drives and gardening purposes, making the soil more fertile and rich in nutrients.

Social

The goal of the Company in this respect is to give utmost priority to the health, wellness, and education of the people and encourages the employees to focus on work-life balance initiative. The Company's social responsibility is achieved through compliance with relevant legislation and codes of practice, and effective management of social, economic, and environmental impacts.

Industrial Relations / Employment

Developing an astound connection with all the employees is an integral part of GTML. The management of the Company ensures a strong connection and fair treatment between the line

managers and employees in all matters. If in case of any issue emanates, the Company's management resolved the matter timely, and fairly.

The Company takes part in corporate social activities actively and also believes in spreading ethical values amongst society by giving employment opportunities. The Company started its operations in Swabi which provided employment opportunities to the residents, who previously used to take part in the cultivation of opium and poppy on their lands as their only source of income.

The Company's CSR team left no stone unturned when it comes to the social and emotional needs of its people, including accommodation provided to employees at factory locations. Moreover, amenities like subsidized food, medical services, and commute services are also provided to employees for their well-being. The Company also has retirement plans in place for its employees providing them with financial security post their retirement.

Communities

Every year, GTML takes various initiatives and fulfilled its commitment to the well-being of communities and society. Some of the event details are mentioned in the next section of Corporate Social Responsibility.

Mark of Corporate Social Responsibility

The Company proudly places itself as one of the diligent members of the corporate community. The Company has worked compassionately for several charitable causes in the health, education, and social sectors. Keeping necessary SOPs in mind, the Company conducted some of the activities without any discrimination, racism, and cultural difference.

The Guardian School



On the auspicious occasion of Independence Day, a visit to a small charity school was organized by engaging the summer internship batch. The Guardian school is mostly run-on donations and comprises some bright minds. Our volunteers joined the students and teachers in the Independence Day celebrations, participated in various activities with them including games, and distributed gifts and refreshments amongst them.

World Elder's Day



A day well spent with elderly people at Bint-e-Fatima old age house for women. Women from different ethnicity and religions are living together under one roof and facing physical and mental health challenges. HR department started the activity by identifying the needs of the females residing there. Volunteers from each department actively participated and visited the house and shared gifts along with the required items. The residents and caretakers highly appreciated the efforts and kind considerations of the Company. Elderly females

spent time with the volunteers and discussed their daily issues and stories from the past. The activity created a sense of responsibility within the people towards taking care of their elders and contributing to CSR activities.

Blood Donation Drive



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

World Children's Day



A visit was conducted at SOS Children's Village on account of World Children's Day. The volunteers presented gifts along with the required donation for the children who are living and getting an education there. The management of the village gave a briefing about the various activities they carry out to promote education and interpersonal skills among the underprivileged children. One of their achievements is that their students have been selected in various universities and colleges while some are successfully performing duties in various organizations. The Company's employees also visited the hostel area where the children are living together like a family.

World Disability Day



This day was celebrated by organizing a visit to Dar-ul-Sukun, Karachi, which is considered one of the best homes for persons with disabilities. The facility resides children with disabilities along with some elders, especially those with mental challenges. The idea of visiting them is to promote wellness and provide donations for those who are in need. The spirit of this CSR also helps to create a gesture of thankfulness for all the health benefits we enjoy in our daily life.

International Women's Day



The Company took an initiative with Behbud Association, Karachi by providing donations to enable the institute in creating income-generating opportunities and empower females. Several required items were gifted to them which would help them to learn different skills and become economically self-sufficient in the future.

Iftaar Drive



The Holy month of Ramadan is the month of giving and a time to show support for the cause of humanity by helping the less privileged and underserved within our communities. The objective of any activity during the blessed month of Ramadan is to reach out to the most underprivileged segment of our society and directly engage with them and show them our support by distributing basic food items and other household supplies. Keeping that in view, one of the initiatives taken by the Company was to arrange an Iftar Drive on the roadside of Shahr-e-Faisal, Karachi to help and facilitate the opening of fasts during the scorching heat wave within the city. HR and branding team in collaboration with the IoBM student society participated with zeal and enthusiasm in this activity.

Tree Plantation Drive



Keeping in view the green initiative of our country, the Company organized a tree plantation activity at factory side with employees. Every employee participated and enjoyed planting trees in the vicinity. This noble cause was supported by senior management and we are planning to extend this endeavor for a sustainable future.

Sustainable Development Goals

Management Approach

Being a reputed name in the spinning industry, GTML strictly adheres to its mission and commitment to the sustainability of society. The Parliament of Pakistan unanimously approved the SDGs as the national development agenda on February 16, 2016. The Company is committed to putting its mark by fulfilling the below-mentioned (SDG) with the best practices. Meanwhile, the Company's management is actively exploring and collaborating with the government and local bodies for future collaboration to make this planet a sustainable place.



Good Health and Well-Being

(Aspiring Safe Working Environment)

The Company possesses absolute exaltation regarding high maintenance of health and safety standards at its factory locations. Ensuring round-the-clock medical facilities along with a well-equipped dispensary helps to significantly reduce the overall chances of serious injuries at work. Almost 100% staff is vaccinated including head office & factory. Further, 25+ external, internal trainings, and drills have been conducted during the year at the workplaces to comply with the required international health and safety standards. The Company also dedicated 350+ employee safety hours by educating employees on basic life support and emergency practices.



Quality Education

(Equitable Education and Training)


The Company has collaborated with various prestigious institutes in Pakistan, providing professional education and training to the employees and allocated separate budget for it. To uplift the overall standard of training and development the Company has also dedicated over 2000+ training hours in the current year with an overall effectiveness rating of 70%. The Company also aims to expand access to education in underprivileged communities by collaborating with several NGOs and NPOs.



Gender Equality

(Saying No to Discrimination)

GTML is no doubt an equal opportunity employer within the industry. Thus, we always follow a transparent employment process without any sort of gender discrimination, biases, and racism to provide the same leveling ground for all candidates. Large numbers of female has been placed at different level and in different department at the head office. Meanwhile, our policies are in place to monitor, enforce and promote equality and protection of rights amongst all employees.



Clean Water and Sanitation

(Purifying the Needs of the Future)

The Company always prioritizes its contribution toward a healthy environment and water sanitation. GTML strives to control the wastage of water by pouring every single drop from the source to the tap. The Company has installed multiple RO plants within the manufacturing premises by implementing integrated water resources management at all levels. To balance the consumption of water resources 1.6 million gallons' water saved annually by the Company. The Company invested considerable resources to ensure 100% renovation and timely maintenance of RO plants to improve and maintain the quality of drinking water for all employees at work.



Affordable and Clean Energy

(Conserving Energy, Achieving Synergy)

When it comes to conserving energy, GTML, as a reputed textile organization, always goes the extra mile to protect the community by meeting the goal of affordable and clean energy. To save energy and reduce the wastage of natural resources i.e. Gas, the Company has installed the Waste Heat Recovery Steam Generator (WHRSG) plant at its Amazei factory, Swabi in addition to investing in efficient gas generators to reduce overall air pollution sustainably.



Decent Work and Economic Growth

(Sharing Same Platform)

GTML is passionate to explore new talents and acquiring future possibilities with the collaboration of youth. With this goal, the Company offers various internship opportunities and jobs regularly. Further, to meet the objective of promoting a congenial and decent work environment, GTML has always ensured that healthy work norms are maintained and growth and learning opportunities are provided to all of its employees. The Company has contributed Rs. 2.66 billion to the national exchequer on account of income taxes to the Government Treasury.

GTML has always ensured the compliance of national and provincial labor laws, legislations, and is committed to fulfilling labor rights.



Industry, Innovation, and Infrastructure

(Adopting The Technology)


The Company has always placed due importance to technology and innovation to reduce the overall cost and to generate business synergies. The willingness to contribute towards innovation, is evident from the fact that the Company saved 15000+ manual working hours. Further, the Company invested an amount of Rs. 1.02 billion during the year for the installation of state-of-the-art equipment and machines within the manufacturing area, in addition to the significant CAPEX made over the years.



Responsible Consumption and Production

(Sustaining the Community)

GTML strongly believes in better community standards for the future environment. The Company's manufacturing and supply chain department has the practice of responsible consumption of natural resources in its production processes with an aim to reduce, reuse and recycle. The Company intensified its overall consumption of sustainable fibers including BCI Cotton, GOTS, and GRS during the year.



Climate Action

(Making Living Sustainable)

The Company looks for opportunities to avoid the use of hazardous materials, and implement the best practices of reusing and recycling materials to minimize our environmental footprint in the following ways during the year:

- The Company planted 5000+ samplings at Amazei and KP projects under Pakistan's Ten Billion Tree Tsunami – UNEP;
- Zero paper waste initiative by turning more than 500Kg papers into compost soil and wall frames for environment-friendly usage;
- 0.8 million pages saved annually through digitalization; and
- Saving 12,751,760 units of electricity annually through the WHRSG plant and the unique infrastructure of the manufacturing area.

Status of SECP Adoption

Being a responsible employer, the Company implements multiple CSR efforts including environmental initiatives, ethical labor practices, charitable activities, and other volunteer projects.

CSR plays a pivotal role in a company's brand insight; attractiveness to customers, investors, and employees; talent retention and productivity; and overall business success. An active and well-defined CSR policy can increase marketplace respect and loyalty for a Company, subsequently resulting in an enhanced ability to attract qualified personnel and promoting greater employee engagement.

Being a responsible employer, the Company may implement multiple CSR efforts including environmental initiatives, ethical labor practices, charitable activities, and other volunteer projects. The Company has always given priority to sustainable practices and community welfare. For this purpose, GTML is continuously working to follow the regulatory guidelines to ensure the adaptability of CSR principles.

- The Board Members are updated on the quarterly basis regarding the CSR activities carried out;
- Company allocates a dedicated budget for CSR activities;
- Ensure that CSR goals, objectives, and targets are incorporated into business plans / strategy;
- Review and approve CSR-related communications to internal and external stakeholders;
- Periodic monitoring and evaluation of CSR activities;
- Disclosure and reporting of CSR achievements;
- Recognizing and documenting the shortfalls / failures; and
- Incorporating improvement in future CSR policy / plans.

Certifications Acquired for Environmental Sustainability



Corporate Affiliations



HSE Roadshow

Management Approach

Our goal is to ensure that every employee has a safe work environment and the knowledge to perform their duties safely. Here, the primary aim of measuring safety performance at the workplace is to mitigate unsafe behaviors and conditions that can lead to accidents. The Company prides itself on complying with all the requirements of environmental, health and safety laws and regulations resulting in an improved brand image and embed sustainability goals.

Safety Management Systems

As a responsible & reputed employer, the Company has put in place comprehensive processes, controls, and guidelines to promote a safe and healthy environment under the proper compliance of the Safety Management System (SMS). This strategy helps Company to manage safety measures with the same level of priority through policy, risk management, assurance, and promotion in an efficient manner.

Monitored HSE Efficiency

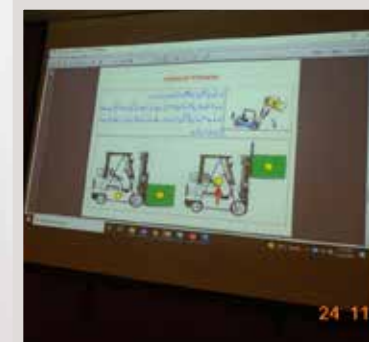
Our dedicated team of HSE addresses issues by focusing on safety measures and appropriate training, the use of prescribed safety gadgets, equipment, and safe practices. The Company has taken copious measures by conducting various drills and training frequently during the year 2021-2022 to improve consciousness and for the safety of employees including:

- Emergency Evacuation Drill.
- Management Review Meeting (MRM).
- Awareness Ethical Trading Initiative.
- Fire Fighting Awareness & Training.
- Forklift Awareness Session.
- Safe Riding Awareness Session.
- Chemical Handling Hazards.
- HSE Committee First Aid Training.
- Awareness Session on 5S.
- No Smoking Awareness Session.
- Waste Handling and Disposal Training.
- Social Policy / BSCI Awareness Session.
- Workers Involvement & Protection Training.

Management Review Meeting

During the Management Review Meeting (MRM) held on March 02, 2022, all the activities related to Integrated Safety Management System (ISMS), ESG and CSR initiatives have been reviewed by the panel. The management has also decided to acquire two internationally recognized certifications of EMS for sustainable development and continuous improvement as per HSE standards.

Furthermore, the management also discussed expansion plans and strategies to implement and adopt environmental objectives for water conservation and sanitation in the future. Undergoing to HSE annual plan, further MR Meetings are scheduled to assess the Environment and Occupational Health Safety Management System.



Corporate
Governance

سترھویں صدی میں تعمیر کیا گیا 'قلعہ لاہور'
مغل دور کے شاہی شہنشاہوں کا گھر تھا اور
ان کی طاقت اور دولت کی علامت ہے۔



Board of Directors

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

Our Board of Directors have played a pivotal role in transforming the Company throughout its operations; they have led Company from the front and, at the same time, have stayed by their workforce through thick and thin. Their determination to achieve excellence and ability to innovate and bring about change within the industry is what makes the Company one of the largest spinning companies in the Country.

Further, all the applicable legal and regulatory requirements have been complied, with regard to the composition of the Board of Directors of the Company.

Directors' Profile



Mr. Muhammad Yunus Tabba
Chairman

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

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



Mr. Muhammad Sohail Tabba Chief Executive Officer

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

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

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

Mr. Muhammad Sohail Tabba's relentless energy, vision, and his ability to think outside the box created LuckyOne Mall, which attracts people from both elite and humble backgrounds. His vision was to provide a world-class entertainment facility that would be enjoyed by children of all statuses and income groups.

Today Onderland at LuckyOne Mall is children's favorite entertainment hub.

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

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

Besides the Company, Mr. Sohail Tabba is currently serving on the boards of ICI Pakistan Limited and Lucky Cement Limited as a Non-Executive Director.



Mr. Muhammad Ali Tabba Director

Mr. Muhammad Ali Tabba is the Chief Executive Officer of Lucky Cement Limited, succeeding his late father in 2005. He serves as the Chairman of Yunus Textile Mills Ltd (YTML) – a state-of-the-art home textile mill with subsidiaries in North America and Europe, Lucky Motors Corporation Limited (LMCL) and, Lucky Electric Power Company Limited (LEPCL). He also plays a pivotal role in providing strategic leadership to ICI Pakistan Limited, as its Vice-Chairman.

He started his career with YBG – a family conglomerate in 1991.

He is the Chairman of the Pakistan Textile Council (PTC), a think tank, advocacy, and research-based body. He is also the Chairman of the All Pakistan Cement Manufacturing Association (APCMA), a regulatory body of cement manufacturers in Pakistan. In the recent past, he has been Chairman of the Pakistan Business Council (PBC), a business advocacy forum comprising leading private sector businesses.

Mr. Muhammad Ali Tabba has extensive engagements in many Community Welfare Projects and serves on the Board of Governors at renowned Universities, Institutions, and Foundations. He is the Vice-Chairman of Aziz Tabba Foundation.

In recognition of his outstanding services and contributions to the social development sector of Pakistan, World Economic Forum (WEF), bestowed the title of Young Global Leader (YGL) to Mr. Muhammad Ali Tabba in 2010. He is also the recipient of the Karachi Chamber of Commerce and Industry "Businessman of the Year" Gold Medal Award for 2012- 2013.

The Government of Pakistan awarded him with the Sitara-E-Imtiaz Award in 2018.



Mr. Jawed Yunus Tabba
Director

Mr. Jawed Tabba has a rich experience in the textile industry and is currently the Chief Executive Officer and Director of a renowned Lucky Textile Mills Limited. His untiring efforts helped him acquire deep insight and expertise into export and manufacturing activities. He has been instrumental in managing the textile concerns of YBG and has transformed Lucky Textile Mills into one of the premier textile companies in Pakistan. Lucky Textile Mills is among the top five home textile exporters from Pakistan and it has been a story of rapid expansion and diversification in the textile industry under his leadership and guidance. He is also the Vice Chairman of YBG.

He is on the Board & related sub-committees of Lucky Cement Limited, ICI Pakistan Limited, and Lucky Motor Corporation Limited. He is keenly involved in the formulation of the vision, strategies & governance structures of these companies.

Mr. Jawed Yunus Tabba is also managing the Real Estate Project LuckyOne, which is the Largest Mall in Pakistan.

Socially Mr. Jawed Yunus Tabba is extensively engaged in community welfare projects which include the Aziz Tabba Foundation. He is also a Member of the Young President Organization (YPO).



Ms. Zulekha Tabba Maskatiya
Director

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

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



Mr. Moin M. Fudda Independent Director

Mr. Moin M. Fudda, Independent Director and Chairman of the Human Resource Committee has over 45 years of professional experience which encompasses working for the corporate sector and performing diplomatic duties. He holds B.S. in Insurance & Economics from the RCD International School of Insurance, Tehran and MBA in Insurance & Risk Management from St. Jones University, New York where after post-graduation he joined the faculty as an Adjunct Assistant Professor and worked for the American International Group in New York as a Manager – Reinsurance.

In his former role as Managing Director of Karachi Stock Exchange (now Pakistan Stock Exchange), he was elected as Chairman of the Corporate Governance Task Force of Federation of European and Asian Stock Exchanges (FEAS). He has helped in creation of Pakistan Institute of Corporate Governance (PICG) and has also served on its Board. He is a Certified Corporate Governance Trainer by International Finance Corporation and is a Member of PICG's Faculty. He has contributed significantly towards development of Governance Rules for Public Sector Enterprises and has published Corporate Governance Guide for Family-Owned Businesses as well as several other articles on a number of economic topics including the 2008 world financial crisis.

He is the Honorary Consul General of New Zealand for Pakistan and being its sole representative, his responsibilities include, bilateral relations, consular affairs, trade, education & support to Immigration NZ. He is also Country Representative of SCOR tier 1 Global Reinsurer. His current positions include:

Chairman: Board of Directors – Central Depository Company of Pakistan (CDC)

Director: Pak Suzuki Motor Company Limited; and Al Meezan Investment Management

Member: Faculty – Pakistan Institute of Corporate Governance;

Insurance Committee – Policy Board – SECP;
Board of Governors – Karachi Council of Foreign Relations; and
Executive Committee – English Speaking Union of Pakistan.

Prior to joining KSE, he was Country Chief of New Zealand Insurance and Commercial Union (CU now AVIVA) and Founder MD of CU Life (now Jubilee Life). He was one of the two members actively involved in drafting the Pakistan Insurance Ordinance 2000 which replaced the 1939 Insurance Act. He has also held positions such as Country Director, Center for International Private Enterprise, an affiliate of US Chamber of Commerce, Executive Director Pakistan Reinsurance Company and Client Executive, Stewart Wrightson, Lloyds Insurance Brokers. His other professional affiliations were:

Chairman: Islamabad Stock Exchange; and National Clearing Company of Pakistan

President: Overseas Investors Chamber of Commerce and Industry;
Management Association of Pakistan; and Karachi Boat Club.

Member: Boards of Investment and Privatization Commission;
Pakistan Institute of Management;
Pakistan Britain Business Advisory Group;
National Center for Dispute Resolution;
Indus Valley School of Arts and Architecture;
National Policy Platform for Competitiveness and Economic Growth;
Managing Committee of the FPCCI;
Insurance Association of Pakistan;
Panel of Judges - ACCA-WWF Pakistan Environmental Reporting Awards;
Task Forces on Code of Corporate Governance and Public Sector Enterprises;
Anti-Money Laundering and Transfer Pricing Committee by FBR & SECP;
Technical Committees of RCD;
Federation of Afro Asian Reinsurers Pools (FAIR); and
Insurance Reform Committee of the Ministry of Commerce.

Director: Pakistan Stock Exchange;
Pakistan Mercantile Exchange Limited;
Wyeth Pakistan Limited; and
Merit Packaging Limited

In 1989, he was presented with the Best Managers Award by Institute of Business Administration (IBA). In 1990, NZ Commemoration Medal was conferred on him by the Queen of New Zealand and in 2002, he was recognized as the Honorary Officer of the New Zealand Order of Merit. In 2006, he was conferred the coveted Sitara-e-Imtiaz by the President of Pakistan.



Syed Muhammad Shabbar Zaidi Independent Director

A chartered accountant by profession, Syed Muhammad Shabbar Zaidi served as the 26th Chairman of the Federal Board of Revenue (FBR) from May 2019 to April 2020. He previously also served as a Provincial Minister for Finance, Board of Revenue, and Excise & Taxation, in the Government of Sindh during the 2013 caretaker setup. Mr. Zaidi was also a member of the Federal Government Task Force for Reform of Tax Administration in 2002 and authored the report.

A retired senior partner at A. F. Ferguson & Co, he also serves as Chairman of the Securities & Exchange Commission Committee formed for Corporate Industrial Rehabilitation Reform and is a member of the Economic Advisory Council. He is a fellow member of the Institute of Chartered Accountants of Pakistan and has also served as President of the Institute from 2005-2006.

Mr. Zaidi has also served as a member of the Developing Nations Committee of the International Federation of Accountants, President South Asian Federation of Accountants, Founder Director of Pakistan Institute of Corporate Governance, member Central Audit Committee of the State Bank of Pakistan and was the Director of the Karachi Stock Exchange Limited from 2012-2015.

Currently, Mr. Zaidi is serving on the board of ICI Pakistan Limited as an independent director and as Chairman Audit Committee. Among his non-profit work, he is a trustee of the Sindh Institute of Urology & Transplantation (SIUT) and a member of the Board of Governors of Liaquat National Hospital and Karachi School of Business and Leadership (KSBL). Mr. Zaidi has also authored books, including 'A Journey for Clarity' and 'Pakistan: Not a Failed State'.

Chairman's Review

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

The Board devises all major policies and strategies to efficiently and effectively manage the Company and is adamant about promoting and enabling innovation and sustainability within the Company. The governance of the Board is by the relevant laws and regulations, and its obligations, rights, responsibilities, and duties are as specified and prescribed therein. During the financial year 2021-2022, five board meetings and five audit committee meetings were conducted. The Board, as per its practice, strictly monitored its own performance along with the performance of its sub-committees.

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

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

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

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

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

Accordingly, the Board completed its annual self-evaluation for the year 2022, and I am pleased to report that the overall performance benchmarked based on criteria set for the year 2022, remained satisfactory.

Muhammad Yunus Tabba
Chairman

Karachi: August 02, 2022



Directors’ Report

Dear Members

The Directors of your Company take pleasure in presenting before you the financial results of your Company for the financial year ended June 30, 2022.

Overview

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

Alhamdulillah, the Company’s operations coupled with returns from strategic investments showed an impressive result this year. Despite fierce competition with Local and International competitors, your Company has managed to post a hefty net revenue of Rs. 54.83 billion with an increase of 33.70% as compared to Same Period Last Year (SPLY), highest ever achieved by the Company since the start of its operations, mainly on account of acceleration in sales price of yarn coupled with an increase in knitting segment’s customer base and international presence.

There was significant increase in the cost of imported raw material owing to devaluation of the rupee in the last quarter of this Financial Year (FY). Moreover, higher international cotton prices and challenging supply chain, fraught with curtailment of gas, increased political instabilities and uncertain taxes and levies, have made it difficult for the industry to take a long-term view over its operations. Despite the above mentioned impediments, due to the consistent efforts of the management and better product mix, your Company has managed to generate record-breaking profits of Rs.5.71 billion as compared to Rs. 3.53 billion SPLY.

Economic Prospects

FY 2022 started off on a positive note where the prospects of economic growth were quite visible and all the macroeconomic indicators were posing a positive image. However, things changed quite significant in the second half of the FY with political instabilities, high inflation on account of acceleration of global oil prices, abrupt devaluation of rupee, increase in domestic demand, supply constraints, coupled with depleting country’s foreign reserves, have compelled the government to take the steps to lower the economic growth by reducing import (through cash margin on certain items and imposing ban on import of certain item) and increasing the discount rate to 15%, which will not only discourage imports but will also reduce the overall consumer spending, hence, supporting the balance of payment and sustaining the inflation rate.

At an international level, the Russia / Ukraine war has also inhibited the overall economic growth with the inflation bein quite a daunting challenge for even the major economies to manage.

During the year, the import bills have increased significantly by 42.21% (in USD terms) to USD 80.18 billion in contrast to USD 56.38 billion SPLY mainly on account of rising energy import cost combind with increasing imports of items covered under Agricultural, Chemicals and Metallic group. The impact of increasing import on the foreign reserves was offset to some extent by the increase in exports by 25.64% (in USD terms) mainly on account of growth in exports of textile sector especially the value-added products added with an increase in remittances by 6.07% (in USD terms) in this year as compared to SPLY.

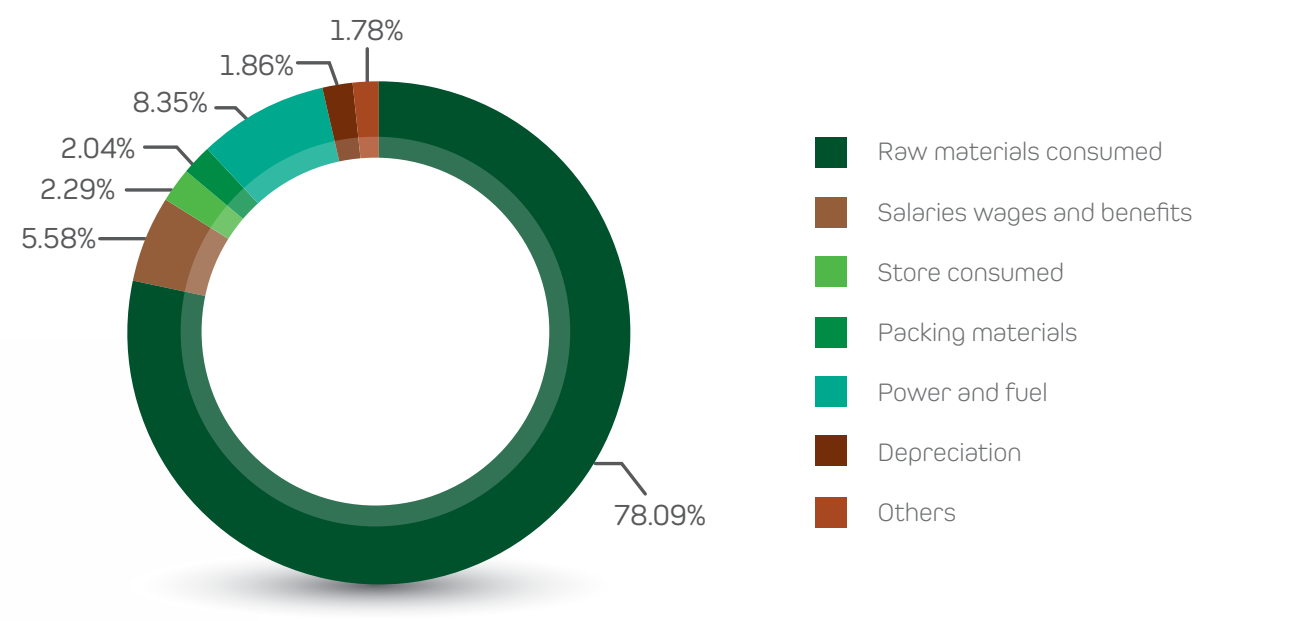
Financial Results

A comparison of the key financial results of the Company for the year ended June 30, 2022, are as follows:

Profit or loss summary	June 30, 2022	June 30, 2021	Favorable / (Unfavorable)
	(Rupees in '000)		Percentage
Direct Export	12,795,923	8,894,336	43.87
Indirect Export	22,350,813	14,999,436	49.01
Local	19,681,411	17,116,069	14.99
Sales (net)	54,828,147	41,009,841	33.70
Gross Profit	8,341,237	4,975,580	67.64
Distribution Cost	1,486,957	633,224	(134.82)
Administrative Expenses	361,976	314,810	(14.98)
Other Operating Expenses	426,280	285,064	(49.54)
Finance Cost	546,221	631,061	13.44
Other Income	1,398,263	914,679	52.87
Profit Before Taxation	6,918,066	4,026,100	71.83
Profit After Taxation	5,713,572	3,534,101	61.67
Earnings Per Share (Rs.)	203.84	126.08	

During the year the export sales of knitted sheets have shown a tremendous growth of 152.75% as compared to SPLY on account of increase in international customer base; however, the export sales of yarn were at the same level as of last year, as the Company preferred to fulfill the demand of the local value-added sector being more profitable. The overall local sales increased by 30.88% in this year as compared to SPLY, mainly on account of acceleration in the sales price of yarn.

Below is the breakup of manufacturing cost:



The significant portion of the cost of goods manufactured consists of Raw material, which is 78.09%, and power cost is 8.35%, which has always been the concern for the management to control.

In an effort to rationalize average production cost, management did procure wisely with a mix of local and imported cotton. However, due to boost in global economic activity post-pandemic, supply chain constraints, depreciating rupee value and the increase in local / global demand for textile products, the raw material prices especially the cotton prices took a sharp rise, and accordingly was the major reason for increase in raw material cost in the current FY. However, in order to decrease its dependency on cotton, the management was able to increase the usage of manmade fiber.

With regards to the power, the Company has placed efforts to generate maximum electricity using a cheaper source of inputs, i.e., Natural Gas over the Furnace oil and through maximum utilization of efficient generators. However, the increase in gas rates from Rs. 819 per MMBTU to Rs. 852 per MMBTU, w.e.f. October 1, 2021, along with abrupt and uninformed curtailment of natural gas starting from December 2021, impacted the overall power cost significantly.

The overall increase in distribution costs is mainly attributable to increase in export sales and increase in freight charges for both local and export sales owing to shipping supply constraints and increase in global oil prices. Furthermore, the inflationary pressure on the economy during the year, has also resulted in an increase in the administrative expenses in this year as compared to SPLY.

During the year the Company has managed its Working Capital more efficiently, by reaping maximum benefits of lower benchmark rates borrowing along-with minimum spreads. Despite of the significant increase in policy rate from 7.00% at start of year to 13.75% by the end of year, the Company was still able to reduce its finance cost by 13.44%.

The overall boom in the economic activity in the current FY, accounted for the increasing returns from the Company's strategic investments in diversified avenues which increased by Rs. 436.32 million in this FY as compared to SPLY, thereby increasing the overall value of the Company, strengthening its profitability and covering Company's risk exposure from a specific segment.

Taxation for the year has increased significantly by 144.82% to Rs. 1.20 billion as compared to SPLY owing to record breaking profit.

Therefore, the net profits of the Company have increased by Rs. 2.18 billion in this FY compared to SPLY.

Segmental Review of Business Performance

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

- Spinning segment: manufacturing and sale of yarn
- Manufacturing and Sale of knitted bedding products
- Unallocated segments includes production and sale of milk

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

	Spinning	Knitting	Spinning	Knitting
	2022		2021	
	(Rupees in '000)			
Revenue	49,019,296	5,396,825	38,275,367	2,411,173
Profit before tax	4,891,007	833,672	2,955,352	380,119

During the year, both the reportable segments of the Company have shown tremendous improvement both in terms of Revenue and Returns.

Status of Strategic Investments

As part of strategic investments, the Company has further invested Rs. 0.36 million as subordinated loan in Tricom Solar Power (Private) Limited in the current year.

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

Composition of the Board

The Board of Directors as at June 30, 2022 consist of:

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

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

Election of Board of Directors

The election of directors of your Company was held on March 18, 2022. The following directors have been elected for a period of three years:

- 1 Mr. Muhammad Yunus Tabba
Non-Executive Director / Chairman
- 2 Mr. Muhammad Sohail Tabba
Executive Director / Chief Executive Officer
- 3 Mr. Muhammad Ali Tabba
Non-Executive Director
- 4 Mr. Jawed Yunus Tabba
Non-Executive Director
- 5 Ms. Zulekha Tabba Maskatiya
Non-Executive Director
- 6 Syed Muhammad Shabbar Zaidi
Independent Director
- 7 Mr. Moin M. Fudda
Independent Director

The Board of Directors of the Company place their sincere thanks to Mr. Zafar Masud and Mr. Saleem Zamindar - the retiring directors for the valuable services which they have delivered during their association with the Company and wish them all the best for their future endeavors.

Committees of the Board

Subsequent to the election of Board of Directors, the Audit, Human Resource, and Budget Committees were reconstituted. Following are the details of the member of each committee:

Audit Committee	
1 Syed Muhammad Shabbar Zaidi	Chairman
2 Mr. Moin M. Fudda	Member
3 Mr. Muhammad Ali Tabba	Member
4 Mr. Jawed Yunus Tabba	Member
Human Resource and Remuneration Committee	
1 Mr. Moin M. Fudda	Chairman
2 Mr. Jawed Yunus Tabba	Member
3 Ms. Zulekha Tabba Maskatiya	Member
Budget Committee	
1 Mr. Muhammad Ali Tabba	Chairman
2 Mr. Muhammad Sohail Tabba	Member
3 Mr. Jawed Yunus Tabba	Member
4 Syed Muhammad Shabbar Zaidi	Member

Attendance of Board Meetings and its Committees

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

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

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

Remuneration Policy of Non-Executive Directors

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

- The remuneration of the Board of Directors shall be market-based in accordance with their experience and competencies.
- The Company will not pay any remuneration to its Non-Executive directors by way of salary except as meeting fees for attending the Board and its Committee meetings.
- The remuneration of a Director for attending meetings of the Board of Directors or its Committees shall be determined from time to time and approved by the Board of Directors.
- The Human Resource & Remuneration Committee ("HR&RC") will determine and recommend the remuneration of a Director for attending meetings of the Board of Directors or its Committees subject to approval by the Board, from time to time. The Remuneration of the Non-Executive Directors shall be linked to their actual attendance of Board/Board Committee meetings.

- A Director shall be provided or reimbursed for all traveling, hotel, and other expenses incurred by him for attending meetings of the Board or its Committees or General Meetings of the Company.
- Any Director who performs services which, in the opinion of the Board, are outside the scope of the statutory duties of a director, may be paid such extra remuneration.

Detail of Directors Remuneration

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

	2022	2021
	----- Rupees (in '000)-----	
Remuneration	13,200	13,200
House rent	3,600	3,600
Utilities	1,200	1,200
Bonus	3,000	2,700
Other benefit	1,500	1,500
	<u>22,500</u>	<u>22,200</u>

No remuneration has been paid to other Non-Executive Directors of the Company except for a meeting fee of Rs.1.41 million (2021: Rs. 1.41 million).

Principal Risks & Uncertainty

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

- Technological advancement making it more challenging for the Company to compete on the national / international level;
- Declining export sales due to international wars (trade war between US / China, Russia / Ukraine war) and increased competition at global as well as regional levels combined with the impact of increasing global shipping supply constraints;
- Currency volatility and abrupt Rupee devaluation, resulting in an increased cost of imported raw material;
- Implementation of Custom Duties / Regulatory Duties on import of Cotton making raw material costlier;
- Rising trend of conversion, power cost on account of increasing fuel / gas prices, natural gas curtailment and other inflationary impacts;
- Increasing KIBOR resulting in increased financing costs;
- Uncertain taxation measures including imposition of super tax / poverty alleviation tax;
- Withdrawal of Custom Duties / Regulatory Duties on import of Yarn, making the import cheaper; and
- Soaring inflation impacting the purchasing power of common man thereby reducing the demand for the Company’s product.

Change in the Nature of Business

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

Pattern of Shareholding

The pattern of shareholding and additional information as at June 30, 2022, is part of the Annual Report of your Company. Associated companies and public sector companies own 69.57%, Banks/Insurance Companies / Mutual Funds own 10.08%, Director’s own 0.07%, and individuals own 20.28% of the entire shareholding.

Repayments of Debts / Loans

Our Company has an effective cash flow strategy in place whereby inflows and outflows are projected and monitored on a regular basis. This comprehensive strategy has always empowered your Company in

smooth settlement of its financial commitments and hopes to cater to any and every challenge that will come in its way. In compliance with the above, the management has put constant endeavors to rationalize borrowing cost, which is done by managing a balanced portfolio of sources of funds and efficient financing arrangements.

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

Adequacy of Internal Financial Control

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

Health, Safety, & Environment

Being part of the most reputed group in the Country, we feel responsible for the health and safety of not only our employees but also the people near our factory premises. Moreover, a dedicated clinic / dispensary is managed by a qualified team where genuine medicine is provided.

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

Corporate Social Responsibility (CSR)

The Company acknowledges its rightful duty to operate as a highly socially responsible employer of the textile industry in Pakistan. The Company has always been at the forefront of voluntary CSR by ensuring that CSR initiatives embody a vision of harmonious and sustainable development in Pakistani communities. Furthermore, the Company not only participates diligently in CSR activities but also encourages its employees to devote their time to the betterment and well-being of society. In this respect, different activities were planned & executed from July 21 to June 22.

The Company planted 5000+ samplings at Amazai & KP under Pakistan's Ten Billion Tree Tsunami - UNEP. An initiative has been taken off a free hepatitis screening camp for employees at the head office on World Hepatitis Day. The Company paid a Guardian School visit to celebrate the joy of freedom & patriotism with students, and shared gifts & games among them. A day was spent with the elderly citizens at Bint-e-Fatima old home in Karachi on World Elder's Day to work together & create awareness about the problems faced by the elderlies of society. On World Children's Day, the Gadoon family also paid a visit to the SOS Children's Village Karachi to highlight the importance of children's welfare and their upbringing. In addition, to promote the rights and well-being of people with disabilities, a visit was made to Dar-ul-Sukoon Karachi on World Disability Day. In collaboration with Sindh Government, the Company arranged a Covid-19 vaccination & booster drive at head office, to protect the workforce & society. On the account of International Women's Day, the Company continues an initiative with Behbud Association -Karachi by providing donations for income-generating opportunities & empowering females for the future and to encourage both employees and the community to give back. The Company arranged an Iftar Drive-22 by distributing iftar meals to cultivate the spirit of generosity and compassion in our society.

Directors' Training

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

Auditors

The present External Auditors, M/s. Yousuf Adil, Chartered Accountants have completed the annual audit for the year ended June 30, 2022, and issued a clean audit report. The auditors will retire on the conclusion of the Annual General Meeting of the Company and, being eligible, have offered themselves for reappointment. As proposed by the Audit Committee, the Board recommends their appointment as auditors of the Company for the year ending June 30, 2023.

Future Outlook

The political instability in Pakistan is at its peak which is hampering the wheel of Economy. The country is currently facing the toughest times to honor its foreign obligations and to deal with depleting foreign

exchange reserves. Both the rating agencies Fitch and Moody's have revised the Pakistan Outlook to Negative from Stable, however, with the recent staff level agreement with IMF it is hopeful that Country will be able to secure the financing from IMF which will pave ways to receive further loans from other institutions i.e., World Bank, ADB etc. which will have a positive impact on the Country's reserves.

Furthermore, FATF assessment team is likely to visit Pakistan in September 2022 for completing the procedural requirements for its exit from watchdog's 'grey list'; which is a positive indicator and will likely boost Pakistan's economic position globally.

The acceleration of worldwide inflation, as well as a significant increase in freight charges is making international trade costlier. However, sustainability of the current growth requires that the trade deficit remains manageable. The recent decision by SBP to increase the policy rate to 15.00% coupled with imposition of import ban on certain non-essential and luxury items will enable imports to return to a level that is more in line with domestic economic activity and would in turn help to minimize trade deficit and stabilize the exchange rate. However, the government still needs to be tactful to move the economy in a direction that the investors' confidence is retained.

Considering the fact that revised tariff for energy cost (especially the natural gas) is on card, we believe that certainty in the policies / decisions is essential for the sustainable growth of any business. Accordingly, the Company believes that the Government would continue to supply the required utilities and services in a consistent and economical manners in order to ensure the long-term growth of the industry all well as the overall economy.

The COVID is also currently impacting many economies and unfortunately the cases have again started to increase in Pakistan as well, however, with the vaccination and booster doses on the card, it is hopeful that this time COVID might not have any significant impact on the overall economic activity.

Despite significant challenges, FBR has collected net revenue of Rs. 6,125 billion during the FY 2022, which has exceeded the upward revised target of Rs. 6,100 billion by Rs. 25 billion despite massive tax relief given by the previous government in this year to reduce the

burden of international high oil prices on common man, by reducing the petroleum levy and sales tax. This performance is expected to continue in the next fiscal year. However, there are chances that government might face difficulties in implementing the certain taxation measures brought vide Finance Bill, 2022, which will have an impact on achieving the yearly target. It is also expected that the Government, in order to boost the economy and confidence of investors, would continue its footprint in the coming year as well and will timely release the sales tax refunds / income tax refunds / DLT claim, and etc.

The textiles exports during the year have shown growth of 25.53% (in USD term) as compared to SPY and marks for 60.80% of the Country's export for the year ended June 30, 2022. With the approval of Textile and Apparel Policy 2020-2025 by the Federal Cabinet in February 2022 that outlines the strategic interventions to focus on providing business conducive environment, reducing costs of doing business, promoting Made in Pakistan and initiate mass level training programs for skill development, it is hopeful that textile industry will flourish further in the upcoming years and will able to achieve the export target of USD 40 billion by FY 2025.

With regards to the Company's operations, increase in international prices of yarn in lieu of increasing cotton rate has helped the Company to seize the opportunity in this year. However, with more than 10% devaluation of Pak Rupee subsequent to the year's end, high volatility in the local and international cotton prices, the cost of doing business may increase and resultantly the Company might face difficulty in fetching better sales prices. These potential impacts will be monitored closely by the management to hedge

possible uncertainties by acquiring an efficient mix of raw material, maximum capacity utilization, cost rationalization, altering sales mix so that the maximum wealth can be generated for the well-being of the Company's shareholders.

Furthermore, to increase the overall performance of the value-added segment, the Company in addition to increasing its international customer base has also planned further expansion in the value-added segment which will help the Company to build synergies, rationalizing the operating costs and consequently having a positive impact on the net margins.

Moreover, the Company expects that return from its investments in diversified avenue will also increase in upcoming years and will add a positive impact on Company's bottom line.

Dividend Policy

Bearing in mind our strategic investment, business need for future working capital requirement and Company's ability to generate cash, the Board of Directors is pleased to proposed a final cash dividend of Rs. 20 per share for the year ended June 30, 2022.

Subsequent Events

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

Acknowledgments

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

For and on behalf of the Board



Muhammad Ali Tabba
Director

Karachi: August 02, 2022



Muhammad Sohail Tabba
Chief Executive Officer

CEO's Message

We strongly believe in continuous innovation / technological developments, generating maximum value for our shareholders together with fulfilling our responsibility towards the environment and the society.

Alhamdulillah, the Company marks the thirty-fourth year of continuous growth and success within the industry. In the current year, the Company managed to secure the highest ever net revenue and net profit. We have also strived with our utmost efforts to fulfill our commitments to the stakeholders. Such benchmarks and targets achieved this year would not have been possible without the timely and strategic decisions of the leadership and the efforts of our team.

The wheels of the economy were set on momentum post-pandemic. However, slight disturbance was started to be witnessed in the last quarter of this FY on account of political instability, which coupled with abrupt devaluation of rupee, high inflation and increased KIBOR, might slow down the pace of economy.

During the year the export sales of yarn were at the same level, however, the overall local sales increased by 30.88% as the Company preferred to fulfill the demand of the local value-added sector being more profitable. Further, export sales of knitted sheets have shown a tremendous growth of 152.75% as compared to SPLY mainly on account of increase in international customer base.

During the year, the acceleration in prices of yarn coupled with the sufficient inventory in hand at the lower prices helps the Company to achieve the highest profits. Further this year also, the Company continued to invest in new technologically advanced machinery in the spinning and value-added sector.

Even though currently the global business is being affected, the Company believes that its long-term business relations with its customers spreading over 34 years will help the Company to reap the turnover and profits at quite manageable level for the upcoming year.

Being a socially responsible corporate entity, the Company continued its practice of investing in various CSR activities throughout the year. We believe in curtailing our environmental impact and will continue to improve our social footprint.

This year, the Company has received the "Business Excellence Award 2020-2021" by the Sindh Chamber of Commerce and Industry (SCCI) along with the Best Corporate Report Award with 2nd position in the textile category at the "Best Corporate and

Sustainability Report Awards 2020" held by the Joint Committee of the Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMAP).

Looking forward, on account of acceleration in vaccination process, expectation of FATF decision to exit Pakistan from 'grey list' coupled with recent staff level agreement with IMF, and with the implementation of Textile and Apparel Policy 2020-2025, it is expected that overall economic conditions will improve.

The management, in addition to curtailing the conversion cost by identifying and implementing efficient process to improve the Company's profitability, will also take measures to contain its cost by procuring the right mix of raw material. Further, the Company will continue to explore new markets for its products, especially the international market. In addition to that, the Company's value-added sector has shown significant growth during the year, and it is expected that it will improve further in the upcoming years with the additional focus to cater to the increasing global demand for textile products in the retail market.

Lastly, I express my gratitude to all the stakeholders who stood by our side during these challenging times. I would also like to appreciate the strategic approach and continuous efforts of our management team. Their unwavering support has led the Company to achieve numerous milestones throughout the journey. The Company will continue to work with an aim to flourish the textile industry to strengthen and grow the bond we share.



Muhammad Sohail Tabba
Chief Executive Officer

Karachi: August 02, 2022



Decision Taken by the Board and Delegated to Management

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

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

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

Annual Appraisal of the Board's Performance

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

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

The following major criteria are used to measure the Board's own performance and its committees, including the CEO and the Chairman:

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

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

Orientation Courses and Directors' Training Program (DTP)

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

However, during this year there was no Directors Training Program held as the majority of Directors have either completed the Director's Certification from authorized institutions in past or have the prescribed qualification and experience pursuant to Regulation 19 of the CCG.

The Credibility of Internal Controls & Systems

Enhancing the credibility of internal controls & systems is a value-adding function rather than just a cost center in the business. Control over the internal departments that encompasses the overall operation function of an organization contributes to anticipating and responding effectively to changes in business risk profiles.

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

Policy for Remuneration to Directors

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

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

Related Party Policy

The objective of this policy is to set out the framework for the transactions between the Company and its related parties based on the applicable laws and regulations. As per the policy, the management must ensure that all the necessary details concerning related party transactions must be sent to the Audit Committee and Board of Directors at least seven days prior to the Board meeting and ensure that the following steps must be complied with in order to finalize the review and approval of related party transactions:

- The details of all related party transactions shall be placed before the Audit Committee of the Company, and upon recommendations of the Audit Committee, the same shall be placed before the Board for review and approval.
- The related party transactions which are not executed at arm's length price also be placed separately at each Board meeting along with necessary justification for consideration and approval of the Board on the recommendation of the Audit Committee of the Company.
- The Board of Directors of the Company shall approve the pricing methods for related party transactions that were made on the terms equivalent to those that are prevalent for arm's length transactions, only if such terms can be substantiated. The preferable pricing method for the transaction with a related party shall be the Comparable price method.
- Any Board member who has a potential interest in any Related Party Transaction will abstain from voting on the approval or ratification of the said Related Party Transaction but may participate in all or a portion of the Board's discussions of the Related Party Transaction not related to the said Board member if requested by the Chairman of the Board.
- In case the majority of the Directors either directly or indirectly becomes interested in related party transactions due to Group's structure; accordingly, additional approval from shareholders in respect of transactions with a related party shall be obtained at the beginning of each year in the Annual General Meeting so that the Company can carry its business smoothly.
- The records in respect of transactions with a related party shall be kept minimum for the period of 15 years or such longer time as required by relevant laws and regulations.

The detailed disclosure regarding transactions with related parties has been disclosed in note 35 of the financial statements.

Conflict of Interest Policy

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

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

Management of Conflict of Interest

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

- Instructing employees about managing and avoiding conflict of interest.
- Staying away from any kind of actual and perceived conflict.
- Imparting the conflict to the stakeholders.
- Enforcement of strategies to handle conflict of interest.

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

Disclosure of Board's Policies

Governance of Risk and Internal Controls

The Board oversees the governance of risk and determine the Company's risk appetite by establishing risk management policies to ensure that the management maintains a sound system of risk identification, risk management, and related systemic and internal controls to safeguard assets, resources, reputation, and interest of the company and shareholders.

The Company believes that an effective internal control system is essential to achieving an organization's overall business objectives and strategy in the critical areas of operations, reporting, and compliance. Keeping this in view, a system of sound internal controls is established and effectively implemented at all levels within the Company.

Diversity

Diversity is one of the core values of the Company on which we put our strong belief along with the continuous collaboration & communication among the employees. While respecting the differences of the diverse workforce that includes but is not limited to people of varying gender, ethnicity, national origin, caste, creed, age, religion, cultural background, languages, educational background, abilities, and etc.

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

The management of the Company has always remained committed to promoting diversity in the workplace and female representation in all departments and has taken several initiatives to progress.

Director's Interest in Significant Contracts & Arrangements

The policy is covered under heading 'Related Party Policy' on page 089.

Detail of Director's Remuneration

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

	2022	2021
	----- Rupees (in '000)-----	
Remuneration	13,200	13,200
House rent	3,600	3,600
Utilities	1,200	1,200
Bonus	3,000	2,700
Other benefit	1,500	1,500
	<u>22,500</u>	<u>22,200</u>

No remuneration has been paid to other Non-Executive Directors of the Company except for a meeting fee of Rs. 1.41 million (2021: Rs. 1.41 million).

Security Clearance of Foreign Directors

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

Details of Board Meetings Outside Pakistan

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



Human Resource Excellence

Human Resource provides a structure for any organization and serves an engine that keeps it running smoothly on a daily basis. It plays a pivotal and effective role in finding experienced professionals. However, as the pace of business accelerates and competition strengthens, companies are antagonized with greater uncertainty and intricacy.

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

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

Human Resource Management Policy

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

- Attract and retain top talent at all levels.
- Performance-based/Market-based compensation & benefit to be provided to all employees.
- Performance evaluation of all employees shall be carried out periodically.
- Performance should be reviewed against the stated goals / KPIs that have developed over time.
- Succession Plans for all critical positions to be documented and required action has been implemented with highlighted improvement areas.
- To develop the strong skill set and provide development opportunities through cross-functional exposure.

- On job Training & development to be provided to all employees.
- Responsibility matrix should be clearly defined.
- High achievers shall be awarded and recognized.
- Code of Conduct should be disseminated to all employees, and their adherence must be ensured.
- Ensuring Gender Diversity/Non-Discriminatory work environment.
- Providing a safe, secure, and healthy working environment.
- Encouraging effective & open communication.

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

Employee Engagement



The Company always encourages in uplifting the relationship between the organization and its employees. In order to empower employee bonding and teamwork, different activities were planned during the year, some of which are detailed below:

Women's Day Celebration



The management strongly believes and encourages in maintaining an unbiased workplace environment. With an aim of balanced and diversified workplace, we celebrated International Women's Day on March 8, 2021, whereby a session was carried out by Ms. Fariha Salahuddin (Chief Human Resource Officer - ICI), being the guest of honor. She highlighted the importance of women in society and how she can add value to the overall goals of the organization.

Annual Day



After a gap of two years' post recovery from Covid-19, GTML arranged a festive gathering at Onederland for its Head Office employees and their families. This event provided a healthy platform for all families to mingle and enjoy various activities. Families and their children actively participated in various indoor games and rides followed by lunch at LuckyOne Mall's food court.

Employee Birthday Celebration



A workplace celebration helps bring employees together and create a sense of belonging among them. Since, Company strongly believes high morale at work, motivates employees to work more efficiently and creates long term association with the Company; it adopted a practice of celebrating employee's birthdays.

Cricket Gala



Focusing the goal of employee enggaement, GTML organized a cricket night at PIB Cricket Ground, Karachi to increase interaction between employees from various departments, helping them to revitalized and to get away from work. The event was a great success and was intended to create a better organizational culture and encourage physical activity among employees whilst promoting a healthy lifestyle.

Independence Day 2021



Keeping the spirit of Independence alive, GTML celebrated 14th August with the same zest and vigor. This year, however, instead of gathering all employees together physically in one place owing to Covid-19, GTML took a safe and strategic step towards ensuring a healthy collaboration among employees by celebrating Independence Day online. Few employees were gathered from all departments physically and the rest were connected through Zoom link on 13th August. The participants sang the national anthem, and did other various activities, followed by a keynote message and an ending note by the senior management.

Training and Succession Planning



Training is the key to improving employees' performance and helping them achieve the required level of knowledge and skills needed for the job.

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

Emotional Intelligence



The aptitude to identify other people's emotions and to empathize aids those with high emotional intelligence to respond appropriately. GTML focuses on building the social skills of employees – including but not limited to active listening, paying attention to verbal & non-verbal communication, and looking for ways to solve problems and minimize tensions when conflict arises.

Emotional Intelligence Training helps employees move to the next level, reduces stress, teaching employees on how to react to constructive criticism allowing them to conquer their fears, doubts and insecurities. The training aims at developing self-motivation, productivity, team building and trust.

The training involved all employees from Manager and above from the head office and Karachi Project facility.

Team Building for High Performance



Team building is one of the important pillars of an ethical and cultivating workplace. The benefits of team building include increase overall communication, planning skills, employee motivation, and employee collaboration among the employees. For this purpose, an in-depth training session was organized at Amazai attended by most of the senior management. The session emphasized on how organizations prosper when individuals possess knowledge, skills, and viewpoints. It is known that colleagues combine

strengths to achieve more together. In the meanwhile, teams' collective weaknesses can also affect processes, one of the reasons that the team building process is so critical. Employees perform several indirect and direct team building activities along with relevant theory to enhance their knowledge and understanding of working in teams.

Human Rights Day



For International Human Rights Day, a session was organized by the HR department to emphasize the importance of basic human rights and how considering the current challenging economic conditions amid Covid-19 and higher inflation, we as a nation can contribute to the basic needs of people and help nurture their life.

Database Centralization Program



On account of the continuous development program, the role of the IT department has been successful in introducing and merging store and supply chain management system running out at separate factory locations. To celebrate the same, a small briefing session was held at the head office in which officials from the

factory also participated through zoom to emphasize and recognize the importance of their role and contribution in this process. To acknowledge the hard work, certificates of appreciation were given to all employees who participated actively in this program.

Health & Safety Training



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

In light of World HSE day, a session was organized for the factory employees to raise awareness about how they can protect themselves by taking precautionary measures and mitigating and preventing accidents and the spread of diseases.

An awareness session in collaboration with Health Foundation was organized on World Cancer Day to elaborate on the importance of identifying the common factors that are involved in the spreading of this disease.

The team also emphasizes certain health hazards which can be avoided to restrain the spread of Hepatitis B & C. Throughout the year, various vaccination & booster drives were conducted for employees to complete their vaccination needs.

Moreover, various security and surveillance cameras have been installed throughout our factory premises and offices, which are regularly monitored by security personnel to address the security concerns (if any). Safety drills are regularly carried out to train and educate employees for emergencies like a fire, electrical hazards due to rain, or any other factors.

World No-Tobacco Day



World Tobacco Day was celebrated at Company premises by identifying and inviting employees, involved actively in tobacco, to a focused group session to discuss the issues and possible challenges they face to cease the usage. However, certain tips and encouraging methods were introduced and discussed during the session which can help them in reducing hazardous tobacco usage.

Talent Acquisition and Management



Keeping its past practice, the Company's Talent acquisition team, this year, also visited various universities at different job fairs to recruit potential candidates and strengthen the internal database. This provides candidates with an equal opportunity to get hired on market competitive remuneration packages.

Under Student Facilitation Program, interns and management trainees from diverse backgrounds and universities got the chance to visit our factory premises and witnessed our state-of-the-art production process. The Company also conducted career counselling session along with future growth opportunities. The students also designed their university projects in collaboration with various departments and provided them with hands-on corporate experience thus strengthening their professional networking.

Summer Internship Program



The future of any country is dependent on its youth. Hence, we must play our part in building future leaders of the Country. Guiding these young minds at an early stage can help them plan their careers.

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

Social and Environmental Responsibility Policy

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

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

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

Supporting the Communities

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

- As a responsible social entity, the Company shall provide support to national and local charities or entities to promote the cultural and economic development of local communities.

- The Company shall ensure community development and uplift the standards of living of the masses through health, education, and environmental interventions.
- The Company shall support the development of quality human resources in the Country by sponsoring scholarship programs at leading universities/schools. Moreover, the Company shall support the provision of facilities/resources to such places of learning.
- The Company shall provide free medical facilities through welfare dispensaries located at plant sites.
- The Company also encourages its employees to share their time and skills in a socially constructive manner for the development of society.

Our People

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

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

Communication with Stakeholder

The Company values and honors the shareholders’ inputs; records their concerns, prepositions, and suggestions in minutes and keeps them abreast of the progress and subsequent actions The Company also developed best practices in mind for effective communication with stakeholders to ensure the improvement of channels between stakeholders, creates and maintains support for the objectives, reduce the potential for conflict, and enhances the overall reputation of the organization ultimately.

Similarly, steps taken to understand & enhance the overall communication with stakeholders are detailed in the stakeholders’ engagement section of this report.

Investors’ Grievance Policy

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

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

- Queries and complaints are treated efficiently, fairly, confidentiality in a courteous manner.
- The Company’s employees work in good faith, and investors are informed of avenues to raise their queries and complaints within the organization and their rights if they are not satisfied with the resolution of their complaints.
- Appropriate remedial action is taken immediately to ensure avoidance in the future.

Whistle Blowing Policy

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

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

- Financial malpractice or impropriety or fraud.
- Failure to comply with a legal obligation.
- Disclosure of confidential information within or outside the Company.
- Deviation from full and fair reporting of the Company’s financial position.
- Dangers to health and safety or the environment
- Unlawful civil and criminal activity.
- Improper conduct or unethical behavior.

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

Status of Whistle Blowing Mechanism

During the FY-2022, no whistle-blowing incidents were reported to the Audit Committee due to strong governance and sound ethical practices.

Records Safety

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

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

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

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

Providing Opportunities to Shareholders for AGM

We believe to provide reasonable opportunities to the shareholder for participation in the AGM on annual basis. In compliance with the applicable laws, the management ensures that after intimation to the PSX, the notice of AGM is sent to all the shareholders along with the latest Annual Report, and the same is also uploaded on the Company’s official website at least twenty-one days before the meeting day.

Last year the Company in addition to holding the AGM physically also hold it virtually, to ensures that the shareholders who cannot travel atleast can attend the meeting remotely and present their views. The shareholders are provided with an opportunity to have a greater understanding of the Company’s business, governance practices, and financial performance. Meanwhile, the Company also encourages shareholders to discuss their grievances and concerns and to present their proposals to the board and management along with comprehensive support.

They can also ask, suggest, propose, comment, or record their reservations during the meeting, and possess full rights to object to any intended major investments, planned acquisitions, mergers, takeovers, or any other corporate / capital restructuring regarding the Company.

Encouraging Minority Shareholders

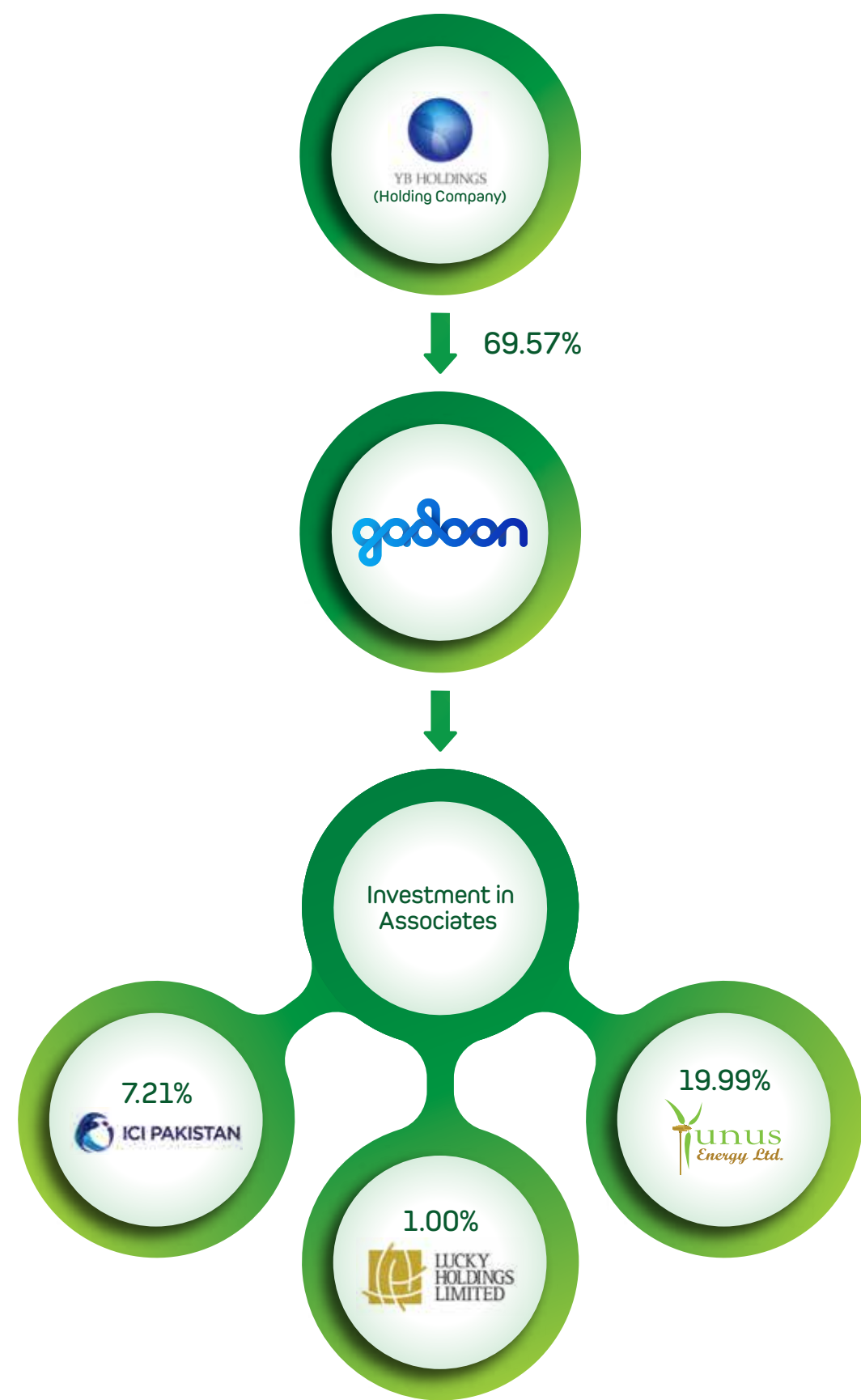
The Company encourages minority shareholders to participate in the AGM along with biannual corporate briefing sessions, announced through the stock exchange. Meeting requests of minority shareholders are also entertained while their queries are addressed appropriately to their satisfaction.

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

The Board of Directors periodically monitors the Business Continuity and Disaster Recovery of the Company for the smooth functioning of the systems and servers, and for the prevention of any unforeseen adversary. Detailed plan and strategy with regard to BCP / DRP has been presented to the Board. Further, the Board is also involved in continuous monitoring of the risk which the company is exposed to and the relevant strategies in place to mitigate them.



Beneficial Ownership / Group Shareholding



Review Report on the Statement of Compliance

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

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Gadoon Textile Mills Limited (the Company) for the year ended June 30, 2022 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, 2022.

Chartered Accountants

Place: Karachi
Date: August 31, 2022
UDIN: CR202210057e3R7J0MiD

Statement of Compliance with CCG 2019

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

Name of Company: Gadoon Textile Mills Limited (the Company)
Year ended: June 30, 2022

The Company has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (“the CCG Regulations”) in the following manner:

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

Category	Names
a) Independent directors	Syed Muhammad Shabbar Zaidi Mr. Moin M. Fudda
b) Non-executive directors	Mr. Muhammad Yunus Tabba (Chairman) Mr. Muhammad Ali Tabba Mr. Jawed Yunus Tabba
c) Executive director	Mr. Muhammad Sohail Tabba (CEO)
d) Female non-executive director	Ms. Zulekha Tabba Maskatiya

The independent director meets the criteria of independence under the Companies Act, 2017 (“the Act”).
- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;
- 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;
- The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval is maintained by the Company;
- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
- The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
- The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
- The majority of Directors have either completed the Director’s Certification from authorized institutions or have the prescribed qualification and experience pursuant to Regulation 19 of the CCG;
- There was no new appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit during the year. However, all such appointments including their remuneration and terms and conditions of employment were duly approved by the Board and complied with relevant requirements of the Regulations.
- Chief Executive Officer and Chief Financial Officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed comprising of members given below:

Committee	Name of members and Chairman
a) Audit Committee	Syed Muhammad Shabbar Zaidi (Chairman) Mr. Moin M. Fudda Mr. Muhammad Ali Tabba Mr. Jawed Yunus Tabba
b) HR and Remuneration Committee	Mr. Moin M. Fudda (Chairman) Mr. Jawed Yunus Tabba Ms. Zulekha Tabba Maskatiya

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

14. The frequency of meetings of the committees were as per following:

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

15. The Board has set up an effective internal audit function and its members are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (“ICAP”) and registered with Audit Oversight Board of Pakistan (“AOBP”), that they and all their partners are in compliance with International Federation of Accountants (“IFAC”) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 7, 8, 27, 32, 33 and 36 of the CCG Regulations have been complied with; and
19. Regulation 6 (1) of the CCG Regulations stipulates that it is mandatory for each listed company to have at least two or one-third members of the Board, whichever is higher, as independent directors. In a Board comprising 7 members, one-third works out to 2.33. Since the fraction is below half (i.e. 0.5) the fraction contained in such one-third is not rounded up to one.



Muhammad Ali Tabba
Director

Karachi: August 02, 2022



Muhammad Sohail Tabba
Chief Executive Officer

Role of Chairman and CEO

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

The Roles & Responsibilities of the Chairman include

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

The Roles and Responsibilities of the CEO include

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

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

Shares held by Sponsors / Directors / Executives

The total number of shares held by Sponsors / Directors as of June 30, 2022, are 19,519,106, i.e., 69.64% of the total paid-up capital of the Company.

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



Board Committees

Audit Committee

- 1) Syed Muhammad Shabbar Zaidi (Chairman)
- 2) Mr. Moin M. Fudda
- 3) Mr. Muhammad Ali Tabba
- 4) Mr. Jawed Yunus Tabba

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

The committee held five meetings during the year. The attendance of each member is disclosed in the "Directors' Report".

Terms of Reference of Board Audit Committee

I. Terms of Reference

- 1) Determination of appropriate measures to safeguard the Company's assets;
- 2) Review of annual and interim financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
 - a. Major judgmental areas;
 - b. Significant adjustments resulting from the audit;
 - c. Going concern assumption;
 - d. Any changes in accounting policies and practices;
 - e. Compliance with applicable accounting standards;
 - f. Compliance with these regulations and other statutory and regulatory requirements; and
 - g. All related party transactions;
- 3) Review of preliminary announcements of results prior to external communication and publication;
- 4) Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- 5) Review of management letter issued by external auditors and management's response thereto;
- 6) Ensuring coordination between the internal and external auditors of the Company;
- 7) Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
- 8) Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- 9) Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
- 10) Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
- 11) Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the chief executive officer and to consider remittance of any matter to the external auditors or to any other external body;
- 12) Determination of compliance with relevant statutory requirements;
- 13) Monitoring compliance with these regulations and identification of significant violations thereof;
- 14) Review of arrangement for staff and management to report to Board Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
- 15) Recommend to the Board of Directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the Company by the external auditors in addition to audit of its financial statements. The Board of Directors shall give due consideration to the recommendations of the Board Audit

- Committee and where it acts otherwise it shall record the reasons thereof; and
- 16) Consideration of any other issue or matter as may be assigned by the Board of Directors.
- prior to the date of the meeting but not later than three days before the meeting.
- In case of urgency / emergency, notice period may be reduced or waived.

II. Review of Terms of Reference

The terms of reference of the Committee may be revised and modified from time to time with the approval of the Board; either when it is required by any change in law / Code of Corporate Governance or there is any need to do so.

III. Members of the Committee

The Board Audit Committee shall be constituted of at least three Members comprising of non-executive directors of which at least one shall be an independent director. The Chairman of the Committee shall be an independent director, who shall not be the Chairman of the Board. The Board shall satisfy itself such that at least one Member of the Board Audit Committee qualifies as ‘financially literate’.

IV. Secretary

The Chief Internal Auditor shall be the Secretary of the Board Audit Committee.

V. Quorum

The quorum for the transaction of any business of the Committee shall be of two Members.

VI. Meetings

The Committee shall meet at least once every quarter of the financial year. These meetings shall be held prior to the approval of interim results of the Company by its Board of Directors and after completion of external audit.

A meeting of the Board Audit Committee shall also be held, if requested by the external auditors, the Chief Internal Auditor or to discuss any specific agenda as desired by the Members of the Committee.

VII. Notice of Meetings

The notice of the meeting confirming the venue, time, date and agenda shall be sent to each Committee Member at preferably seven days

VIII. Minutes

The secretary shall circulate minutes of meetings of the Board Audit Committee to all Members, Directors and the CFO prior to the next meeting of the Board and where this is not practicable, the Chairman of the Board Audit Committee shall communicate a synopsis of the proceedings to the Board and the minutes shall be circulated along with the minutes of the meeting of the Board.

Human Resource & Remuneration Committee

- 1) Mr. Moin M. Fudda (Chairman)
- 2) Mr. Jawed Yunus Tabba
- 3) Mrs. Zulekha Tabba Maskatiya

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

I. Terms of Reference

- 1) Provide strategic guidelines for the overall governance of Human Resource processes within the Company. Review, oversee and evaluate the Compensation strategy implemented within the Company, approve the head count, review the annual performance appraisal, training and development and succession planning processes implemented across the Company;
- 2) Approve any study/survey relevant to Human Resources to be undertaken in order to benchmark / obtain reliable data to assist the Board Human Resources Committee in discharging its duties;
- 3) To provide guidelines to the operational management of Human Resources with respect to hiring of resources, including permanent, third party, management trainees and interns;

- 4) Recommended to the Board for consideration and approval a policy framework for determining remuneration of Directors and senior management preferably taking into consideration that such remuneration commensurate with the performance of the Company and evaluation of Board and management (as applicable). The definition of senior management will be determined by the Board which shall normally include the first layer of management below the chief executive officer level;
- 5) Undertaking annually a formal process of evaluation of performance of the Board as a whole and its Committees either directly or by engaging external independent consultant and if so appointed, a statement to that effect shall be made in the Directors’ report disclosing name, qualifications and major terms of appointment;
- 6) Recommending human resource management policies to the Board;
- 7) Recommending to the Board the selection, evaluation, development, compensation (including retirement benefits) of chief operating officer, chief financial officer, company secretary and head of internal audit;
- 8) Consideration and approval on recommendations of chief executive officer on such matters for key management positions who report directly to chief executive officer or chief operating officer;
- 9) Where human resource and remuneration consultants are appointed, they shall disclose to the Committee their credentials and as to whether they have any other connection with the Company; and
- 10) Reviewing the audit observations, if any, raised by the internal and external auditors of the Company relating to the HR function.

II. Review of Terms of Reference

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

III. Members of the Committee

The Human Resource and Remuneration Committee shall be constituted of at least three Members comprising a majority of non-executive Directors of which at least one shall be an independent Director. The Chairman of the Committee shall be an independent Director. The CEO may be included as a Member of the Committee but not as the Chairman of Committee. The CEO, if Member of the Committee shall not participate in the proceedings of the Committee on matters that directly relate to his performance and compensation.

IV. Secretary

The Head of Human Resources shall be the Secretary of the Board Human Resources Committee.

V. Quorum

The quorum for the transaction of any business shall be of two Members.

VI. Meetings

The Committee shall meet at-least once in a financial year and at such other times as the Chairman of the Committee may deem necessary.

VII. Notice of Meetings

The notice of the meeting confirming the venue, time, date and agenda shall be sent to each Committee Member at preferably seven days prior to the date of the meeting but not later than three days before the meeting.

In case of urgency / emergency, notice period may be reduced or waived.

VIII. Minutes

The Secretary shall minute the proceedings of the meeting and circulate to all the Members of the Committee within fourteen days from the date of meeting.

Budget Committee

- 1) Mr. Muhammad Ali Tabba
- 2) Mr. Muhammad Sohail Tabba
- 3) Mr. Jawed Yunus Tabba
- 4) Syed Muhammad Shabbar Zaidi

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

I. Terms of Reference

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

II. Review of Terms of Reference

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

III. Members of the Committee

The Budget Committee shall be constituted of at least three Members, majority of which shall be non-executive Directors. The Chairman of the Committee shall be a non-executive Director.

IV. Secretary

The Company Secretary shall be the secretary of the Budget Committee.

V. Quorum

The quorum for the transaction of any business shall be of two Members.

VI. Meetings

The Committee shall meet at least once in a financial year and at such other times as the Chairman of the Committee may deem necessary.

VII. Notice of Meetings

The notice of the meeting confirming the venue, time, date and agenda shall be sent to each Committee Member at preferably seven days prior to the date of the meeting but not later than three days before the meeting.

In case of urgency / emergency, notice period may be reduced or waived.

VIII. Minutes

The Secretary shall minute the proceedings of the meeting and circulate to all the Members of the Committee within fourteen days from the date of meeting.



Report of Audit Committee

The Audit Committee has concluded its annual review of the conduct and operations of the Company for the financial year ended June 30, 2022, and reports that:

- The Company has complied with the mandatory requirements specified under 'The Listed Companies (Code of Corporate Governance) Regulations, 2019' (Regulations) and other statutory and regulatory requirements;
- The Company has issued a Statement of Compliance with the Regulations which has also been reviewed and certified by the external auditors of the Company;
- The Company's Code of Conduct has been disseminated across the organization;
- Appropriate accounting policies have been consistently applied except for the changes, if any, which have been appropriately disclosed in the financial statements presenting fairly the state of affairs, results of operations, cash flows, and changes in equity of the Company for the year under review;
- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the applicable laws, and the financial reporting is consistent with management processes and adequate for shareholders' needs;
- The financial statements for the year ended June 30, 2022, have been prepared on a going concern basis in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017 (the Act), provisions of and directives issued under the Act. In case requirements differ, the provisions of or directives under the Act shall prevail;
- The Audit Committee reviewed quarterly, half yearly and annual financial statements of the Company and recommended the same for approval of the Board of Directors. It has also reviewed preliminary announcements of results prior to publication;
- The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) attended Audit Committee meetings by invitation;
- The CEO and the CFO duly endorsed the financial statements of the Company by acknowledging their responsibility for a true and fair presentation of the Company's financial statements in accordance with approved accounting standards as applicable in Pakistan;
- The Committee has reviewed the Annual Report and concluded that it is fair, balanced, and understandable. The Annual Report discloses and provides information to shareholders to assess the Company's position & performance and its business model & strategy.
- The Committee has reviewed all related party transactions carried out during the year which were subsequently approved by the Board.
- The Committee regularly reviews the mechanism for employees and management to report concerns to the Audit Committee and ensures that any allegations are scrutinized seriously.
- The Board has the practice to carry out the annual evaluation of its committees and their members. The results of the evaluation carried out were found to be satisfactory.
- The Audit Committee comprises four members including its Chairman. All members are Non-Executive Directors, while the Chairman and one member of the Committee are Independent Directors. The Committee as a whole possess significant economic, financial and business acumen and all Directors qualify as financial literate.

Internal Audit and Risk Management

Internal Audit function plays a vital role in improving the overall control environment of the Company;

- The Internal Audit Department carried out independent audits in accordance with an internal audit plan and reported functionally to the Audit Committee;
- The Chief Internal Auditor (CIA) attended the Audit Committee meetings and also acted as Secretary to the Audit Committee;

- The CIA has direct access to the Chairman of the Audit Committee and the Committee has ensured the staffing of personnel with sufficient internal audit acumen;
- The Audit Committee reviewed the internal audit reports presented by the CIA which encompasses Audit findings, process improvement avenues, control weaknesses, and recommendations. A risk rating system is used based on likelihood and impact and as a result, high to the low-risk rating is assigned;
- The Company's system of internal controls is designed to manage and minimize the risk of not achieving business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The committee has ascertained that the risk management and internal control systems including financial and operational controls, accounting systems and reporting structure are adequate and effective.

External Audit

- The External Auditors were allowed direct access to the Audit Committee;
- The Audit Committee has reviewed and discussed Key Audit Matters and observations with the external auditors. The Management Letter is required to be submitted within 45 days of the date of the Auditors' Report on the financial statements as required by the Regulations and shall, therefore, accordingly be discussed in the next Audit Committee meeting;

- The external auditor's M/s. Yousuf Adil Chartered Accountants, formerly known as M/s. Deloitte Yousuf Adil Chartered Accountants have been engaged as the external auditors of the Company since 2005 and have completed their audit assignment and review of the Statement of Compliance with the Regulations. They shall retire at the conclusion of the 35th Annual General Meeting;
- Being eligible for reappointment as Auditors of the Company, the Audit Committee has recommended the appointment of M/s. Yousuf Adil Chartered Accountants as external auditors of the Company for the year ending June 30, 2023.



Syed Muhammad Shabbar Zaidi
Chairman Audit Committee

Karachi: August 02, 2022

Attendance in Annual General Meeting

Mr. Saleem Zamindar (the Preceding Chairman of the Audit Committee) attended the Annual General Meeting of the Company for the year 2021 held on Tuesday, September 28, 2021, to answer shareholders’ concerns / questions / queries, if any, on the audit committee’s scope, roles, and responsibilities. During the meeting, no significant issues were raised.

Enterprise Resource Planning (ERP)

An ERP promotes the integration of various business operations and enhances business reporting with real-time information ultimately resulting in informed and timely decisions whilst generating synergies. GTML have always been a front-runner in implementing latest developments to adopt the latest industry trends. GTML has an in-house based ERP, synchronize all the data sources to ensure that critical information that has been derived from various processes are shared between systems. This integration process ultimately creates a single source of information within the organization. Following are the core applications, operating successfully at GTML:

- General Ledger Account Management
- Payroll Management System
- Material Management System
- Production Planning
- Sales and Distribution Management
- Power Plant Maintenance System

To continuously maintain an effective and continuous adoption and operation of core applications, the IT management team take into account users’ valuable feedback and overall insights as a part of the ERP development process on a regular basis. Further, any developments and changes based on industry-wide best practices are worked on by the dedicated IT team to update the infrastructure. Similarly, multiple in-house training sessions are conducted periodically for users to achieve the strategic objective of ERP user training.

In addition, the IT team actively manages and identifies, assess and timely eliminates the control risks over ERP within the Company. Similarly, independent system audits are carried out to ensure the integrity of the system and any developments identified, if any, are implemented.

Further, in order to maintain a controlled environment, access to sensitive information and segregation of

duties, a comprehensive policy has been devised requiring various approval from senior management level and IT compliance department for user rights requests.

Chairman’s Significant Commitments and any changes thereto

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

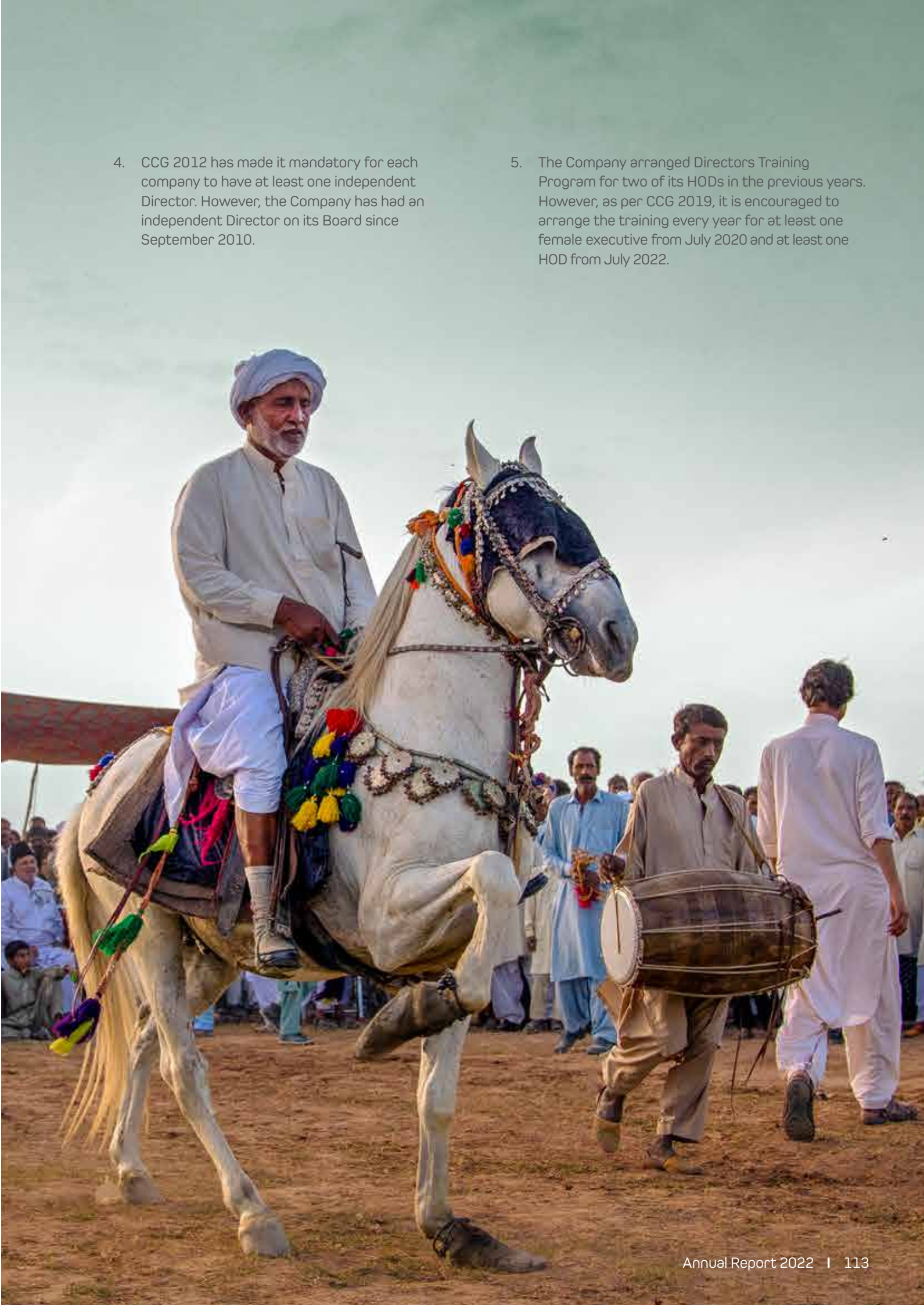
Governance Practice Exceeding Legal Affairs

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

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

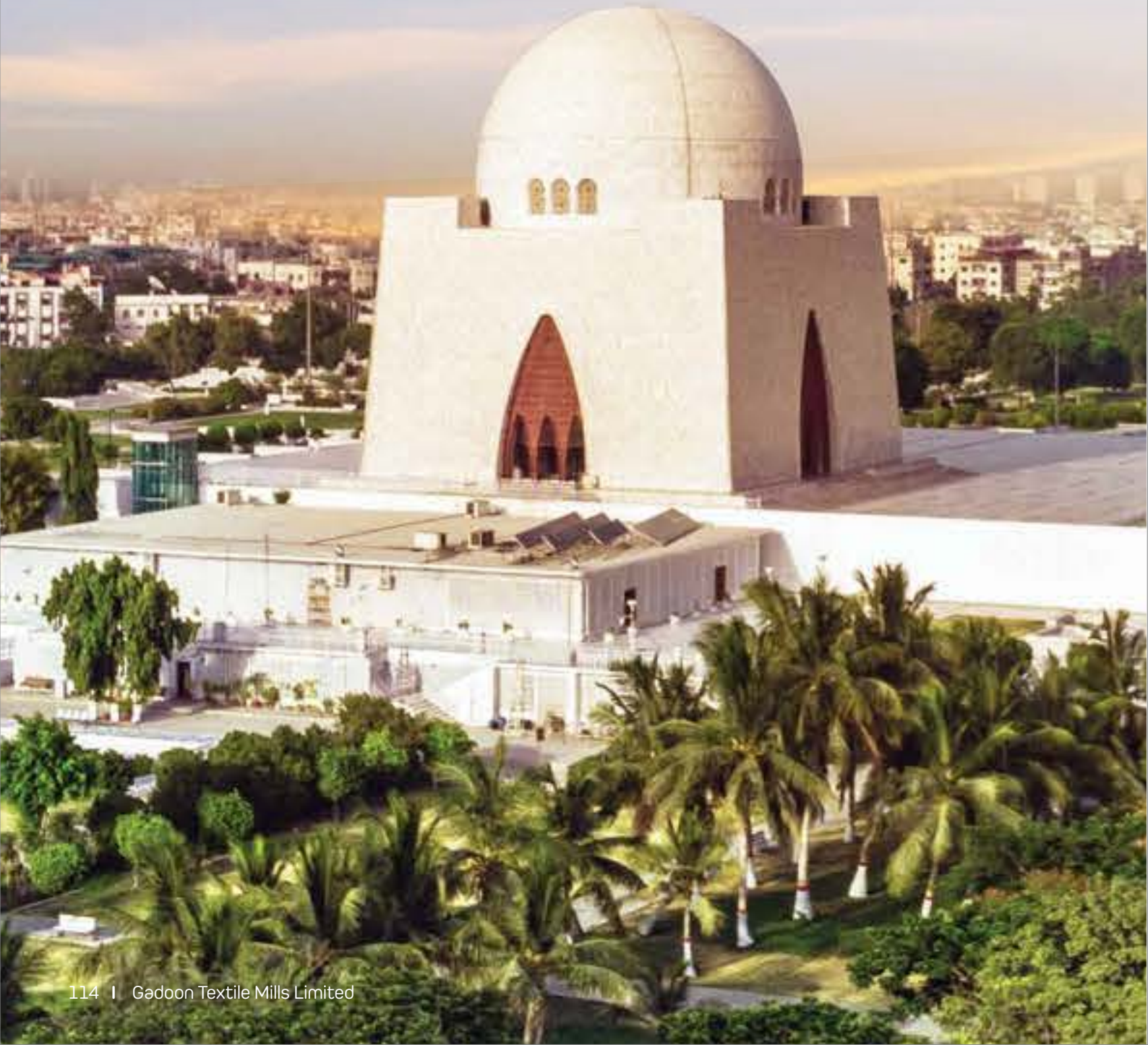
1. Currently, the Board of Directors has one female Director. Previously from March 2013 to March 2019, there were two female Directors on the Board of Directors of the Company. This requirement was not mandatory in the past and has been introduced by CCG 2017, which requires each listed company to have at least one female Director.
2. Chairman of the Board and Chief Executive Officer of the Company are separate persons since May 2005. This requirement was introduced by CCG 2012.
3. The Company has a past practice to get all the related party transactions approved by shareholders since 2014, as the majority of Directors of the Company are deemed interested in such transactions on account of their common Directorship. The same practice has now been made mandatory by CCG 2017. In addition to that, the Company has been providing additional details in related party disclosure in the financial statements for many years, to ensure transparency.

4. CCG 2012 has made it mandatory for each company to have at least one independent Director. However, the Company has had an independent Director on its Board since September 2010.
5. The Company arranged Directors Training Program for two of its HODs in the previous years. However, as per CCG 2019, it is encouraged to arrange the training every year for at least one female executive from July 2020 and at least one HOD from July 2022.



06

Analysis of the Financial Information



بائندہ ثابندہ باد

مزار قائد، ملک کے بانی محمد علی جناح
کی آخری آرام گاہ، کراچی کے قلب میں
واقع ہے، اور ان کی شاندار خدمات کی
یاد دلاتا ہے۔



Analysis of Financial and Non-Financial Performance

Financial Performance

a) Financial Performance in comparison with Prior year

During the year the Company has managed to post a hefty net revenue of Rs. 54.83 billion (highest ever achieved by the Company since start of its operations) as compared to Rs. 41.01 billion for the Same Period Last Year (SPLY) with an increase of 33.70%, on account of acceleration in sales price of yarn coupled with an increase in knitting segment's customer base and international presence. The Company recorded net profit of Rs. 5.71 billion in this year as compared to Rs. 3.53 billion recorded in the SPLY. During the year, the Company has made an impressive gross profit margin at 15.21% as compared to 12.13% in the SPLY and increase in Share of Profit from Associates is also one of the factors when comparing the net profit margins of 10.42% this FY as compared to the net profit margin of 8.62% SPLY.

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

b) Financial Performance in comparison with Budget

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

The Company's sales and profits exceeded budgeted numbers for financial year on account of better recovery by the Country's economy post pandemic where the prospects of economic growth were quite visible and all the macroeconomic indicators were posing a positive image which makes sustainable growth, enhanced the investor's confidence and allowed the textile industry to flourish. The overall sales of yarn have increased in this period as compared to SPLY mainly on account of accelerated prices and higher demands having a immense impact on the profitability. Further, a significant improvement has been noticed in the export sales of knitted sheets, when compared with budget, which has increased by 32.09% in this period as compared to SPLY.

Key Performance Indicators

Key Performance Indicators

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

Revenue Rs. in million 54,828 2022 41,010 2021 % change 33.70%	Operating Profit Rs. in million 7,464 2022 4,657 2021 % change 60.28%
Profit Before Tax Rs. in million 6,918 2022 4,026 2021 % change 71.83%	Profit After Tax Rs. in million 5,714 2022 3,534 2021 % change 61.67%
EBITDA Rs. in million 8,520 2022 5,640 2021 % change 51.05%	EBITDA in % of Sales 15.54% 2022 13.75% 2021 % change 12.98%
Equity Rs. in million 18,003 2022 12,610 2021 % change 42.77%	Return on Capital Employed in % 36.89% 2022 30.92% 2021 % change 19.33%
Return on Fixed Assets in % 52.31% 2022 33.95% 2021 % change 54.07%	Earnings Per Share Rupees 203.84 2022 126.08 2021 % change 61.68%
Market Capitalization Rs. in million 7,568 2022 7,245 2021 % change 4.46%	Net Cash from Operating Activity Rs. in million 256 2022 7,790 2021 % change -96.71%
Capital Expenditure Rs. in million 1,850 2022 1,214 2021 % change 52.39%	SoP from Associates Rs. in million 1,104 2022 677 2021 % change 62.91%

Non-Financial Indicators

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

Budget

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

The management continuously monitors the above-mentioned KPIs and significant variations from the previous year are investigated for corrective actions to be taken. Further, these KPIs are reviewed by the Board on a quarterly basis. The management anticipates these KPIs to be relevant in the future as well in order to assess the Company's performance.

Methods and Assumptions used in compiling the indicators

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

For compiling non-financial indicators, the Company considers its market positioning, competitor's

strengths, employee's capabilities, working environment, and technological advancements. For financial indicators, the Company analyzes sales, gross profit, profit after tax, EPS, DPS, and market value of its share on a regular basis to gauge its performance.

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

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

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

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



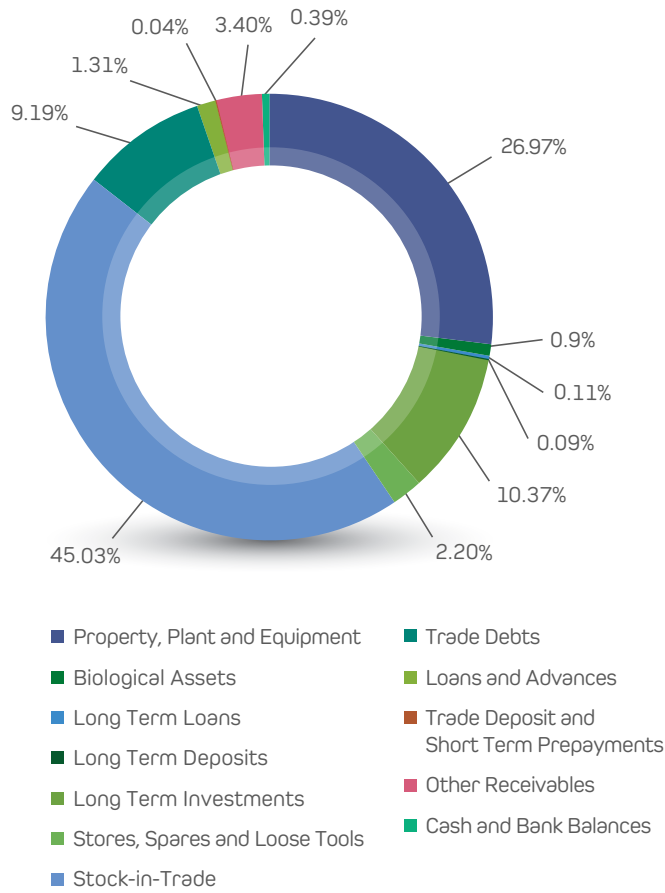
Six Years at a Glance

	2022	2021	2020	2019	2018	2017
(Rupees In '000)						
Assets Employed						
Property, Plant and Equipment	11,016,751	10,253,638	10,165,007	9,870,359	7,791,928	7,447,694
Biological Assets	365,430	208,396	190,214	129,665	-	-
Long Term Loans and Deposits	80,888	62,526	69,137	72,804	63,050	51,180
Long Term Advances	-	-	-	-	-	-
Current Assets	25,126,484	17,131,011	17,258,436	14,342,045	12,600,632	10,028,260
Long Term Investments	4,233,555	3,570,625	3,150,556	2,890,606	2,686,920	2,472,715
Total Assets Employed	40,823,108	31,226,196	30,833,350	27,305,479	23,142,530	19,999,849
Equity and Liabilities						
Shareholders' Equity	18,003,149	12,610,075	9,084,358	9,209,433	8,213,510	7,366,723
Long Term Finance	4,008,570	3,906,240	3,526,689	2,622,363	594,338	-
Deferred Government Grant	186,528	144,078	-	-	-	-
Current Portion of Long Term Finance	763,011	735,143	68,092	52,728	-	-
Current Portion of Deferred Government Grant	56,327	54,077	-	-	-	-
	5,014,436	4,839,538	3,594,781	2,675,091	594,338	-
Retirement Benefit Obligation	820,993	714,068	629,205	562,984	533,769	446,314
Deferred Tax Liabilities	756,100	780,817	810,001	890,390	696,275	668,382
Current Liabilities	17,047,768	13,070,918	16,783,097	14,020,309	13,104,638	11,518,430
Current Portion of Long Term Finance	(819,338)	(789,220)	(68,092)	(52,728)	-	-
	16,228,430	12,281,698	16,715,005	13,967,581	13,104,638	11,518,430
Total Equity and Liabilities	40,823,108	31,226,196	30,833,350	27,305,479	23,142,530	19,999,849
Turnover and Profit						
Turnover	54,828,147	41,009,841	28,986,781	31,217,479	27,554,687	23,248,578
Gross Profit	8,341,237	4,975,580	2,241,286	2,892,723	1,944,890	1,328,793
Operating Profit	7,464,287	4,657,161	1,246,797	2,768,530	2,048,328	1,427,539
Profit Before Taxation	6,918,066	4,026,100	337,717	1,668,457	1,473,646	1,084,938
Profit After Taxation	5,713,572	3,534,101	45,499	1,186,102	1,185,296	806,986
Cash Dividend	560,592	336,355	-	238,251	434,459	140,148
Unappropriated Profit	15,857,979	10,464,905	6,939,188	7,064,263	6,068,340	5,221,553
Earnings Per Share (PKR)	203.84	126.08	1.62	42.32	42.29	28.79
Book Value Per Share (PKR)	642.29	449.88	324.10	328.56	293.03	262.82

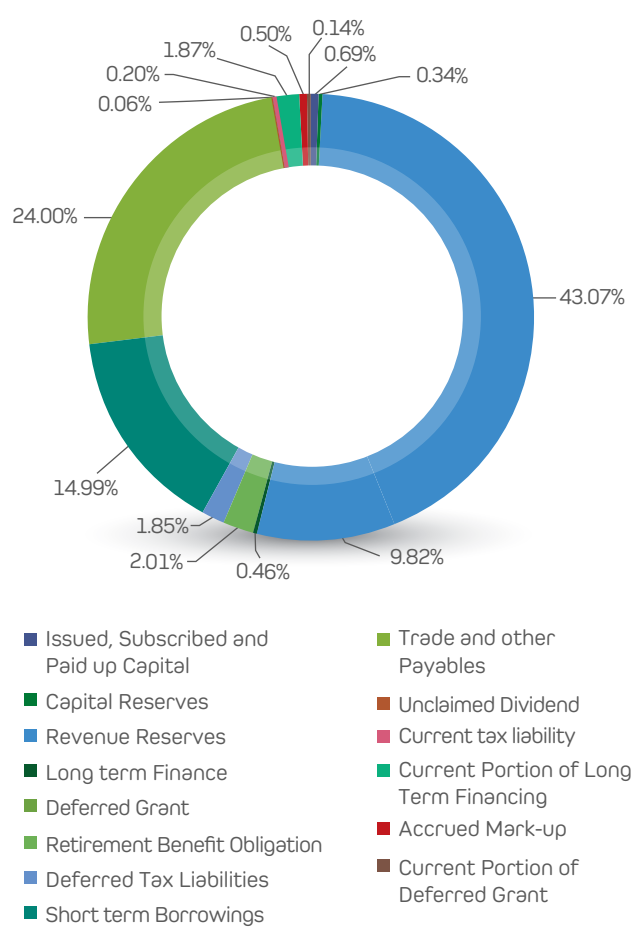
Graphical Presentation

statement of financial position and profit or loss for the year June 30, 2022

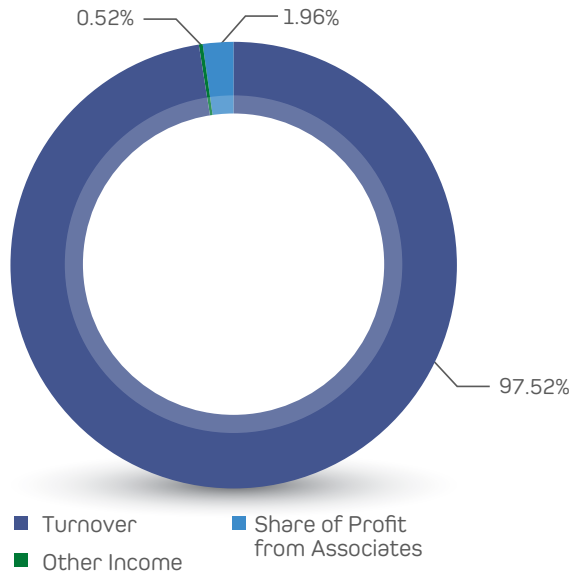
Total Assets



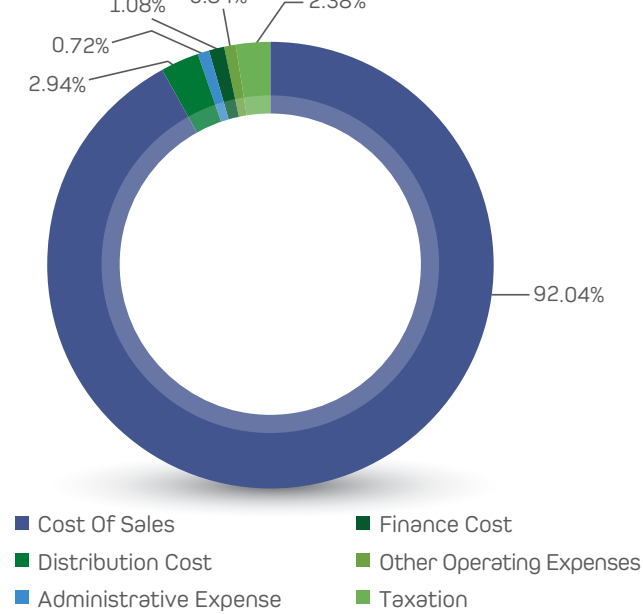
Total Equity and Liabilities



Income



Expense

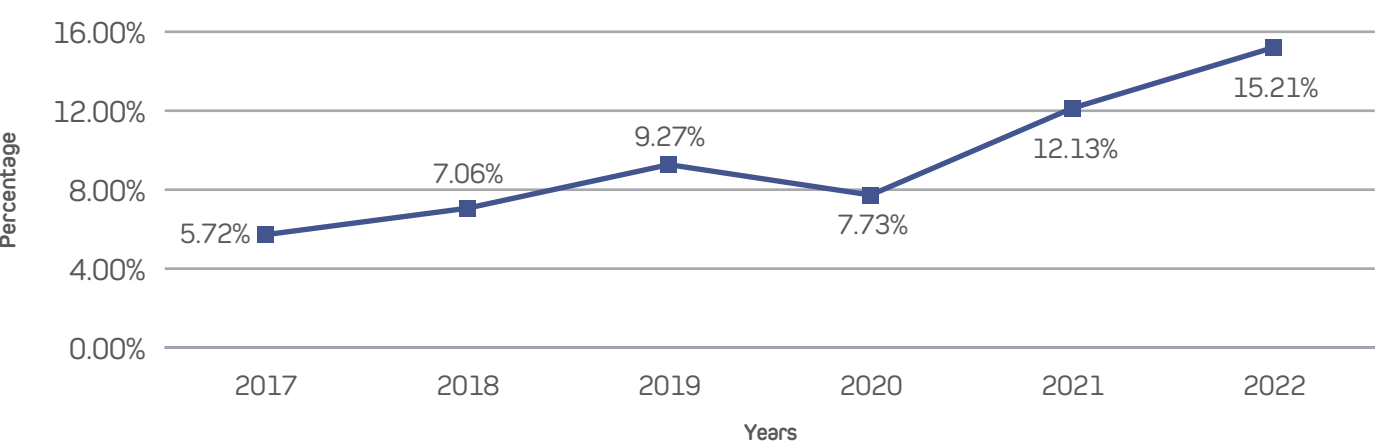


Financial Ratios

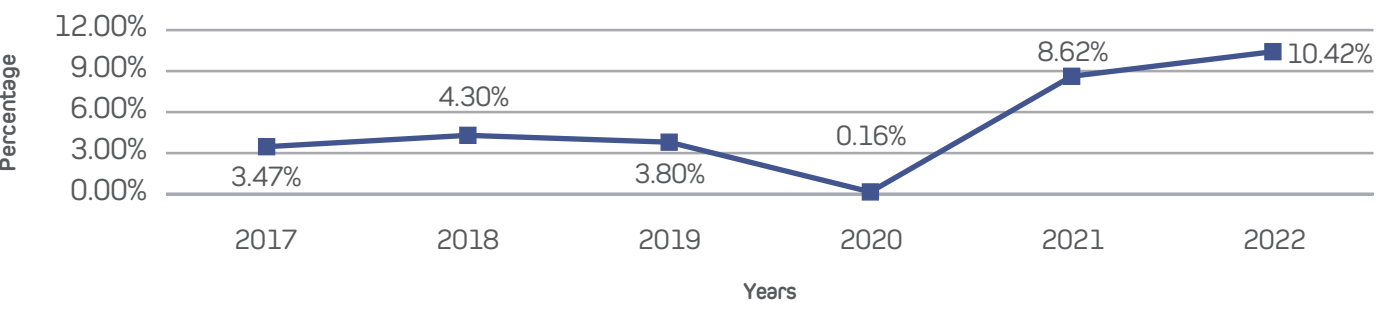
Profitability Ratios

	UoM	2022	2021	2020	2019	2018	2017
GP to Sales	Percentage	15.21%	12.13%	7.73%	9.27%	7.06%	5.72%
PAT to Sales	Percentage	10.42%	8.62%	0.16%	3.80%	4.30%	3.47%
EBITDA to Sales	Percentage	15.54%	13.75%	7.80%	11.41%	10.11%	9.34%
EBDA to Sales	Percentage	12.35%	11.02%	3.66%	6.35%	6.97%	6.67%
Operating Leverage	Times	1.79	6.59	7.69	2.65	2.35	32.23
Return on Equity After Tax	Percentage	37.33%	32.58%	0.50%	13.62%	15.22%	11.61%
Return on Capital Employed	Percentage	36.89%	30.92%	10.15%	26.76%	25.33%	20.54%
Return on Fixed Assets	Percentage	52.31%	33.95%	0.45%	13.33%	15.56%	10.64%

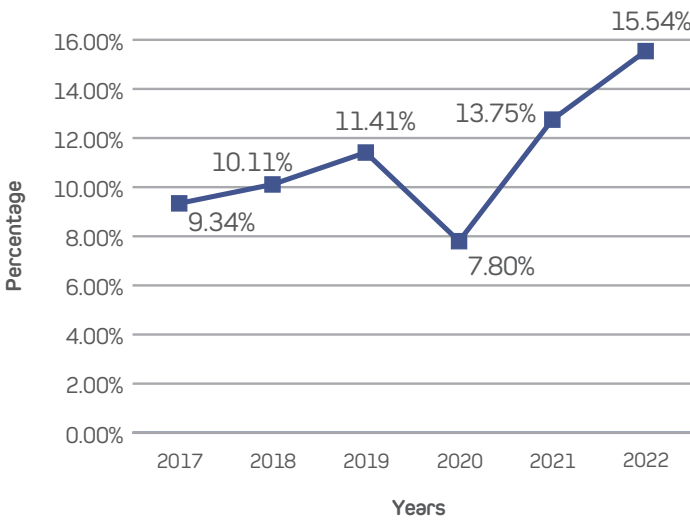
GP to Sales



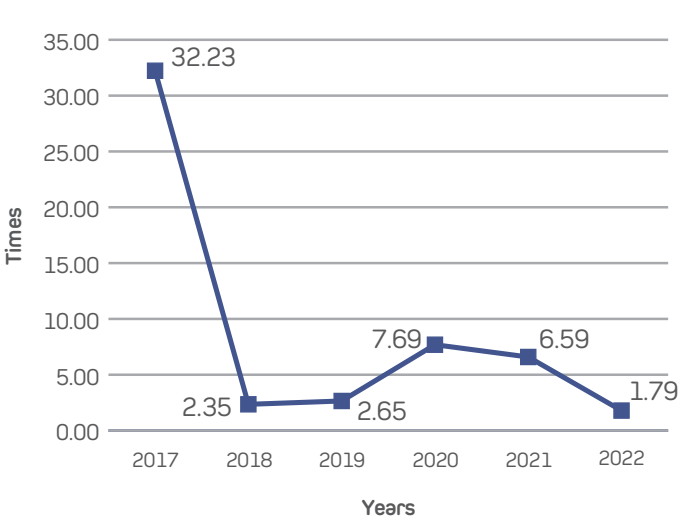
PAT to Sales



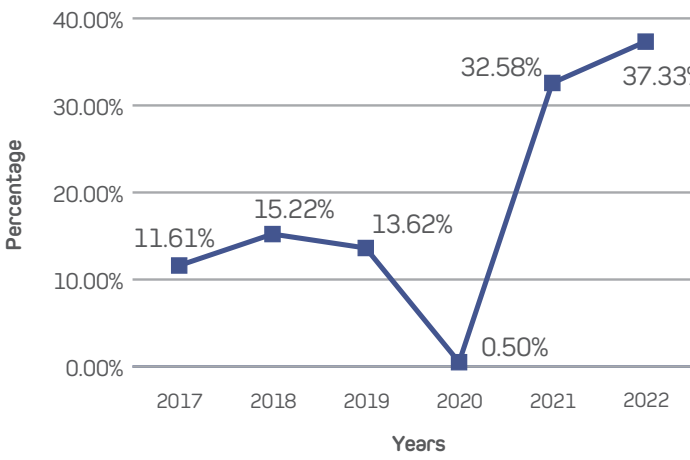
EBITDA to Sales



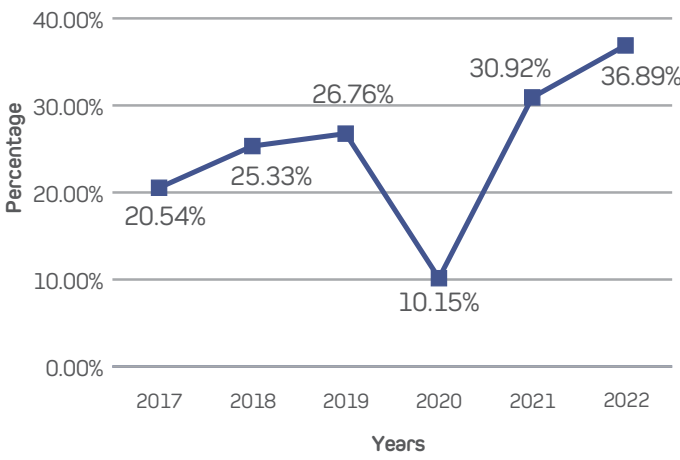
Operating Leverage



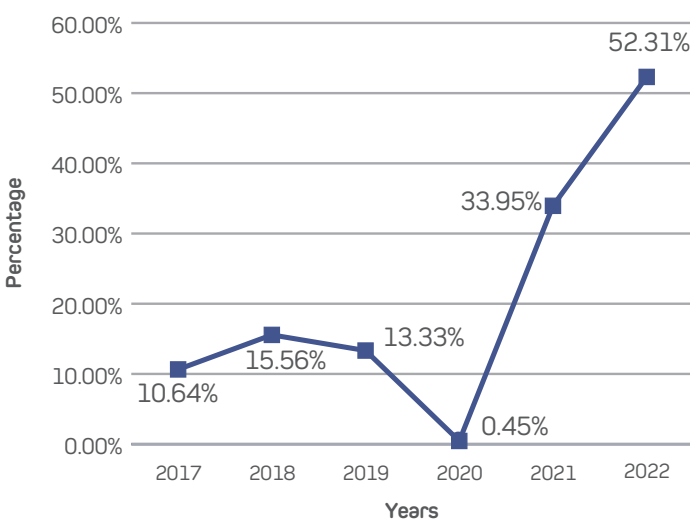
Return on Equity After Tax



Return on Capital Employed



Return on Fixed Assets



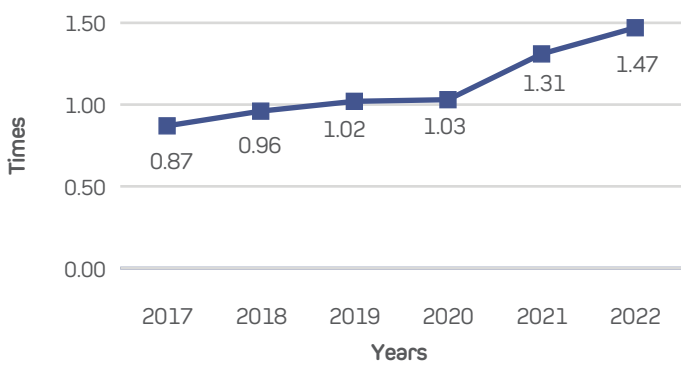
Comments:

The profitability ratio has been on an increasing trend mainly on account of better economic recovery post COVID-19 pandemic and effective management of resources including better procurement strategy. The increase in CY can be attributed to an increase in sales price of yarn coupled with an increase in international customer base of value added segment. Furthermore, reduced finance cost and increased share of profit from associates also contributed to the increased profitability.

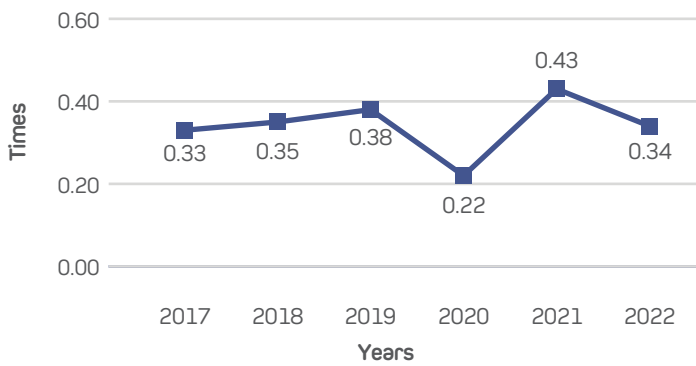
Liquidity Ratios

	UoM	2022	2021	2020	2019	2018	2017
Current Ratio	Times	1.47	1.31	1.03	1.02	0.96	0.87
Quick Ratio	Times	0.34	0.43	0.22	0.38	0.35	0.33
Cash to Current Liability	Times	0.01	0.01	0.01	0.01	0.01	0.01
Cash Flow from Operation to Sales	Times	0.01	0.19	(0.06)	0.03	(0.03)	0.06

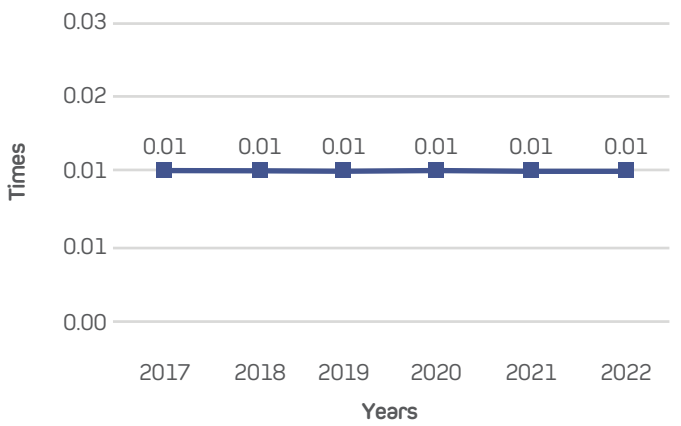
Current Ratio



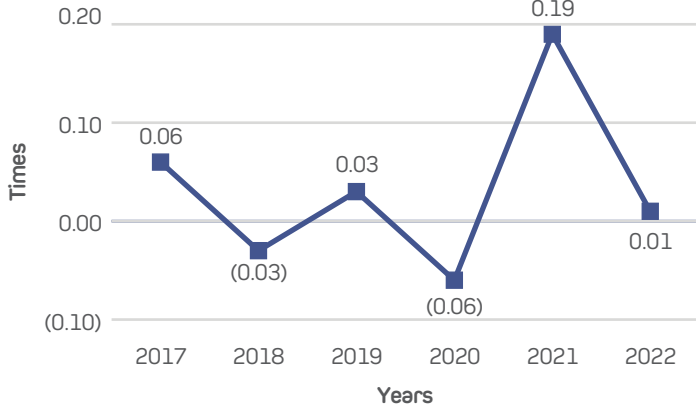
Quick Ratio



Cash to Current Liability



Cash Flow from Operation to Sales



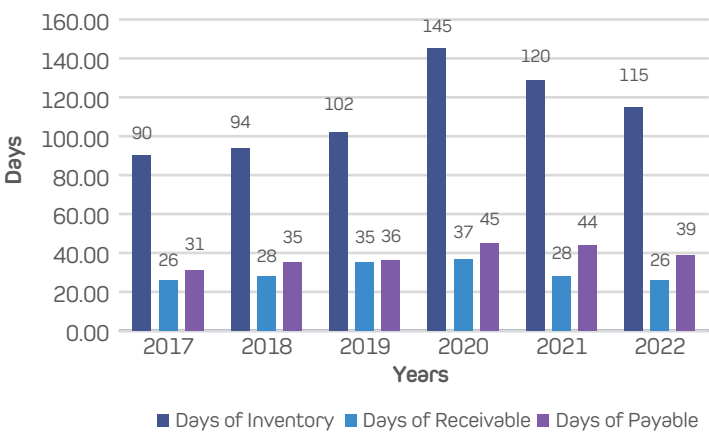
Comments:

Liquidity ratios have been consistent over the years, mainly on account of strong and effective working management policies. The current ratio of the company has shown significant improvement from last year mainly as the Company has shifted its exposure to cheaper rate Long term finance for its plant and machineries as against the Running Finance for the last couple of years. However, the quick ratio and cash flow from operation to sales ratio have decreased owing to increased inventory levels and valuation at the reporting date.

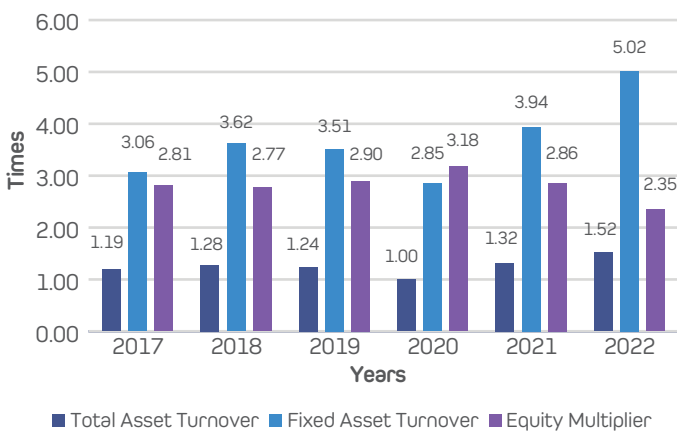
Operating Ratios

	UoM	2022	2021	2020	2019	2018	2017
Inventory Turnover	Times	3.18	3.03	2.51	3.57	3.89	4.04
No. of Days in Inventory	Days	115	120	145	102	94	90
Debtor Turnover	Times	14.08	12.87	9.91	10.44	13.07	14.10
No. of Days in Receivable	Days	26	28	37	35	28	26
Creditor Turnover	Times	9.25	8.31	8.03	10.00	10.35	11.96
No. of Days in Payable	Days	39	44	45	36	35	31
Operating Cycle	Days	102	104	137	101	87	85
Total Assets Turnover	Times	1.52	1.32	1.00	1.24	1.28	1.19
Fixed Assets Turnover	Times	5.02	3.94	2.85	3.51	3.62	3.06
Equity Multiplier	Times	2.35	2.86	3.18	2.90	2.77	2.81

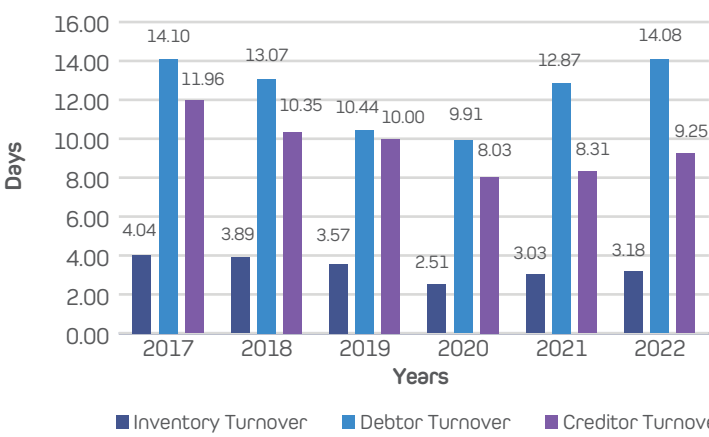
Working Capital Ratios (in Days)



Turnover Ratios (in Times)



Working Capital Ratios (in Times)



Comments:

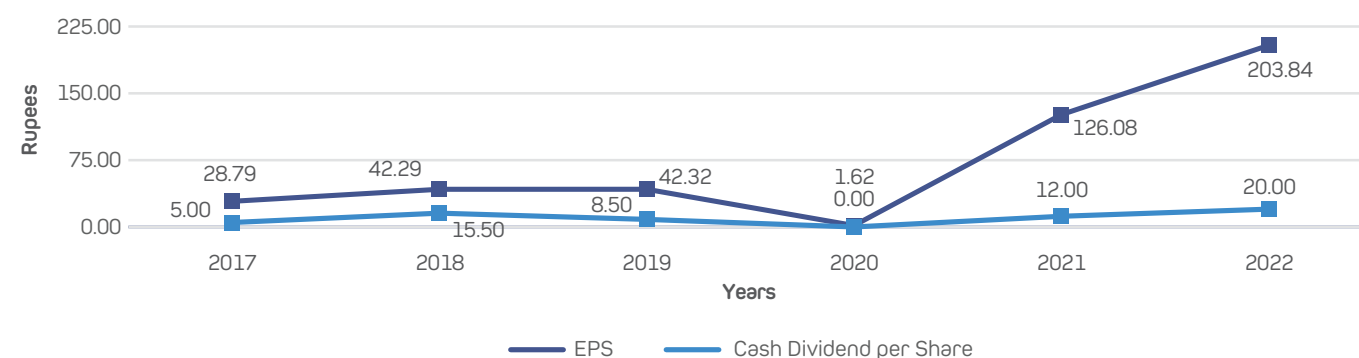
The operating cycle of the Company has been at a quiet manageable levels this year as well mainly on account of better management of debtors and inventory levels.

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

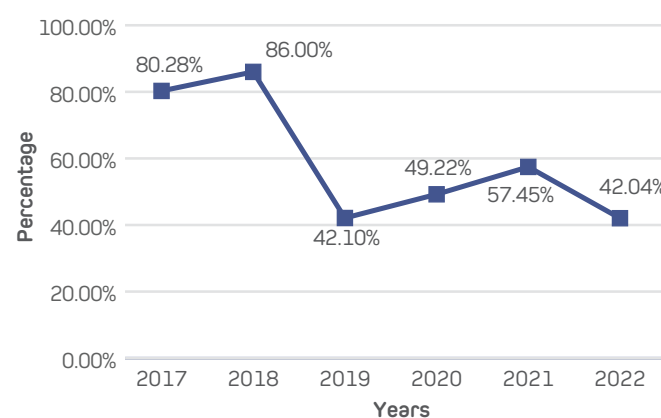
Market Ratios

	UoM	2022	2021	2020	2019	2018	2017
EPS	Rupees	203.84	126.08	1.62	42.32	42.29	28.79
Price to Earning Ratio	Times	1.32	2.05	98.46	3.27	5.96	7.33
Price to Book Ratio	Percentage	42.04%	57.45%	49.22%	42.10%	86.00%	80.28%
Dividend Yield	Percentage	7.41%	4.64%	-	6.14%	6.15%	2.37%
Dividend Payout Ratio	Percentage	9.81%	9.52%	-	20.09%	36.65%	17.37%
Dividend Cover	Times	10.19	10.51	-	4.98	2.73	5.76
Cash Dividend Per Share	Rupees	20.00	12.00	-	8.50	15.50	5.00
Book value Per Share	Rupees	642.29	449.88	324.10	328.56	293.03	262.82
Market Value Per Share as at June 30th	Rupees	270.00	258.46	159.51	138.34	252.00	211.00
Highest Share Price During the Year	Rupees	393.00	267.08	257.89	315.00	264.00	323.62
Lowest Share Price During the Year	Rupees	236.00	164.00	115.00	138.34	176.00	128.50

EPS vs DPS



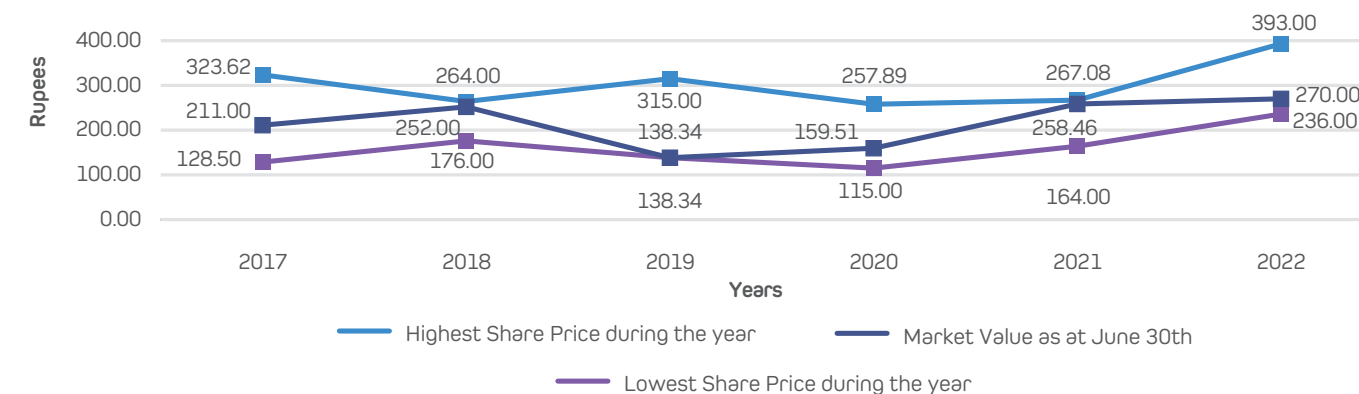
Price / Book Ratio



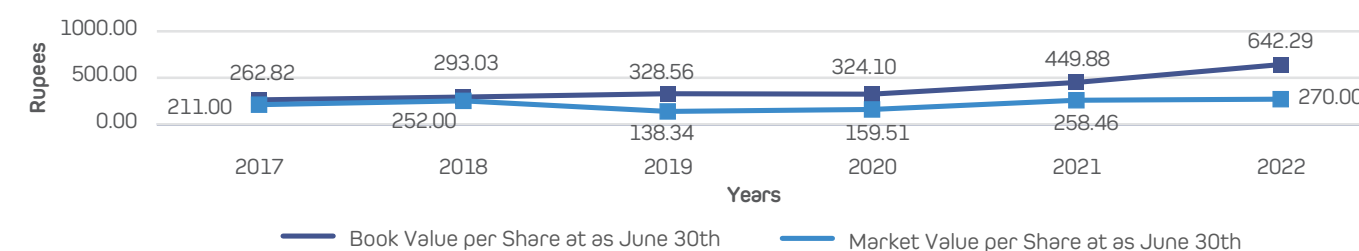
Earnings ratio



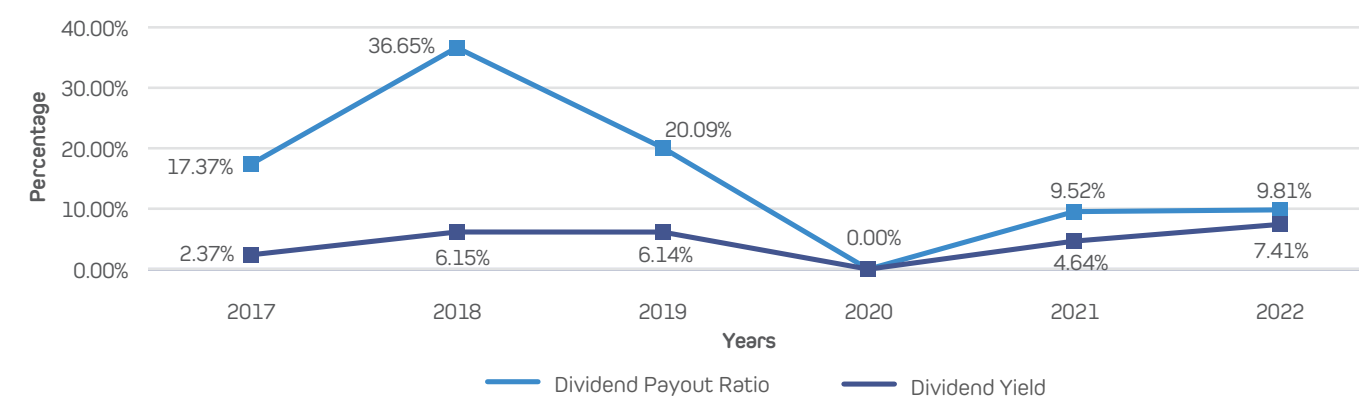
Market Value



Book Value vs Market Value



Dividend Ratio



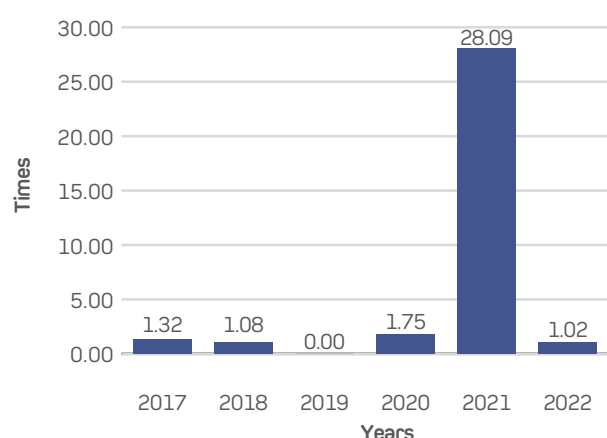
Comments:

The PSX has shown a downward trend during the current FY on account of global recession, political uncertainties, tightening monetary policies, and global supply constraints, having an impact on the investors' confidence. Similarly, GTML's share was also affected to some extent, however, it still managed to close at Rs. 270 as at 30 June 2022, an increase of 4.46% as compared to LY, reflecting higher investors' confidence.

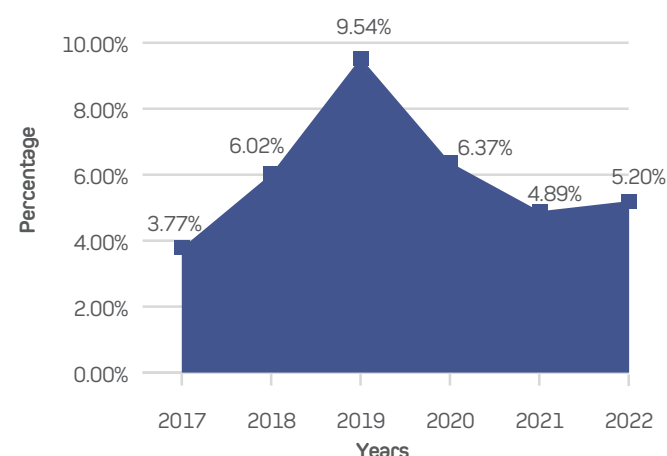
Capital Structure Ratios

	UoM	2022	2021	2020	2019	2018	2017
Degree of Financial Leverage Ratio	Times	1.02	28.09	1.75	-	1.08	1.32
Weighted Average Cost of Debt	Percentage	5.20%	4.89%	6.37%	9.54%	6.02%	3.77%
Debt to Equity Ratio (Book Value)	Percentage	27.85%	38.38%	39.57%	29.05%	7.24%	-
Debt to Equity Ratio (Market Value)	Percentage	66.26%	66.80%	80.40%	68.99%	8.41%	-
Interest Coverage Ratio	Times	13.67	7.38	1.37	2.52	3.56	4.17

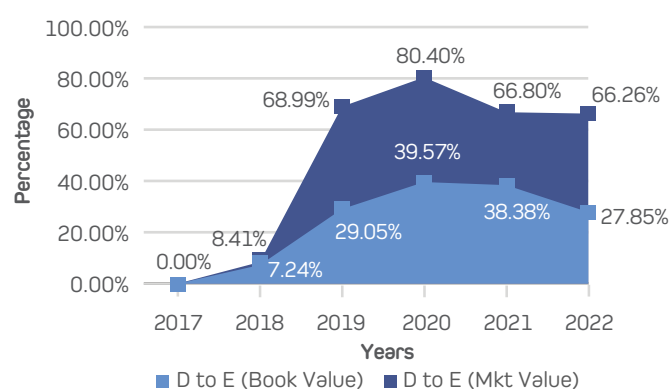
Degree of Financial Leverage Ratio



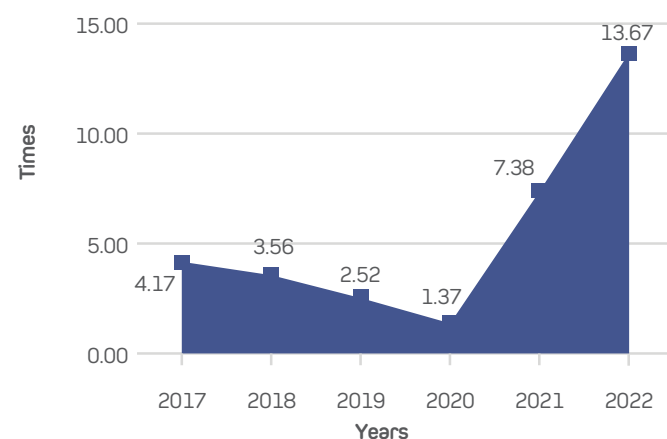
WAC of Debt



Debt to Equity Ratios



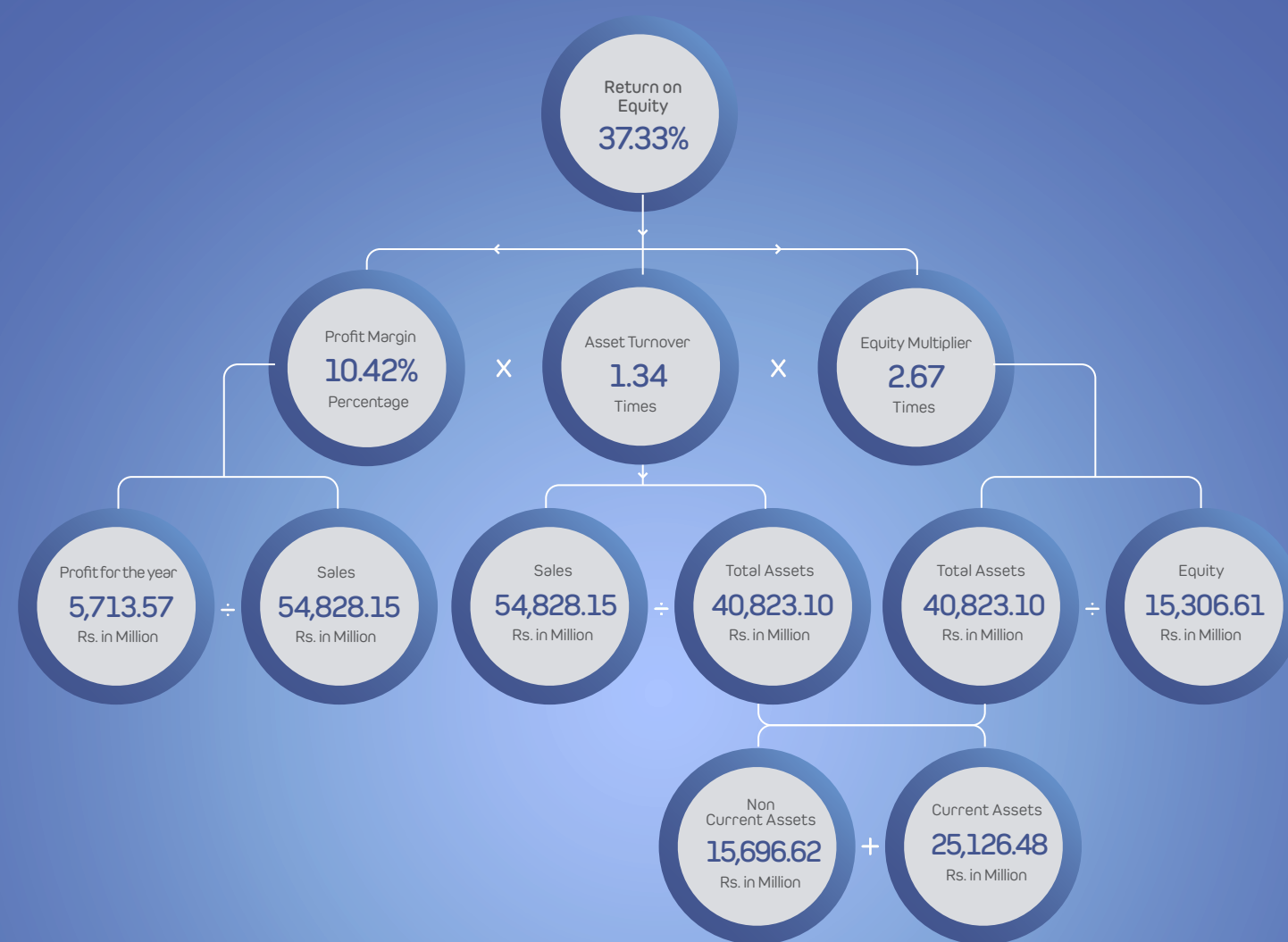
Interest Coverage Ratio



Comments:

The Company has further availed the long term finance facility including Temporary Economic Refinance Facility (TERF) in the current year to finance its investments in new and advanced plant and machinery. However, despite having obtained new facilities during the year amounting to Rs. 964.10 million, the Debt to Equity Ratio has reduced from 38.38% to 27.85% owing to record breaking profit of Rs. 5.71 billion in the current year. Further, during the year, despite cheaper long term finance facilities obtained by the Company, WACC of debt for the year has increased due to gradual increase in KIBOR from December 2021 which touch to 15% post year end against the 7% at the start of the year. Moreover, on account of the increase in earnings, the interest coverage ratio has also significantly increased.

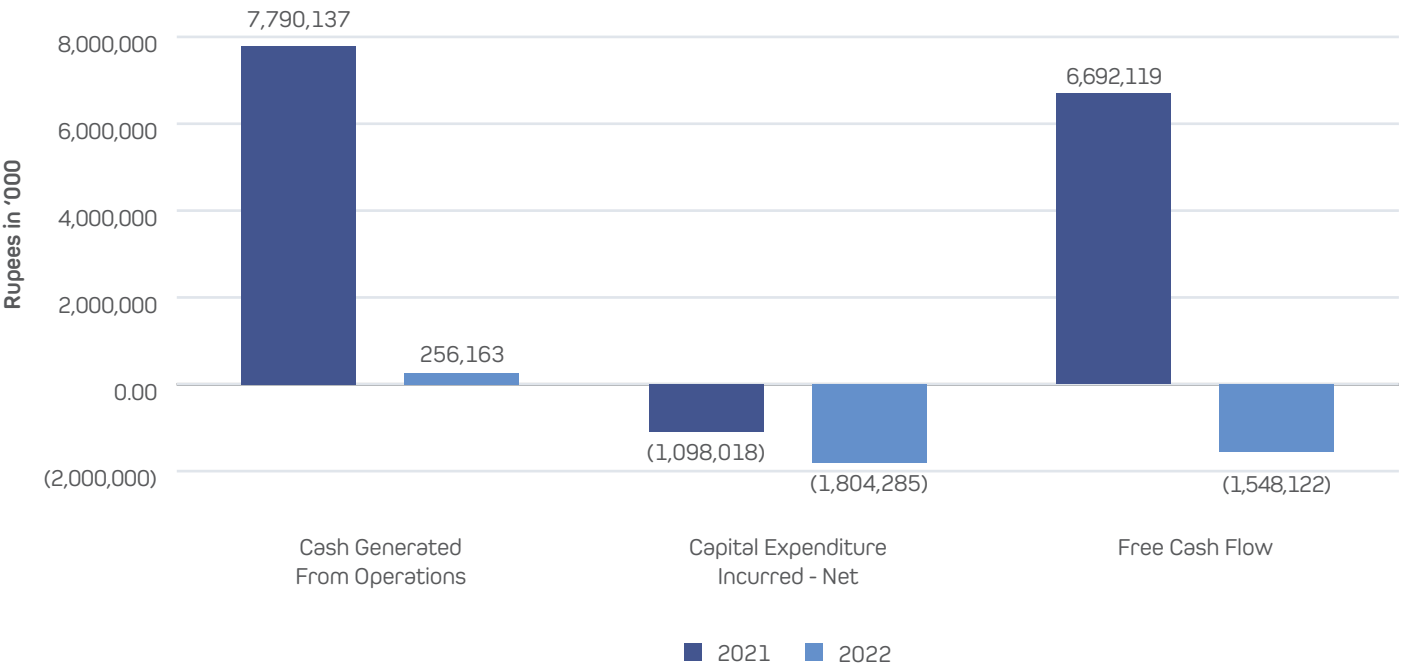
Dupont Analysis



Years	Profit Margin (A)	Asset Turnover (B)	Equity Multiplier (C)	ROE A x B x C
2022	10.42%	1.34	2.67	37.33%
2021	8.62%	1.31	2.88	32.58%
2020	0.16%	0.94	3.37	0.50%
2019	3.80%	1.14	3.13	13.62%
2018	4.30%	1.19	2.97	15.22%
2017	3.47%	1.16	2.88	11.61%

Free Cash Flow

	2022	2021
	(Rupees in '000)	
Cash Generated from Operations	256,163	7,790,137
Capital Expenditure Incurred - Net	(1,804,285)	(1,098,018)
Free Cash Flow	(1,548,122)	6,692,119



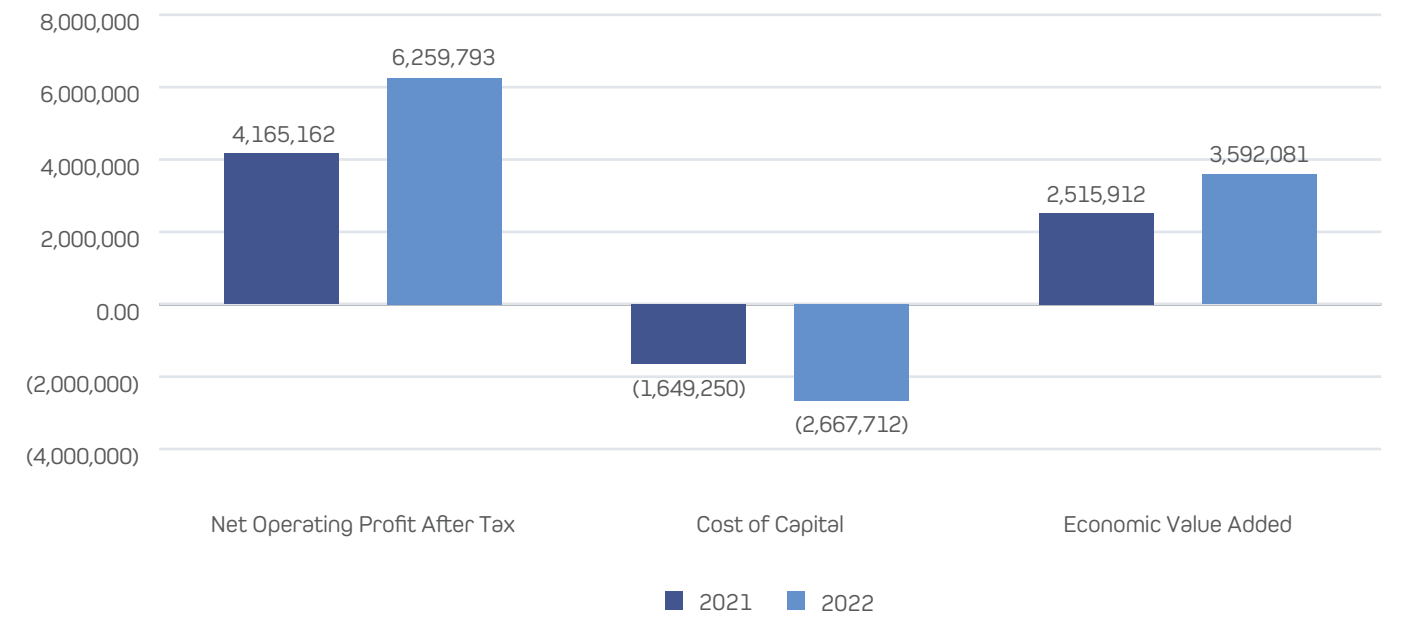
Comment:
Free cash flows have significantly decreased mainly on account of higher inventory levels and valuation. In addition to that, the increased Capital expenditure in innovative, sustainable and advance plant and machineries along with the expansion of the value added segment also affected the free cash flows.

Economic Value Added

	2022	2021
	(Rupees in '000)	
Net Operating Profit After Tax	6,259,793	4,165,162
Cost of Capital	(2,667,712)	(1,649,250)
Economic Value Added	3,592,081	2,515,912

Cost of Capital

Total Assets	40,823,108	31,226,196
Less: Current Liabilities	(17,805,523)	(13,776,583)
Invested Capital	23,017,585	17,449,613
WACC	11.59%	9.45%
Cost of Capital	2,667,712	1,649,250



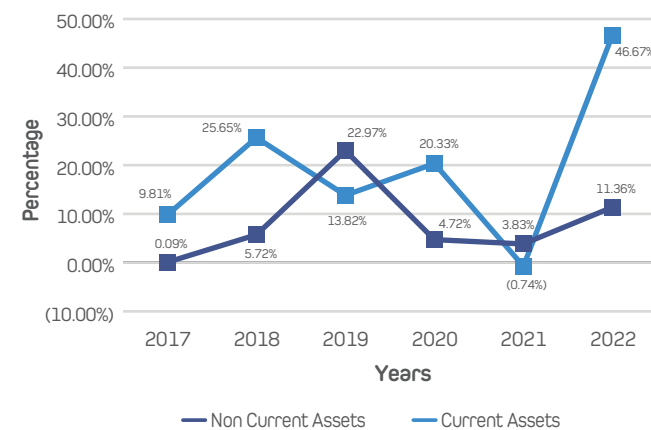
Comment:
Increase in Economic value addition depicts an increase in the shareholder's wealth on account of increase in operating profit; however, WACC has increased due to average increase in the KSE 100 index over the ten years period.

Horizontal Analysis

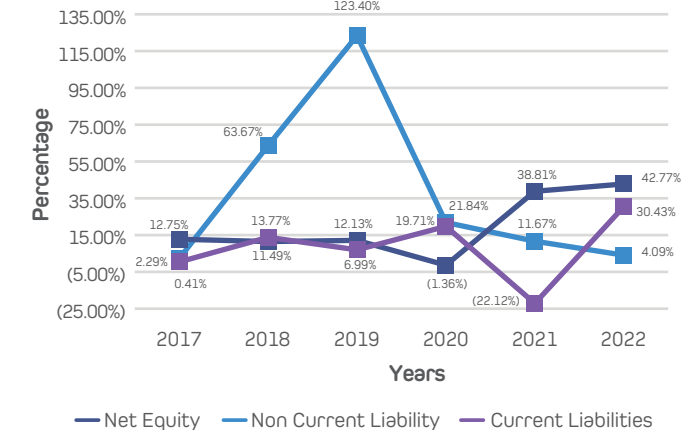
Statement of Financial Position - Horizontal Analysis

	2022 vs 2021	2021 vs 2020	2020 vs 2019	2019 vs 2018	2018 vs 2017	2017 vs 2016
Assets						
Non Current Assets						
Property, Plant and Equipment	7.44%	0.87%	2.99%	26.67%	4.62%	(3.61%)
Biological Assets	75.35%	9.56%	46.70%	100%	-	-
Long Term Advances	-	-	-	-	-	-
Long Term Loans	59.40%	(26.95%)	(9.26%)	23.62%	50.50%	44.18%
Long Term Deposits	3.47%	13.80%	1.30%	5.08%	0.05%	10.56%
Long Term Investment	18.57%	13.33%	8.99%	7.58%	8.66%	12.69%
	11.36%	3.83%	4.72%	22.97%	5.72%	0.09%
Current Assets						
Stores, Spares and Loose Tools	38.53%	2.41%	4.30%	10.42%	11.70%	(4.68%)
Stock in Trade	68.99%	(15.77%)	53.61%	12.55%	31.03%	10.72%
Trade Debts	(7.11%)	73.10%	(33.68%)	42.76%	40.75%	13.13%
Loans and Advances	128.41%	90.44%	(38.53%)	(30.32%)	9.31%	(2.15%)
Short Term Investments	-	-	-	-	-	(100.00%)
Trade Deposit and Other Short Term Prepayments	(63.47%)	79.22%	156.45%	(72.42%)	82.55%	(40.22%)
Other Receivables	116.28%	12.54%	(20.85%)	(24.86%)	3.23%	106.97%
Current Tax Asset	(100.00%)	(11.90%)	(12.38%)	1.07%	(8.63%)	0.29%
Sales Tax Refund Bond	-	-	100.00%	100.00%	-	-
Cash and Bank Balance	11.65%	66.24%	(23.46%)	(40.42%)	15.21%	(57.69%)
	46.67%	(0.74%)	20.33%	13.82%	25.65%	9.81%
Total Assets	30.73%	1.27%	12.92%	17.99%	15.71%	4.74%
Equity & Liabilities						
Issued, Subscribed and Paid-up Capital	-	-	-	-	-	-
Capital Reserves	-	-	-	-	-	-
Revenue Reserves	44.23%	40.68%	(1.42%)	12.78%	12.19%	13.62%
Total Equity	42.77%	38.81%	(1.36%)	12.13%	11.49%	12.75%
Non Current Liabilities						
Long Term Financing	2.62%	10.76%	34.49%	341.22%	100.00%	-
Deferred Government Grant	0.29%	100.00%	-	-	-	-
Retirement Benefit Obligation	14.97%	13.49%	11.76%	5.47%	19.59%	(0.25%)
Deferred Tax Liabilities	(3.17%)	(3.60%)	(9.03%)	27.88%	4.17%	4.06%
	4.09%	11.67%	21.84%	123.40%	63.67%	2.29%
Current Liabilities						
Short Term Borrowings	21.42%	(59.24%)	24.53%	0.63%	14.23%	(9.61%)
Trade and Other Payables	37.97%	69.83%	12.99%	19.83%	11.12%	49.69%
Unclaimed Dividend	17.43%	(4.76%)	7.85%	2.13%	39.53%	(0.50%)
Current Portion of Long Term Financing	3.79%	979.63%	29.14%	100.00%	-	-
Current Portion of Deferred Government Grant	4.16%	100.00%	-	-	-	-
Accrued Mark-up	71.85%	(19.64%)	(53.62%)	145.09%	48.09%	92.23%
	30.43%	(22.12%)	19.71%	6.99%	13.77%	0.41%
Total Liability	22.58%	(14.40%)	20.19%	21.21%	18.17%	0.57%
Total Equity and Liability	30.73%	1.27%	12.92%	17.99%	15.71%	4.74%

Horizontal Analysis of Total Assets



Horizontal Analysis of Total Equity & Liabilities



Comments on Statement of Financial Position - Horizontal Analysis

Fixed Assets

Fixed Assets of the Company grew by 47.92% over the past six years due to continuous investment in on innovative machines and value added segment.

Long Term Investments

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

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

Stores, spare & loose tools have increased on account of growing operation and rupee devaluation. Whereas stock in trade has increased significantly owing to increased inventory levels and high international cotton prices. Management on the contrary has ensured timely and effective recovery from its debtors to better manage its working capital.

Other Receivables

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

Share Capital and Reserves

Reserves of the Company has been growing over the years (except for FY'2020 on account of Covid-19). Significant increase has been witnessed in the current year owing to record breaking profit of Rs. 5.17 billion.

Long term Finance

In order to avail the benefit of a reduced rate of financing, the Company further obtained long term financing facility in the form of temporary economic finance facility and long term finance facility for its new machines.

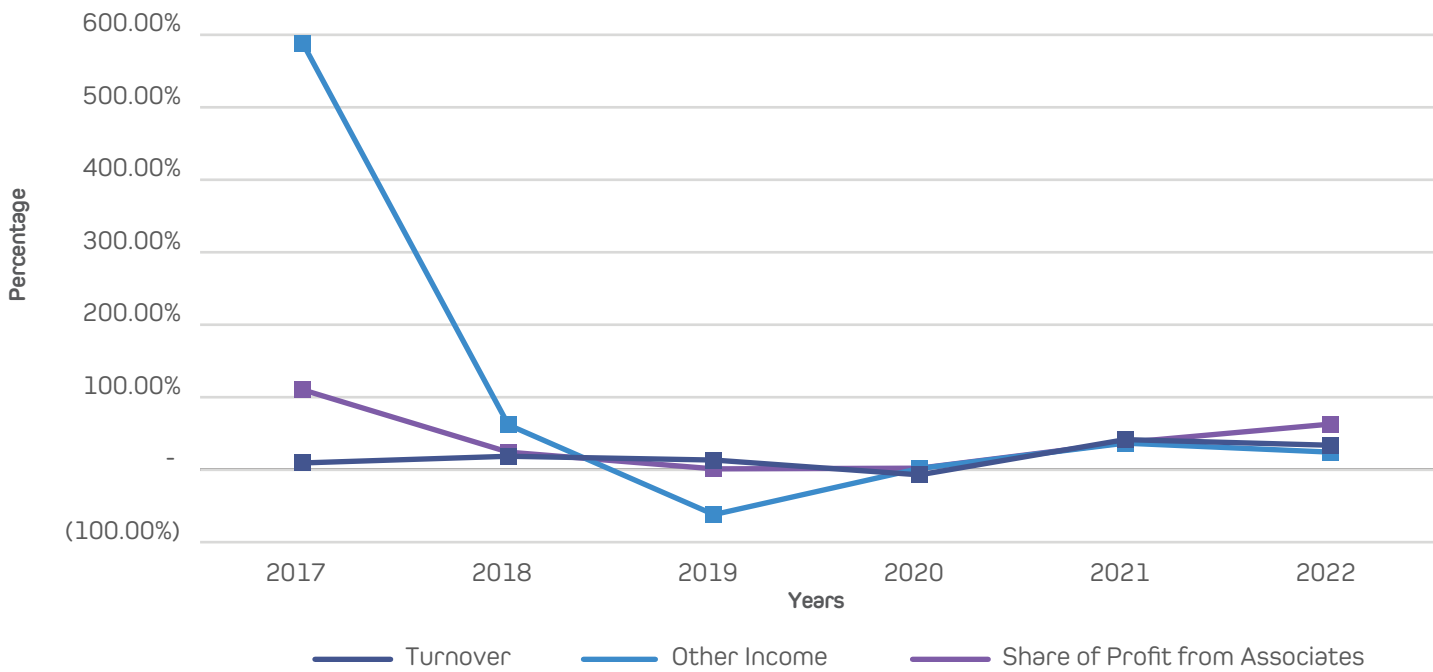
Current Liabilities

The Company has always taken measures to maintain its current liability at a manageable level. Current liabilities increased owing to increase in short term borrowings and foreign trade payables on account of higher international cotton prices and stock levels.

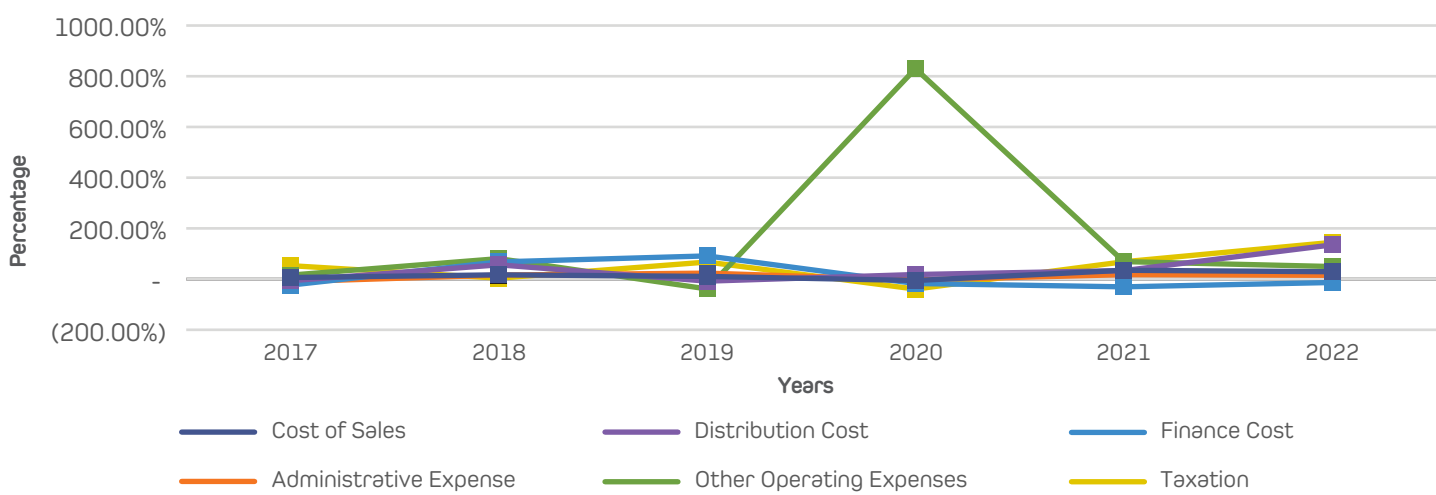
Profit or Loss - Horizontal Analysis

	2022 vs 2021	2021 vs 2020	2020 vs 2019	2019 vs 2018	2018 vs 2017	2017 vs 2016
Turnover	33.70%	41.48%	(7.15%)	13.29%	18.52%	9.30%
Cost of Sales	29.01%	34.73%	(5.58%)	10.60%	16.83%	6.70%
Gross Profit	67.64%	122.00%	(22.52%)	48.73%	46.37%	82.98%
Distribution Cost	134.82%	33.49%	18.07%	(8.13%)	56.28%	(6.54%)
Administrative Expense	14.98%	17.52%	(3.29%)	23.52%	15.64%	(10.10%)
Operating Profit	61.20%	168.67%	(32.29%)	72.52%	50.09%	305.08%
Finance Cost	(13.44%)	(30.58%)	(17.36%)	91.42%	67.74%	(23.73%)
Other Operating Expenses	49.54%	(68.96%)	829.90%	(38.80%)	80.73%	15.66%
Other Income	24.20%	36.59%	1.68%	(61.98%)	61.77%	588.10%
Share of Profit from Associates	62.91%	37.55%	2.07%	1.13%	24.23%	110.14%
Profit Before Taxation	71.83%	1092.15%	(79.76%)	13.22%	35.83%	(1277.18%)
Taxation	144.82%	68.37%	(39.42%)	67.28%	3.74%	52.99%
Profit for the year	61.67%	7667.43%	(96.16%)	0.07%	46.88%	(394.69%)

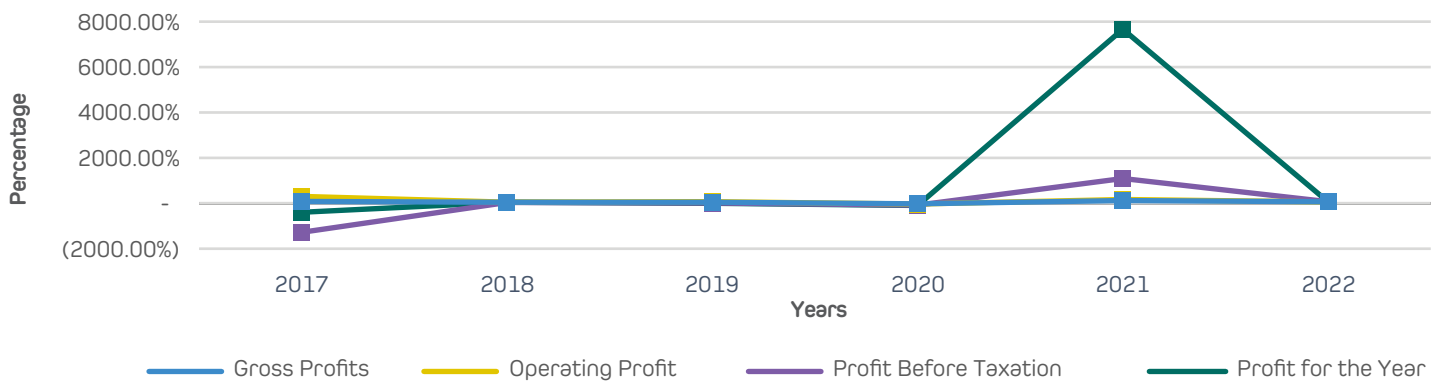
Horizontal Analysis of Income



Horizontal Analysis of Expense



Horizontal Analysis of Profit



Comments on Profit or Loss - Horizontal Analysis

Turnover

Revenue has been on an increasing trend for the last 6 years mainly on account of aggressive marketing strategy, including identification of new markets (locally and internationally), widening product ranges, and expansion in the value-added segment along with appreciation in market prices.

Gross profit

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

Finance Cost

Finance cost has been on a decreasing trend for the past 3 years as management has been effectively managing its working capital requirements and reaping maximum benefits of lower benchmark rates.

Net profit

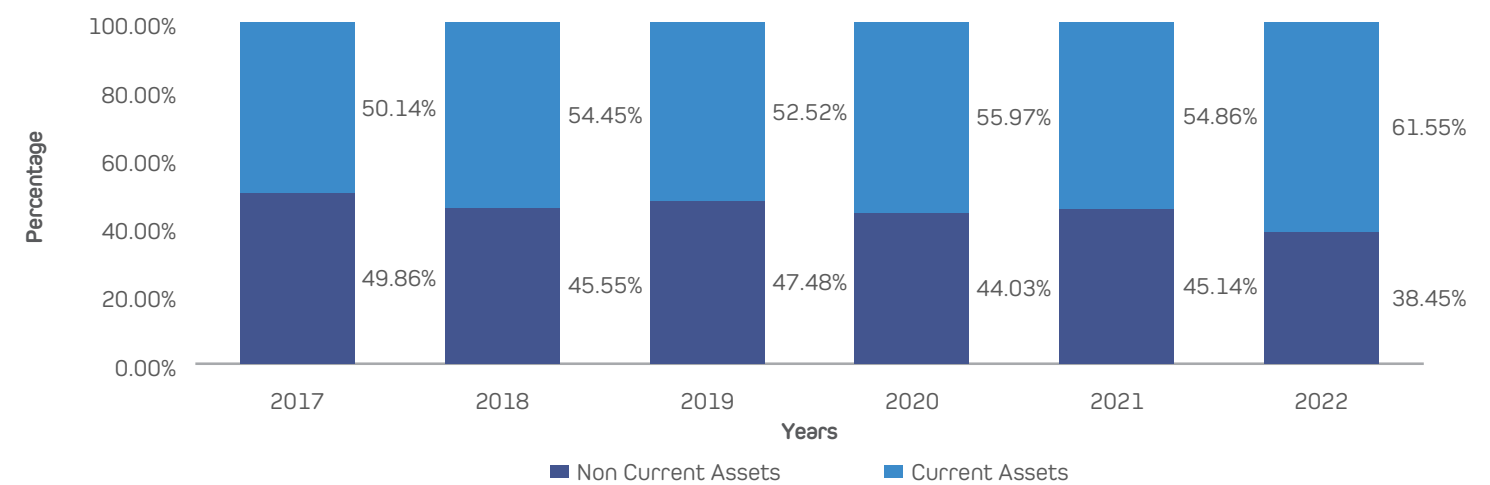
Except for the FY 2020, whereby on account of COVID-19, the net margins were impacted, the Company since 2018 is managing its net profit quite well mainly on account of better cost controlling and procurement strategy, whereby the Company posted the higher ever net profits in the current year.

Vertical Analysis

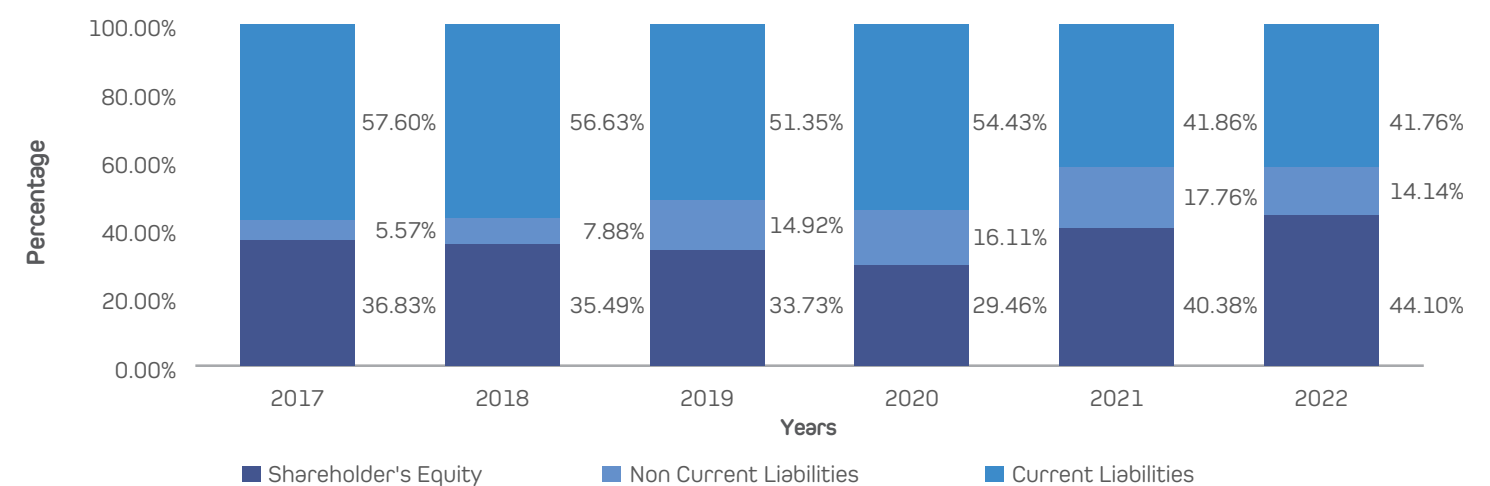
Statement Of Financial Position – Vertical Analysis

	2022	2021	2020	2019	2018	2017
Assets						
Non Current Assets						
Property, Plant and Equipment	26.98%	32.84%	32.97%	36.15%	33.67%	37.24%
Biological Assets	0.90%	0.67%	0.62%	0.47%	-	-
Long Term Advances	-	-	-	-	-	-
Long Term Loans	0.11%	0.09%	0.13%	0.16%	0.15%	0.12%
Long Term Deposits	0.09%	0.11%	0.10%	0.11%	0.12%	0.14%
Long Term Investment	10.37%	11.43%	10.22%	10.59%	11.61%	12.36%
	38.45%	45.14%	44.03%	47.48%	45.55%	49.86%
Current Assets						
Stores, Spares and Loose Tools	2.20%	2.07%	2.05%	2.22%	2.37%	2.46%
Stock in Trade	45.02%	34.83%	41.88%	30.79%	32.28%	28.50%
Trade Debts	9.19%	12.93%	7.57%	12.88%	10.65%	8.75%
Loans and Advances	1.31%	0.75%	0.40%	0.73%	1.24%	1.31%
Trade Deposit and Short Term Prepayments	0.04%	0.13%	0.07%	0.03%	0.14%	0.09%
Other Receivables	3.40%	2.05%	1.85%	2.64%	4.14%	4.64%
Current Tax Asset	-	1.63%	1.87%	2.41%	2.81%	3.56%
Sales Tax Refund Bond	-	-	-	0.41%	-	-
Cash and Bank Balance	0.39%	0.46%	0.28%	0.41%	0.82%	0.82%
	61.55%	54.86%	55.97%	52.52%	54.45%	50.14%
Total Assets	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Equity & Liabilities						
Issued, Subscribed and Paid-up Capital	0.69%	0.90%	0.91%	1.03%	1.21%	1.40%
Capital Reserves	0.34%	0.44%	0.45%	0.50%	0.59%	0.69%
Revenue Reserves	43.07%	39.04%	28.11%	32.20%	33.69%	34.74%
Total Equity	44.10%	40.38%	29.46%	33.73%	35.49%	36.83%
Non Current Liabilities						
Long Term Financing	9.82%	12.51%	11.44%	9.60%	2.56%	-
Deferred Government Grant	0.46%	0.46%	-	-	-	-
Retirement Benefit Obligation	2.01%	2.29%	2.04%	2.06%	2.31%	2.23%
Deferred Tax Liabilities	1.85%	2.50%	2.63%	3.26%	3.01%	3.34%
	14.14%	17.76%	16.11%	14.93%	7.88%	5.57%
Current Liabilities						
Short Term Borrowings	14.99%	16.14%	40.09%	36.35%	42.63%	43.18%
Trade and Other Payables	24.20%	22.74%	13.56%	13.55%	13.35%	13.90%
Unclaimed Dividend	0.06%	0.07%	0.08%	0.08%	0.09%	0.08%
Current Portion of Long Term Financing	1.87%	2.35%	0.22%	0.19%	-	-
Current Portion of Deferred Grant	0.14%	0.17%	-	-	-	-
Accrued Mark-up	0.50%	0.38%	0.48%	1.17%	0.56%	0.44%
	41.76%	41.86%	54.43%	51.35%	56.63%	57.59%
Total Liability	55.90%	59.62%	70.54%	66.27%	64.50%	63.17%
Total Equity and Liability	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Vertical Analysis of Total Assets



Vertical Analysis of Total Equity and Liabilities



Comments on Statement Of Financial Position - Vertical Analysis

Property, Plant and Equipment

Ratio of property, plant and equipment to total assets has decreased during the year owing to high inventory levels. However, management has always prioritized and given high importance to invest in latest technological advanced machineries and expanding value-added segment. This is evident from the fact that the management invested Rs. 1.85 billion during the year as compared to Rs. 1.21 billion in last year.

Stock-in-Trade

Ratio of stock in trade to total assets has increased significantly as compared to prior years owing to high inventory levels and high international cotton prices.

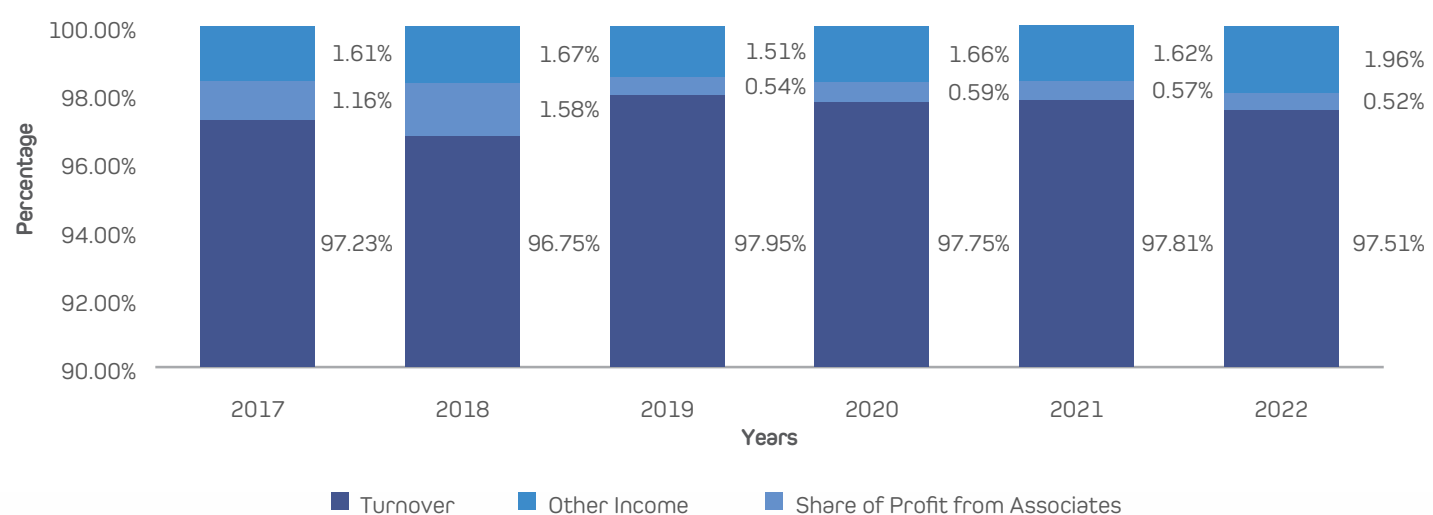
Equity / Long Term Finance

Long term finance facilities ratio to total equity and liabilities has decreased from previous years on account of record-breaking profit of Rs. 5.71 billion.

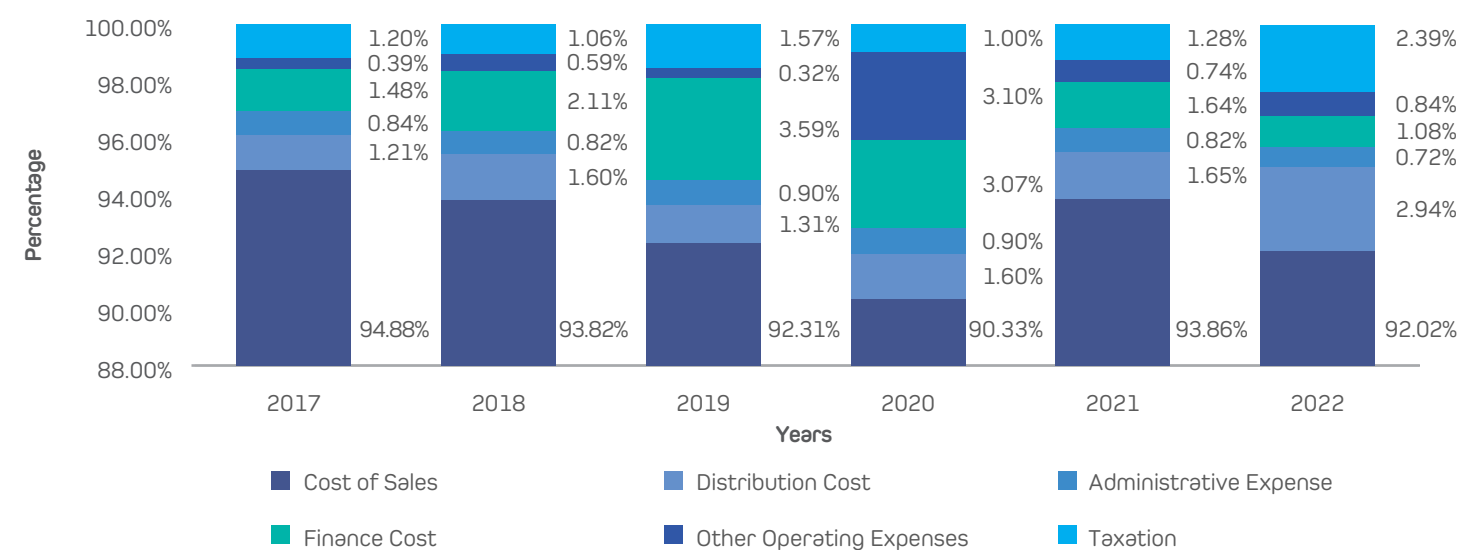
Profit or Loss - Vertical Analysis

	2022	2021	2020	2019	2018	2017
Turnover	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of Sales	(84.79%)	(87.87%)	(92.27%)	(90.73%)	(92.94%)	(94.28%)
Gross Profit	15.21%	12.13%	7.73%	9.27%	7.06%	5.72%
Distribution Cost	(2.71%)	(1.54%)	(1.64%)	(1.29%)	(1.59%)	(1.20%)
Administrative Expense	(0.66%)	(0.77%)	(0.92%)	(0.89%)	(0.81%)	(0.83%)
Operating Profit	11.84%	9.82%	5.17%	7.09%	4.66%	3.68%
Finance Cost	(1.00%)	(1.54%)	(3.14%)	(3.52%)	(2.09%)	(1.47%)
Other Operating Expenses	(0.78%)	(0.70%)	(3.17%)	(0.32%)	(0.59%)	(0.38%)
Other Income	0.54%	0.58%	0.60%	0.55%	1.63%	1.19%
Share of Profit from Associates	2.01%	1.65%	1.70%	1.55%	1.73%	1.65%
Profit Before Taxation	12.62%	9.82%	1.17%	5.34%	5.35%	4.67%
Taxation	(2.20%)	(1.20%)	(1.01%)	(1.55%)	(1.05%)	(1.20%)
Profit for the year	10.42%	8.62%	0.16%	3.80%	4.30%	3.47%

Vertical Analysis of Total Income



Vertical Analysis of Total Expense



Comments on Profit or Loss - Vertical Analysis

Gross profit

Gross profit of the Company has been increasing over the years in terms of ratio and amount except for FY 2020 (on account of Covid-19 pandemic). Higher gross profit for the current year can be attributed to higher sales in terms of price.

Distribution Cost

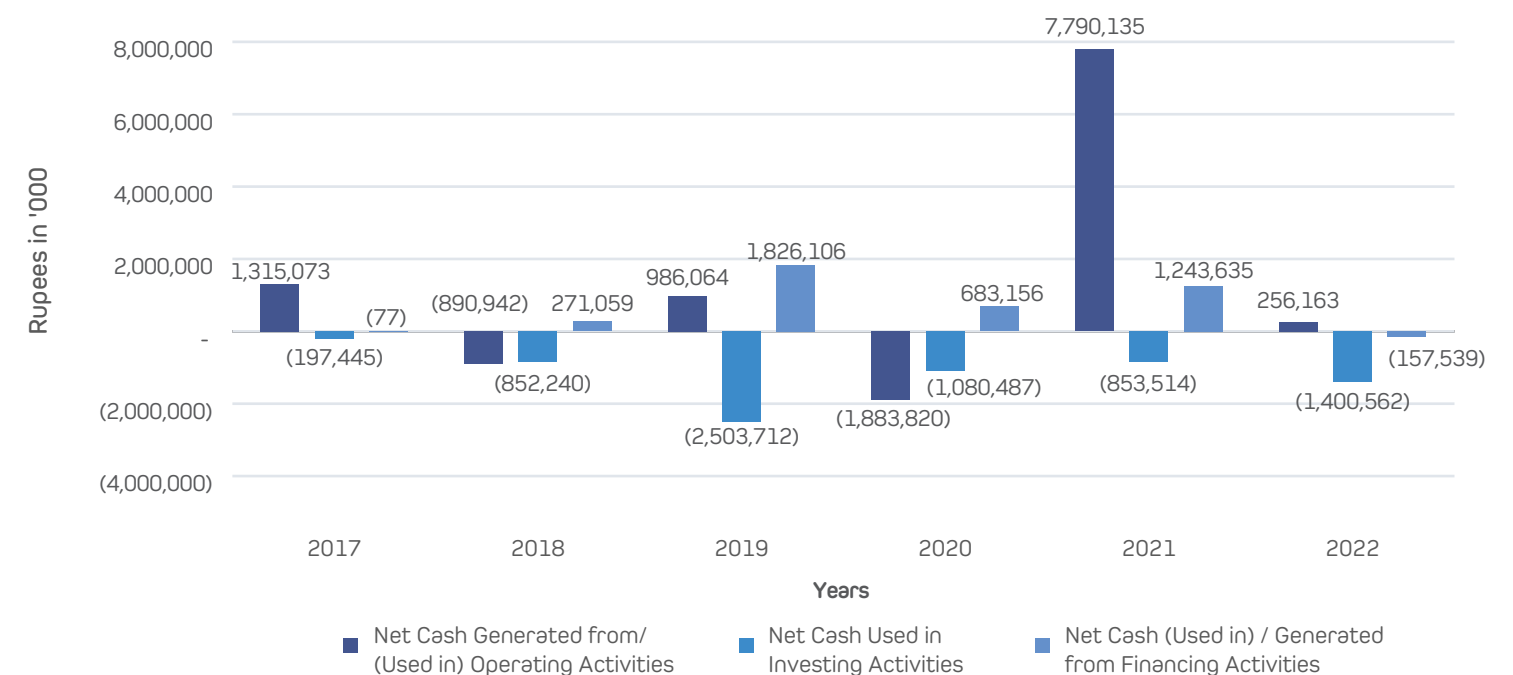
The distribution cost to total sales has increased mainly due to increase in export sales and increase in freight charges for both local and export sales owing to shipping supply constraints and increase in global oil prices.

Net profit

Net profit to sales has been highest in the year 2022, mainly on account of the factors as mentioned above.

Summary of Cash Flow

	2022	2021	2020	2019	2018	2017
	(Rupees in '000)					
Cash Generated from / (Used in)						
Operating Activities	1,264,786	9,035,000	(433,484)	2,059,299	(171,282)	1,985,767
Finance Cost Paid	(461,023)	(660,046)	(1,079,707)	(911,477)	(532,519)	(300,539)
Income Tax Paid	(640,856)	(451,067)	(304,748)	(293,314)	(197,645)	(260,236)
Rebate Received	242,664	10,263	48,111	242,639	96,452	3,284
Gratuity Paid	(149,408)	(144,013)	(113,992)	(111,083)	(85,948)	(113,203)
	(1,008,623)	(1,244,863)	(1,450,336)	(1,073,235)	(719,660)	(670,694)
Net Cash Generated from / (Used in) Operating Activities	256,163	7,790,137	(1,883,820)	986,064	(890,942)	1,315,073
Net Cash Used in Investing Activities	(1,400,562)	(853,514)	(1,080,487)	(2,503,712)	(852,240)	(197,445)
Net Cash (Used in) / Generated from Financing Activities	(157,539)	1,243,635	683,156	1,826,106	271,059	(77)
Net Increase / (Decrease) in Cash & Cash Equivalents	(1,301,938)	8,180,258	(2,281,151)	308,458	(1,472,123)	1,117,551
Cash & Cash Equivalents at the Beginning of the Year	(3,313,321)	(11,493,579)	(9,212,428)	(9,520,886)	(8,048,763)	(9,166,314)
Cash & Cash Equivalent at the End of the Year	(4,615,259)	(3,313,321)	(11,493,579)	(9,212,428)	(9,520,886)	(8,048,763)



Comments on Cash flows

Cash Flow from Operating Activities

The Company's net cash generated from operating activities for the year is Rs. 256.16 million after payments of Rs. 1.25 billion in respect of finance costs, gratuity, and income taxes indicating that the Company is managing its working capital requirements effectively, which could have been better if stock-in-trade had not increased by Rs. 7.50 billion, resulting in utilization of working capital.

Cash Used in Investing Activities

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

Net Cash (Used in) / Generated from Financing Activities

The Company's net cash generated from financing activity has gone negative as the Company has started to pay off its Long term liability as per the agreed terms, as contrast to the net Long term loans obtained in previous years.

Statement of Cash Flows – Direct Method

	2022	2021
	(Rupees in '000)	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customer	55,283,217	39,451,340
Cash Paid to Suppliers, Employees and Others	(54,018,431)	(30,416,340)
Finance Cost Paid	(461,023)	(660,046)
Income Tax Paid	(640,856)	(451,067)
Gratuity Paid	(149,408)	(144,013)
Rebate Received	242,664	10,263
Net Cash Generated from Operating Activities	256,163	7,790,137
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment	(1,850,039)	(1,214,446)
Sale Proceeds from Disposal of Property, Plant and Equipment	45,754	116,428
Short Term Investments Made	(4,114,324)	-
Short Term Investments Disposed Off	4,114,324	-
Purchase of Animals	(19,349)	-
Sale Proceeds from Disposal of Animals	11,166	7,750
Loans (Paid to) / Repaid by Employees	(29,476)	7,500
Long Term Deposits Given	(1,166)	(4,071)
Profit Received from Bank Deposits	4,676	2,831
Dividend Received	437,872	230,494
Net Cash Used in Investing Activities	(1,400,562)	(853,514)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Long Term Finance Obtained	578,680	38,207
Repayment of Long Term Finance	(414,352)	(55,366)
Salary Refinance Loan Obtained	-	749,703
Repayment of Salary Refinance	(374,851)	(93,713)
Temporary Economic Refinance Facility Obtained	385,421	605,926
Dividend Paid	(332,437)	(1,122)
Net Cash (Used in) / Generated from Financing Activities	(157,539)	1,243,635
Net Decrease / (Increase) Cash and Cash Equivalents (A+B+C)	(1,301,938)	8,180,258
Cash and Cash Equivalents at the Beginning of the Year	(3,313,321)	(11,493,579)
Cash and Cash Equivalents at the End of the Year	(4,615,259)	(3,313,321)

Quarterly Performance Analysis

	Q1 September 30, 2021	Q2 December 31, 2021	Q3 March 31, 2022	Q4 June 30, 2022
	(Rupees in '000)			
Sales - Net	12,964,783	13,539,267	13,269,801	15,054,296
Cost of Sales	(10,410,849)	(11,654,271)	(11,121,503)	(13,300,287)
Gross Profit	2,553,934	1,884,996	2,148,298	1,754,009
Distribution Cost	(278,206)	(388,259)	(372,781)	(447,711)
Administrative Expenses	(81,555)	(89,985)	(95,342)	(95,094)
	(359,761)	(478,244)	(468,123)	(542,805)
	2,194,173	1,406,752	1,680,175	1,211,204
Finance Cost	(73,424)	(104,113)	(154,194)	(214,490)
Other Operating Expenses	(149,223)	(94,039)	(102,275)	(80,743)
	(222,647)	(198,152)	(256,469)	(295,233)
Other Income	49,499	62,938	52,678	129,473
Share of Profit from Associates	434,319	210,817	197,061	261,478
	483,818	273,755	249,739	390,951
Profit Before Taxation	2,455,344	1,482,355	1,673,445	1,306,922
Taxation:				
Current	(209,319)	(216,123)	(220,301)	(604,708)
Prior	-	-	-	19,380
Deferred (Expense) / Income	(5,794)	29,490	27,500	(24,619)
	(215,113)	(186,633)	(192,801)	(609,947)
Profit After Taxation	2,240,231	1,295,722	1,480,644	696,975
Earnings per share - basic and diluted (Rupees)	79.92	46.23	52.82	24.87

Comments on Quarterly Analysis

Sales

Quarterly sales of the Company have remained in line over the first three quarts during the year, whereas fourth quarter saw a jump in revenue owing to increase in sales of value-added segment. Sales of quarter one has increased by 46.26% as compared to SPLY, due to significant increase in export sales by 249.32% as compared to SPLY due to recovery of the global economic activity post-covid-19 coupled with acceleration in the sale price of yarn on account of global increase in cotton rate coupled with increasing sales in value-added segment. Similarly, the sales of second and third quarters also depicts the positive and growing scenario registering an increase of 39.7% and 18.4% respectively as compared to SPLY. Fourth quarter sales witnessed the highest sales for the year and recorded an increase of 33.83% as compared to SPLY as the sales of value-added segment showed the growth of 353.58% as compared to SPLY.

Despite ferocious competition with Local and International competitors the Company managed to achieve a net revenue of Rs. 54.83 billion with an increase of 33.70% as compared to SPLY.

Profitability:

Quarter wise profitability of the Company shows variations during the year. Quarter one showed remarkable results with an increase of 1,065.29% in net profit from SPLY on account of increase in export sales, accelerated sales prices and gross profit margins coupled with an increase in share of profit from associates by Rs. 280.28 million as compared to SPLY. However, the profits for quarter 2 and quarter 3 were declined when compared with quarter 1, as the raw material prices were started to increase and the conversion costs of the Company increased owing to abrupt curtailment of natural gas which resultantly increased the power costs. Similarly the Company was not able to pass on the maximum increase in cost to its customer in the fourth quarter and resultantly the net margins deteriorated further in fourth quarter.

Despite various challenges including gradual increased in KIBOR from 7% in December 2021 to 15.00% post year end, the management ensured effective management of the working capital during all quarters and was able to manage its finance costs except for quarter 4.

Segmental View of Business Performance

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

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

The detail regarding segment wise performance is appearing in the financial statement of the Company.

Share Price Sensitivity Analysis

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

Stock Market

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

Government Policies

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

Political Instability

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

Exchange Rate

Company generated 23.34% of its revenue from exports and imported 71.20% of its raw material, through which the entity is exposed to exchange rate risk. Any favorable or unfavorable movement in exchange rates might affect the Company's profitability and hence, affect the share price. The Company has also adopted effective strategies to minimize the risk of exchange rates.

Interest Rate

The Company's finance cost is 1.00% of the turnover. Any interest rate movement will affect the Company's profitability and hence, affect the share price.

Availability of Raw Material

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

Share Price Analysis



Composition of Local vs. Imported Material / Sensitivity Analysis

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

For the Year	Imported		Local		Total	
	KG (in '000)	(Rupees in '000)	KG (in '000)	(Rupees in '000)	KG (in '000)	(Rupees in '000)
2022	70,875	30,889,546	35,931	11,747,600	106,806	42,637,146
2021	71,232	20,257,263	19,857	3,602,358	91,089	23,859,621

The Company is exposed to foreign currency fluctuation for its imported raw material. If the Pakistani Rupee had strengthened / weakened by 10% against the US Dollars, Euros and Swiss Franc with all variables held constant, the raw material cost for the year would have been higher / lower by Rs. 3.09 billion (2021: 2.03 billion). This analysis assumes that all other variables, in particular, interest rates remain constant.

Change in Accounting Policies, Judgements, Estimates and Assumptions

The relevant information has been disclosed in "Financial Statements" section of this Annual Report.

Senior Management's Video Presentation

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

Major Capital Expenditure

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

This year the Company has made a CAPEX of Rs. 1.02 billion in order to execute the phase-wise strategy for the replacement of old and obsolete machines.

Details of Taxes, Duties & Levies

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

07

IT Governance
and Cybersecurity

شاد باد منزلِ مراد

دبئی ایکسپو 2020 میں 'پاکستانی پویلین' کو بہترین تخلیقی ڈیزائن کے ایوارڈ سے نوازا گیا، جس میں صنعتوں اور قیمتی و قدرتی وسائل میں کی گئی جدت کو اجاگر کیا گیا۔

PAKISTAN



Board Responsibility and disclosure

Responsibility for the Implications of Cyber Risks

IT Governance is an integral part of the Company and it helps to engage the Board members, executive management and underlying staff. Although there is no legal or regulatory requirement applicable which enforces Board responsibilities in case of any cyber risks, however, board members are proactively involved in directing and controlling the actions and affairs of management for an effective monitoring.

Head of IT is responsible for overseeing the cybersecurity risk and assessments and put forwards his findings and recommendations to the IT Steering Committee. He is also responsible to ensure training of IT and other staff members to mitigate any potential cyber risk.

IT team is responsible for developing and effectively monitoring security framework and ensure that the procedures are implemented to store, safeguard, retrieve and share information, exposed to cyber risks.

IT Steering Committee based on the recommendations assess the financial, reputational, and compliance risks and recommend its suggestion to the Board.

We have also engaged an expert consultant as an independent IT auditor for formal IT Audit, Risk Assessment, and Penetration test recently to set out the high-level principles of IT governance across the organization.

IT Governance Policy and Cybersecurity Procedures

The Company's IT and information security policies and procedures are in place which covers the requirement of information / cyber security components. This policy not only help us in precise dissemination and accurate presentation of information but, in particular, saves time and cost.

Policy Statement

- **Strategic Alignment:** Alignment of the strategic direction of IT with the business with respect to services and projects and verifying strategic compliance, i.e., achievement of organizational objectives through strategic IT objectives.

- **Benefit Realization (Value Delivery):** Organization's IT processes shall provide effective and efficient delivery of the IT services and early warnings including cost, schedule or functionality that may impact the expected outcomes of the services.
- **IT Risk Management:** Ensuring that processes are in place and effective to assess, manage and monitor the associated risks in IT investments, developments, and operations. Organization ensure that the IT risks do not exceed the enterprise risk appetite.
- **Resource Optimization:** Ensuring that there is an adequate IT capability and infrastructure assessment to support current and expected future business requirements.
- **Performance Management:** Reviewing the measurement of IT performance and the contribution of IT to the business.
- **Adequate Policies Framework and its independent assurance:** Ensure that the appropriate policy controls are in place and the processes are documented.

Cybersecurity Procedure & Action Plan

In today's highly competitive and dynamic environment, companies' must align themselves with modern advancements. The Company's Cybersecurity strategy is in place which defines the roadmap for technology enhancement and understand the role of cyber security by enforcing below mentioned action plan to ensure network security in a manner.

- The Company shall formulate cyber security action plan to anticipate, withstand, detect, and respond to cyber-attacks in line with standards and best practices.
- Management shall be engaged to ensure the success of cyber security action plan.
- Development and implementation of robust cyber security awareness program shall be implemented whereby ensuring that end-users are aware of the importance of protecting sensitive information and the risks of mishandling information.

- Develop and implement assessment methods/procedures for determining security control effectiveness.
- Deploy multi-layer security model including firewalls, user authentication, network segregation and database access controls.

Risk Oversight Function and Engagement

The organization's data security and risk management oversight always remains our top priority. Board is engaged in indirect oversight through the internal audit and risk compliance team, to have an update on cybersecurity matters.

Recently the Board has been briefed on the overall IT systems and the risk it is prone to.

The Board also check if the management committee meets frequently enough on cyber risks. Meanwhile, the management is liable to ensure a third party independent audit by a reputed firm on a regular basis as per compliance with international standards of IT governance. Here, the services of external audits include the credibility / qualitative assessments of an information system against the required parameters and shortfalls to be addressed. This helps management to identify deficiencies in the security systems or controls for which recommendations can be made to avoid any sort of cyber breaches in the future.

Furthermore, Logs are also reviewed regularly for any suspicious activities, and review results are to be retained for audit purposes as per Board's risk oversight function. This allows management to take proactive measures for safeguarding the information assets of the organization.

Committee and Risk Administration

The Company ensures that MIS on incidents, logs, breaches etc. are regularly reviewed by the management and critical incidents are submitted for review to the IT Steering Committee. There is formal IT Steering Committee with the members of senior management to address IT security matters. Any high-level query related to cybersecurity threat escalate to board level as and where required. However, minor risk related decisions can be agreed between Head of IT / Head of respective business

units. Moreover, the last steering committee meeting was held in May, 2022 at head office. During the meeting management discussed related concerns to ensure the security of systems at all level.

Risk Administration

Furthermore, risk administration exercise whether for new project / product or major upgrades usually conducted by compliance and security function in consultation with IT and relevant stakeholders within the Company. Following steps shall be taken during the risk identification / administration strategy.

- Vulnerability scanning shall be performed based on the scope of risk assessment.
- Database and OS hardening requirements shall be reviewed.
- Application security requirements shall also be reviewed.
- Penetration testing exercise shall be conducted to identify potential threats to the systems
- Penetration testing report shall be shared with relevant stakeholders.
- Risks rated as High must be mitigated before deployment.

After administration of risks, the Asset Value is calculated, and each asset is first valued on confidentiality, integrity, and availability. The product of the values gives the Asset Value. Then rate the Asset Value according to nature of its Criticality.

Company's Strategy on "Early Warning System"

An Early Warning System (EWS) allows harm, loss reduction, and dissemination of warning information about vulnerabilities taken as risks. Considering our environment, where there is no application hosted publicly, risk of cyber breach is minimum. Therefore, no requirement of deploying any real-time monitoring and reporting tool. Further, in case of such event, Incident Management Plan (IMP) is in place which escalates the matter to IT steering committee which can further update the matter to the Board.

Following are the steps or formal disciplinary process underlying real time monitoring by the management to encounter IMP within organization:

- The nature and gravity of the incident / breach and its impact on business;
- Whether or not this is a first or repeated offence.
- Whether or not the convicted staff was properly trained for allowed use;
- Relevant legislation;
- Business contracts; and
- In serious cases of misconduct, the process shall allow for instant removal of duties, access rights and privileges, and for immediate escorting out of the premises, if necessary.

Here, the above-mentioned process or responses are carried out on the basis of categories of incidents including Network Incident, Email, Applications Incident, DC Incident (Domain Controller), and Information / Cyber Security Incidents. The purpose of this process is to manage IT incidents effectively and efficiently as per the IT Incident Management Process. This shall ensure that all unplanned interruption or failures to an IT service or reduction in the quality of an IT service is recorded, analyzed, and resolved in a timely manner.

However, if any cyber security risk or incident is being monitored within the organization, the related responses are also communicated with the entire group of Companies for better control over the incident and to reduce the chances of repetition.

Independent Audit Policy

Governance and Security functions within IT can also conduct reviews and monitoring to improve IT practices. However, to increase confidence level in the business systems, the Company have recently engaged third party to conduct independent comprehensive security assessment which includes VAPT, risk assessment and network security configuration reviews. This allows management to take proactive measures for safeguarding the information assets of the organization.

Policy Statement

- External IT audit shall be conducted at least once a year by reputable auditing firms.
- Internal audit or governance review shall be conducted by a person / department independent of IT Division who shall be competent and qualified to perform such review/audits.
- As a first step, a risk assessment shall be carried out to highlight areas where the exposure to risk is relatively higher.
- A formal audit / review plan shall be prepared in consultation with Head of IT based on the risk assessment and be concurred by Head of Internal Audit.
- Appropriate measures should be taken when granting system access to the auditors such as restricting the access to read-only.
- A draft audit report on the findings shall be prepared and submitted to the management. The issues highlighted in the report shall be discussed and agreed with the management.
- The management's comments shall be taken and incorporated in the auditors' report. Definite date for the actions to be taken by the management shall be mutually agreed and documented.
- Head of IT shall be responsible for ensuring effective implementation of the action plan.

Scope of Audit

Furthermore, independent audit was conducted under the scope of following functional aspects of review.

- Vulnerability assessment and penetration testing.
- Network security configuration review.
- IT risk assessment.
- Review / updation of IT policies and procedures.
- Review / updation of information security policies and procedures.
- Review / updation of IT disaster recovery plan (ITDRP).
- Cyber security awareness training.

Disaster Recovery Plan and Cyber Insurance

In line with Business Continuity Management, the Company has formulated a Business Continuity Plan (BCP) / Disaster Recovery Plan (DRP) to minimize

financial losses and mitigate the negative effects of disruptions on business while ensuring compliance with information and security policies. We have updated DR Plan in place and checked every evaluations carried out by the team on quarterly basis. This plan helps to ensure the continuity of operations and availability of critical resources in the event of disaster.

Policy Statement

Business Continuity Plan (BCP) and disaster recovery plan (DRP) shall be made available to all key persons to ensure continuity in the event of a loss of service or disaster. BCP and DRP must incorporate adequate level of controls to comply with the information technology and security policies of the Company.

All IT systems must go through a Business Impact Analysis (BIA) to prioritize critical business process and systems.

Company's Cyber Insurance

The overall number of cyber risk incidents is minimum within the Company due to the strict monitoring and risk assessment planning. However, Company would be interested to move towards cyber insurance for a long-term protection in future. As it will be covering the financial losses that result from cyber events and incidents. To choose an insurance, the Company's management will closely review details first to ensure it contains the necessary protections and provisions to adhere.

Advancement in Digital Transformation

The Company is proud to be a proponent of digital transformation, moving towards digital era of cutting-edge experience. Our dedicated IT team has taken measured steps toward the digital transformation for smooth operations and service delivery by maintaining high standards supplemented of growth.

To enrich information technology infrastructure, we are using AI in our surveillance system to monitor labor movement, attendance, discipline and strength related MIS. Perhaps, following are the major projects carried out during the year.

Centralize Email System

We are constantly working on the centralization concept in terms of database and infrastructure. In the current year, we have upgraded our email system to enterprise level and centralized the email communication for all locations including head office and factory sites.

Disaster Recovery Plan

Companies need to have a backup disaster recovery plan, as no one can predict when they will strike. We have extended our DR site with redundant communication channels for errorless data replication and enhanced sitting capacity to cope with the uncertain situation promptly.

IT Compliance & Security Audit

At GTML, the IT department has a dedicated division for IT compliance and security. In the current year we had a comprehensive IT audit with a renowned firm with the scope of Cyber Security, ITGC Review, Vulnerability Assessment, Penetration Test, Risk Assessment, and DR Plan.

Digital Initiatives

GTML aims to minimize the usage of physical papers wherever possible in daily routine tasks. We have successfully integrated various approval level workflows with our secured mobile compatible web portal platform for quick access to desired data and prompt action.

Further, we have initiated an auto attendance system through AI cameras and got tremendous results in terms of accuracy and time-saving. Upon successful implementation, we will be able to get regular labor attendance timely without any human efforts.

Network & Data Security

The organization's data security always remains our top priority. The secured VPN connections between multiple locations through a physical firewall have been extended with an upgrade version to ensure data integrity and security. Secured VPN infrastructure significantly contributed to work-from-home policy.

Education and Trainings on Cybersecurity Risks

Cybersecurity attacks are getting savvier and more crucial than ever; businesses with limited or no cybersecurity awareness training programs are at risk. Therefore, while investing in the latest cybersecurity tools and recommended software's, arming employees with ongoing security skills can better ensure long-term protection of Company's confidential data. Under the scope of cybersecurity education, multiple information security awareness training is being conducted frequently during the year through a special arrangement made by the HR and IT department. Following are the focused aspects or guidelines to educate workforce by avoiding cyber security incidents in the future:

- Document management and notification procedures.
- Email and system security.
- Social engineering and phishing.
- Passwords and authentication.
- Safe internet habits.
- Clear desk policy.
- Data management and privacy.

Active participation is ensured and feedback surveys are also circulated among the participants to get user feedback in an efficient manner.



08

Outlook

یائندہ ثابندہ باد

سطح سمندر سے تقریباً 3,300 میٹر کی
بلندی پر گلگت بلتستان میں واقع 'فیری میڈوز'
اپنے دلکش نظاروں اور خوبصورت سرسبز و شاداب
مرتفع کے لیے جانا جاتا ہے۔

Forward-Looking Statement

We are contented to create & share a mark of sustainability & corporate social responsibility within the industry by uplifting the level of project execution, strategic approach, ethical virtues, technological advancement, and financial positioning. We are consistent to our vision for being the first choice for customers both local and foreign, the Company is focused to expand the business by adopting market trends and untapping new markets effectively in years to come to keep our spin alive around the globe.

The Company is persistently committed to cultivating success factors and encouraging innovation within the industry by contributing to the development of business and diversifying into value-added sectors of the market to augment shareholders' value. The Company is exploring and planning to grow its current value chain exposure with an extension of responsible consumption of natural resources.

Political stability, controlled law & order situation is a pre-requisite for any economy. Under the context of the governmental policies, the Company expects that the government will not proceed with any sort of changes in its practice of timely release of tax, DLTL refunds and would introduce business-friendly economic policies to ensure and encourage Industry regional competitiveness which will be favorable for long-term growth. However, it is expected that interest rate will be reduced from the current level of 15% in the later half of the next year, whereas, the value of currency will show some stability on account of receipt of financial assistance from international agencies and steps taken by the government to curb the imports.

It is expected that overall political instability will come to an end soon and there will be no further legal / regulatory / environmental regulations, having significant impact on the Company's operations. Further, securing finances from International

Monetary Fund (IMF) and friendly countries and with expectations of exiting the FATF's grey list in September 2022 is a positive indicator and will likely boost Pakistan's economic position globally together which will, in turn, help the Company to boost its exports.

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

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

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

Performance against last year's projection

The redemption of economic activity faster than anticipated, has allowed the Company to surpass the projections made in the last year's forward-looking statement. The revenue of the Company has significantly increased to Rs. 54.83 billion in the current year outweighing the estimations made in the last year's projections by employing effective strategic plans.

As forecasted in the last year's forward-looking statement, the CAPEX incurred over the years has helped the Company to manage its conversion and accordingly has positively impacted the results for the current year. Despite the significant devaluation of the currency and a significant increase in interest rate during the last quarter of the CY as against the projections, the Company ensured that minimal impact is passed on Company through timely decisions and steering its strategy accordingly.

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

Status of Projects

The Company is one of the leading spinning mills in Pakistan through its focused investment in state-of-the-art technologically advanced machinery, in addition to the empowering expansion of value-added and its dairy segment. In this regard, market research is actively being done to analyze, penetrate and capture the untapped value-added sector globally.

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

Sources of Information and Assumptions used for Forecast

The Company based on current monetary and fiscal policy, affiliation / contacts with associations, consultation with industry experts, including advisory firms, market research including past trends, forecasts the factors, i.e., exchange rate, interest rate, cotton prices, sales prices, etc. having significant impacts on the Company's operations, accordingly makes projections / budgets for the upcoming year.

Company's Respond to Challenges

As mentioned earlier in this report, the Company has a team of qualified professionals who pro-actively foresees the challenges and uncertainties that are likely to arise in the course of the business. The Company has a well-developed Disaster Recovery Plan, Business Continuity Plan, and Risk Management Framework assisting the management to respond against critical challenges and possible uncertainties.

Stakeholders Relationship and Engagement

رہبر ترقی و کمال

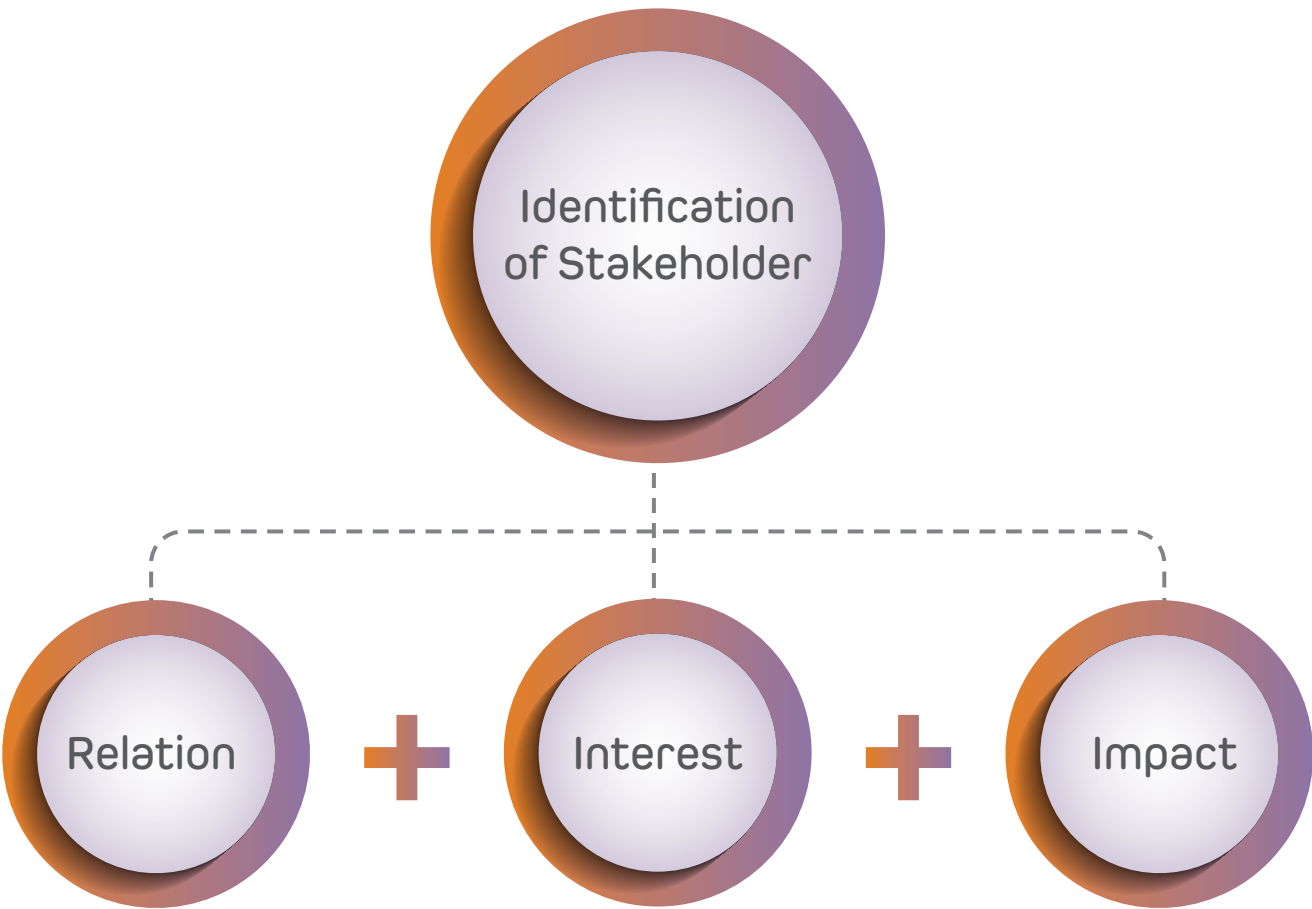
ہاربر فرنٹ، کراچی کے خوبصورت ساحل
پر واقع ہے۔ یہ ٹاورز بحیرہ عرب کے خوبصورت
نظاروں کے ساتھ معروف مقامی اور
غیر مقامی کاروباری اداروں کا مرکز ہے۔

Identification of Stakeholders

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

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

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



Stakeholders’ Engagement

GTML focuses on establishing strong relationships with its stakeholders to encourage the growth and existence of the Company. The Company makes use of commitment, sincerity, competence, effective communication, and reliable behavior to collaborate with its stakeholders. From short-term assessments to long-term strategic relationship building, ‘Stakeholders’ Engagement’ lies at the core of the Company’s business practices.

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

Relation with Stakeholders

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

Encouraging Minority Shareholders

The shareholders hold immense value to the Company. GTML prioritizes the interests of its shareholders, and so their views are of utmost important. The Company understands the importance of continuous collaboration with all its shareholders. Therefore, regardless of their shareholding, we encourage all shareholders to attend the General Meetings.

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

- Notice is circulated within the regulatory timeframe.
- Notice is sent electronically on request.
- Notice is issued in English and Urdu newspapers having nationwide circulation.

- Notice is updated on the PSX portal as well as on official website of the Company.

Apart from timely submission of accounts and notices to shareholders, the Company encourages minority shareholders to attend the Annual General Meetings and provides the video conferencing facility to shareholders (having shareholding of 10% or more in aggregate), as per section 132(2) of the Companies Act, 2017, subject to availability of video conference facility in that city and receipt of intimation from the shareholders at least seven days prior to the date of the meeting. In addition to that, the Company from previous year has also arranged the online meeting facility for those shareholders who are interested to participate virtually in the Annual General Meeting.

Further, to provide an additional opportunity for minority shareholders to interact with the management of the Company, the Company has been conducting corporate briefings periodically throughout the year.

Investors' Relations Section

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

Statement of Value Addition and its Distribution

Wealth Generated

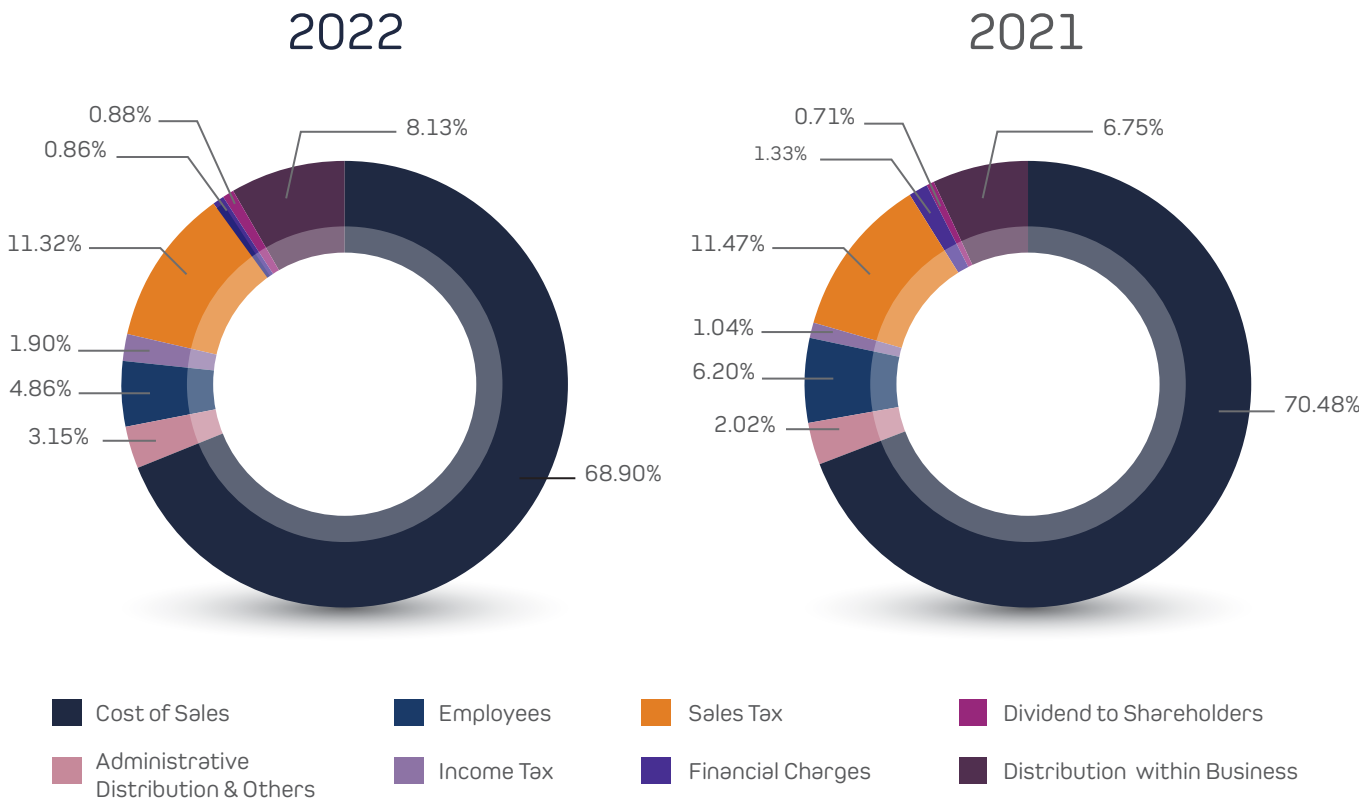
Sales including Sales Tax
Other Operating Income

Wealth Distribution

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

2022		2021	
(Rupees in '000)	%	(Rupees in '000)	%
62,007,271	97.79%	46,441,579	98.07%
1,398,263	2.21%	914,679	1.93%
63,405,534	100.00%	47,356,258	100.00%
43,684,530	68.90%	33,375,567	70.48%
1,996,307	3.15%	956,232	2.02%
3,081,286	4.86%	2,935,560	6.20%
1,204,494	1.90%	491,999	1.04%
7,179,124	11.32%	5,431,738	11.47%
546,221	0.86%	631,061	1.33%
560,592	0.88%	336,355	0.71%
5,152,980	8.13%	3,197,746	6.75%
63,405,534	100.00%	47,356,258	100.00%

Wealth Distribution



Stakeholders' Engagement Policy

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

With respect to the engagement of its stakeholders, GTML is committed to:

- Providing accurate and timely information to all stakeholders.
- Obtaining regular feedback from stakeholders.
- Evaluating the effectiveness of stakeholders' engagement activities and working continually to improve such engagements.

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

Investors' Corporate Briefing Program

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

The Board has devised a mechanism to arrange interactive sessions between the management of the Company and its shareholders to solicit and understand the views of shareholders. The purpose of these sessions is to brief shareholders about the performance of the Company, macro and micro economic factors affecting the Company, prospects of the Company, and the steps taken by the Company to improve its performance in challenging circumstances. These communications help the Company to understand and resolve the concerns of the shareholders and to add a synergy factor to achieve better results for the Company's prospects.

The Board is pleased to inform you that the Company, held the Corporate briefing session for the year ended June 30, 2021, on October 21, 2021, and for the half year ended December 31, 2021, on February 09, 2022, through a live online session. An interactive session was held between members, research analysts, fund

managers, and management representatives where insight on the Company's performance was discussed along with future prospects.

Similarly, the Company held the corporate briefing session for the year ended June 30, 2022, on August 05, 2022.



<https://gadoontextile.com/investor-information/>

Redressal of Investors' Complaints

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



10

Striving for Excellence
in Corporate Reporting

ترجمان ماضی شانِ حال

قائد اعظم ریڈیڈنسی، زیارت، بلوچستان
میں واقع قومی یادگار اور ورثہ ہے جہاں
بانی پاکستان نے اپنی زندگی کے آخری ایام گزارے۔

Integrated Reporting

To meet excellence in corporate reporting, the Company continuously strives to meet the best corporate reporting standards and create values for its stakeholders. The Company aims to achieve excellence in transparent reporting along with consistent improvement in the quality of the information disclosed within the report.

Similarly, the strategic management team is focused on concise and coherent reporting of the business affairs presented in the form of financial and non-financial information.

Management Approach:

The Company adopted the International Integrated Reporting Framework to design this Annual Report with the on-going changes and improvements in the reporting standards.

The Company's management acknowledges its utmost responsibility to ensure the integrity of this report following Integrating Reporting (IR) Framework, International Financial Reporting Standards (IFRS), and Best Corporate Reporting (BCR) guidelines. The management is also committed to providing stakeholders a concise and transparent assessment of our value chain process including the business model, risks, processes, strategies, governance, and opportunities in an orderly manner.

Objective of IR:

If we take a look over or make a keen analysis regarding the objectives of IR, the basic key function is to create a bridge between the guiding principles and content elements of an organization. The contents elements have been briefly discussed in this report.

Excellence in Integrated Reporting:

The Company aims to fulfill the requirements of the IR framework to create the relationship of trust and transparency among the stakeholders. Our management approach is dedicated to marking a label of authenticity and integrity within the industry for disclosing precise information related to worldwide customers, suppliers, employees, bankers, regulators, and communities.

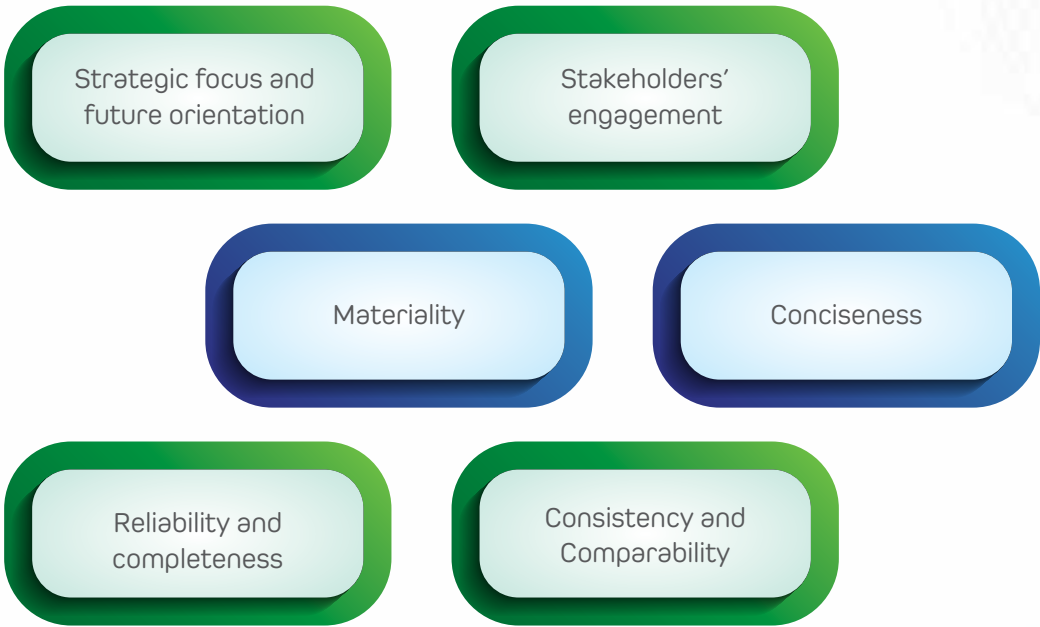
The Company is focused on concise and coherent reporting of the business affairs that helps to provide a free hand over the accurate information and analysis presented within this report.

Application of the IR Framework:

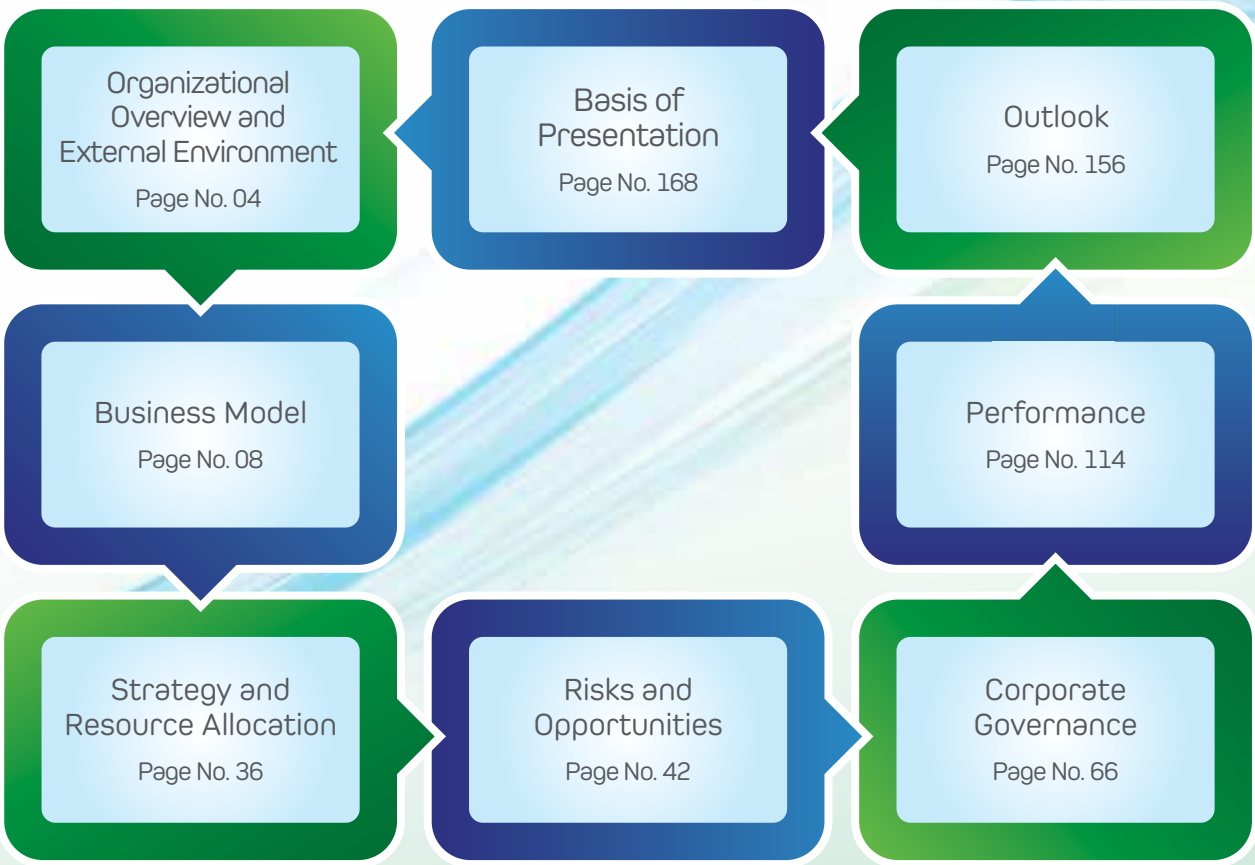
The Company adheres to the proper application of the Integrated Reporting Framework, which is divided into two major segments:

- Guiding principles
- Content Elements

Guiding Principles of this Report



Content Elements of this Report



Disclosures Beyond BCR

The Company, to promote transparency in its dealings, has added certain additional information for its stakeholders, which is beyond the required criteria of BCR Criteria (Page No. xx). Details are as follows:

Page No.	29	Award and Achievements	Page No.	34	Calendar of Notable Events
Page No.	50	Materiality Determination	Page No.	58	Sustainable Development Goals
Page No.	64	HSE Roadshow	Page No.	86	CEO's Message
Page No.	92	Employee Engagement Activities			

Statement of Unreserved Compliance of International Financial Reporting Standards (IFRSs)

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

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



صوبہ کے پی کے میں ایک پہاڑی درہ، 'خیبر پاس'،
تاریخی طور پر وسطی ایشیا اور برصغیر پاک و ہند
کے درمیان ایک اہم تجارتی راستہ رہا ہے۔



Independent Auditor’s Report to the Members

Report on The Audit of The Financial Statements

Opinion

We have audited the annexed financial statements of Gadoon Textile Mills Limited (the Company), which comprise the statement of financial position as at June 30, 2022, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of the profits, the comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following is the key audit matter:

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

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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



Chartered Accountants

Karachi
Date: August 31, 2022
UDIN: AR202210057jeLgnS9AJ

Statement of Financial Position

As at June 30, 2022

ASSETS

Non-Current Assets

	Note	2022 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
Property, plant and equipment	4	11,016,751	10,253,638
Biological assets	5	365,430	208,396
Long term advance	6	-	-
Long term loans	7	46,146	28,950
Long term deposits		34,742	33,576
Long term investments	8	4,233,555	3,570,625
		15,696,624	14,095,185

Current Assets

Stores, spares and loose tools	9	897,457	647,854
Stock-in-trade	10	18,381,382	10,877,270
Trade debts	11	3,751,395	4,038,372
Loans and advances	12	534,710	234,103
Trade deposits and short term prepayments		14,943	40,911
Other receivables	13	1,386,756	639,738
Current tax asset		-	508,154
Cash and bank balances	14	159,841	143,166
		25,126,484	17,129,568
Total Assets		40,823,108	31,224,753

EQUITY AND LIABILITIES

Share Capital and Reserves

Authorized		575,000	575,000
57,500,000 ordinary shares of Rs.10/- each			
		575,000	575,000
Issued, subscribed and paid-up capital	15	280,296	280,296
Capital reserves		137,541	137,541
Revenue reserves		17,585,312	12,192,238
Total Equity		18,003,149	12,610,075

Non-Current Liabilities

Long term finance	16	4,008,570	3,906,240
Deferred government grant	17	186,528	144,078
Retirement benefit obligation	18	820,993	714,068
Deferred tax liabilities	19	756,100	780,817
		5,772,191	5,545,203

Current Liabilities

Trade and other payables	20	9,798,223	7,100,414
Unclaimed dividend		26,392	22,474
Current tax liability		82,062	-
Current portion of long term finance	16	763,011	735,143
Current portion of deferred government grant	17	56,327	54,077
Accrued mark-up		203,782	118,584
Short term borrowings	21	6,117,971	5,038,783
		17,047,768	13,069,475
Total Liabilities		22,819,959	18,614,678
Total Equity and Liabilities		40,823,108	31,224,753

CONTINGENCIES AND COMMITMENTS

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



MUHAMMAD ALI TABBA
Director



MUHAMMAD SOHAIL TABBA
Chief Executive Officer



MUHAMMAD IMRAN MOTEN
Chief Financial Officer

Statement of Profit or Loss

For the Year Ended June 30, 2022

	Note	2022 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
Sales - net	23	54,828,147	41,009,841
Cost of sales	24	(46,486,910)	(36,034,261)
Gross profit		8,341,237	4,975,580
Distribution cost	25	(1,486,957)	(633,224)
Administrative expenses	26	(361,976)	(314,810)
		(1,848,933)	(948,034)
		6,492,304	4,027,546
Finance cost	27	(546,221)	(631,061)
Other operating expenses	28	(426,280)	(285,064)
		5,519,803	3,111,421
Other income	29	294,588	237,188
Share of profit from associates	8	1,103,675	677,491
Profit before taxation		6,918,066	4,026,100
Taxation	30	(1,204,494)	(491,999)
Profit for the year		5,713,572	3,534,101
Earnings per share - basic and diluted (Rupees)	31	203.84	126.08

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



MUHAMMAD ALI TABBA
Director



MUHAMMAD SOHAIL TABBA
Chief Executive Officer



MUHAMMAD IMRAN MOTEN
Chief Financial Officer

Statement of Comprehensive Income

For the Year Ended June 30, 2022

	Note	2022 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
Profit for the year		5,713,572	3,534,101
Other comprehensive income			
Items that will be reclassified subsequently to the statement of profit or loss			
Share of other comprehensive loss from associates - net of tax	8	(2,428)	(716)
Items that will not be reclassified subsequently to the statement of profit or loss			
- Remeasurement of defined benefit obligation	18.5	20,591	17,078
- Income tax relating to defined benefit obligation		(2,306)	(2,530)
Other comprehensive income		18,285	14,548
		15,857	13,832
Total comprehensive income for the year		5,729,429	3,547,933

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



MUHAMMAD ALI TABBA
Director



MUHAMMAD SOHAIL TABBA
Chief Executive Officer



MUHAMMAD IMRAN MOTEN
Chief Financial Officer

Statement of Cash Flows

For the Year Ended June 30, 2022

	Note	2022 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	32	1,264,785	9,035,000
Finance cost paid		(461,023)	(660,046)
Income tax paid		(640,856)	(451,067)
Retirement benefits paid		(149,408)	(144,013)
Rebate received		242,664	10,263
		(1,008,623)	(1,244,863)
Net cash generated from operating activities		256,162	7,790,137
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,850,038)	(1,214,446)
Short term investments made		(4,114,324)	-
Short term investment disposed off		4,114,324	-
Purchase of biological assets		(19,349)	-
Sale proceeds from disposal of property, plant and equipment		45,754	116,428
Sale proceeds from disposal of biological assets		11,166	7,750
Loans (paid to) / repaid by employees		(29,476)	7,500
Long term deposits given		(1,166)	(4,071)
Profit received from bank deposits		4,676	2,831
Dividend received		437,872	230,494
Net cash used in investing activities		(1,400,561)	(853,514)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finance obtained		578,680	38,207
Repayment of long term finance		(414,352)	(55,366)
Salary refinance loan obtained		-	749,703
Repayment of salary refinance loan		(374,851)	(93,713)
Temporary economic refinance obtained		385,421	605,926
Dividend paid		(332,437)	(1,122)
Net cash (used in) / generated from financing activities		(157,539)	1,243,635
Net (decrease) / increase in cash and cash equivalents (A+B+C)		(1,301,938)	8,180,258
Cash and cash equivalents at the beginning of the year		(3,313,321)	(11,493,579)
Cash and cash equivalents at the end of the year		(4,615,259)	(3,313,321)
CASH AND CASH EQUIVALENTS			
Cash and bank balances	14	159,841	143,166
Short term borrowings	21	(4,775,100)	(3,456,487)
		(4,615,259)	(3,313,321)

CHANGES ARISING FROM FINANCING ACTIVITIES

	2021 ----- (Rupees in '000) -----	Financing cash inflows	Financing cash outflows	Non-cash changes	2022 ----- (Rupees in '000) -----
Long term finance	4,839,538	964,101	(789,203)	-	5,014,436
Unclaimed dividend	22,474	-	(332,437)	336,355	26,392

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



MUHAMMAD ALI TABBA
Director



MUHAMMAD SOHAIL TABBA
Chief Executive Officer



MUHAMMAD IMRAN MOTEN
Chief Financial Officer

Statement of Changes in Equity

For the Year Ended June 30, 2022

	Issued, subscribed and paid-up share capital	Share premium	Amalgamation reserve	Sub total	General reserve	Amalgamation reserve	Unappropriated profit	Sub total	Grand total
	-----Capital Reserves-----				-----Revenue Reserves-----				
	----- (Rupees in '000) -----								
Balance as at July 1, 2020	280,296	103,125	34,416	137,541	1,000,000	727,333	6,939,188	8,666,521	9,084,358
Effect of change in accounting policy adopted by ICI									
Pakistan Limited- Net of tax	-	-	-	-	-	-	(22,216)	(22,216)	(22,216)
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	-	3,534,101	3,534,101	3,534,101
Other comprehensive income	-	-	-	-	-	-	13,832	13,832	13,832
Total comprehensive income for the year	-	-	-	-	-	-	3,547,933	3,547,933	3,547,933
Balance as at June 30, 2021	280,296	103,125	34,416	137,541	1,000,000	727,333	10,464,905	12,192,238	12,610,075
Transaction with owners									
Final dividend @ Rs. 12/- per share for the year ended June 30, 2021	-	-	-	-	-	-	(336,355)	(336,355)	(336,355)
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	-	5,713,572	5,713,572	5,713,572
Other comprehensive income	-	-	-	-	-	-	15,857	15,857	15,857
Total comprehensive income for the year	-	-	-	-	-	-	5,729,429	5,729,429	5,729,429
Balance as at June 30, 2022	280,296	103,125	34,416	137,541	1,000,000	727,333	15,857,979	17,585,312	18,003,149

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



MUHAMMAD ALI TABBA
Director



MUHAMMAD SOHAIL TABBA
Chief Executive Officer



MUHAMMAD IMRAN MOTEN
Chief Financial Officer

Notes to the Financial Statements

For the Year Ended June 30, 2022

1. THE COMPANY AND ITS OPERATIONS

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

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

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

Head Office:

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

Manufacturing Facility:

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

Liaison Office:

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

- These financial statements have been prepared under the historical cost convention except:
- obligations under the defined benefit plan are stated at present value;
 - biological assets i.e. livestock are stated at fair value less estimated point-of-sale costs;
 - investment in associates are accounted for using equity method; and
 - obligations for TERF and SRF are stated at present value.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

2.4 Critical accounting judgements and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and in future periods, if the revision affects both current and future periods.

Critical judgements

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

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

- a) determining the residual values and useful lives of the property, plant and equipment (note 3.1);
- b) valuation of biological assets (note 3.2);
- c) provisions - for slow moving stores, spares and loose tools (note 3.3);
- d) valuation of stock-in-trade - at lower of cost and NRV (note 3.4);
- e) impairment of financial assets and provisions - for loss allowance (notes 3.7.2);
- f) impairment of non financial assets (note 3.7.3);
- g) accounting for retirement benefit obligation (note 3.10);
- h) provision for taxation including deferred tax (note 3.11); and
- i) provisions against liability and contingencies (note 3.13).

2.5 Changes in accounting standards and interpretations

2.5.1 'New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2022

'The following standards, amendments and interpretations are effective for the year ended June 30, 2022. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after:
'Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	April 01, 2021

2.5.1 New accounting standards and amendments that are not yet effective

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

	Effective from accounting period beginning on or after:
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
'Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022

	Effective from accounting period beginning on or after:
'Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
'Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)	January 01, 2022
'Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
'Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
'Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
'Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
'Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely
Other than the aforesaid standards, interpretations and amendments, the IASB has also issued the following standards which have not been adopted locally by the SECP:	
- IFRS 1 'First Time Adoption of International Financial Reporting Standards'	
- IFRS 17 'Insurance Contracts'	

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2021.

3.1 Property, plant and equipment

Property, plant and equipment except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land and capital work-in-progress are stated at cost less impairment losses, if any.

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when these assets are available for intended use.

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

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

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

3.2 Biological assets

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

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

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

3.3 Stores, spares and loose tools

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

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

3.4 Stock-in-trade

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

Cost in relation to work-in-process and finished goods represents annual average manufacturing cost which consists of prime cost and appropriate manufacturing overheads.

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

3.5 Cash and cash equivalents

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

3.6 Investments

Investment in associates

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

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

3.7 Financial instruments

3.7.1 Financial assets

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

Financial assets at amortized cost

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

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

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

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

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

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

Derecognition

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

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

3.7.2 Impairment of financial assets

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

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

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

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

(i) Significant increase in credit risk

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

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

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

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

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

(ii) Definition of default

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

(iii) Credit-impaired financial assets

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

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

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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

Derivative financial instruments

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

3.7.3 Non-financial assets

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

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

3.7.4 Financial liabilities

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

Financial liabilities at FVTPL

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

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not designated as FVTPL, are measured subsequently at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability. Borrowing costs are recognised as an expense in the year in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of that asset.

Derecognition of financial liabilities

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

3.7.5 Offsetting of financial assets and financial liabilities

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

3.8 Borrowings and their costs

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

3.9 Taxation

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

Current

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

Deferred

Deferred tax is recognised using the liability method, providing for temporary difference between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the reporting date.

- In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release – 27 of the Institute of Chartered Accountants of Pakistan.
- The Company recognises deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the assets can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realised.
- 3.10 **Retirement benefit obligation - defined benefit plan**
- The Company operates an unfunded gratuity scheme for its confirmed employees who have completed the minimum qualifying period of service as defined under the scheme. The Company's obligation under the scheme is determined through actuarial valuation carried out at each year end under the Projected Unit Credit Method. The most recent valuation of the scheme was carried out as at June 30, 2022.
- Remeasurement changes which comprise actuarial gains and losses are recognised immediately in the statement of comprehensive income.
- 3.11 **Foreign currency transactions and translation**
- Transactions in foreign currencies are translated into Pak Rupees at the rates of exchange approximating those prevailing on the date of the transaction. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated into Pak Rupees at the rates prevailing on the reporting date.
- Gains and losses arising on retranslation are included in the statement of profit or loss for the year.
- 3.12 **Revenue recognition**
- Revenue from contracts with customers is recognised at the point in time when the performance obligation is satisfied i.e. control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled to in exchange for those goods.
- Interest income is recognised on a time proportionate basis using the effective rate of return.
- 3.13 **Provisions**
- Provisions are recognised when the Company has a present, legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.
- 3.14 **Deferred government grant**
- In accordance with IFRS 9 the benefit of interest rate lower than the market rate on borrowings obtained under State Bank of Pakistan (SBP) Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of the entity and temporary economic refinance facility, is accounted for as a government grant which is the difference between amount of loan received and the fair value of the loan on the date of disbursement. The differential amount presented in statement of financial position as deferred government grant. The amortisation of deferred government grant is netted off with finance cost within in the statement of profit or loss.
- 3.15 **Dividend and appropriation to / from reserves**
- Dividend distribution to the Company's shareholders and appropriation to / from reserves is recognised in the year in which these are approved.

- 3.16 **Operating segments**
- Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Board of Directors has identified different chief operating decision makers responsible for strategic decisions of all the reportable segments.
- Operating segments that do not meet the quantitative thresholds, as defined in IFRS 8 'Operating Segments', has not been considered as reportable segments in these financial statements.
- 3.17 **Earnings per share**
- The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

	Note	2022 ----- (Rupees in '000)	2021 -----
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	10,070,483	9,601,338
Capital work-in-progress	4.2	946,268	652,300
		<u>11,016,751</u>	<u>10,253,638</u>

4.1 Operating fixed assets

Particulars	2022									
	Cost as at	Additions /	Transfer	Cost as at	Accumulated	Depreciation	Depreciation	Accumulated	Carrying	Rate of
	July 01, 2021	(Disposals)	to store *	June 30, 2022	depreciation as at July 01, 2021	for the year / (Disposals)	transfer to store *	depreciation as at June 30, 2022	value as at June 30, 2022	depreciation
	(Rupees in '000)									
Land:										
Leasehold	83,148	-	-	83,148	13,365	1,503	-	14,868	68,280	1
Freehold	880	-	-	880	-	-	-	-	880	-
Buildings on leasehold land:										
Mills	2,286,995	37,736	-	2,324,731	1,330,311	97,200	-	1,427,511	897,220	10
Knitting unit	-	360,484	-	360,484	-	19,927	-	19,927	340,557	10
Roads	47,456	-	-	47,456	27,928	1,953	-	29,881	17,575	10
Power plant	194,578	-	-	194,578	122,889	7,169	-	130,058	64,520	10
Office	95,799	8,328	-	104,127	34,931	6,174	-	41,105	63,022	10
Workers' colony	66,122	-	-	66,122	57,043	908	-	57,951	8,171	10
Other	630,021	-	-	630,021	210,295	20,986	-	231,281	398,740	5
Buildings on freehold land:										
Family colony	319,737	-	-	319,737	173,641	14,610	-	188,251	131,486	10
Workers' colony	123,727	-	-	123,727	103,760	1,997	-	105,757	17,970	10
Plant and machinery	13,923,952	942,430 (48,651)	-	14,817,731	7,292,913	721,420 (35,928)	-	7,978,405	6,839,326	10
Power plant	1,639,193	55,200	-	1,694,393	869,955	78,509	-	948,464	745,929	10
Electric installations	458,135	15,185	-	473,320	318,368	15,398	-	333,766	139,554	10
Tools and equipment	45,293	10,139	-	55,432	15,938	3,091	-	19,029	36,403	10
Furniture and fittings	28,135	-	-	28,135	16,712	1,142	-	17,854	10,281	10
Computer equipment	42,514	16,936 (180)	-	59,270	25,252	8,158 (140)	-	33,270	26,000	30
Office equipment and installations	28,628	5,817 (213)	-	34,232	15,628	1,792 (179)	-	17,241	16,991	10
Fork lifters and tractors	42,575	29,100	-	71,675	35,697	4,229	-	39,926	31,749	20
Vehicles	344,008	74,715 (42,161)	-	376,562	138,663	49,173 (23,745)	-	164,091	212,471	20
Fire fighting equipments	11,778	-	-	11,778	8,047	373	-	8,420	3,358	10
June 30, 2022	20,412,674	1,556,070 (91,205)	-	21,877,539	10,811,336	1,055,712 (59,992)	-	11,807,056	10,070,483	

Additions to operating fixed assets include transfers from capital work-in-progress amounting to Rs. 1.53 billion.

4.1 Operating fixed assets

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

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

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

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

	Note	2022 ----- (Rupees in '000) -----	2021 -----
Cost of sales	24.1 & 24.1.3	1,019,012	954,112
Administrative expenses	26	36,700	29,106
		1,055,712	983,218

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

Description	Cost	Accumulated depreciation	Carrying value	Sale proceeds	(Loss) / gain	Mode of disposal	Purchaser
----- (Rupees in '000) -----							
Plant and machinery	10,641	8,848	1,794	1,167	(627)	Negotiation	Ideal Trading Company
	8,457	7,793	664	1,538	874	Negotiation	Taymur Spinning Mills Limited
	4,398	2,347	2,051	855	(1,196)	Negotiation	Ideal Trading Company
	4,398	2,347	2,051	855	(1,196)	Negotiation	Ideal Trading Company
	4,398	2,347	2,051	855	(1,196)	Negotiation	Ideal Trading Company
	2,888	1,618	1,270	83	(1,187)	Negotiation	Agha Traders
	1,340	827	513	427	(85)	Negotiation	Ideal Trading Company
	1,340	827	513	427	(85)	Negotiation	Ideal Trading Company
	37,860	26,954	10,907	6,207	(4,698)		
Vehicle	8,391	4,444	3,947	7,191	3,244	Company Policy	Mr. Waqar Khan
	6,455	3,422	3,033	5,293	2,260	Company Policy	Mr. Iftikhar Ahmed
	3,576	528	3,047	3,576	528	Negotiation	Habib Metro Modaraba
	2,655	1,554	1,101	1,858	758	Company Policy	Mr. Sabir Kasim Ali
	2,631	1,269	1,362	2,950	1,588	Insurance Claim	IGI General Insurance Limited
	2,076	1,310	765	1,494	729	Company Policy	Mr. Umer Khan
	2,034	1,325	709	2,500	1,791	Company Policy	Mr. Habib Ur Rehman
	1,972	1,007	966	1,676	711	Company Policy	Mr. Abdul Muqeet
	29,790	14,859	14,930	26,538	11,609		

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

4.2 Capital work-in-progress

	Gadoon Amazai					Karachi Project					Total
	Civil works	Plant and machinery	Vehicles	Markup capitalized	Sub-total	Civil works	Plant and machinery	Vehicles	Markup capitalized	Sub-total	
	(Rupees in '000)										
Year ended June 30, 2022											
Balance as at July 1, 2021	13,062	133,892	17,977	1,541	166,472	320,191	123,865	7,300	34,472	485,828	652,300
Additions during the year	106,074	353,037	56,486	1,235	516,832	651,621	618,922	22,212	17,699	1,310,454	1,827,286
Transfers to operating fixed assets	(35,214)	(371,360)	(74,417)	(386)	(481,377)	(339,111)	(650,370)	(29,398)	(33,062)	(1,051,941)	(1,533,318)
Balance as at June 30, 2022	83,922	115,569	46	2,390	201,927	632,701	92,417	114	19,109	744,341	946,268

Year ended June 30, 2021

Balance as at July 1, 2020	47,807	10,871	2,003	1,300	61,981	276,733	56,713	-	37,966	371,412	433,393
Additions during the year	42,563	458,491	73,876	5,230	580,160	126,163	440,779	40,501	10,969	618,412	1,198,572
Transfers to operating fixed assets	(77,308)	(335,470)	(57,902)	(4,989)	(475,669)	(82,705)	(373,627)	(33,201)	(14,463)	(503,996)	(979,665)
Balance as at June 30, 2021	13,062	133,892	17,977	1,541	166,472	320,191	123,865	7,300	34,472	485,828	652,300

5. BIOLOGICAL ASSETS

	Note	2022 ----- (Rupees in '000) -----	2021 -----
Dairy livestock			
- Mature		222,897	139,987
- Immature		142,533	68,409
	5.1	365,430	208,396

5.1 Reconciliation of biological assets

	2022 ----- (Rupees in '000) -----	2021 -----
Balance as at July 1	208,396	190,214
Purchases during the year	19,349	-
Livestock expired	(6,692)	(6,180)
Sale of livestock	(22,092)	(21,052)
Gain on fair valuation of livestock due to:		
- new births	27,128	15,187
- price and age change	139,341	30,227
	166,469	45,414
Balance as at June 30	365,430	208,396

5.2 At June 30, 2022, the Company held 554 mature livestock - including pregnant livestock (2021: 505 mature livestock) able to produce milk and 642 immature livestock (2021: 492 immature livestock) which are being raised to produce milk in the future.

5.3 During the year, the Company produced approximately 4,750,026 (2021: 4,140,201) gross litres of milk from mature livestock.

5.4 As at June 30, 2022, the Company held 38 breeding bulls (2021:38 breeding bulls).

5.5 The valuation of dairy livestock as at June 30, 2022 has been carried out by an independent valuer. In this regard the valuer examined the physical condition of the livestock, assessed the key assumptions and estimates and relied on the representations made by the Company. Livestock has been valued on the basis of market values of livestock of similar attribute.

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

6. **LONG TERM ADVANCE**
- Considered doubtful

	Note	2022 ----- (Rupees in '000)	2021 -----
Investment in a joint venture - Advance	6.1	66,667	66,667
Less: Provision against advance		(66,667)	(66,667)
		-	-

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

7. **LONG TERM LOANS**

	Note	2022 ----- (Rupees in '000)	2021 -----
- Considered good			
Loan to employees			
Related parties - Key management personnel		20,525	24,122
Other employees		64,926	31,853
	7.1	85,451	55,975
current portion of long term loans	12	(39,305)	(27,025)
		46,146	28,950

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

7.2 The maximum amount of loans to the key management personnel outstanding at the end of any month during the year ended June 30, 2022 was Rs. 34.725 million (2021: Rs. 20.96 million).

8. **LONG TERM INVESTMENTS**

	Note	2022 ----- (Rupees in '000)	2021 -----
Investments in associates - equity method	8.1	4,233,555	3,570,625

8.1 **Investment in associates - equity method**

	Note	2022 ----- (Rupees in '000)	2021 -----
ICI Pakistan Limited (ICIP)	8.2	2,564,380	2,194,818
Lucky Holdings Limited (LHL)	8.3	581	1,543
Yunus Energy Limited (YEL)	8.4	1,668,594	1,374,264
		4,233,555	3,570,625

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

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

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

	2022	2021
Number of shares held	6,654,867	6,654,867
Cost of investment (Rupees in '000)	1,341,311	1,341,311
Fair value of investment (Rupees in '000)	4,821,784	5,781,748
Ownership interest	7.21%	7.21%

	2022 ----- (Rupees in '000)	2021 -----
Balance as at July 01	2,194,818	2,010,552
Share of profit	638,808	376,994
Share of other comprehensive loss	(3,051)	(221)
Effect of change in accounting policy	-	(26,136)
Dividend received	(266,195)	(166,371)
Balance as at June 30	2,564,380	2,194,818

The financial year end of ICIP is June 30, 2022. Summarised financial highlights of ICIP and the related share of the Company as at reporting date are as follows:

	2022 ----- (Rupees in '000)	2021 -----
Total assets	75,129,649	49,741,954
Total liabilities	(41,838,398)	(24,342,740)
Net assets	33,291,251	25,399,214
Company's share of net assets	2,400,299	1,831,283
Revenue	100,866,828	64,766,213
Profit for the year	8,860,028	5,228,771
Company's share of profit	638,808	376,994
Other comprehensive loss for the year	(42,310)	(3,067)
Company's share of other comprehensive loss	(3,051)	(221)

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

	2022	2021
Number of shares held	8,580	8,580
Cost of investment (Rupees in '000)	429	429
Ownership interest	1%	1%

	2022	2021
	(Rupees in '000)	
Balance as at July 01	1,543	1,816
Share of profit	2,590	2,713
Dividend received	(3,552)	(2,986)
Balance as at June 30	581	1,543

The financial year end of LHL is June 30, 2022. Summarised financial highlights of LHL as at reporting date and the related share of the Company are as follows:

	2022	2021
	(Rupees in '000)	
Total assets	413,690	496,994
Total liabilities	(384,731)	(371,830)
Net assets	28,959	125,164
Company's share of net assets	289	1,251
Revenue	375,000	375,000
Profit for the year	259,013	271,345
Company's share of profit	2,590	2,713

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

Number of shares held	61,136,500	61,136,500
Cost of investment (Rupees in '000)	611,365	611,365
Ownership interest	19.99%	19.99%

	2022	2021
	(Rupees in '000)	
Balance as at July 01	1,374,264	1,138,188
Share of profit	462,277	297,784
Share of other comprehensive income / (loss)	178	(571)
Dividend received	(168,125)	(61,137)
Balance as at June 30	1,668,594	1,374,264

8.4.1 During the current year, the management of YEL has reclassified the delayed energy income from other income to sales - net. The reclassification has resulted in a restatement of Rs. 16.71 million due to the reversal of prior year expense(s) as such were reimbursable by Power Purchaser under YEL Energy Purchase Agreement. The Company's share's amounted to Rs. 3.34 million has been included in the current year's share of profit since it did not have any material impact on the Company's financial statements

The financial year end of YEL is June 30, 2022. Summarised financial highlights of YEL as at reporting date and the related share of the Company are as follows:

	2022	2021
Note	(Rupees in '000)	
Total assets	14,038,659	13,307,808
Total liabilities	(5,795,603)	(6,520,621)
Net assets	8,243,056	6,787,187
Company's share of net assets	1,647,787	1,356,759
Revenue	3,976,754	3,075,286
Profit for the year	2,295,826	1,475,327
Company's share of profit	458,936	297,784
Other comprehensive income / (loss) for the year	890	(2,858)
Company's share of other comprehensive (loss) / income	178	(571)

9. STORES, SPARES AND LOOSE TOOLS

Stores	426,477	229,973
Spares in		
- hand	428,302	391,916
- transit	82,021	61,835
Loose tools	2,014	1,724
	938,814	685,448
Less: Provision for slow moving stores, spares and loose tools	(41,357)	(37,594)
	897,457	647,854

9.1	Balance as at July 01	37,594	52,101
	Amount incurred / (charged) against the provision - net	3,763	(14,507)
	Balance as at June 30	41,357	37,594

10. STOCK-IN-TRADE

Raw material in		
- hand	10,174,730	5,579,629
- transit	5,118,838	3,351,971
- feed	34,300	25,876
	15,327,868	8,957,476
Work-in-process	649,453	491,318
Finished goods	1,976,680	1,127,852
- Knitted fabric	332,640	252,708
- Waste	94,727	47,332
- Unprocessed milk	14	584
	2,404,061	1,428,476
	18,381,382	10,877,270

11. TRADE DEBTS

	Note	2022 ----- (Rupees in '000) -----	2021 -----
Considered good			
Foreign - Secured		1,928,785	1,418,022
Local - Unsecured	11.1	1,822,610	2,620,350
		<u>3,751,395</u>	<u>4,038,372</u>
Considered doubtful			
Local - Unsecured		97	97
Provision for loss allowance		(97)	(97)
		<u>-</u>	<u>-</u>
		<u>3,751,395</u>	<u>4,038,372</u>

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

Lucky Textile Mills Limited	4,610	4,642
Lucky Knits (Private) Limited	171	1,798
	<u>4,781</u>	<u>6,440</u>

11.2 The maximum amount due from related parties, at the end of any month during the year were Rs. 584.49 million (2021: Rs. 201.92 million). The transactions with associated companies are carried on agreed terms.

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

Jurisdiction	Category	Note	2022 ----- (Rupees in '000) -----	2021 -----
Asia	Letter of credit		203,382	905,294
Europe	Letter of credit		53,718	8,323
	Contract		726,484	200,116
Central America	Letter of credit		-	169,477
	Contract		538,403	-
North America	Contract		406,798	134,812
Total	Letter of credit		257,100	1,083,094
	Contract		1,671,685	334,928

12. LOANS AND ADVANCES - Unsecured - considered good

Current portion of long term loans	7	39,305	27,025
Advances to employees		12,934	9,838
Advance to suppliers and contractors		456,072	177,449
Letters of credit, fee and expenses		4,136	4,155
Subordinated loan	12.1	17,290	15,636
LC margin		4,973	-
		<u>534,710</u>	<u>234,103</u>

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

12.1.1 Subordinated loan

	Note	2022 ----- (Rupees in '000) -----	2021 -----
Tricom Solar Power (Private) Limited		10,703	9,537
Yunus Wind Power Limited		6,587	6,009
	12.1.2	<u>17,290</u>	<u>15,636</u>

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

13. OTHER RECEIVABLES

	Note	2022 ----- (Rupees in '000) -----	2021 -----
Considered good			
Sales tax Refundable including carried forward input tax		1,244,218	326,927
Rebate receivable on export sales		37,003	279,667
Claims receivable		104,812	26,726
Others		723	6,418
		<u>1,386,756</u>	<u>639,738</u>
Considered doubtful			
Claims receivable	22.1.2	20,000	20,000
Sales tax	13.1	52,439	52,439
Others	13.2	5,600	5,600
		<u>78,039</u>	<u>78,039</u>
		<u>(78,039)</u>	<u>(78,039)</u>
		<u>-</u>	<u>-</u>
		<u>1,386,756</u>	<u>639,738</u>

13.1 Pursuant to SRO 179 of 2013 dated March 7, 2013, the Company has filed a special sales tax return and made the payment of Rs. 52.44 million being 2% of the value of zero-rated supplies during the period from April 2011 to February 2013. The Company after the payment which was made under protest, has requested the tax office to refund the amount which was rejected. Thereafter, the Company has filed an appeal to the Peshawar High Court (PHC) to give directions to the tax department to process refund of the said amount on July 4, 2019 which was rejected by the High Court. Afterward, the Company has filed Constiution Petition before the Hon'able Supreme Court of Pakistan (SCP) against the PHC decision which is recently rejected by the SCP, for which the Company is deciding its further course of action. However, being prudent, the Company has fully provided the amount in these financial statements.

13.2 The Company received a demand cum show cause notice for the amount of Rs. 28.22 million from Custom Authorities vide order dated October 19, 2010, deleting their Manufacturing Bond Entry for import of Polyester Staple Fiber (PSF). The Company has paid Rs. 5.60 million under protest against the demand and also made provision for the same amount. Since the goods were imported for re-export, the FBR has rectified the anomaly through S.R.O. 688(I)/2010 dated July 27, 2010. During the year, the matter has been decided in favour of the Company from the Honorable PHC but has been challenged before the SCP by the department. Management believes that no further provision is required for the remaining amount and the amount so paid shall become refundable.

14 CASH AND BANK BALANCES

		2022	2021
		----- (Rupees in '000) -----	
Cash in hand		8,185	7,590
Cash with banks			
- current account	14.1	60,816	84,671
- time deposits	14.2	90,840	50,905
		151,656	135,576
		159,841	143,166

14.1 It includes balances in foreign currency bank accounts amounting to US Dollars 44,098 equivalent to Rs. 9.06 million (2021: US Dollars 13 equivalent to Rs. 0.002 million).

14.2 These carry markup at the rates ranging from 5.50% to 15.62% per annum (2021: 5.00% to 5.80% per annum).

15. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2022	2021		2022	2021
----- (Number of Shares) -----			----- (Rupees in '000) -----	
6,000,000	6,000,000	Ordinary shares of Rs. 10 each fully paid in cash	60,000	60,000
17,437,500	17,437,500	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	174,375	174,375
4,592,083	4,592,083	Ordinary shares of Rs. 10 each issued as fully paid in pursuant of amalgamation	45,921	45,921
28,029,583	28,029,583		280,296	280,296

15.1 As at June 30, 2022, Y.B. Holdings (Private) Limited (the Holding Company) hold 19,499,741 (2021: 19,499,741) ordinary shares of Rs. 10 each.

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

16. LONG TERM FINANCE

	Note	2022	2021
		----- (Rupees in '000) -----	
- Banking companies - secured			
Long term finance facility	16.1	3,741,950	3,577,622
Salary refinance scheme	16.2	274,467	619,527
Temporary economic refinance facility	16.3	755,164	444,234
Less: Current portion of long term finance		(763,011)	(735,143)
		4,008,570	3,906,240

16.1 The Company has entered into a long term finance agreement with commercial banks, with an approved limit of Rs. 6.07 billion (2021: Rs. 5.30 billion). The facility carries a mark-up ranging from SBP Base Rate + 0.10% to 0.75% payable on a quarterly basis (2021: SBP Base Rate + 0.10% to 0.75% payable on a quarterly basis). The tenure of this facility is 10 years including grace period of 2 years.

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

16.2 The Company has entered into a salary refinance scheme agreement with a commercial bank, with an approved limit of Rs. 0.80 billion (June 30, 2021: Rs. 0.80 billion). The facility carries a mark up of SBP Base Rate + 0.40% (June 30, 2021: SBP Base Rate + 0.40%). For this facility, the SBP base rate is 0.00% as advised by SBP circular no. 7 dated April 22, 2020. The tenure of this facility is 2.5 years including grace period of 6 months.

16.3 The Company has entered into a temporary economic refinance facility agreement with commercial banks, with an approved limit of Rs. 1.19 billion (June 30, 2021: Rs. 1.19 billion). The facility carries a mark up of SBP Base Rate + 0.50% to 0.75% (June 30, 2021: SBP Base Rate + 0.50% to 0.75%). The tenure of this facility is 10 years including grace period of 2 years.

17 DEFERRED GOVERNMENT GRANT

	Note	2022	2021
		----- (Rupees in '000) -----	
Deferred government grant against salary refinance scheme	17.1	6,672	36,463
Deferred grant against temporary economic refinance facility	172	236,183	161,692
Current portion of deferred government grant		(56,327)	(54,077)
		186,528	144,078

17.1 Deferred government grant relates to the difference between the fair value and actual proceed of salary refinance loan obtained under SBP's Refinance scheme for payment of salaries. It is being amortised over the period of next two and a half year from the date of loan disbursement with an amount equal to the difference between the finance cost that would have been charged to statement of profit or loss at market rate and the interest paid at SBP's defined rate as per the scheme.

17.2 Deferred government grant relates to the difference between the fair value and actual proceed of temporary economic refinance facility loan obtained under SBP's refinance scheme. It is being amortised over the period of ten years from the date of loan disbursement with an amount equal to the difference between the finance cost charged that would have been charged to statement of profit or loss at market rate and the interest paid as per the scheme.

18. RETIREMENT BENEFIT OBLIGATION

	Note	2022	2021
		----- (Rupees in '000) -----	
Retirement benefit obligation	18.1	820,993	714,068

18.1 Retirement benefit obligation

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

	2022	2021
Valuation Discount rate	13.25%	10.00%
Salary increase rate (Long term)	13.25%	10.00%
Salary increase rate (Short term)	10.00% for 1 year	6.00% for 3 years
Mortality rate	SLIC 2001-05	SLIC 2001-05

18.2 Liability recognized in the statement of financial position

	Note	2022 ----- (Rupees in '000) -----	2021 -----
Present value of retirement benefit obligation		<u>820,993</u>	<u>714,068</u>

18.3 Movement in liability during the year

Balance as at July 1		<u>714,068</u>	<u>629,205</u>
Expense recognised in the statement of profit or loss	18.4	276,924	245,954
Total remeasurements gain recognised in the statement of comprehensive income	18.5	(20,591)	(17,078)
Benefits paid		<u>(149,408)</u>	<u>(144,013)</u>
Balance as at June 30		<u>820,993</u>	<u>714,068</u>

18.4 Expense recognized in the statement of profit or loss

Current service cost		<u>213,270</u>	<u>198,592</u>
Interest cost		<u>63,654</u>	<u>47,362</u>
		<u>276,924</u>	<u>245,954</u>

18.5 Total remeasurements recognized in the statement of other comprehensive income

Actuarial loss / (gain) on liability arising on			
- financial assumptions		<u>40,179</u>	<u>5,533</u>
- experience adjustments		<u>(60,770)</u>	<u>(22,611)</u>
		<u>(20,591)</u>	<u>(17,078)</u>

18.6 Sensitivity analysis

The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

	Change in assumption %	Increase / (decrease) in defined benefit obligation Increase in assumption Decrease in assumption ----- (Rupees in '000) -----	
Discount rate	1	(8,980)	8,980
Salary growth rate	1	(12,939)	12,939

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the Projected Unit Credit method at reporting date, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

18.7 The gratuity scheme exposes the Company to the following risks:

Longevity risk: The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary increase risk: The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual salaries are higher than expectation and impacts the liability accordingly.

Withdrawal risk: The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

18.8 The weighted average duration of defined benefit obligation as at June 30, 2022 is 33.16 years (2021: 31.80 years).

18.9 Expected maturity analysis of undiscounted retirement benefit plans

	Note	2022 ----- (Rupees in '000) -----	2021 -----
Undiscounted payments			
Year 1		<u>213,300</u>	<u>187,546</u>
More than 1 year		<u>747,486</u>	<u>617,513</u>

19. DEFERRED TAX LIABILITIES

Balance as at June 30	19.1	<u>756,100</u>	<u>780,817</u>
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19.1 Deferred tax liability comprises of taxable / (deductible) temporary differences in respect of following:

	Note	2022 ----- (Rupees in '000) -----	2021 -----
Deferred credits / (debits) arising due to:			
- Accelerated tax depreciation on property, plant and equipment		<u>512,442</u>	<u>675,603</u>
- Provision against retirement benefit obligation		<u>(91,954)</u>	<u>(105,772)</u>
- Provision against long term advance		<u>(7,468)</u>	<u>(9,875)</u>
- Provision against stores, spares and loose tools		<u>(4,632)</u>	<u>(5,569)</u>
- Provision against doubtful other receivables		<u>(8,741)</u>	<u>(11,560)</u>
- Gain arising from changes in fair value of livestock		<u>93,678</u>	<u>52,579</u>
- Share of profit from associates		<u>262,775</u>	<u>185,411</u>
		<u>756,100</u>	<u>780,817</u>

20 TRADE AND OTHER PAYABLES

Creditors		<u>1,307,978</u>	<u>867,713</u>
Foreign bills payable		<u>3,534,500</u>	<u>1,795,693</u>
Advance from customers		<u>202,252</u>	<u>118,731</u>
Accrued liabilities		<u>4,266,995</u>	<u>3,822,243</u>
Withholding income tax		<u>19,431</u>	<u>8,838</u>
Sales tax payable		<u>39,844</u>	<u>253,952</u>
Workers' welfare fund		<u>176,335</u>	<u>134,619</u>
Workers' profit participation fund	20.2	<u>154,189</u>	<u>16,662</u>
Others		<u>96,699</u>	<u>81,963</u>
		<u>9,798,223</u>	<u>7,100,414</u>

20.1 **Workers' profit participation fund**

	Note	2022 ----- (Rupees in '000) -----	2021 -----
Balance as at July 01		16,662	17,775
Provision made during the year	28	366,304	213,421
Interest on funds utilised in business	27	1,305	113
Payments made during the year		(230,082)	(214,647)
Balance as at June 30		154,189	16,662

21. **SHORT TERM BORROWINGS**

Banking companies - secured

Running finance under mark-up arrangements	21.1	4,775,100	1,786,551
Short term finances	21.2	-	1,669,936
Export refinance	21.3	1,342,871	1,582,296
		6,117,971	5,038,783

21.1 Facilities for running finance, import finance, export finance and export refinance are available from various commercial banks upto Rs. 36.81 billion (2021: Rs. Rs. 30.89 billion). For running finance facility, the rates of mark-up range between KIBOR + 0.05% to KIBOR + 1.00% per annum (2021: KIBOR + 0.05% to KIBOR + 1.00% per annum). These are secured against hypothecation of stock, receivables and plant and machinery. Total unavailed facilities amount as at June 30, 2022 is Rs. 19.95 billion.

21.2 This represents short term finance facilities including term loan under sub-limit of the facilities mentioned in note 21.1 from various commercial banks having mark-up ranging between KIBOR + 0.00% to KIBOR + 0.05% per annum (2021: KIBOR 0.00% to KIBOR + 1.50% per annum). These are secured against hypothecation of stock, charge on receivables and plant and machinery.

21.3 The rate of mark-up on export refinance is SBP Base Rate + 0.50% to SBP Base Rate + 1.00% (2021: SBP Base Rate 0.50% to SBP Base Rate + 1.00%).

22. **CONTINGENCIES AND COMMITMENTS**

22.1 **Contingencies**

22.1.1 Outstanding guarantees given on behalf of the Company by commercial banks in normal course of business amounting to Rs. 1.83 billion (2021: Rs. 1.44 billion).

22.1.2 In prior years, Sui Northern Gas Pipeline Limited (SNGPL) charged the Company with an amount of Rs. 168 million on account of under billing of gas. The Company lodged a complaint with the Appellate Authority (the Authority) against SNGPL and on January 21, 2010, the Authority partly admitted the plea of the Company and allowed partial relief of Rs. 53.89 million. The Company has paid Rs.113.63 million in prior years. Subsequent to the decision of the Authority, both the Company (to claim additional relief) and SNGPL (against the relief provided) have filed appeals with higher authorities against the decision. Management is of the view that no further liability will arise as it is expected that the final outcome of this case will be in its favour.

22.1.3 Previously, the Company had filed a suit before the Sindh High Court, challenging the applicability of Gas Infrastructure Development Cess (GIDC) Act, 2011 which was eventually decided upon by the Supreme Court of Pakistan declaring GIDC Act 2011 as invalid that being a fee-imposing enactment, it could not be introduced through Money Bill as a tax.

Thereafter the GIDC Ordinance 2014 was introduced to circumvent the decision of SC. However, in May 2015, the Government passed the GIDC Act 2015.

The Company challenged the GIDC Act, 2015 and filed writ petition in the Peshawar High Court (PHC) challenging the vires and legality of the levy and demand of GIDC including its retrospective application. On May 31, 2017, PHC dismissed the said petition, however, the Company obtained interim relief against the payment of GIDC imposed through monthly bills from PHC on the ground that GIDC is not leviable as the Company has not added GIDC impact in its price and has not collected from its customer. Further, the Company filed Civil Petition for Leave to Appeal (CPLA) in SC, against the adverse judgment of PHC. On August 13, 2020, the SC upheld the legality of GIDC Act, 2015.

Further, the Apex Court in its judgement validated the GIDC Act 2015 which contains Section 8 in particular. Whilst examining Section 8 (2) (1st proviso), the legislature has explicitly stated that the cess shall not be collected from industries where it has not been collected by the Gas companies in terms of GIDC Act 2011 and the GIDC Ordinance 2014. Further, while comparing two categories i.e. industrial and domestic consumers, the Hon'ble Court has specifically stated that GIDC shall be applicable only on those companies which have passed the burden on to its consumers/clients (Clause 37). Management maintains that since the Company has not passed on the burden to its consumers/clients, it is not liable to pay GID Cess, by whatever name charged. Accordingly, the Company filed the review petition in the Supreme Court of Pakistan against the above judgement of SC.

The SC in its judgment dated November 03, 2020, while dismissing all review petitions filed against its earlier judgement dated August 13, 2020, clearly stated that as the SC held the Act to be intra-vires therefore all the sections are to be applied and that the question pertaining to the applicability of Section 8(2) and its proviso has not been agitated and its relief lies elsewhere and that the companies claiming any relief under GIDC Act, 2015 may approach the right forum. Meanwhile, the Company's writ petition which was pending before the PHC with the plea that the Company did not pass on the GIDC burden to their end consumers and seeking relief under Section 8 (2) of the GIDC Act, 2015, was referred by PHC to OGRA, being the relevant authority, on which OGRA subsequently showed its inability to decide the matter. Accordingly, the Company filed a fresh writ petition before the PHC challenging Section 8(2) of GIDC Act, 2015, which PHC dismissed on June 15, 2022 with the plea of non-maintainability with the directions to approach the right forum. Accordingly, the Company filed a writ petition at Trial Court Peshawar which allowed a stay order restraining SNGPL from collection of GIDC and any adverse action against the Company. The management maintains that since the Company has not passed on the burden to its consumers / clients, it is not liable to pay GIDC, by whatever name charged as it clearly falls within the ambit of the exemption in line with Section 8(2) of the GIDC Act, 2015.

22.1.4 National Accountability Bureau (NAB) had filed a reference before the Accountability Court- Peshawar on February 2, 2016 where the NAB has alleged that the Company has illegally sold the electricity to Peshawar Electric Supply Corporation (PESCO) at higher rates as compared to purchase price of electricity being supplied to the Company from PESCO. In this regard, the management believes that the said allegations are false, unsubstantiated and unfounded and the case is devoid of merits as the Company sold the electricity after required approvals and at price on which all captive power plants were selling electricity to distribution companies in accordance with approved policy of Government of Pakistan. Moreover, the Court has recently decided the case vide order dated February 23, 2022 whereby the Court has declared that the case is not maintainable on account of the recent amendment made in the NAB Law via National Accountability (Second Amendment Ordinance), 2021 and the Court has directed to NAB to initiate the inquiry along with the relevant regulatory authorities in order to determine the realization of alleged colossal financial loss to the government treasury.

Against the decision of Accountability Court, the NAB has filed the appeal before the Peshawar High Court (PHC). Simultaneously, the Company has also filed appeal in PHC against the direction of the Accountability Court where the management believes that Court cannot give any direction to initiate the inquiry against the Company, rather it only needs to decide the case."

22.1.5 Finance Act, 2010 introduced Clause (126F) of Part I of Second Schedule of Income Tax Ordinance, 2001 (the Ordinance) through which tax on profits and gains were exempt derived by a tax payer located in the most affected and moderately affected areas of Khyber Pakhtunkhwa . As a result of the said clause, the income of the Company including tax on export proceeds for Tax years 2010 to 2012 were exempt. However, the said clause does not specifically address the exemption of turnover tax under Section 113 of the Ordinance. In this regard, several companies located in the affected areas filed a petition in Peshawar High Court (PHC)

against the recovery of turnover tax seeking a declaration regarding Section 113 of the Ordinance as discriminatory and contrary to the Constitution and the Court granted a relief restraining the recovery of turnover tax. The Company along with other companies in the affected areas also filed the petition on the same grounds. The PHC in its order dated July 19, 2012, directed the respondents to extend the benefit to the Company. Subsequently, the Chief Commissioner Inland Revenue filed an appeal in the Supreme Court of Pakistan against the Company and other tax payers of the affected areas, which is decided in favour of the petitioners. Accordingly, the Company is in discussion with the tax authorities for refund of tax deducted in the years 2010 to 2012.

22.1.6 The Income Tax return of Fazal Textile Mills Limited (FTML) (previously merged with the Company in the year 2015) for Tax year 2013 was amended under section 122(5A) by the Additional Commissioner Income Revenue (ACIR) vide its order dated March 4, 2014 on account of certain disallowances primarily against Workers Welfare Fund (WWF). The Company filed an appeal against the amended order against which Commissioner Inland Revenue Appeals (CIRA) allowed some relief to the Company. The Company being dissatisfied had filed an appeal in the Appellate Tribunal which is pending for adjudication. Thereafter, the department has selected the said return for Audit proceedings under sections 177 and 214C of the Ordinance. In pursuance to the aforementioned audit, the amended assessment order was further amended by the Deputy Commissioner Inland Revenue (DCIR) making additions of Rs 1.63 million on account of certain disallowed expenses, levied WWF of Rs. 9.16 million and also restricted tax refundable to the amount of advance tax thereby reducing it by Rs. 48.89 million. The Company had filed an appeal before Commissioner Appeals (CIRA) against the said audit proceedings on the grounds that the assessment was prejudicially re-amended without evaluating the current status. The said appeal is pending adjudication.

The management believes that the aforementioned matters will ultimately be decided in the favour of the Company. Accordingly, no provision is required to be made against the said amounts in these financial statements.

22.1.7 "The Assistant Commissioner Inland Revenue (ACIR), Peshawar, passed an assesment order for Tax Year 2015 dated December 13, 2016 after completion of audit proceedings amounting to Rs. 2,696 Million. The Company proceeded to file an appeal before the Commissioner Appeals (CIRA) against the frivolous demand created by the ACIR where after the CIRA gave partial relief and demanded tax was reduced to Rs. 462 million. Subsequently, the Company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) for relief of remaining unjustified additions where ATIR set aside the assesment order on the ground that it lacks audit observation which is the mandatory requirement of the law and therefore allowed the appeal of the Company. Accordingly, the tax department has issued the appeal effect order in favour of the Company.

Currently, the department has filed the Reference application before the Peshawar High Court (PHC) against the decision of ATIR which is still pending for adjudication.

22.1.8 The Collector of Customs has passed an order dated November 11, 2021 for recovery of the differential amount of advance tax at 4% (5%-1%) related to import of cotton during the period April 2013 to March 2014 alleging that the benefit of reduced rate of advance tax under section 148 of the Ordinance shall be available only to the textile sector involved in the spinning sector onwards and demanded tax of Rs. 71.58 million along with the penalty of Rs. 500,000. The Company has filed appeal before the Custom Tribunal against the said order on the plea that FBR has already clarified the Company instance vide circular No.1(7) WHT/2006 dated June 30, 2015 and similar matter has been decided in favour of the taxpayer by the High Court.

22.2	Others		
		2022	2021
		----- (Rupees in '000) -----	
	Export bills discounted with recourse	195,240	760,399
	Local bills discounted	330,574	183,363
	Post-dated cheques in favour of Collector of Customs against imports	1,884,666	1,465,348

22.3 Commitments

	2022	2021
	(Rupees in '000)	
Letters of credit opened by banks for:		
Plant and machinery	8,112,840	1,870,366
Raw materials	5,094,800	1,873,970
Stores and spares	90,272	12,856

*Further, the Company has outstanding contractual commitment under sponsors support agreement, for debt servicing of two loan installments upto Rs. 338 million on behalf of Yunus Energy Limited, an associate.

23. SALES - net

	Note	2022 ----- (Rupees in '000) -----	2021
Export			
- Yarn		7,163,366	6,538,399
- Knitted fabric		5,457,233	2,164,166
- Waste		370,510	320,626
		<u>12,991,109</u>	<u>9,023,191</u>
Commission on direct export sales		(195,186)	(128,855)
		<u>12,795,923</u>	<u>8,894,336</u>
Indirect export			
- Yarn		26,249,634	17,623,260
Local			
- Yarn		20,300,717	18,061,706
- Knitted fabric		14,408	304,346
- Waste		2,418,292	1,393,825
		<u>48,983,051</u>	<u>37,383,137</u>
Commission on local / Indirect export sales		(183,729)	(159,196)
Sales tax		<u>(7,179,124)</u>	<u>(5,431,738)</u>
		<u>41,620,198</u>	<u>31,792,203</u>
Sale of milk		412,026	323,302
		<u>54,828,147</u>	<u>41,009,841</u>

24. COST OF SALES

Opening stock - finished goods		1,428,476	2,017,698
Cost of goods manufactured	24.1	47,462,495	35,445,039
Closing stock - finished goods	10	(2,404,061)	(1,428,476)
		<u>46,486,910</u>	<u>36,034,261</u>

24.1 Cost of goods manufactured

	Note	2022 ----- (Rupees in '000) -----	2021 -----
Raw material consumed	24.1.1	36,620,082	25,692,299
Salaries, wages and benefits	24.1.2	2,802,380	2,658,694
Stores, spares and loose tools		1,150,392	955,448
Packing material		1,025,429	821,742
Rent, rates and taxes		4,150	3,916
Doubling charges		13,430	11,755
Dyeing, stitching and knitting charges		583,934	325,148
Mixing charges		67,535	36,968
Depreciation	4.1.1	936,413	864,166
Fuel and power	24.1.3	4,193,157	4,045,304
Repairs and maintenance		46,253	22,312
Printing and stationery		217	167
Legal and professional		2,866	5,757
Entertainment		12,441	10,410
Fee and subscriptions		9,393	1,937
Insurance		79,392	72,365
Travelling and conveyance		4,949	5,225
Vehicle Running and Maintenance		31,756	24,612
Communication		4,219	3,697
Other manufacturing expenses		32,242	23,208
		<u>47,620,630</u>	<u>35,585,130</u>
Work-in-process			
Opening stock		491,318	351,227
Closing stock	10	(649,453)	(491,318)
		<u>(158,135)</u>	<u>(140,091)</u>
Cost of goods manufactured		<u>47,462,495</u>	<u>35,445,039</u>

24.1.1 Raw material consumed

Opening stock		8,957,476	10,545,501
Purchases - net		42,990,474	24,104,274
Closing stock	10	(15,327,868)	(8,957,476)
		<u>36,620,082</u>	<u>25,692,299</u>

24.1.2 Salaries, wages and benefits include Rs. 239.12 million (2021: Rs. 208.64 million) in respect of retirement benefit obligation.

24.1.3 This includes depreciation expense of Rs. 82.60 million (2021: Rs. 89.94 million).

25. DISTRIBUTION COST

	Note	2022 ----- (Rupees in '000) -----	2021 -----
Logistic and related charges		1,317,969	485,517
Loading and others		31,215	31,836
Fee and subscriptions		16,038	15,081
Salaries, wages and benefits	25.1	63,699	64,646
Bank charges on export documents		17,079	17,335
Travelling and conveyance		15,241	5,857
Vehicles running and maintenance		4,696	3,185
Insurance		6,133	5,035
Communication		1,639	2,000
Entertainment		7	7
Printing and stationery		654	154
Repairs and maintenance		374	97
Others		12,213	2,474
		<u>1,486,957</u>	<u>633,224</u>

25.1 Salaries, wages and benefits include Rs. 11.25 million (2021: Rs. 11.30 million) in respect of retirement benefit obligation.

26. ADMINISTRATIVE EXPENSES

	Note	2022 ----- (Rupees in '000) -----	2021 -----
Salaries, wages and benefits	26.1	215,207	212,220
Legal and professional		9,677	2,474
Depreciation	4.1.1	36,700	29,106
Travelling and conveyance		13,990	3,862
Electricity		15,589	6,576
Fee and subscriptions		8,708	8,822
IT related services		4,011	1,353
Vehicles running and maintenance		16,859	12,818
Insurance		16,366	17,148
Communication		7,737	6,783
Entertainment		2,861	2,037
Secretarial expenses		2,267	1,990
Auditors' remuneration	26.2	1,500	1,500
Printing and stationery		3,672	2,162
Repairs and maintenance		3,305	3,061
Advertisement		228	64
Rent, rates and taxes		320	306
Books and periodicals		44	40
Others		2,935	2,488
		<u>361,976</u>	<u>314,810</u>

26.1 'Salaries, wages and benefits include Rs. 26.52 million (2021: Rs. 26.01 million) in respect of retirement benefit obligation.

26.2 Auditors' remuneration

		2022	2021
	Note	----- (Rupees in '000) -----	-----
Statutory audit fee		1,350	1,350
Half yearly review		150	150
		<u>1,500</u>	<u>1,500</u>

27. FINANCE COST

Mark-up / interest on:			
Long term finance		115,552	96,146
Short term borrowings		403,437	516,814
Workers' profit participation fund	20.1	1,305	113
		<u>520,294</u>	<u>613,073</u>
Bank and other financial charges		44,861	34,187
		<u>565,155</u>	<u>647,260</u>
Borrowing cost capitalised	27.1	(18,934)	(16,199)
		<u>546,221</u>	<u>631,061</u>

27.1 Borrowing cost is capitalised at weighted average borrowing capitalisation rate of 10.72% per annum (2021: 7.43% per annum).

28. OTHER OPERATING EXPENSES

		2022	2021
	Note	----- (Rupees in '000) -----	-----
Workers' profit participation fund	20.1	366,304	213,421
Workers' welfare fund		41,716	28,891
Loss on disposal of property, plant and equipment - net		-	19,846
Loss on sale of biological assets		17,618	19,482
Others		642	3,424
		<u>426,280</u>	<u>285,064</u>

29. OTHER INCOME

Profit on deposit accounts		5,042	2,798
Realised gain on short term investments		15,687	-
Scrap sales		84,572	63,206
Rebate on export sales		-	62,709
Insurance claim		3,874	-
Interest on subordinated loan		1,294	879
Gain arising from changes in fair value of livestock		166,469	45,414
Exchange gain on foreign currency transactions - net		3,109	62,182
Gain on disposal of property, plant and equipment - net		14,541	-
		<u>294,588</u>	<u>237,188</u>

30. TAXATION

Current			
- for the year		1,250,451	519,265
- prior year		(19,380)	452
		<u>1,231,071</u>	<u>519,717</u>
Deferred		(26,577)	(27,718)
		<u>1,204,494</u>	<u>491,999</u>

30.1 Relationship between tax expense and accounting profit

	2022	2021
	----- (Rupees in '000) -----	-----
Profit before taxation	<u>6,918,066</u>	<u>4,026,100</u>
Tax at applicable rate of 29% (2021: 29%)	2,006,239	1,167,569
Impact of adjustment of prior period minimum tax	(278,180)	(42,150)
Tax effect of permanent differences	(345)	160
Tax impact of rate difference on deferred tax	(137,985)	(72,061)
Effect of prior year tax	(19,380)	452
Tax effect of final tax regime	(783,262)	(421,054)
Others	417,407	(140,917)
	<u>1,204,494</u>	<u>491,999</u>

30.2 Management has a practice of recording tax expense based on the generally accepted interpretation of tax laws and accordingly sufficient provision in respect of taxation for last three years has been provided in these financial statements.

31. EARNINGS PER SHARE - Basic and Diluted

There is no dilutive effect on the basic earnings per share of the Company which is based on:

	2022	2021
Profit for the year (Rupees in '000)	5,713,572	3,534,101
Number of ordinary shares	28,029,583	28,029,583
Earnings per share (Rupees)	<u>203.84</u>	<u>126.08</u>

32. CASH GENERATED FROM / (USED IN) OPERATIONS

	Note	2022	2021
		----- (Rupees in '000) -----	-----
Profit before taxation		6,918,066	4,026,100
Adjustments for:			
Depreciation		1,055,712	983,218
(Gain) / loss on disposal of property, plant and equipment		(14,541)	19,846
Gain arising from changes in fair value of livestock		(166,469)	(45,414)
Loss on sale of animals		17,618	19,482
Finance cost		546,221	631,061
Share of profit from associates		(1,103,675)	(677,491)
Rebate on export sales		-	(62,709)
Profit on deposits		(5,042)	(2,798)
Provision / (reversal) for slow moving stores and spares		3,763	(14,507)
Provision for retirement benefit obligation		276,924	245,954
Working capital changes	32.1	(6,263,792)	3,912,258
		<u>(5,653,281)</u>	<u>5,008,900</u>
Cash generated from operations		<u>1,264,785</u>	<u>9,035,000</u>

32.1 Working capital changes

	2022	2021
	(Rupees in '000)	
(Increase) / decrease in current assets		
Stores, spares and loose tools	(253,366)	5,607
Stock-in-trade	(7,504,112)	2,037,156
Trade debts	286,977	(1,705,421)
Loans and advances	(288,327)	(107,994)
Trade deposits and short term prepayments	25,968	(18,084)
Sales tax refund bond	-	-
Other receivables	(989,316)	(19,018)
	(8,722,176)	192,246
(Increase) / decrease in current liabilities		
Export refinance	(239,425)	799,846
Trade and other payables	2,697,809	2,920,166
Working capital changes	(6,263,792)	3,912,258

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in respect of remuneration and other benefits paid to Chief Executive and Executives of the Company were as follows:

	2022		2021	
	Chief Executive	Executives	Chief Executive	Executives
	(Rupees in '000)			
Remuneration	13,200	70,147	13,200	63,559
House rent	3,600	21,044	3,600	19,068
Utilities	1,200	7,015	1,200	6,356
Bonus	3,000	17,470	2,700	12,327
Medical	-	7,015	-	6,356
Other benefits	1,500	7,628	1,500	7,208
	22,500	130,319	22,200	114,874
persons	1	19	1	19

33.1 The Company also provides vehicles for use to Chief Executive and Executives as per Company policy.

33.2 No remuneration has been paid to Directors of the Company except for meeting fee of Rs.1.41 million (2021: Rs. 1.41 million).

34. PRODUCTION CAPACITY

	2022	2021
Spinning Mill		
Spindles installed (Number)	351,032	349,592
Shifts worked per day (Number)	3	3
Days worked (Number)	356	353
Shifts worked (Number)	1,068	1,059
Spindles worked (Number)	375,491,420	369,413,687
Installed capacity after conversion into 20's (Kgs)	147,170,407	146,088,034
Actual production after conversion into 20's (Kgs)	143,709,011	141,382,926
Actual production (Kgs)	82,107,089	86,092,501
Knitting machines installed (Number)	12	12
Average number of days worked (Number)	-	-
Installed capacity (Kgs)	1,485,000	1,485,000

It is difficult to describe precisely the production capacity in the textile industry since it fluctuates widely depending on various factors such as count of yarn spun, spindles speed, twist per inch, raw material used, etc.

The knitting capacity has not been used during the year because the Company outsourced its knitting production in order to achieve lower cost of production.

35. NUMBER OF EMPLOYEES

	2022			2021		
	Factory	Others	Total	Factory	Others	Total
	(Number)					
- At June 30	4,736	138	4,874	4,778	140	4,918
- Average during the year	4,757	139	4,896	4,763	139	4,902

36. RELATED PARTY TRANSACTIONS

Transactions between the Company and the related parties are carried out as per agreed terms. Transactions with related parties, other than remuneration and benefits to key management personnel under the term of their employment as disclosed in note 33 are as follows:

Name of Related Party	Basis of Relationship	% of share-holding	Nature of Transaction	2022	2021
				----- (Rupees in '000) -----	----- (Rupees in '000) -----
Y.B. Holdings (Private) Limited	Holding Company	-	Reimbursement of expenses to Company Dividend paid	1,900 233,997	1,839 -
ICI Pakistan Limited	Associate	7.21%	Purchase of fiber Sale of yarn Purchase of silage Dividend received	1,867,883 - 56,922 266,195	1,628,242 113 60,331 166,371
Yunus Energy Limited	Associate	19.98%	Reimbursement of expenses to Company Dividend received	1,010 168,125	8,431 61,137
Lucky Holdings Limited	Associate	1.00%	Dividend received	3,552	2,986
Lucky Cement Limited	Associated Company	-	Purchase of cement Reimbursement of expenses from the Company Reimbursement of expenses to the Company	70,937 1,742 1,536	6,118 1,410 10,037
Lucky Knits (Private) Limited	Associated Company	-	Yarn sold Purchase of goods and services Purchase of Store Reimbursement of expenses to the Company	2,634,124 130,556 176 -	968,835 99,910 199 600
Yunus Textile Mills Limited	Associated Company	-	Yarn sold Sale of Comber Noil Purchase of Raw Material Sale of Raw Material	2,634,239 344,444 - 19,596	1,497,316 282,595 26,302 -
Lucky Textile Mills Limited	Associated Company	-	Yarn sold Sale of fabric Processing charges Reimbursement of expenses to Company Purchase of store item	6,219,273 5,537 35 4,237 53	4,346,704 259,882 2,184 3,904 -
Lucky Energy (Private) Limited	Associated Company	-	Purchase of electricity / steam Reimbursement of expenses to Company	1,622,777 1,330	1,566,116 1,821
Lucky Landmark (Private) Limited	Associated Company	-	Reimbursement of expenses to Company	-	1,800
Tricom Solar Power (Private) Limited	Associated Company	-	Subordinated loan Interest income on subordinated loan	360 806	1,500 526
Yunus Wind Power Limited	Associated Company	-	Interest income on subordinated loan	488	353
Lucky Entertainment (Private) Limited	Associated Company	-	Servicing charges	800	-
Lucky Motors Corporation Pakistan Limited	Associated Company	-	Purchase of vehicle Purchase of spare parts	23,159 62	57,732 -

36.1 Associate / Associated Companies comprise of related parties due to common directorship.

37. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

37.1 Financial instruments by category

	2022	2021
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
Financial assets at amortized cost		
Loans to employees	85,451	55,975
Long term deposits	34,742	33,576
Trade debts	3,751,395	4,038,372
Loans and advances	30,224	25,474
Other receivables	142,538	312,811
Cash and bank balances	159,841	143,166
	<u>4,204,191</u>	<u>4,609,374</u>
Financial liabilities at amortized cost		
Long term finance	4,771,581	4,641,383
Trade and other payables	9,206,172	6,567,612
Unclaimed dividend	26,392	22,474
Accrued mark-up	203,782	118,584
Short term borrowings	6,117,971	5,038,783
	<u>20,325,898</u>	<u>16,388,836</u>

37.2 Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management. The responsibility includes developing and monitoring the Company's risk management policies. To assist the Board in discharging its oversight responsibility, management has been made responsible for identifying, monitoring and managing the Company's financial risk exposures. The Company's exposure to the risks associated with the financial instruments and the risk management policies and procedures are summarised as follows:

37.2.1 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company does not have any significant exposure to customers from any single country or single customer.

Credit risk of the Company arises principally from trade debts, loans,advances, other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2022	2021
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
Loan to employees	85,451	55,975
Long term deposits	34,742	33,576
Trade debts	3,751,395	4,038,372
Loans and advances	30,224	25,474
Other receivables	142,538	312,811
Bank balances	151,656	135,576
	<u>4,196,006</u>	<u>4,601,784</u>

The trade debts are due from foreign and local customers for export and local sales respectively. Management assesses the credit quality of local and foreign customers, taking into account their financial position, past experience and other factors. For bank balances, financial institutions with strong credit ratings are accepted. Credit risk on bank balances is limited as these are placed with banks having good credit ratings. Loans to employees are secured against their gratuity balances.

The Company always measures the loss allowance for trade debts at an amount equal to lifetime ECL using the simplified approach. The expected credit losses on local trade debts are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Company has recognised a loss allowance of Rs. 0.09 million (2021: Rs. 0.09 million) against all local trade debts .

37.2.2 **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or would have difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The following are the contractual maturities of financial liabilities excluding the impact of netting agreements:

June 30, 2022	Within 1 year	2 - 5 years	More than 5 years	Total
	(Rupees in '000)			
Financial liabilities				
Long term finance	819,338	2,660,431	1,534,667	5,014,436
Trade and other payables	9,206,172	-	-	9,206,172
Unclaimed dividend	26,392	-	-	26,392
Accrued mark-up	203,782	-	-	203,782
Short term borrowings	6,117,971	-	-	6,117,971
	16,373,655	2,660,431	1,534,667	20,568,753

June 30, 2021	Within 1 year	2 - 5 years	More than 5 years	Total
	(Rupees in '000)			
Financial liabilities				
Long term finance	789,220	2,561,642	1,488,676	4,839,538
Trade and other payables	6,567,612	-	-	6,567,612
Unclaimed dividend	22,474	-	-	22,474
Accrued mark-up	118,584	-	-	118,584
Short term borrowings	5,038,783	-	-	5,038,783
	12,536,673	2,561,642	1,488,676	16,586,991

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk by maintaining sufficient cash and bank balances and availability of financing through banking arrangements, which includes short term borrowings and discounting of foreign receivables. Total unavailed facility balances as at June 30, 2022 are as reported in note 21.1 to these financial statements.

37.2.3 **Market risk**

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

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. As at June 30, 2022 the Company is not exposed to price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate risk arises from long and short term borrowings from financial institutions. At the reporting date the interest rate risk profile of the Company's interest-bearing financial instruments is:

	2022	2021
	(Rupees in '000)	
Fixed rate instruments		
- KIBOR / SBP base rate	11,132,407	9,878,321

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in KIBOR / SBP base rate, financial liabilities at the reporting date would have increased / (decreased) equity and profit or loss by Rs. 111.32 million (2021: Rs. 80.98 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as in previous year.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions entered in foreign currencies. The Company is exposed to foreign currency risk on sales, purchases and borrowings, which, are entered in a currency other than Pak Rupees. As at reporting date, the financial assets and liabilities exposed to currency risk are as follows:

	2022	2021	2022	2021
	(USD)		(Rupees in '000)	
Trade debts	9,408,084	8,986,197	1,928,785	1,418,022
Foreign currency bank balances	44,098	13	9,062	2
Foreign bills payable	(17,157,767)	(11,343,607)	(3,534,500)	(1,795,693)

The following significant exchange rates applied during the year:

	Average rates		Reporting date rates	
	2022	2021	2022	2021
US Dollars to PKR	177.95	160.21	206.00 / 205.50	158.30 / 157.80

As at June 30, 2022, if the Pakistani Rupee had weakened / strengthened by 10% against the US Dollars with all variables held constant, profit or loss for the year would have been lower / higher by Rs. 158.74 million (2021: Rs. 37.32 million). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as in previous year.

38. **FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- **Level 1**
fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2**
fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3**
fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2022, the Company has no financial instruments that falls into any of the above category except for biological assets which are classified in level 2 above.

There were no transfers between Level 1 and 2 in the year.

39. CAPITAL RISK MANAGEMENT

The objective of the Company when managing capital, i.e., its shareholders' equity is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares. During the year, the Company's strategy was to maintain leveraged gearing. The gearing ratio as at 30 June 2022 was as follows:

	2022	2021
	(Rupees in '000)	
Total Borrowings	11,132,407	9,878,321
Cash and Bank Balances	(159,841)	(143,166)
Net Debt	10,972,566	9,735,155
Total Equity	18,003,149	12,610,075
Total Capital	28,975,715	22,345,230
Gearing Ratio	38%	44%

40. OPERATING SEGMENTS

Basis of segmentation

A business segment is a group of assets and operations engaged in providing products that are subject to risks and returns that are different from those of other business segments. Management has determined the operating segments based on the information that is presented to the Board of Directors of the Company for allocation of resources and assessment of performance. Based on internal management reporting structure and products produced and sold, the Company is organised into the following three operating segments:

- Spinning segment: manufacturing and sale of yarn
- Knitting segment: manufacturing and sale of knitted sheet; and
- Unallocated segments includes production and sale of milk

Management monitors the operating results of the above-mentioned segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in table below, is measured differently from the statement of profit or loss in these financial statements. Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. All non current assets of the Company as at June 30, 2022 are located in Pakistan.

Liabilities are incurred for the Company as a whole and are not segment-wise reported to the Board of Directors. All the unallocated (including dairy segment) results and assets are reported to the Board of Directors at entity level. The following are the reportable segments as per IFRS 8 'Operating Segments', the operating results information and asset information regarding operating segments for the respective years as at reporting date are as follows:

	2022				2021			
	Spinning	Knitting	Unallocated	Total	Spinning	Knitting	Unallocated	Total
(Rupees in '000)								
Segment Revenues								
Export	7,479,463	5,316,460	-	12,795,923	6,790,880	2,103,456	-	8,894,336
Indirect export	22,350,813	-	-	22,350,813	14,999,436	-	-	14,999,436
Local	19,189,019	80,366	412,026	19,681,411	16,485,048	307,717	323,302	17,116,067
Profit Before Tax	4,891,007	833,672	1,193,387	6,918,066	2,955,352	380,119	690,629	4,026,100
Finance Cost	504,533	22,691	18,997	546,221	605,742	9,516	15,803	631,061
Depreciation	975,813	28,598	51,301	1,055,712	937,477	4,829	40,912	983,218
Segment Assets								
Property, plant and equipment	9,855,155	426,567	735,029	11,016,751	9,728,351	385,701	139,586	10,253,638
Other non-current assets	-	-	4,679,873	4,679,873	-	-	3,841,547	3,841,547
Current assets	20,456,313	1,639,435	3,030,736	25,126,484	14,102,735	786,447	2,241,829	17,131,011

41. CORRESPONDING FIGURES

Corresponding figures have been reclassified / rearranged wherever necessary for better presentation.

42. GENERAL

These financial statements has been rounded off to the nearest thousand rupees.

The Board of Directors proposed a final dividend for the year ended June 30, 2022 of Rs. 20 per share (2021: Rs. 12 per share) amounting to Rs. 560.59 million (2021: Rs. 336.35 million).

These financial statements were authorised for issue on August 02, 2022 by the Board of Directors of the Company.

MUHAMMAD ALI TABBA
Director

MUHAMMAD SOHAIL TABBA
Chief Executive Officer

MUHAMMAD IMRAN MOTEN
Chief Financial Officer

سایہ خدائے ذوالجلال

پاکستان کی قومی مسجد، 'فیصل مسجد'
مارگلہ کی پہاڑیوں کے دامن میں واقع ہے۔
اس کا ڈیزائن کنکریٹ کے خول کے آٹھ اطراف پر
مشتمل ہے اور سیاحوں کی توجہ کا مرکز ہے۔

Pattern of Shareholding

As at June 30, 2022

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
723	1	100	26,989
692	101	500	162,915
326	501	1,000	258,889
190	1,001	5,000	449,669
39	5,001	10,000	301,180
9	10,001	15,000	107,859
9	15,001	20,000	157,222
4	20,001	25,000	90,200
3	25,001	30,000	81,300
2	35,001	40,000	74,606
1	55,001	60,000	56,235
2	60,001	65,000	122,267
1	70,001	75,000	73,500
1	75,001	80,000	75,800
1	90,001	95,000	95,000
1	95,001	100,000	97,000
1	120,001	125,000	120,711
2	155,001	160,000	318,647
1	175,001	180,000	178,000
1	255,001	260,000	257,000
1	325,001	330,000	326,803
2	405,001	410,000	813,350
1	560,001	565,000	563,522
1	650,001	655,000	654,194
1	725,001	730,000	727,991
1	1,055,001	1,060,000	1,056,600
1	1,280,001	1,285,000	1,282,393
1	19,495,001	19,500,000	19,499,741
2,018			28,029,583

Shareholders' Category	Number of Shareholder	Number of Shares Held	Percentage (%)
A) Director and Spouse(s)			
Mr. Muḥammad Yunus Ṭabba	1	3,673	0.01
Mr. Muḥammad Sohail Ṭabba	1	3,673	0.01
Mr. Muḥammad Ali Ṭabba	1	3,673	0.01
Mr. Jawed Yunus Ṭabba	1	3,673	0.01
Ms. Zulekḥa Ṭabba Maṣkatiya	1	3,673	0.01
Syed Muḥammad Shabbār Zaidi	1	500	0.00
Mr. Moin M. Fudda	1	500	0.00
B) Associated Companies, Undertaking and Related Parties			
Y.B. Holding (Private) Limited	1	19,499,741	69.57
C) Executives			
	-	-	-
D) Public Sector Companies and Corporations			
	-	-	-
E) Banks, NBFC, Insurance, Joint Stock Companies, Pension Funds, Charitable Trusts and REIT management			
	37	2,635,144	9.40
F) Mutual Funds			
	3	190,247	0.68
G) General Public			
a - Local	1957	5,614,551	20.03
b -Foreign	12	69,362	0.25
Foreign Companies	-	-	-
Others	1	1,173	0.00
Total	2,018	28,029,583	100.00

Notice of 35th Annual General Meeting

Notice is hereby given that the 35th Annual General Meeting (AGM) of Gadoon Textile Mills Limited (the Company) will be held on Tuesday, September 27, 2022 at 03:30 p.m., at the registered office of the Company at 200-201, Gadoon Amazai Industrial Area, Gadoon Amazai, District Swabi, Khyber Pakhtunkhwa to transact the following business:

Ordinary Business

- To confirm the Minutes of Extraordinary General Meeting held on March 18, 2022.
- To receive, consider and adopt the audited financial statements of the Company for the year ended June 30, 2022, together with the Chairman's Review, Directors' and Auditor's report thereon.
- To approve the final cash dividend @ 200% i.e. Rs.20/- per ordinary share for the year ended June 30, 2022 as recommended by the Board of Directors.
- To appoint auditors and fix their remuneration for the year ending June 30, 2023. The presents Auditors M/s. Yousuf Adil, Chartered Accountants retire and being eligible, offer themselves for re-appointment.
- To transact any other business with the permission of the Chair.

In order to comply with the requirement of circular 4 of 2021 issued by the Securities and Exchange Commission of Pakistan (the SECP), the Company has also arranged the Video conference facility for those shareholders who are interested to participate virtually in the AGM.

Special Business

- To ratify the transactions carried out by the Company with related parties as disclosed in the Financial Statements for the year ended June 30, 2022, by passing the following resolution:

"RESOLVED THAT the transactions carried out by the Company with related parties including ICI Pakistan Limited, Lucky Cement Limited, Lucky Energy (Private) Limited, Lucky Entertainment (Private) Limited, Lucky Holdings Limited, Lucky Knits (Private) Limited, Lucky Motor Corporation Limited, Lucky Textile Mills Limited, Tricom Solar Power (Private) Limited, Y.B. Holdings (Private) Limited, Yunus Energy Limited, Yunus Textile Mills Limited, Yunus Wind Power Limited and other such related parties during the year ended June 30, 2022 be and are hereby approved."
- To approve potential transactions with related parties intended to be carried out in the financial year 2022-2023 (including fiscal limits of the general transaction) and to authorize the Board of Directors of the Company to carry out such related party transactions at its discretion from time to time, irrespective of the composition of the Board of Directors.

The resolutions to be passed as special resolutions are as under:

"RESOLVED THAT the Company be and is hereby authorized to carry out transactions including, but not limited to, the sale of yarn and other necessary goods, as well as the transaction of cement, cloth, power, steam, garments, textiles, vehicles and other ancillary machinery and relevant parts and other necessary commodities including receipt and payment of dividends, with related parties from time to time including, but not limited to ICI Pakistan Limited, Lucky Cement Limited, Lucky Energy (Private) Limited, Lucky Holdings Limited, Lucky Knits (Private) Limited, Lucky Landmark (Private) Limited, LuckyOne (Private) Limited, Lucky Motor Corporation Limited, Lucky Textile Mills Limited, Lucky Wind Power Limited, Tricom Solar Power (Private) Limited, Lucky Renewables (Private) Limited, Y.B. Holdings (Private) Limited, Y.B. Pakistan Limited, Yunus Energy Limited, Yunus Textile Mills Limited, Yunus Wind Power Limited and other such related parties to the extent of Rs.20,000,000,000/- (Rupees Twenty Billion Only) for the fiscal year 2022-23.

FURTHER RESOLVED THAT within the above parameters approved by the shareholders of the Company, the Board of Directors of the Company may, at its discretion, approve specific related party transactions from time to time, irrespective of the composition of the Board, and in compliance with the Company's policy pertaining to related party transactions and notwithstanding any interest of the Directors of the Company in any related party transaction which has been noted by the shareholders."

Karachi: September 6, 2022

By order of the Board


MUHAMMAD UMAIR
Company Secretary

Notes

- CLOSURE OF SHARE TRANSFER BOOKS**
The Share Transfer Books of the Company will remain closed from Tuesday, September 20, 2022 to Tuesday, September 27, 2022 (both days inclusive). Transfer request received in order at our Share Registrar/Transfer agent, CDC Share Registrar Services Limited (CDCSRSL), CDC House, 99-B, S.M.C.H. Society, Main Shahrāh-e-Faisal, Karachi 74400, at the close of business on Monday, September 19, 2022 will be treated in time for the purpose of determining above entitlement to the transferees for payment of final dividend and to attend the AGM.
- PARTICIPATION IN GENERAL MEETING**
 - All shareholders of the Company shall authenticate his/her identity by showing his/her original CNIC or original passport at the time of attending the meeting.
 - In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the representative shall be produced at the time of the meeting.

A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend, speak and vote in at the meeting.

For appointing proxies
 - A member shall not be entitled to appoint more than one proxy. If a member appoints more than one proxy and more than one form of proxy are deposited by a member with the Company, all such forms of proxy shall be rendered invalid. Proxy must be a member of the Company.
 - Instrument appointing a proxy must be received at the Registered Office of the Company duly signed at least 48 hours before the time of the meeting.
 - The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
 - The proxy form shall be witnessed by two persons whose names, addresses and CNIC number shall be mentioned on the form.
 - Attested copies for CNIC or the passport of the beneficial owners and of the proxy shall be furnished with the proxy form.
- Participation in AGM through Video Link**
Pursuant to circular 4 of 2021 issued by SECP, Shareholders who wish to participate virtually in the AGM are requested to share below information at agm_2022@gadoontextile.com at least seven days prior to the date of the meeting.

Name of Shareholder	CNIC Number	Folio / CDC Account Number	Registered email Address	Cell Number

Video conference link details and login credentials shall be shared with those shareholders whose information are received through their registered e-mail address within specified time. Furthermore, the said facility shall be login from the registered email address only.

- NOTIFY THE CHANGES IN ADDRESSES OF SHAREHOLDERS**
The shareholders of the Company are requested to promptly notify changes in their mailing addresses (if any), to our share registrar/transfer agent.
- SUBMISSION OF COPIES OF CNIC (MANDATORY)**
Individual Shareholders are once again reminded to submit a copy of their valid CNIC, if not provided earlier to the Company's Share Registrar. In case of non-availability of a valid CNIC in the records of the Company, the Company shall withhold the Dividend under the provisions of Section 243 of the Companies Act, 2017 (the Act) which will be released by the Share Registrar only upon submission of a valid copy of the CNIC.

6. PAYMENT OF CASH DIVIDEND ELECTRONICALLY (E-DIVIDEND MECHANISM)

In accordance with Section 242 of the Act, cash dividend can only be paid through electronic mode directly into the respective bank account designated by the entitled shareholder. Shareholders are requested to provide their complete bank details along with 24-digit International Bank Account Number (IBAN) directly to our share registrar (for physical shares) or to their respective participant / broker (for CDS shares) as the case may be. Shareholders are advised to ensure that title of bank account must be in the name of the shareholder. The subject Form is available at Company’s website i.e. <http://gadoontextile.com/investor-information/>. The Company has already communicated through its letters addressed to the shareholders individually along-with newspapers publications requesting to provide IBAN.

7. WITHHOLDING TAX ON DIVIDEND

Pursuant to the provisions of Section 150 of the Income Tax Ordinance, 2001 the rates of deduction of Income tax from dividend payments will be as follows:

- i) Rate of tax deduction for persons who are appearing in the active taxpayers list: 15%.
- ii) Rate of tax deduction for persons who are not appearing in the active taxpayers list: 30%.

All Shareholders are advised to check their status on Active Taxpayers List (ATL) available on Federal Board of Revenue (FBR) website and if required take necessary actions for inclusion of their name in ATL. In case a person's name does not appear in the ATL, the applicable tax rate will be increased by hundred percent.

Withholding Tax exemption from the dividend income shall only be allowed if copy of valid tax exemption certificate is made available to our Share Registrar by first day of Book Closure.

For shareholders holding their shares jointly as per the clarification issued by the FBR, withholding tax will be determined separately on Active and In-active status whereby tax on each joint-holder shall be deducted on the gross amount of dividend amount determined by bifurcating the shareholding of each joint holder on equal proportion except where the shareholding proportion is pre-defined as per the records of the Company’s share registrar. Therefore, all shareholders who hold shares jointly are required to provide shareholding proportions of principal shareholder and joint-holder(s) in respect of shares held by them to our Share Registrar in writing as follows:

Folio/CDC Account #	Total Shares	Principal Shareholder		Joint Shareholder(s)	
		Name and CNIC	Shareholding Proportion (No. of Shares)	Name and CNIC	Shareholding Proportion (No. of Shares)

8. TRANSMISSION / DISPATCH OF ANNUAL FINANCIAL STATEMENTS THROUGH CD / DVD / USB

The Company has circulated annual financial statements to its members through CD complying with SRO 470(I)/2016 dated May 31, 2016 at their registered address. Printed copy of above referred statements can be provided to members upon request. Request Form is available on the website of the Company i.e. <http://gadoontextile.com/investor-information/>

9. TRANSMISSION OF AUDITED FINANCIAL STATEMENTS / NOTICES THROUGH EMAIL

Pursuant to the provisions of section 223(6) of the Act, all listed companies are permitted to circulate their annual financial statements, along with Auditor’s Report, Directors’ Report along with notice of Annual General Meetings (“Annual Report”), to its shareholders through email subject to the written consent of the shareholders.

Shareholders who wish to receive the Company’s Annual Report by email are requested to provide the completed Consent Form available on the Company’s website (<http://gadoontextile.com/investor-information/>), to the Company’s Share Registrar.

10. AVAILABILITY OF AUDITED FINANCIAL STATEMENTS ON COMPANY’S WEBSITE

The audited financial statements of the Company for the year ended June 30, 2022 have been placed on the website of the Company <http://gadoontextile.com/investor-information/>

11. REQUIREMENT OF COMPANIES (POSTAL BALLOT) REGULATIONS 2018

Pursuant to Companies (Postal Ballot) Regulations 2018, for any other agenda item subject to the requirements of Sections 143 and 144 of the Act, members present in person, through video-link or by proxy, and having not less than one-tenth of the total voting power can also demand a poll and exercise their right of vote through postal ballot, that is voting by post or through any electronic mode, in accordance with requirements and procedure contained in the aforesaid regulations.

12. UNCLAIMED DIVIDENDS AND / OR SHARES

As per the provision of section 244 of the Act, any shares issued or dividend declared by the Company which have remained unclaimed/unpaid for a period of three years from the date on which it was due and payable are required to be deposited with the SECP for the credit of Federal Government after issuance of notices to the shareholders to file their claim. A notice in this respect was sent to shareholders dated January 31, 2018 and the final notice was published in the newspapers dated May 2, 2018.

Shareholders, whose dividends still remain unclaimed and / or undelivered share certificates are available with the Company, are hereby once again requested to approach the Company on priority to claim their outstanding dividend amounts and/ or undelivered share certificates.

13. DEPOSIT OF PHYSICAL SHARES INTO CDC ACCOUNTS

In accordance with the requirement of section 72 of the Act, every existing Company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the SECP, within a period not exceeding four years from the commencement of this Act.

In this regard, a notice was sent dated June 17, 2021 to the shareholders of the Company holding physical shares wherein detailed guidelines were provided for the shareholder to open the CDC sub-account with any of the broker or investor account directly with CDC to place their physical shares into scrip-less form. This will facilitate the shareholders to streamline their information in members’ register enabling the Company to effectively communicate with the shareholders and timely disburse any entitlements.

14. CONSENT FOR VIDEO CONFERENCE FACILITY

Pursuant to Section 134(1)(b) of the Act, if Company receives consent form from shareholders holding aggregate 10% or more shareholding residing at a geographical location to participate in the meeting through video conference at least seven days prior to the date of the meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility, please provide the following information and submit to the registered office of the Company:

Consent Form for Video Conference Facility

I / We _____ of _____ being a shareholder of Gadoon Textile Mills Limited, holder of _____ ordinary share(s) as per Register Folio / CDC Account No. _____ hereby opt for video conference facility at _____.

Signature of Member(s)

According to Section 119 of the Companies Act, 2017 and Regulation 19 of the Companies (General Provisions and Forms) Regulations, 2018, all physical shareholders are advised to provide their mandatory information such as CNIC numbers, address, email address, contact mobile/telephone number, International Bank Account Number (IBAN), etc. to our Share Registrar at their below address immediately to avoid any non-compliance of law or any inconvenience on future:

CDC Share Registrar Services Limited, CDC House, 99-B, S.M.C.H. Society, Main Shahrāh-e-Faisal, Karachi 74400. Tel: Toll Free: 0800-23275, Email: info@cdcsrsl.com, website: www.cdcsrsl.com

THE STATEMENT UNDER SECTION 134(3) PERTAINING TO THE “SPECIAL BUSINESS” AND IN PURSUANCE TO THE SECTION 208 OF THE COMPANIES ACT, 2017 IS ANNEXED WITH THE NOTICE BEING SENT TO THE MEMBERS.

Statement Under Section 134(3) of the Companies Act, 2017 Pertaining to Special Business

This statement sets out the material facts pertaining to the special business, being items on the notice, intended to be transacted at the annual general meeting of the Company to be held on September 27, 2022

As per the instructions of the Securities and Exchange Commission of Pakistan (the “SECP”), Gadoon Textile Mills Limited (the “Company”) had been directed in the past to obtain a broad approval from the shareholders of the Company, regarding related party transactions carried out by the Company from time to time, on a post facto basis.

On a strict reading of the laws, the SECP was of the opinion that due to the composition of the board of directors of the Company, the board of directors would be unable to approve the transactions carried out by the Company with other companies having majority of common directors. However, no alternative mechanism was present under the Companies Ordinance, 1984.

Although transactions carried out by the Company with related parties constitute a small fraction of the Company’s entire business, a restriction to carry out business with related parties would adversely affect the business of the Company. The Company carries out transactions with its associated companies and related parties in the normal course of business. It is emphasized that the Company carries out such transactions in a fair and transparent manner and on an arm’s length basis. All transactions entered into with associated companies and related parties require the approval of the Audit Committee of the Company, which is chaired by the independent director of the Company. The Audit Committee reviews the transactions and ensures that the pricing method is transparent and at par with prevalent market practice and that the terms are as per the Company’s practices. Only upon the recommendation of the Audit Committee, such transactions are placed before the board of directors for approval.

The transactions with related parties carried out during the fiscal year 2021-2022 to be ratified have been disclosed in the financial statements for the year ended June 30, 2022. All such transactions were recommended by the Audit Committee and were carried out at arm’s length basis.

Furthermore, since such transactions are an ongoing process and are approved by the board of directors on a quarterly basis, the shareholders are being approached to grant the broad approval for such transactions to be entered into by the Company, from time to time, at the discretion of the board (and irrespective of its composition). The Company shall comply with its policy pertaining to transactions with related parties as stated above to ensure that the same continue to be carried out in a fair and transparent manner and on an arm’s length basis. This would also ensure compliance with the Section 208(1) of the Companies Act, 2017 which requires that shareholders’ approval shall be required where the majority directors are interested in any related party transactions and Regulation 4 of the Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018 which sets out the conditions for transactions with related parties to be characterized as “arm’s length transactions” and states that the parties to the transaction must be unrelated in any way.

Transactions intended to be carried out by the Company include, but are not limited to, the sale of yarn and other necessary goods, as well as the purchase of cement, cloth, power, steam, garments, textiles, vehicles and other ancillary machinery and relevant parts and other necessary commodities including receipt and payment of dividends with the following related parties including, but are not limited to:

1	ICI Pakistan Limited	2	Lucky Cement Limited
3	Lucky Energy (Private) Limited	4	Lucky Holdings Limited
5	Lucky Knits (Private) Limited	6	Lucky Landmark (Private) Limited
7	LuckyOne (Private) Limited	8	Lucky Motor Corporation Limited
9	Lucky Textile Mills Limited	10	Lucky Wind Power Limited
11	Tricom Solar Power (Private) Limited	12	Lucky Renewables (Private) Limited
13	Y.B. Holdings (Private) Limited	14	Y.B. Pakistan Limited
15	Yunus Energy Limited	16	Yunus Textile Mills Limited
17	Yunus Wind Power Limited		

The shareholders would note that it is not possible for the Company or the directors to accurately predict the nature of the related party transaction(s) or the specific related party/parties with which the transaction(s) shall be carried out. In view of the same, the Company seeks the broad approval of the shareholders that the board may cause the Company to enter into transactions with related parties from time to time in its wisdom and in accordance with the policy of the Company to the extent of Rs.20,000,000,000/- (Rupees Twenty Billion Only) for the fiscal year 2022-23.

All such transactions are clearly stipulated at the end of the year in the company’s annual report. Furthermore, the Company and the board continuously serve to protect the interests of the shareholders of the Company and the said transactions are entered into in order to benefit the Company and its stakeholders.

BCR (Best Corporate Reporting) Checklist 2022

S.No	Statement of Clause	Page Reference
1	Organizational Overview & External Environment (What does the organization do and circumstances under which it operates)	04
1.01	Principal business activities and markets local and international including key brands, products and services.	06
1.02	Geographical location and address of all business units including sales units and plants.	10
1.03	Mission, vision, code of conduct, culture, ethics and values.	13
1.03	Ownership, operating structure and relationship with group companies (i.e. subsidiary, associated undertaking etc.) and number of countries in which the organization operates. Also name and country of origin of the holding company/subsidiary company, if such companies are a foreign company.	15 - 20
1.05	Organization chart indicating functional and administrative reporting, presented with legends.	22
1.06	Identification of the key elements of the business model of the company through simple diagram supported by a clear explanation of the relevance of those elements to the organization. (The key elements of business model are Inputs, Business activities, Outputs and Outcomes).	08
1.07	Position of the reporting organization within the value chain showing connection with other businesses in the upstream and downstream value chain. (This disclosure shall be provided by the companies in service and non-service sector organizations through graphical presentation).	24 - 25
1.08	Significant factors effecting the external environment and the associated organization's response (external environment includes commercial, political, economic, social, technological, environmental and legal environment). Also describe the effect of seasonality on business in terms of production and sales.	26 - 27
1.09	The legitimate needs, interests of key stakeholders and industry trends.	162 - 166
1.10	SWOT Analysis of the company.	30 - 31
1.11	Competitive landscape and market positioning (considering factors such as the threat of new competition and substitute products or services, the bargaining power of customers and suppliers, relative strengths and weaknesses of competitors and customer demand and the intensity of competitive rivalry).	28
1.12	The legislative and regulatory environment in which the organization operates.	28
1.13	The political environment where the organization operates and other countries that may affect the ability of the organization to implement its strategy.	26 - 28
1.14	Significant changes from prior years (regarding the information disclosed in this section).	28
1.15	History of major events.	32 - 33
1.16	Details of significant events occurred during the year and after the reporting period.	34 - 35

S.No	Statement of Clause	Page Reference
2	Strategy & Resource Allocation (Where does the organization want to go and how does it intend to get there)	36
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2.02	Strategies in place or intended to be implemented to achieve those strategic objectives.	38 - 39
2.03	Resource allocation plans to implement the strategy and financial capital structure. (Resource mean CAPITALS including financial capital (e.g., liquidity, cash flows, financing arrangements); human capital, manufactured capital (e.g., building, equipment, infrastructure); intellectual capital (e.g., patents, copyrights, software, licenses, knowledge, system, procedures); social and relationship capital and natural capital).	38 - 39
2.04	Key resources and capabilities of the company which provide sustainable competitive advantage.	40
2.05	Value created by the business, and for whom, using these resources and capabilities.	38 - 40
2.06	The effect of technological change, societal issues such as (population and demographic changes, human rights, health, poverty, collective values and educational systems), environmental challenges, such as climate change, the loss of ecosystems, and resource shortages, on the company strategy and resource allocation.	40
2.07	Specific processes used to make strategic decisions and to establish and monitor the culture of the organization, including its attitude to risk and mechanisms for addressing integrity and ethical issues.	41
2.08	Key performance indicators (KPIs) to measure the achievement against strategic objectives including statement as to whether the indicators used will continue to be relevant in the future.	38 - 39
2.09	Board's statement on the following: a) significant plans and decisions such as corporate restructuring, business expansion, or discontinuance of operations; b) business rationale of major capital expenditure or projects started during the year and those planned for next year etc.	41
2.10	Significant changes in objectives and strategies from prior years.	41
3	Risks & Opportunities (Specific risks and opportunities that affect the organization's ability to create value over the short, medium and long term, and how it is dealing with them)	42
3.01	Key risks and opportunities effecting availability, quality and affordability of CAPITALS in the short, medium and long term.	46 - 48
3.02	Risk Management Framework including risk management methodology and principal risk and uncertainties facing the company.	44

S.No	Statement of Clause	Page Reference
3.03	Sources of risks and opportunities (internal and external).	46 -48
3.04	The initiatives taken by the company in promoting and enabling innovation.	49
3.05	Assessment of the 'likelihood' that the risk or opportunity will come to fruition and the 'magnitude' of its effect if it does.	46 -48
3.06	Specific steps being taken to mitigate or manage key risks or to create value from key opportunities by identifying the associated strategic objectives, strategies, plans, policies, targets and KPIs.	46 -48
3.07	Board's efforts for determining the company's level of risk tolerance by establishing risk management policies.	44 - 45
3.08	Statement from the board that they have carried out a robust assessment of the principal risks facing the company, including those that would threaten the business model, future performance and solvency or liquidity.	49
3.09	Strategy to overcome liquidity problem and the company's plan to manage its repayment of debts and meet operational losses.	49
3.10	Inadequacy in the capital structure and plans to address such inadequacy.	49
4	Sustainability & Corporate Social Responsibility	52
4.01	Highlights of the company's performance, policies, initiatives and plans in place relating to the various aspects of sustainability and corporate social responsibility as per best business practices including: a) environment related obligation applicable on the company; b) company progress towards environmental, social and & governance initiatives during the year; and c) company's responsibility towards the staff, health & safety.	54 - 59
4.02	Status of adoption/compliance of the Corporate Social Responsibility (Voluntary) Guidelines, 2013 issued by the SECP or any other regulatory framework as applicable.	60
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	a) Leadership structure of those charged with governance. b) Name of independent directors indicating justification for their independence. c) Profile of each director including education, experience and involvement / engagement of in other entities as CEO, Director, CFO or Trustee etc.	

S.No	Statement of Clause	Page Reference
5.02	Chairman's Review Report on the overall performance of the board and effectiveness of the role played by the board in achieving the company's objectives.	76 - 77
5.03	A statement of how the board operates, including a high-level statement of which types of decisions are to be taken by the board and which are to be delegated to management.	88
5.04	Annual evaluation of performance, along with description of criteria used for the members of the board and its committees, CEO and the Chairman.	88
5.05	Disclosure if the board's performance evaluation is carried out by an external consultant once in three years.	88
5.06	Details of formal orientation courses for directors.	88
5.07	Directors' Training Program (DTP) attended by directors, female executive and head of department from the institutes approved by the SECP and names of those who availed exemptions during the year.	88
5.08	Description of external oversight of various functions like systems audit / internal audit by an external specialist and other measures taken to enhance credibility of internal controls and systems.	88
5.09	a) Approved policy for related party transactions. b) Details of all related parties transactions, along with the basis of relationship describing common directorship and percentage of shareholding. c) Contract or arrangement with the related party other than in the ordinary course of business on an arm's length basis, if any along with the justification for entering into such contract or arrangement. d) Disclosure of director's interest in related party transactions. e) In case of conflict, disclosure that how such a conflict is managed and monitored by the board.	88 - 90
5.10	Disclosure of Board's Policy on the following significant matters: a) Governance of risk and internal controls. b) Diversity (including gender), any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives. c) Disclosure of director's interest in significant contracts and arrangements. d) Remuneration of non-executive directors including independent directors for attending board meetings and general meetings. e) Retention of board fee by the executive director earned by him against his services as non-executive director in other companies. f) Security clearance of foreign directors. g) Board meetings held outside Pakistan. h) Human resource management including preparation of succession plan. i) Social and environmental responsibility. j) Communication with stakeholders. k) Investors' relationship and grievances.	88 - 99

S.No	Statement of Clause	Page Reference
5.10	l) Employee health, safety and protection. m) Whistle blowing policy including mechanism to receive and handle complains in a fair and transparent manner and providing protection to the complainant against victimization and reporting in Audit Committee's report. n) Safety of records of the company. o) Providing reasonable opportunity to the shareholder for participation in the AGM.	88 -99
5.11	Board review statement of the organization's business continuity plan or disaster recovery plan.	99
5.12	Disclosure of beneficial (including indirect) ownership and flow chart of group shareholding and relationship as holding company, subsidiary company or associated undertaking.	100
5.13	Compliance with the Best Practices of Code of Corporate Governance (No marks in case of any non-compliance).	101
5.14	A brief description about role of the Chairman and the CEO.	104
5.15	Shares held by Sponsors / Directors / Executives.	104
5.16	Salient features of TOR and attendance in meetings of the board committees (Audit, Human Resource, Nomination and Risk management).	105 - 109
5.17	Timely Communication: Date of authorization of financial statements by the board of directors: within 40 days ---6 marks within 60 days ---3 marks (Entities requiring approval from a Regulator before finalization of their financial statements would be provided a 20 days relaxation, on providing evidence to the Committee).	225
5.18	Audit Committee report should describe the work of the committee in discharging its responsibilities. The report should include: a) Composition of the committee with at least one member qualified as "financially literate and all members are non-executive / Independent directors including the Chairman of the Audit Committee. b) Role of the committee in discharging its responsibilities for the significant issues in relation to the financial statements, and how these issues were addressed with details where particular attention was paid in this regard. c) Committee's overall approach to risk management and internal control, and its processes, outcomes and disclosure. d) Role of Internal Audit to risk management and internal control, and approach to Internal Audit to have direct access to Audit Committee and evaluation of Internal Auditor's performance.	110 - 111

S.No	Statement of Clause	Page Reference
5.18	e) Review of arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommended instituting remedial and mitigating measures. f) An explanation as to how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, and information on the length of tenure of the current statutory auditor; and if the external auditor provides non-audit services, an explanation as to how auditor's objectivity and independence is safeguarded. g) If Audit Committee recommends external auditors other than the retiring external auditors, before the lapse of three consecutive years, reasons shall be reported. h) The Audit Committee's views whether the Annual Report was fair, balanced and understandable and also whether it provided the necessary information for shareholders to assess the company's position and performance, business model and strategy. i) Results of the self-evaluation of the Audit Committee carried out of its own performance. j) Disclosure of the number of whistle-blowing incidences reported to the Audit Committee during the year.	110 - 111
5.19	Presence of the chairman of the Audit Committee at the AGM to answer questions on the Audit Committee's activities / matters that are within the scope of the Audit Committee's responsibilities.	112
5.20	Board disclosure on Company's use of Enterprise Resource Planning (ERP) software including: a) how it is designed to manage and integrate the functions of core business processes/ modules like finance, HR, supply chain and inventory management in a single system; b) management support in the effective implementation and continuous updation; c) details about user training of ERP software; d) how the company manages risks or control risk factors on ERP projects; e) how the company assesses system security, access to sensitive data and segregation of duties.	112
5.21	Where an external search consultancy has been used in the appointment of the Chairman or a non-executive director, it should be disclosed if it has any other connection with the company.	N / A
5.22	Chairman's significant commitments and any changes thereto.	112
5.23	Disclosure about the Government of Pakistan policies related to company's business/sector in Directors' Report and their impact on the company business and performance.	83
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S.No	Statement of Clause	Page Reference
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S.No	Statement of Clause	Page Reference
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S.No	Statement of Clause	Page Reference
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Annexure

Glossary

ACCA	Association of Chartered Certified Accountants
ACIR	Assistant Commissioner Inland Revenue
APCMA	All Pakistan Cement Manufacturers Association
ATF	Aziz Tabba Foundation
ATIR	Appellate Tribunal Inland Revenue
BA	Bachelor of Arts
BOD	Board of Directors
BCI	Better Cotton Initiative
BCP	Business Continuity Plan
BMR	Balancing, Modernization, and Replacement
CAPEX	Capital Expenditure
CC	Cubic Capacity
CCG	Code of Corporate Governance
CDCSRSL	CDC Share Registrar Services Limited
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CFPP	Coal-Fired Power Plant
CIA	Chief Internal Auditor
CIRA	Commissioner Inland Revenue Appeals
CPLA	Civil Petition for Leave to Appeal
CPP	Captive Power Plant
CSR	Corporate Social Responsibility
CY	Current Year
DCIR	Deputy Commissioner Inland Revenue
DLTL	Drawback of Local Taxes and Levies
DPS	Dividend Per Share
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
EBIT	Earnings Before Interest and Taxes
ECL	Expected Credit Losses
ETP	Effluent Treatment Plant
EOGM	Extra Ordinary General Meeting
EPS	Earnings Per Share
ERP	Enterprise Resource Planning
ESS	Employee Self Service
ESP	Electrostatic Precipitators
EVA	Economic Value Added
FBR	Federal Board of Revenue
FCF	Free Cash Flow
FGD	Flue Gas Desulfurization
FEC	Family Entertainment Center
FTML	Fazal Textile Mills Limited
FVTOCI	Fair Value Through Other Comprehensive Income
FVTPL	Fair Value through Profit or Loss
GDR	Global Depository Receipts

GIDC	Gas Infrastructure Development Cess
GP	Gross Profit
GRI	Global Reporting Initiatives
GSP+	Generalized Scheme of Preferences Plus
GTML	Gadoon Textile Mills Limited
HOD	Head of Department
HR	Human Resource
HR&R	Human Resource and Remuneration
HSE	Health, Safety and Environment
IASB	International Accounting Standards Board
ICAEW	Institute of Chartered Accountants in England and Wales
ICAP	Institute of Chartered Accountants of Pakistan
ICIP	ICI Pakistan Limited
ICMAP	Institute of Cost and Management Accountants of Pakistan
IFAC	International Federation of Accountants
IFC	International Finance Corporation
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IIRF	International Integrated Reporting Framework
IoD	Institute of Directors
ISAs	International Standards on Auditing
ISO	International Organization for Standardization
IT	Information Technology
KIBOR	Karachi Inter-Bank Offer Rate
KPI	Key Performance Indicators
KSE	Karachi Stock Exchange
LAPL	Lucky Air (Private) Limited
LC	Letter of Credit
LCL	Lucky Cement Limited
LCPL	Lucky Commodities (Private) Limited
LEL	Lucky Entertainment (Private) Limited
LEPCL	Lucky Electric Power Company Limited
LEPL	Lucky Energy (Private) Limited
LEXL	Lucky Exim (Private) Limited
LFPL	Lucky Foods (Private) Limited
LHL	Lucky Holdings Limited
LKL	Lucky Knits (Private) Limited
LLPL	Lucky Landmark (Private) Limited
LOPL	LuckyOne (Private) Limited
LTML	Lucky Textile Mills Limited
LMCL	Lucky Motors Corporation Limited
LRPL	Lucky Renewables (Private) Limited

LY	Last Year
MBA	Masters of Business Administration
MENALAC	Middle East and North Africa Leisure and Attraction Council
MTPA	Million Tons Per Annum
MW	Mega Watt
NAB	National Accountability Bureau
NEPRA	National Electric Power Regulatory Authority
NFO	National Finance Olympiad
NPO	Non-Profit Organization
NGO	Non-Governmental Organization
NRV	Net Realizable Value
NTN	National Tax Number
OPD	Out Patient Department
PAT	Profit After Tax
PBC	Pakistan Business Council
PD	Probability of Default
PESCO	Peshawar Electric Supply Company
PHC	Peshawar High Court
PICG	Pakistan Institute of Corporate Governance
PSF	Polyester Staple Fiber
PSX	Pakistan Stock Exchange
RDF	Refuse Derived Fuel
RMP	Risk Management Policy
ROE	Return on Equity
SBP	State Bank of Pakistan
SC	Supreme Court
SECP	Securities and Exchange Commission of Pakistan
SHC	Sindh High Court
SME	Small Medium Enterprise
SNGPL	Sui Northern Gas Pipeline Limited
SOP	Share of Profit
SPLY	Same Period Last Year
SDG	Sustainable Development Goals
SPV	Special Purpose Vehicle
STS	Street to School
SUPIMA	Superior Pima
SUV	Sports Utility Vehicle
TDF	Tyre Derived Fuel
THI	Tabba Heart Institute
TKI	Tabba Kidney Institute
UNGC	United National Global Compact
VPN	Virtual Private Network
WAC	Weighted Average Cost
WACC	Weighted Average Cost of Capital

WEF	World Economic Forum
WHO	World Health Organization
WHRSG	Waste Heat Recovery Steam Gas
WTG	Wind Turbine Generators
WWF	Workers Welfare Fund
WWF	World Wide Fund
YBG	Yunus Brothers Group
YBHPL	YB Holdings (Private) Limited
YBPL	Y.B. Pakistan Limited
YEL	Yunus Energy Limited
YGL	Young Global Leader
YPO	Young President Organization
YTML	Yunus Textile Mills Limited

Form of Proxy

The Company Secretary,
GADOON TEXTILE MILLS LIMITED
200-201, Gadoon Amazai Industrial Estate.
Distt, Swabi, Khyber Pakhtunkhwa.

I / We _____ of
(full address) _____

being member of Gadoon Textile Mills Limited and holder of _____
ordinary shares as per Share Register Folio No. _____
and / or CDC Participant I.D. No. _____
and Sub- Account No. _____
hereby appoint _____
of (full address) _____
or failing him/her _____
of (full address) _____

who is also a member of Gadoon Textile Mills Limited, as my/our proxy in my/our absence to attend and to vote and
act for me/us and on my/our behalf at the 35th Annual General Meeting of the Company to be held on Tuesday,
September 27, 2022 at 03:30 p.m. and at any adjournment thereof.

Signature this _____ day of _____ 2022

Witness

1) Signature : _____
Name : _____
Address : _____
CNIC No. : _____

2) Signature : _____
Name : _____
Address : _____
CNIC No. : _____

Signature on Five
Rupee Revenue Stamp

Signature of members should
match with the specimen signature
registered with the company

Note:

- Proxies in order to be effective, must be received by the Company not less than 48 hours before the meeting. Proxy must be a member of the Company.
- CDC Shareholders and their proxies are each requested to attach an attested photocopy of their Computerized National Identity Card with this proxy form before submission to the Company.
- For representatives of corporate members, Board of director’s resolution / power or attorney and the specimen signature of the nominee must be deposited along with the proxy form. The representative shall produce his/her original CNIC at the time of meeting.

تشکیل نیابت داری

جناب کمپنی سیکریٹری

گدون ٹیکسٹائل ملز لمیٹڈ،

200-201 گدون امازئی انڈسٹریل اسٹیٹ،

ڈسٹرکٹ صوابی، خیبر پختونخواہ۔

میں/ہم _____ ساکن _____ بحیثیت رکن گدون ٹیکسٹائل ملز لمیٹڈ اور حامل _____ عام حصص،

برطانیق شیئر رجسٹرڈ فولیو/سی ڈی سی شراکتی آئی ڈی نمبر _____ اور ذیلی کھاتہ نمبر _____ مسمیٰ/مسماۃ _____

ساکن _____ فولیو/سی ڈی سی شراکتی آئی ڈی نمبر _____ اور ذیلی کھاتہ نمبر _____ یا بصورتِ

دیگر مسمیٰ/مسماۃ _____ ساکن _____ فولیو/سی ڈی سی شراکتی آئی ڈی نمبر _____

اور ذیلی کھاتہ نمبر _____ کو اپنی جگہ بطور نمائندہ (پراکسی) مقرر کرتا ہوں تاکہ وہ میری/ہماری طرف سے کمپنی کے (35th) بینتیسویں سالانہ اجلاس عام جو کہ بتاریخ 27 ستمبر 2022

بروز منگل بوقت دوپہر 03:30 بجے منعقد ہو رہا ہے میں، یا، اسکے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

دستخط رکن _____ بروز _____ 2022

(پانچ روپے مالیت کا رسیدی ٹکٹ چسپاں کر کے دستخط کریں)

(اراکین کے دستخط، کمپنی کے پاس درج دستخطی نمونے کے مطابق ہونے چاہیے)

دستخط گواہ نمبر 1 _____ دستخط گواہ نمبر 2 _____

نام _____ نام _____

پتہ _____ پتہ _____

شناختی کارڈ نمبر _____ شناختی کارڈ نمبر _____

نوٹ:

- تشکیل نیابت داری کی درخواست، اجلاس سے کم از کم ۴۸ گھنٹے قبل کمپنی کو موصول ہو جانی چاہیے۔ پراکسی کا کمپنی کا رکن ہونا ضروری ہے۔
- سی ڈی سی شیئر ہولڈرز اور ان کے نمائندوں سے درخواست ہے کہ پراکسی فارم کے ساتھ اپنے سی این آئی سی کی مصدقہ نقول فراہم کریں۔
- بصورت کاروباری ادارے، اجلاس میں شرکت کے وقت بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ بمعد نامزد کردہ شخص کے دستخط کے نمونے ظاہر کرنا لازم ہیں۔

AFFIX
CORRECT
POSTAGE

The Company Secretary,
GADOON TEXTILE MILLS LIMITED
200-201, Gadoon Amazai Industrial Estate.
Distt, Swabi, Khyber Pakhtunkhwa.



کارپوریٹ معاشرتی ذمہ داری

کمپنی پاکستان میں ٹیکسٹائل صنعت سے وابستہ ایک سماجی طور پر انتہائی ذمہ دار آجر کے طور پر اپنے فرائض سے بخوبی آگاہ ہے اور اپنی ذمہ داریوں کو تسلیم کرتی ہے۔ کمپنی ہمیشہ سے رضاکارانہ CSR سرگرمیوں میں نمایاں رہی ہے اور اس بات کو یقینی بنایا جاتا ہے کہ CSR کے تحت کئے گئے اقدامات سے پاکستانی معاشرے میں ہم آہنگی اور دیرپا ترقی کا تصور اجاگر ہو۔ مزید برآں، کمپنی نہ صرف خود تندرہی کے ساتھ CSR سرگرمیوں میں شرکت کرتی ہے بلکہ ایسے مواقع پر اپنے عملے اور ممبران کی بھی حوصلہ افزائی کی جاتی ہے کہ اپنے وقت کا حصہ معاشرے کی فلاح و بہبود کے لئے مختص کریں۔ اس حوالے سے جولائی 21 سے جون 22 کے دوران مختلف سرگرمیاں ترتیب اور سر انجام دی گئیں۔

کمپنی کی جانب سے "یو این ای پی - دس ارب درختوں کی لہر" کے نام سے شجرکاری مہم کے تحت گلدون لٹائی اور کراچی فیکٹری میں پانچ ہزار سے زائد پودے لگائے گئے۔ کمپنی کی جانب سے ہپٹائنش کے عالمی دن کے موقع پر مرکزی دفتر میں عملے کے لئے ہپٹائنش کے مفت معائنہ کیپ کا اہتمام کیا گیا۔ کمپنی کی جانب سے گار۔جسٹین اسکول میں آزادی اور حب الوطنی کے جذبہ خیر سگالی کو طلباء کے ساتھ منانے کیلئے اسکول کا دورہ کیا گیا اور طلباء میں تحائف تقسیم کئے گئے۔ضعیف العمر افراد کا عالمی دن منانے کی غرض سے بنت قاطمہ اولڈ ہوم کراچی میں بزرگ شہریوں کے ساتھ ایک دن گزارا گیا تاکہ ان کے ساتھ کام کر کے معاشرے میں اس بات کی آگہی اور شعور پیدا کیا جائے کہ بزرگ افراد کو معاشرے میں کن مسائل کا سامنا ہے۔ اس معاشرے کو بچوں کیلئے ایک بہتر جگہ بنانے کی غرض سے بچوں کے عالمی دن کے موقع پر گدون فیملی کی جانب سے ایس او ایس ویلج کراچی میں بھی ایک دن گزارا گیا تاکہ بچوں کی پرورش و تربیت کی اہمیت کو اجاگر کیا جاسکے۔ اس کے علاوہ معذور افراد کے حقوق اور فلاح و بہبود کے تصور کو اجاگر کرنے کیلئے دارالسنواں کراچی میں معذور افراد کے عالمی دن کے موقع پر ایک دن گزارا گیا۔ حکومت سندھ کے اشتراک سے کمپنی کی جانب سے اپنے مرکزی دفتر میں افرادی قوت اور معاشرے کے تحفظ کی خاطر کووڈ۔19 کی ویکسینیشن اور بوسٹر خوراک لگانے کا اہتمام کیا گیا۔خواتین کے عالمی دن کے موقع پر کمپنی کی جانب سے پہل قدمی کرتے ہوئے بہبود لائسوسی ایشن۔کراچی کو عطیات فراہم کئے تاکہ خواتین کے لئے ذرائع آمدن کے مواقع پیدا کئے جاسکیں اور مستقبل میں انہیں با اختیار بنایا جاسکے۔ کمپنی کی جانب سے "افطارڈرائیو- 22" کا اہتمام کیا گیا جس کے تحت افطار کے لئے طعام تقسیم کیا گیا تاکہ معاشرے میں سخاوت اور ہمدردی کے پہلو کو اجاگر کیا جاسکے۔

ڈائریکٹروں کی تربیت

کمپنی کے ڈائریکٹرز اپنے فرائض منصبی کی بجا آوری کیلئے ہر لحاظ سے تربیت یافتہ ہیں اور کمپنیز ایکٹ 2017 اور پاکستان اسٹاک ایکچینج رول بک کے مطابق اپنی ذمہ داریوں اور اختیارات سے بخوبی آگاہ ہیں۔

آڈیٹرز

موجودہ آڈیٹرز میسرز یوسف عادل، چارٹرڈ اکاؤنٹنٹس مای سال اختتامیہ 30 جون 2022 کے سلسلے میں سالانہ آڈٹ مکمل کر چکے ہیں اور اس آڈٹ کے نتیجے میں ان کی جانب سے کلین رپورٹ پیش

کی گئی ہے۔ موجودہ آڈیٹرز رواں مالی سال کے عام سالانہ اجلاس کے ساتھ ہی رہنائز ہو جائیں گے اور اپنی اہلیت کی بنیاد پر ان کی جانب سے ایک مرتبہ پھر اپنی خدمات پیش کی گئی ہیں۔ آڈٹ کمیٹی کی جانب سے تجویز کئے جانے کے بعد، بورڈ کی جانب سے بھی تجویز دی گئی ہے کہ موجودہ آڈیٹروں کو ہی کمپنی کے اگلے مالی سال 30 جون 2023 کیلئے ایک مرتبہ پھر تعینات کر لیا جائے۔

مستقبل کی پیش بینی

پاکستان میں سیاسی عدم استحکام اپنے عروج پر ہے جو کہ معیشت کے بہیہ میں رکاوٹ کا باعث بن رہا ہے۔ وطن عزیز اس وقت اپنی غیر ملکی قرض کی ادائیگیوں کو پورا کرنے اور کم ہوتے زرمبادلہ کے ذخائر سے نمٹنے کے لیے مشکل ترین دور کا سامنا کر رہا ہے۔ درجہ بندی کرنے والے ادارے "سٹینڈ" اور "موڈیز" دونوں نے پاکستان کے مستقبل کے حوالے سے نظر ثانی کرتے ہوئے درجہ بندی کو منفی سے مستحکم کر دیا ہے، تاہم، آئی ایم ایف کے ساتھ عملے کی سطح پر کئے گئے حالیہ معاہدے سے امید کی جاتی ہے کہ ملک آئی ایم ایف سے قرض کی مد میں زر مبادلہ حاصل کرنے میں کامیاب ہو جائے گا جس سے دوسرے اداروں جیسا کہ عالمی بینک، ایشیائی ترقیاتی بینک وغیرہ سے مزید قرضے حاصل کرنے کی راہیں ہموار ہوں گی جن کا ملکی ذخائر پر مثبت اثر پڑے گا۔

مزید برآں، اس بات کا امکان ہے ایف اے ٹی ایف کی ٹیم تشخیص کے حوالے سے ستمبر 2022 میں پاکستان کا دورہ کرے گی تاکہ نگرانی کی "گرے فہرست" سے نکلنے سے متعلق ضابطہ کار اور ضروری کارروائی کو پورا کیا جاسکے، جو کہ ایک مثبت اشارہ ہے اور ممکنہ طور پر عالمی سطح پر پاکستان کی اقتصادی مقام کو فروغ دے گا۔

دنیا بھر میں افراط زر کی تیزی سے بڑھتی شرح کے ساتھ ساتھ لاگت رسد میں نمایاں اضافہ بین الاقوامی تجارت کو متاثر کرنے کا باعث بن رہا ہے۔ تاہم، موجودہ ترقی اور پائیدار نمو کی کے لیے ضروری ہے کہ تجارتی خسارے کو قابو میں رکھا جائے۔ بینک دولت پاکستان کی جانب سے شرح کٹوتی کو 15.00 فیصد تک بڑھائے جانے اور مخصوص غیر ضروری اور پر تعیش شیاہ کی درآمدات پر پابندی عائد کرنے جیسے حالیہ اقدامات سے درآمدات کو اس سطح پر واپس آنے کا موقع ملے گا جو ملکی اقتصادی سرگرمیوں کے مطابق ہوں اور اس کے نتیجے میں تجارتی خسارے کو کم کرنے میں مدد ملے گی اور شرح مبادلہ بھی مستحکم ہو گی۔ تاہم، معیشت کو اس سمت میں لے جانے کی خاطر حکومت کو اب بھی مزید معقول اقدامات کرنے کی ضرورت ہے جس سے سرمایہ کاروں کا اعتماد برقرار رہے۔

توانائی(خاص طور پر قدرتی گیس)کی نظر ثانی شدہ قیمت کو مد نظر رکھتے ہوئے، ہمیں یقین ہے کہ کسی بھی کاروبار کی پائیدار ترقی کے لیے پالیسیوں / فیصلوں میں اعتماد کا عنصر ضروری ہے۔ چنانچہ، کمپنی اس بات پر یقین رکھتی ہے کہ حکومت کی جانب سے ضروری خدمات اور سہولیات کی فراہمی مستقل اور کفایت کے ساتھ جاری رکھی جائیں گی تاکہ صنعت اور مجموعی معیشت کی طویل مدتی ترقی کو یقینی بنایا جاسکے۔

کووڈ اب بھی بہت سی معیشتوں کو متاثر کر رہا ہے اور بد قسمتی سے پاکستان میں بھی کیسز کی تعداد میں اضافہ ہوا ہے، تاہم، ویکسینیشن اور بوسٹر خوراک کے باعث امید کی جاتی ہے کہ مجموعی اقتصادی سرگرمیوں پر کووڈ کے کچھ خاص اثرات نہیں پڑیں گے۔

مالی سال 2022 کے دوران درپیش چیلنجوں کے باوجود ایف بی آر نے محصولات کے نظر ثانی شدہ اضافی ہدف 6,100 ارب روپے کے مقابلے میں، 25 ارب روپے سے تجاوز کرتے ہوئے 6,125 ارب روپے وصول کئے، باوجود اس امر کے کہ پچھلی حکومت کی جانب سے اس مالی سال کے دوران پیٹرولیم لیوی اور سیلز ٹیکس کی مد میں کمی کر کے بڑے پیمانے پر ٹیکس میں چھوٹ دی گئی تاکہ عام آدمی پر بین الاقوامی تیل کی اضافی قیمتوں کے بوجھ کو کم کیا جاسکے۔ تاہم، اس بات کے امکانات ہیں کہ حکومت نے مالیاتی بل 2022 کے ذریعے حاصل سے متعلق جو مخصوص اقدامات متعارف کرائے ہیں، ان کے نفاذ میں حکومت کو مشکلات درپیش آئیں گی، جس کا اثر سالانہ ہدف کے حصول پر بھی پڑے گا۔ اس بات کی بھی توقع کی جارہی ہے کہ معیشت کو فروغ دینے اور سرمایہ کاروں کے اعتماد کو بڑھانے کی خاطر حکومت آنے والے سال میں بھی اپنے مثبت اقدامات کو جاری رکھے گی جیسا کہ سیلز ٹیکس ریفرنڈز / آکم ٹیکس ریفرنڈز / ڈی ٹیل ٹی ٹیل ٹیکم وغیرہ کا بروقت جاری کیا جائا۔

رواں مدت کے دوران ملکی ٹیکسٹائل برآمدات میں گزشتہ مالی سال کے اسی عرصے کے مقابلے میں، 25.53 فیصد (بجائز امریکی ڈالر) کا اضافہ ہوا جو کہ وطن عزیز کی مجموعی برآمدات برائے مالی سال اختتامیہ 30 جون 2022 تک کا 60.80 فیصد بنتا ہے۔ فروری 2022 میں وفاقی کابینہ کی جانب سے ٹیکسٹائل اور ملو سٹات کی پالیسی برائے 2020-2025 کی منظوری دی گئی جس میں کاروبار کے لئے سازگار ماحول کی فراہمی کی غرض سے حکمت عملی کے خدوخال متعارف کرائے گئے ہیں جس میں بطور خاص اس بات پر توجہ مرکوز رکھی گئی ہے کہ کاروبار کرنے کی لاگت اور اخراجات کو کم کیا جائے، میڈان پاکستان کو فروغ دیا جائے اور ہنرمندی کی ترقی و فروغ کی خاطر بڑے پیمانے پر تربیتی پروگرام کا آغاز کیا جائے، اس بات کی امید کی جاتی ہے کہ آنے والے برسوں میں ٹیکسٹائل کی صنعت بھرپور طریقے سے پھلے پھولے گی اور مالی سال 2025 تک 40 ارب امریکی ڈالر کے طے شدہ ہدف کو حاصل کرنے میں کامیاب ہو جائے گی۔

جہاں تک کمپنی کے کاروباری افعال کا تعلق ہے تو عالمی سطح پر کپاس کی قیمتوں میں اضافے کے باعث سوت کی قیمتوں میں بھی اضافہ ہوا جس کے باعث کمپنی کو بھی منافع کمانے کے مواقع میسر آئے ہیں۔ تاہم، سال کے اختتام کے بعد روپے کی قدر میں 10 فیصد سے زائد آنے والی کمی، عالمی اور مقامی سطح پر کپاس کی قیمتوں میں اتار چڑھاؤ کے باعث کاروبار کرنے کی لاگت میں اضافہ ہو سکتا ہے اور نتیجتاً کمپنی کو بہتر قیمت فروخت کے حصول میں دشواریوں کا سامنہ کرنا پڑ سکتا ہے۔ کمپنی کی انتظامیہ کی جانب

سے ان ممکنہ اثرات اور خدشات کی باریک بینی سے نگرانی کی جائے گی تاکہ کسی بھی ممکنہ غیر یقینی صورت حال سے نمٹنے کے لئے اس بات کو یقینی بنایا جائے گا کہ حکمت عملی کے تحت خام مال کے بہترین استخراج کا حصول کیا جائے، پیداواری صلاحیت سے بھرپور استفادہ حاصل کیا جائے، پیداواری لاگت میں کمی لائی جائے اور مصنوعات کی فروخت کے استخراج میں بھی اصلاح کی جائے تاکہ کمپنی کی منفعت میں بھی اضافہ ممکن ہو اور حصص داران کی دولت اور فلاح و بہبود میں اضافہ کیا جائے۔

مزید برآں، ویلیو ایڈڈ شعبے کی کارکردگی کو مزید موثر بنانے کیلئے کمپنی کی جانب سے صارفین کی تعداد میں اضافے کے علاوہ اس بات کی بھی کوشش کی جارہی ہے کہ ویلیو ایڈڈ کے شعبوں میں بھی توسیع پیدا کی جائے جس کے باعث نہ صرف کمپنی کی کارکردگی مزید موثر ہو پائے گی بلکہ کاروباری لاگت میں بھی خاطر خواہ کمی آسکتی ہے جس کا اثر براہ راست کمپنی کے منافع پر پڑے گا۔

مزید برآں، کمپنی پر امید ہے کہ آنے والے عرصے میں مختلف النوع ذرائع میں کی جانے والی سرمایہ کاری سے حاصل ہونے والی آمدن میں بھی خاطر خواہ اضافہ ہوگا جس کے ثبث اثرات کمپنی کی منفعت پر ظاہر ہوں گے۔

منافع منقسمہ کی پالیسی

کمپنی کی دور رس سرمایہ کاری کی حکمت عملی، مستقبل میں کاروبار کی نقد سرمائے کی ضروریات اور اس کے ساتھ کمپنی کی نقدی افزائش کی صلاحیت کو مد نظر رکھتے ہوئے، بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2022 کو ختم ہونے والے مالی سال کے لئے حتمی نقد منافع منقسمہ - /20 روپے فی حصص کے حساب سے تجویز کیا گیا ہے۔

ماجد واقعات

رواں مالی سال کے اختتام سے رپورٹ ہذا کی تیاری کے درمیان تک ایسے کوئی اہم واقعات پیش نہیں آئے اور نہ ہی کمپنی پر ایسی کوئی ذمہ داریاں ہیں جن کے اثرات کمپنی کی مالیاتی پوزیشن پر مرتب ہوں۔

اظہار تشکر

ڈائریکٹرز کی جانب سے کمپنی کے تمام ملازمین، عملے اور منتظمین کی کارکردگی کو خراج تحسین پیش کرتے ہوئے اسے قلم بند کیا جاتا ہے۔

مختصر بیان



چیف ایگزیکٹو آفیسر

برائے دخائب بورڈ

ڈائریکٹر

بمقام کراچی: مؤرخہ 2 اگست 2022

بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں اراکین کی حاضری

نمبر شمار	ڈائریکٹر	حاضری		
		بورڈ آف ڈائریکٹرز	آڈٹ کمیٹی	انسانی وسائل وادائیگیوں کی کمیٹی
1	جناب محمد یونسؒ	4/5	N/M	N/M
2	جناب محمد سہیلؒ	5/5	5/5*	1/1*
3	جناب محمد علیؒ	5/5	4/5	N/M
4	جناب جاوید یونسؒ	5/5	5/5	1/1
5	محترمہ ذلیحہؒ مسکا تہ	4/5	N/M	1/1
6	سید محمد شہر زیدی	2/2	1/1	N/M
7	جناب معین ایم فدا	2/2	1/1	N/A
8	جناب سلیم زبیندار	3/3	4/4	1/1
9	جناب ظفر مسعود	0/3	0/4	N/M

*جناب سہیلؒ نے آڈٹ اور انسانی وسائل وادائیگیوں کی کمیٹیوں کے تمام اجلاسوں میں شرکت کی جن کیلئے انھیں مدعو کیا گیا تھا۔

N/M: رکن نہیں ہیں

N/A: اطلاق نہیں ہوتا

جوارا کین بورڈ اور اس کی کمیٹیوں کے اجلاس میں شرکت نہ کر سکے انھیں اس سلسلے میں رخصت دی گئی تھی۔

غیر انتظامی ڈائریکٹروں کے مشاہرے سے متعلق پالیسی

کمپنی کے آرٹیکلز کی رو سے بورڈ آف ڈائریکٹرز ڈائریکٹرز کے مشاہرہ متعین کرنے کا مجاز ہے۔ اس

سلسلے میں بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کے غیر انتظامی اور غیر جانبدار ڈائریکٹرز کے مشاہرے سے متعلق ایک جامع پالیسی مرتب کی گئی ہے۔ پالیسی کے مطابق ڈائریکٹرز کے مشاہرے کا تعین کرتے وقت مارکیٹ میں مروجہ تنخواہوں کے ساتھ ساتھ امیدواروں کے تجربے اور مہارتوں کو بھی ملحوظ خاطر رکھا جائے گا

- ☆ کمپنی کی جانب سے غیر انتظامی ڈائریکٹرز کو مشاہرے کی ادائیگی بطور تنخواہ نہیں کی جائے گی بلکہ بورڈ یا اس کی کسی کمیٹی کے اجلاس میں شرکت کے عوض انہیں فیس ادا کی جائے گی۔
- ☆ بورڈ یا بورڈ کی کمیٹیوں کے اجلاس میں شرکت کیلئے ڈائریکٹر وں کو ادا کی جانے والی فیس کا تعین وقت کی مناسبت سے بورڈ آف ڈائریکٹرز کی منظوری کے ساتھ کیا جائے گا۔
- ☆ انسانی وسائل وادائیگیوں کی کمیٹی ڈائریکٹرز کی بورڈ یا بورڈ کی کمیٹیوں کے اجلاس میں شرکت کے مشاہرے کا تعین اور اس سے متعلق سفارشات پیش کرے گی جو کے وقتا فوقتا بورڈ کی منظوری سے مشروط ہو گا۔ غیر انتظامی ڈائریکٹرز کا مشاہرہ ان کی بورڈ یا بورڈ کی کمیٹیوں کے

اجلاس میں حقیقی حاضری سے منسلک ہو گا۔

- ☆ ڈائریکٹرز کو کمپنی کے بورڈ آف ڈائریکٹرز، بورڈ کی کمیٹیوں کے اجلاسوں یا کمپنی کے سالانہ اجلاس عام میں شرکت کیلئے کئے جانے والے سفری، قیام اور دیگر اخراجات کی ادائیگی کی جائے گی۔

- ☆ کوئی بھی ڈائریکٹر اگر کوئی ایسی خدمات سر انجام دے جو کہ بورڈ کی رائے میں قانوناً ڈائریکٹرز

کی ذمہ داری نہیں ہے تو اس صورت میں ایسے ڈائریکٹر کو اضافی مشاہرہ بھی ادا کیا جاسکتا ہے

ڈائریکٹرز کے مشاہرے سے متعلق تفصیلات

کمپنی کا صرف ایک ہی انتظامی ڈائریکٹر ہے جو کہ کمپنی کا چیف ایگزیکٹیو ہے۔ ذیل میں دوران سال کمپنی کے چیف ایگزیکٹیو کو ادا کئے گئے مشاہرے سے متعلق تفصیلات درج کی جارہی ہیں:

	2022	2021
	-----	روپے ہزاروں میں -----
مشاہرہ	13,200	13,200
گھر کا کرایہ	3,600	3,600
پولیٹیز	1,200	1,200
بونس	2,700	2,700
دیگر فوائد	1,500	1,500
	<u>22,500</u>	<u>22,200</u>

کسی بھی غیر انتظامی ڈائریکٹر کو کوئی مشاہرہ ادا نہیں کیا گیا ماسوائے اجلاسوں میں شرکت کی فیس کے جو 1.41 ملین روپے بنتی ہے(2021میں یہ فیس 1.41 ملین روپے تھی)۔

اہم رسک اور غیر یقینی صورتحال

ہر کاروبار کو کئی قسم کے خطرات اور غیر یقینی صورتحال کا سامنا رہتا ہے، اگر ان مسائل سے مناسب انداز سے نہ نمٹا جائے تو یہ کمپنی کیلئے سنجیدہ مسائل اور نقصانات کا باعث بن سکتے ہیں۔ کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کو لاحق ممکنہ اندرونی اور بیرونی خطرات کی باقاعدہ نگرانی کی جاتی ہے اور ان کا گہرائی کے ساتھ تجزیہ بھی کیا جاتا ہے۔

ذیل میں ایسے چند خطرات کا ذکر کیا جا رہا ہے جن سے کمپنی کو سابقہ رہتا ہے۔

- ☆ تیزی سے ترقی کرتی ہوئی ٹیکنالوجی کمپنی کیلئے قومی اور بین الاقوامی سطح پر تقابل ایک بڑا چیلنج ہے؛

- ☆ بین الاقوامی محاذ آرائی کی وجہ سے برآمدات پر مبنی فروخت میں کمی (امریکہ /چین تجارتی محاذ آرائی، یوکرین / روس جنگ) اور عالمی سطح بشمول خطے میں بڑھتی ہوئی مسابقت کے ساتھ ساتھ عالمی بحری ترسیل میں حائل رکاوٹیں؛

- ☆ کپاس کی درآمد پر کسٹم ڈیوٹی /ریگولیٹری ڈیوٹی کے نفاذ کی وجہ سے خام مال کی لاگت میں اضافہ؛
- ☆ لاگت تبادلہ کا بڑھتا ہوا رجحان، فیول /گیس کی بڑھتی ہوئی قیمتوں کی وجہ سے توانائی کی بڑھتی قیمت اور افراط زر کے دیگر اثرات؛

- ☆ کابنور کی بڑھتی ہوئی شرح اور نتیجتاً معمولی لاگت میں اضافہ؛
- ☆ غیر معین محصولات کا نفاذ بشمول پُر ٹیکس /غربت کے خاتمے کا ٹیکس؛
- ☆ درآمد شدہ سوت پر سے کسٹم ڈیوٹی /ریگولیٹری ڈیوٹی کا خاتمہ جس سے درآمدی سوت کی سستی دستیابی؛
- ☆ اور افراط زر کی بڑھتی ہوئی شرح عام آدمی کی قوت خرید کو متاثر کرتی ہے جس کے سبب کمپنی کی مصنوعات کی مانگ میں بھی کمی واقع ہوتی ہے۔

کاروبار کی نوعیت میں تبدیلی

زیر نظر مالی سال کے دوران کمپنی سے متعلق بنیادی کاروباری افعال میں کوئی قابل ذکر تبدیلی واقع نہیں ہوئی ہے۔

ترتیب حصص داری

ترتیب حصص داری بتاریخ 30جون 2022 اور دیگر اضافی معلومات کو آپ کی کمپنی کی سالانہ رپورٹ کا حصہ بنا دیا گیا ہے۔ منسلکہ کمپنیاں اور پبلک سیکٹر کمپنیاں 69.57 فیصد، بینک /انشورنس کمپنیاں /میوچل فنڈز 10.08 فیصد، ڈائریکٹرز 0.07 فیصد اور انفرادی طور پر افراد 20.28 فیصد حصص کے مالک ہیں۔

قرضوں کی ادائیگیاں

آپ کی کمپنی میں ایک مؤثر حکمت عملی برائے ترسیل نقد رقوم موجود ہے جس کے تحت وصول اور خرچ کی جانے والی نقد رقوم کی باقاعدگی کے ساتھ کڑی نگرانی کی جاتی ہے۔ اس جامع حکمت عملی کی وجہ سے آپ کی کمپنی اپنے واجبات کی ادائیگی میں ہمیشہ مستعد ثابت

ہوئی ہے اور امید ہے کہ اس سلسلے میں کسی بھی چیلنج سے نبرد آزما ہونے کیلئے آپ کی کمپنی ہمہ وقت تیار ہے۔ مژکورہ بالا نظام کے تحت آپ کی کمپنی کی ہمیشہ یہ کوشش رہی ہے کہ معمولی لاگت ایک معقول حد سے آگے نہ بڑھ پائے، اس مقصد کے حصول کیلئے ذرائع تمویل میں ایک مناسب امتزاج اور مالیات کے مؤثر انتظام کو ترجیح دی جاتی ہے۔

کمپنی کی یہ روایت رہی ہے کہ اپنے ذمے واجب الادا واجبات کو بروقت ادا کیا جائے اور اسی مناسبت سے کمپنی کی تاریخ بشمول سال رواں میں کبھی ایسا نہیں ہوا کہ کمپنی کو اپنی ادائیگیوں کے سلسلے میں ناodobندہ قرار دیا گیا ہو۔

مؤثر اندرونی مالیاتی کنٹرول

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے ایک مؤثر اندرونی مالیاتی نظام مرتب کیا گیا ہے۔ اس نظام کے تحت تمام کاروباری امور کو مستعد اور مؤثر انداز سے چلایا جاتا ہے اور اس بات کو ممکن بنایا جاتا ہے کہ کسی بھی قسم کی بدعنوانی، فریب اور غلطیوں کی نشاندہی کی جاسکے اور ان کا تدارک بھی کیا جائے، کمپنی کے اثاثوں کی حفاظت کو ممکن بنایا جائے، تمام قواعد و ضوابط کی پاسداری کو ممکن بنایا جائے، محاسبی کے تمام کھاتے ہر لحاظ سے مکمل اور صحیح ہوں اور بروقت ایسی مالیاتی دستاویزات تیار کی جائیں جو معاملات کی حقیقی عکاس ہوں۔ اندرونی مالیاتی نظام پر وقتاً فوقتاً نظر ثانی کی جاتی ہے تاکہ اس بات کو ممکن بنایا جاسکے کہ نظام مؤثر انداز سے کام کرنے کے ساتھ ساتھ نئے نئے قوانین و ضوابط کی روشنی میں وقت کے تقاضوں پر بھی پورا اتر رہا ہے۔

صحت، حفاظت اور ماحولیات

ملک کے ایک معروف گروپ سے منسلک ہونے کے ناطے، ہم نہ صرف اپنے ملازمین کی صحت اور حفاظت کے بارے میں خود کو ذمہ دار سمجھتے ہیں بلکہ ان لوگوں کی ذمہ داری کا احساس بھی کرتے ہیں جو ہمارے کارخانوں کے ارد گرد آباد ہیں۔ مزید برآں،ماہر طبی عملے کے ساتھ اس مقصد کیلئے ایک کلینک /ڈسپنسری وقف شدہ ہے جہاں بوقت ضرورت مستند ادویات فراہم کی جاتی ہے۔

ہم اپنی صنعت سازی کے عمل کے دوران بھی اس بات کو مکمل طور پر یقینی بناتے ہیں کہ ہماری صنعت سازی میں ماحولیات کے تمام معیارات کا مکمل خیال رکھا جائے۔ ویسٹ ہیٹ ریکوری پلانٹ، صاف پانی کی فراہمی کے لئے آر او پلانٹ اور گرین انرجی پروجیکٹس میں کی جانے والی سرمایہ کاری اس کی مثالیں ہیں۔ ہمارے پیداواری عمل کے دوران مضر و فاضل مادوں کا اخراج نہیں کیا جاتا۔ تا ہم خارج ہونے والے فاضل مادوں کو ٹھکانے لگانے کیلئے ہماری جانب سے ایک مؤثر نظام نافذ العمل ہے۔

مزید برآں، معاشرے پر کووڈ-19 کے اثرات کا مقابلہ کرنے کی سعی میں، کمپنی نے تمام بس اوپریز کی مکمل پاسداری کی ہے۔ اس کے علاوہ موجودہ سال اپنے ملازمین کی صحت اور حفاظت کے لئے تمام مقنلات پر ویکسینیشن مہم کا اہتمام کیا گیا۔

لاگت برائے پیداوار کو معقول حد تک رکھنے کیلئے انتظامیہ کی جانب سے دانش مندی کے ساتھ مقامی اور درآمد شدہ کاٹن کو مناسب استخراج کے ساتھ خرید اگیل۔ تاہم ماہ بعد وہاں مالی سال میں عالمی معاشی سرگرمیوں میں تیزی، سلسلہ تر سیل میں حائل رکاوٹوں، روپے کی گرتی ہوئی قدر اور مقامی اور بین الاقوامی منڈیوں میں ٹیکسٹائل مصنوعات کی طلب میں اضافے کے باعث خام مال بلخصوص کپاس کی قیمتوں میں تیزی سے اضافہ ہوا۔ تاہم، کپاس پر انحصار کو کم کرنے کی خاطر انتظامیہ کی جانب سے مصنوعی ریشے کے استعمال میں اضافہ کیا گیا۔

جہاں تک توانائی کا تعلق ہے کمپنی اس بات کے لئے کوشاں ہے کہ بجلی کی زیادہ سے زیادہ پیداوار ایندھن کے سستے ذرائع کو استعمال میں لاتے ہوئے کی جائے مثلاً فرنس آئل کے بجائے قدرتی گیس اور موثر جنریٹرز سے زیادہ سے زیادہ استفادہ حاصل کیا جائے۔ تاہم گیس کی قیمتیں یکم اکتوبر 2021 سے 819 روپے فی ایم ایم بی ٹی یو سے بڑھا کر اب 852 روپے فی ایم ایم بی ٹی یو کی جاچکی ہیں اور ساتھ ہی ساتھ دسمبر 2021 سے گیس کی فراہمی میں اچانک اور بغیر کسی اطلاع کے تخفیف اور تعطل کر دیا جاتا ہے جس نے توانائی کی مجموعی لاگت پر گہرا اثر ڈالا ہے۔

لاگت برائے ترسیل مال میں بھی اضافہ ہوا جسکی وجوہات میں برآمدات میں اضافہ، عالمی سطح پر تیل کی بڑھتی قیمتوں اور بحری ترسیل میں حائل رکاوٹوں کے باعث مقامی اور غیر ملکی سطح پر مال برداری کے اخراجات میں اضافہ ہوا ہے۔ مزید برآں، سال رواں کے دوران بڑھتی ہوئی شرح افراط زر کے باعث نہ صرف معیشت دباؤ کا شکار رہی، بلکہ کمپنی کے انتظامی اخراجات پر بھی گہرا اثر پڑا، نتیجتاً گزشتہ سال کے اسی عرصے کے مقابلے میں رواں برس ان اخراجات میں اضافہ ہوا۔

مالی سال کے دوران کمپنی کی جانب سے اپنے کاروباری سرمائے کی گردش (ورکنگ کیپٹل سائیکل) کو موثر اور منظم انداز سے بروئے کار لایا گیا۔ باوجود اس امر کے کہ شرح کٹوتی کو 7 فیصد سے بڑھا کر سال کے آخر تک 13.75 فیصد کر دیا گیا، کمپنی اپنی تنویدی لاگت کو 13.44 فیصد سے کم کرنے میں کامیاب رہی۔

رواں مالی سال معاشی سرگرمیوں میں مجموعی طور پر مستعدی آنے سے کمپنی کو مختلف النوع ذرائع میں کی جانے والی سرمایہ کاری سے حاصل ہونے والی آمدن میں بھی خاطر خواہ اضافہ ہوا جو کہ گزشتہ مالی سال کی نسبت 436.32 ملین روپے سے بڑھ گئی، جس کے سبب نہ صرف کمپنی کی قدر میں اضافہ ہوا، منفعت کو استحکام ملا بلکہ کمپنی کے کسی خاص شعبے پر انحصار کے خدشات بھی محدود ہو گئے۔

رواں مالی سال کمپنی نے ریکارڈ ٹوڑ نفع حاصل کیا جس کے باعث محصولات میں بھی نمایاں اضافہ ہوا جو کہ گزشتہ برس کی نسبت 144.82 فیصد سے بڑھ کر 1.20 ارب روپے ہو گئے۔

لہذا، کمپنی کا خالص نفع گزشتہ مالی سال کی نسبت اس مالی سال میں 2.18 ارب روپے سے زیادہ درج کیا گیا۔

مختلف شعبوں میں کاروباری کارکردگی کا جائزہ

آپ کی کمپنی میں کاروباری افعال کو بنیادی طور پر تین شعبوں میں منقسم کیا گیا ہے:

سوت کٹائی کا شعبہ: سوت سازی اور فروخت

بنائی کا شعبہ: کپڑے کی بنائی اور بنی ہوئی چادروں کی فروخت

غیر مختص شعبہ جات بشمول دودھ کی پیداوار و فروخت

	سوت کٹائی	بنائی	سوت کٹائی	بنائی
	2022		2021	
	روپے ہزاروں میں			
آمدن	49,019,296	5,396,825	38,275,367	2,411,173
منافع قبل از ٹیکس	4,891,007	833,672	2,955,352	380,119

دوران سال دونوں رپور ٹبلز شعبہ جات نے بلحاظ محاصل اور بلحاظ آمدن قابل قدر کارکردگی دکھائی ہے۔

اہم ترین سرمایہ کاری کی نوعیت

رواں مالی سال میں کمپنی نے سرمایہ کاری کی حکمت عملی کے تحت ٹرائی کوم سولر پاور (پرائیویٹ) لمیٹڈ میں بذریعہ ذیلی قرضہ مزید 0.36 ملین روپے کی سرمایہ کاری کی ہے۔

اس سے قبل، کمپنی اپنے حصص داران سے مورخہ 13 اپریل، 2018 کو ٹرائی کوم سولر پاور (پرائیویٹ) لمیٹڈ اور یونس ونڈ پاور لمیٹڈ میں سرمایہ کاری کی منظوری حاصل کر چکی تھی۔ سابقہ منظوری کے ابتدائی 12 ماہ کے بعد ان منظوریوں کی معیاد کے اختتام پر، کمپنی نے بتاریخ 20 مارچ 2019 کو منعقدہ غیر معمولی اجلاس عام میں حصص داران سے سرمایہ کاری کی مدت میں توسیع کی منظوری حاصل کی جو کہ 4 سال کا عرصہ یا پروجیکٹ کے کمرشل آپریشن کے حصول تک ہے (جو بھی بعد میں وقوع پزیر ہو)۔

بورڈ آف ڈائریکٹرز کی ترتیب

بتاریخ 30 جون 2022 سے بورڈ آف ڈائریکٹرز درج ذیل پر مشتمل ہے

ڈائریکٹرز کی کل تعداد		
(الف) مرد	06	
(ب) خواتین	01	
ترتیب		
(الف) خود مختار ڈائریکٹرز	02	
(ب) دیگر غیر انتظامی ڈائریکٹرز	03	
(ج) انتظامی ڈائریکٹر	01	
(د) خواتین غیر انتظامی ڈائریکٹرز	01	

ڈائریکٹر کا انتخاب	آؤٹ کمیٹی	
آپ کی کمپنی میں بورڈ آف ڈئریکٹرز کا انتخاب مورخہ 18 مارچ 2022 کو منعقد کیا گیا۔ مندرجہ ذیل ڈئریکٹرز کو تین سال کی مدت کے لئے منتخب کیا گیا ہے:	سید محمد شبّر زیدی	صدر
	جناب معین ایم فدا	رکن
	جناب محمد علی دبہ	رکن
جناب محمد یونس دبہ	جناب جاوید یونس دبہ	رکن
غیر انتظامی ڈائریکٹر / صدر		

جناب محمد سہیل دبہ	انسانی وسائل و ادائیگیوں کی کمیٹی	
انتظامی ڈائریکٹر / چیف ایگزیکٹو آفیسر	جناب معین ایم فدا	صدر
	جناب جاوید یونس دبہ	رکن
	محترمہ ذلیحہ دبہ مسکاتیہ	رکن

جناب محمد علی دبہ	آؤٹ کمیٹی	
غیر انتظامی ڈائریکٹر	جناب محمد علی دبہ	صدر
	جناب محمد سہیل دبہ	رکن
	جناب جاوید یونس دبہ	رکن
محترمہ ذلیحہ دبہ مسکاتیہ	سید محمد شبّر زیدی	رکن
غیر انتظامی ڈائریکٹر		

سید محمد شبّر زیدی		
خود مختار ڈائریکٹر		

ڈائریکٹر رپورٹ برائے ممبران

عزیز ممبران

آپ کی کمپنی کے ڈائریکٹرز انتہائی مسرت کے ساتھ 30 جون 2022 کو ختم ہونے والے مالی سال سے متعلق مالیاتی نتائج آپ کی خدمت میں پیش کر رہے ہیں۔

جائزہ

آپ کی کمپنی بنیادی طور پر سوتی دھاگے اور بنے ہوئے کپڑے کی مصنوعات کی تیاری و فروخت کے ساتھ دودھ کی پیداوار اور فروخت کے کاروبار سے منسلک ہے۔ اپنے صارفین کو سہولیت فراہم کرنے اور لاگت کے اثرات کو کم از کم سطح پر رکھنے کی غرض سے کمپنی کی جانب سے ایک حکمت عملی کے تحت اپنی صنعت سازی کے عمل کو شمالی اور جنوبی جغرافیائی محل وقوع میں منقسم کر رکھا ہے۔

اللہ کے فضل و کرم سے زیر نظر مالی سال کے دوران کمپنی نے اپنے کاروباری افعال بشمول طویل مدتی سرمایہ کاری سے حاصل ثمرات کی بدولت متاثر کن نتائج حاصل کئے ہیں۔ مقامی اور بین الاقوامی سطح پر مساوی صنعتوں سے زبردست مسابقت کے باوجود آپ کی کمپنی گزشتہ مالی سال کے مقابلے میں 33.70 فیصد اضافے کے ساتھ 54.83 ارب روپے کی خالص فروختگی حاصل کرنے میں کامیاب رہی جو کہ کاروباری افعال کے آغاز سے اب تک کی بلند ترین ہے جس کی بنیادی وجہ سوت کی قیمت فروخت میں آنے والی تیزی بشمول بنائی کے شعبے کی بین الاقوامی سطح پر اپنی موجودگی کا تاثر اور صارفین کی تعداد میں اضافہ ہے۔

مالی سال کی آخری سہ ماہی کے دوران روپے کی قدر میں تخفیف کے باعث درآمدی خام مال کی قیمتوں میں خاطر خواہ اضافہ ہوا۔ مزید برآں، بین الاقوامی سطح پر کپاس کی بڑھتی ہوئی قیمتوں اور سلسلہ تر سیل (سپلائی چین) میں حائل دشواریوں کے ساتھ ساتھ صنعتوں کو گیس کی فراہمی میں قفل، بڑھتا ہوا سیاسی عدم استحکام اور غیر یقینی محصولات کے نفاذ جیسے عوامل نے صنعتوں کے لئے اپنے کاروباری افعال کا طویل مدتی نقطہ نظر سے جائزہ لینا دشوار کر دیا ہے۔ تاہم باوجود مذکورہ رکاوٹوں کے، کمپنی کی انتظامیہ کی انتھک اور متواتر کاوشوں اور اسکے ساتھ ساتھ مصنوعات کے بہترین امتزاج کی بدولت آپ کی کمپنی گزشتہ مالی سال کے 3.53 ارب روپے کے مقابلے میں اس مالی سال میں 5.71 ارب روپے کا ریکارڈ توڑ خالص منافع حاصل کرنے میں کامیاب رہی

معاشی منظر نامہ

مالی سال 2022 کا آغاز مثبت رجحان سے ہوا اور مجموعی اقتصادی نمو کے امکانات کافی واضح دکھائی دینے کے ساتھ ساتھ کلاں - معاشیات (میکرو ایکینامک) کے تمام اشاریے بھی مثبت

عکاسی کر رہے تھے۔ تاہم، مالی سال کی ششماہی کے دوران معاملات میں غیر معمولی تبدیلیاں واقع ہوئیں جن میں سیاسی عدم استحکام، عالمی سطح پر تیل کی قیمتوں میں تیزی کی وجہ سے افراط زر کی بڑھتی ہوئی شرح، روپے کی قدر میں اچانک کمی، خانگی سطح پر طلب میں اضافہ، رسد میں حائل رکاوٹوں کے ساتھ ساتھ زر مبادلہ کے ذخائر میں کمی جیسے عوامل کے باعث حکومت ایسے اقدامات لینے پر مجبور ہو گئی جس سے اقتصادی نمو کی رفتار میں کمی آئی جیسے کے درآمدات میں کمی (چند اشیاء کی درآمدات پر نقد مارجن کا اطلاق اور مخصوص اشیاء کی درآمدات پر پابندی کے ذریعے) اور شرح کٹوتی (ڈسکاؤنٹ ریٹ) کو 15 فیصد تک بڑھا دیا گیا جن سے نہ صرف درآمدات کی حوصلہ شکنی ہوئی بلکہ مجموعی طور پر صارفین کے اخراجات میں کمی آئی، لہذا، ادائیگیوں کا توازن برقرار رکھنے اور افراط زر کو بھی قابو میں رکھنے میں مدد ملی ہے۔

بین الاقوامی سطح پر جہاں بڑی معاشی طاقتوں کے لئے بھی افراط زر ایک پریشان کن چیلنج بنا ہوا ہے وہاں روس یوکرین جنگ نے بھی مجموعی اقتصادی بڑھوتری کو بری طرح متاثر کیا ہے۔

سال رواں کے دوران، درآمدی بلوں میں 42.21 فیصد کا (بلحاظ امریکی ڈالر) نمایاں طور پر اضافہ ہوا جو کہ گزشتہ مالی سال کے اسی عرصے کے 56.38 ارب امریکی ڈالر کے مقابلے میں بڑھ کر 80.18 ارب امریکی ڈالر ہو گئے جس کی بنیادی وجہ توانائی کی درآمد پر آنے والی لاگت کے بڑھنے کے ساتھ ساتھ زرعی، کیمیائی اور دھاتی اشیاء کی بڑھتی ہوئی درآمدات ہے۔ گزشتہ مالی سال کے اسی عرصے کے مقابلے میں ملکی برآمدات میں ہونے والے 25.64 فیصد کے اضافے جن میں بنیادی طور پر ٹیکسٹائل شعبے بطور خاص ویلیو-ایڈڈ مصنوعات کی برآمدات شامل ہیں اور ساتھ ہی ساتھ ترسیلات زر کے 6.07 فیصد اضافے (دونوں بلحاظ امریکی ڈالر) نے زر مبادلہ کے ذخائر پر بڑھتی ہوئی درآمدات کے اثرات کی تلافی میں کچھ حد تک سہارا دیا

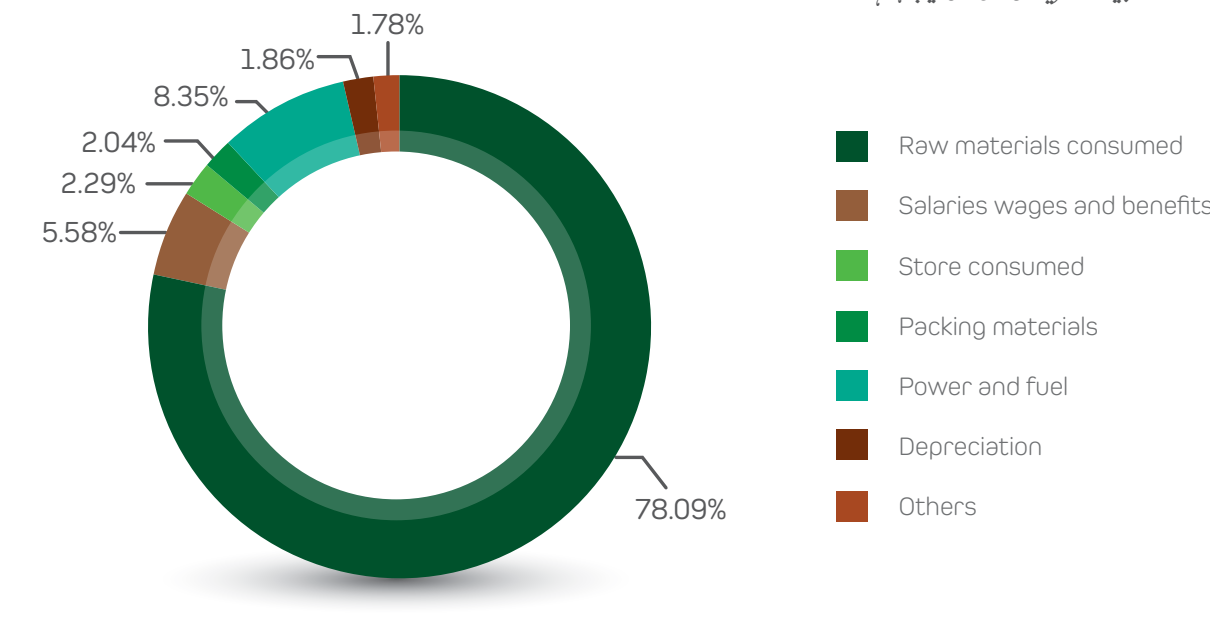
مالیاتی کارکردگی

زیر نظر مالی سال اختتامیہ 30 جون 2022 سے متعلق کمپنی کے اہم مالیاتی نتائج کا موازنہ ذیل میں پیش خدمت ہے:

خلاصہ برائے نفع و نقصان	June 30, 2022	June 30, 2021	ثابت / (منفی) فیصد
	روپے ہزاروں میں		
براہ راست برآمدات	12,795,923	8,894,336	43.87
بالواسطہ برآمدات	22,350,813	14,999,436	49.01
مقامی فروختگی	19,681,411	17,116,069	14.99
فروختگی (صافی)	54,828,147	41,009,841	33.70
خام منافع	8,341,237	4,975,580	67.64
لاگت برائے ترسیل مال	1,486,957	633,224	(134.82)
لاگت برائے انتظامی امور	361,976	314,810	(14.98)
تمویلی لاگت	426,280	285,064	(49.54)
دیگر آمدن	546,221	631,061	13.44
منافع قبل از ٹیکس	1,398,263	914,679	52.87
منافع بعد از ٹیکس	6,918,066	4,026,100	71.83
آمدن فی حصص (روپے)	5,713,572	3,534,101	61.67
	203.84	126.08	

زیر نظر سال کے دوران بنی ہوئی چادروں کی برآمدات میں بھی زبردست اضافہ دیکھنے میں آیا اور بین الاقوامی سطح پر صارفین کی تعداد میں اضافے کے باعث گزشتہ مالی سال کے اسی عرصے کے مقابلے میں برآمدات میں 152.75 فیصد کا اضافہ ہوا۔ تاہم، مقامی منڈیوں میں سوت کی طلب اور منافع کی بہتر شرح کو مد نظر رکھتے ہوئے آپ کی کمپنی نے برآمدات کے بجائے مقامی فروختگی کو ترجیح دی جس کے باعث درآمدات کا تناسب گزشتہ مالی سال کی سطح پر رہا۔ مجموعی طور پر سوت کی مقامی فروختگی میں گزشتہ سال کے اسی عرصے کے مقابلے میں 30.88 فیصد کا اضافہ ہوا جس کی بنیادی وجہ سوت کی قیمت فروخت میں تیزی آتا ہے۔

لاگت برائے پیداوار کا تجزیہ ذیل میں پیش کیا جا رہا ہے:



لاگت برائے پیداوار کا اہم جز خام مال پر مشتمل ہے جو 78.09 فیصد بنتا ہے اور اس کے بعد توانائی کے اخراجات 8.35 فیصد ہیں جسے قابو میں رکھنا ہمیشہ سے انتظامیہ کے لئے تشویش کا باعث رہا ہے۔



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