



**COLONY**  
TEXTILE MILLS  

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L I M I T E D

**ANNUAL REPORT**  
**2022**



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

**COLONY TEXTILE MILLS LIMITED**  
**ACCOUNTS FOR THE YEAR**  
**ENDED**  
**JUNE 30, 2022**

## Vision



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

## Mission



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

## Business Ethics and Practices

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

### HUMAN RESOURCE DEVELOPMENT

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

### SOCIAL AND COMMUNITY COMMITMENTS

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

### RISK MANAGEMENT

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

### TRANSPARENT FINANCIAL POLICIES

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

### CORPORATE GOVERNANCE

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

### MARKETING AND INDUSTRY PRACTICES

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

## Contents

Company Information	5
Notice of Annual General Meeting	7
Chairman's Review	9
Directors' Report to the Members	10
Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019	18
Review Report on Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019	20
Independent Auditors' Report	21
Statement of Financial Position	26
Statement of Profit or Loss	28
Statement of Comprehensive Income	29
Statement of Cash Flows	30
Statement of Changes in Equity	31
Notes to the Financial Statements	32
Consolidated Independent Auditors' Report	66
Consolidated Statement of Financial Position	70
Consolidated Statement of Profit or Loss	72
Consolidated Statement of Comprehensive Income	73
Consolidated Statement of Cash Flows	74
Consolidated Statement of Changes in Equity	75
Consolidated Notes to the Financial Statements	76
Pattern of Shareholding Report	108
Financial Highlights	113
ڈائریکٹرز رپورٹ	122
Form of Proxy	123

## Company Information

### Board Of Directors

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

### Board Committees

#### Audit Committee

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

#### HR & Remuneration Committee

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

### Other Management Committees

#### Executive Committee

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

#### Technical Committee

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

#### Finance Committee

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

### Social Compliance & Human Resource Committees

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

## Company Information

### Chief Financial Officer

Mr. Atta Mohyuddin Khan

### Company Secretary

Mr. Muhammad Tayyab

### Auditors

Tariq Abdul Ghani Maqbool & Co.  
Chartered Accountants

### Legal Advisor

BNR  
Advocates and Corporate Counsel

### Tax Advisor

Riaz Ahmad & Company  
Chartered Accountants

### Registered Address

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

### Share Registrar

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

### Bankers

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

## Notice of Annual General Meeting

Notice is hereby given that the 12<sup>th</sup> Annual General Meeting of Colony Textile Mills Limited will be held on Thursday, October 27, 2022 at 10:00 hours at Ismail Aiwan-e-Science Building, 205-Ferozepur Road, Lahore to transact the following business:

1. To confirm the minutes of 11<sup>th</sup> Annual General Meeting held on October 28, 2021.
2. To receive, consider and adopt the Annual Audited Un-consolidated and Consolidated Financial Statements of the Company for the year ended June 30, 2022 together with Directors' and Auditors' Reports thereon.
3. To appoint the Company's Auditors and to fix their remuneration for the next Financial Year 2022-23.
4. Any other business with the permission of Chairman.

By Order of the Board

Muhammad Tayyab  
Company Secretary

Lahore:  
October 05, 2022

### NOTES:

- i. The Share Transfer Books of the Company will remain closed from October 20, 2022 to October 27, 2022 (both days inclusive). Physical transfers / CDS Transaction IDs received at the Company's Share Registrar, M/s. Hameed Majeed Associates (Private) Limited, H.M. House, 7-Bank Square, Lahore, at the close of business on October 19, 2022 will be considered in time to determine voting rights of the shareholders for attending the meeting.
- ii. A member eligible to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote. In case of a corporate entity, votes may be given through attorney or proxy. In both cases the instrument of proxy duly completed, must reach to the Registered Office of the Company not later than 48 hours before the time of holding Annual General Meeting.
- iii. Pursuant to the clarification issued by Securities and Exchange Commission of Pakistan (SECP) vide its letter no. SMD/SE/2(20)/2021/117 dated December 15, 2021, facility of Video Link is being offered to shareholders to attend/participate in Annual General Meeting. To attend the General Meeting through video link, members and proxies are requested to register their particulars such as Name, CNIC Number, Folio/CDC Account Number, Cell Number and eMail Address by sending an e-mail at [corporate@colonytextiles.com](mailto:corporate@colonytextiles.com) at earliest but not later than 48 hours before the Meeting time.  
The video link and login credentials will be shared with the shareholders whose e-mails, containing all the requested particulars, are received in time as mentioned above. The shareholders are also encouraged to send their comments / suggestions, related to the agenda items of the General Meeting on the above-mentioned e-mail address.
- iv. The Annual Report is being transmitted to shareholders in the form of DVD instead of sending it in Book form in terms of SRO No. 470(I)/2016 dated May 31, 2016 and is also available at website of the Company at [www.colonytextiles.com](http://www.colonytextiles.com). Any Member requiring printed copy of Annual Report may send request using a standard Request Form placed on the Company's website, the Company will provide the printed copy of Accounts to such member free of cost within one week of such demand.



## Notice of Annual General Meeting

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

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

-----  
Signature of shareholder

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

## CHAIRMANS' REVIEW

The Board of Directors of Colony Textile Mills Limited consists of:

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

I am pleased to present the report on the overall performance of the board and effectiveness of its role in achieving the company's objectives as well as ensuring overall compliance of Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations 2019. I would take this opportunity to invite you for the Annual General Meeting of the company.

The board members are aware of the high level of ethical and professional standards laid down in our Mission and Vision Statements which are adopted by the company and fully support the same in attaining the objectives detailed there in. While leading the board, I have ensured it, so that it maximizes value for the company in all spheres.

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

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

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

During the financial year 2021-22, the board met five times. These meetings were conducted as per best practices and complying with all the regulatory requirements. In order to achieve the corporate objective, the board strictly monitored the performance of the sub committees to get maximum output. The board also monitored the quality standards of the company's products, compliance with best corporate practices and governance, stable and continual growth, encouraging diversity and ethical behavior and development of skills to attain advancement and excellence. The board is also well aware of its responsibilities for health safety and environment. We are very much satisfied with our efforts towards corporate social responsibility and are motivated to further extend it.

The board strictly adhered to the guidelines issued by the corporate regulators while conducting the general and board meetings, publication of notices circulation of minutes and organizing CAB session for investor community.

On behalf of the Board, I would like to express our sincere gratitude to the company's employees at all levels for their dedicated efforts and efficiency. We wish to put on record our thanks for the cooperation and support extended by the shareholders, the company's banks, customers and suppliers of the company and hope their support will continue in the future with same spirit.



Mughis A. Sheikh  
 Chairman  
 October 05, 2022

## Directors' Report to the Members

On behalf of the Board of Directors, I present before you the annual report of the company along with audited financial statements for the year ended June 30, 2022. In compliance with the Code of Corporate Governance, these financial statements have been endorsed by the Chief Executive Officer and Chief Financial Officer of the company, recommended for approval by the Audit Committee of the Board and approved by the Board of Directors for presentation.

Your company has achieved sales of Rs. 30,817 million as compared to the last year sales of Rs. 25,469 million. The gross profit for the year is Rs. 2,884 million against previous year's gross profit of Rs. 2,229 million. The bottom line showed a net profit of Rs. 286 million with earnings per share of Rs 0.57 as compared to the net profit of Rs. 748 million with earnings per share of Rs. 1.50 for the last year.

The first three quarters were fairly good for the whole textile chain and most of the mills made handsome earnings but as we have been saying repeatedly in the past, due to our financial limitations and lack of banking lines, we were not able to fully exploit the opportunity. Though our results were healthy but not in line with companies our size.

There were very high hopes with the recovery of global economy after respite from Covid-19 pandemic but all hopes were shattered with massive demand destruction and high rate of inflation. All sectors were hit badly as there was drastic reduction in demand, causing build-up in finished goods inventories and uncontrolled highs in input costs. Matters were made much worse for Pakistan as this situation was coupled with major political uncertainty, unprecedented surge in interest rates, massive devaluation and across the board rise in all input costs including utilities. Catastrophic floods raised havoc across the country and not only caused large human loss but destroyed significant infrastructure and crops, especially cotton crop.

Though your company achieved the highest ever turnover figure of its history but it was only because of increase in input costs and devaluation. The markets became very resistant to absorbing complete cost increase and the results have been quite troublesome. Not only did your company suffer loss for the last quarter but a significant portion of profits made in the last three quarters was also eroded.

The matters kept on worsening in the textile markets globally and in Pakistan especially. Most of the textile mills have either shutdown their partial capacities or completely closed. In order to minimize losses your company also curtailed some capacities in the last quarter but as the matters have gotten even worse, further curtailment has taken place in the subsequent months.

Although Pakistan's economy has always had a volatile growth pattern with regular boom and bust cycles but this might be one of the worst times in the history of our country.

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

### SPINNING SEGMENT

Spinning sector's performance in the first three quarters were fairly satisfactory. Though the local consumption sector stayed under significant pressure throughout the year; due to ever increasing cost of living, the direct/in-direct export sector was performing very well to mitigate local market losses.

Towards the end of third quarter the global markets also started contracting and prices started crashing. This sentiment further weakened the local market. On one side the cost of production was rising phenomenally and on the other the product prices were falling due to domestic and international turmoil and uncertainty.

Alarming market situation continues into the new year. With lack of demand and high cost of production there continues to be an immense pressure on yarns of all types and counts.

### WEAVING SEGMENT

Weaving segments performance has been no different than that of the spinning segment. As we are producing fabrics for domestic as well export markets, both segments had their own share of concerns throughout the year. The situation also got further aggravated towards the last quarter.

## Directors' Report to the Members

With ever increasing and uncertain input costs and volatile currency situation, it has become extremely difficult to price products. Matters are made worse in the absence of requisite bank lines as it is not possible to take any view on materials.

### REAL ESTATE SEGMENT

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

### STITCHRITE (PRIVATE) LIMITED-A WHOLLY OWNED SUBSIDIARY

This wholly owned subsidiary has started its operations during the year and Colony Textile Mills Limited has increased the paid up capital of subsidiary from Rs. 100 million to Rs. 130 million during the year.

The market has been quite supportive towards our products and we hope for a very promising future. Our garments are being exported mainly to Europe and customers have shown a keen interest in working and growing with us.

### DIRECTORS' LOAN

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

### DIVIDEND

Considering the financial results of the company for the year ended June 30, 2022 the management has not recommended any dividend in this year.

### NON FINANCIAL PERFORMANCE

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

### FUTURE OUTLOOK

The few months that have passed in the current year have been very tough. The raw material supplies in the pipeline are very expensive and the input costs are at an all time high but due to global uncertainties markets lack any interest and fresh prices for raw materials are tumbling. Due to floods local cotton crop has been badly damaged and trading at an abnormally high price. Interest rates, utility prices and volatility in currency rates has made markets very shaky and prey to exploitation.

We see this situation lasting till commodity and raw materials settle at pre-covid levels and demand starts being generated again. Global political situation is also creating a major obstacle in taming the situation and new circumstances shake the market on regular basis.

Domestic market is hostage to the ever increasing cost of living and political turmoil. Rumors and speculations shake the market everyday and it is hard to visualize any revival before there is stability in the country.

Although challenges are at all time high but we are committed to perform in best possible manner and add value to our stakeholders to meet the long term goals of the company. For improving quality of our products and get premium on selling prices we will continue to upgrade plant and machinery with the prime objective of reducing inefficiencies, utilities and maintenance requirements and developing our human capital.

### SAFETY, HEALTH AND ENVIRONMENT

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

## Directors' Report to the Members

### CORPORATE SOCIAL RESPONSIBILITY

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

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

### AUDIT COMMITTEE

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

The names of Members of Audit Committee are as under:

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

### HUMAN RESOURCE & REMUNERATION COMMITTEE

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

The names of Members of HRR Committee are as under:

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

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

### EXECUTIVE COMMITTEE

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

## Directors' Report to the Members

The names of Members of Executive Committee are as under:

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

### TECHNICAL COMMITTEE

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

The names of Members of Technical Committee are as under:

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

### FINANCE COMMITTEE

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

The names of Members of Finance Committee are as under:

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

### SOCIAL COMPLIANCE AND HUMAN RESOURCE

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

## Directors' Report to the Members

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

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

### BOARD OF DIRECTORS

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

Presently, the Board consists of seven male members, the requirement of gender representation on the Board will be met in due course of time.

Category wise composition of Board is as under:

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

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

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

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

### DIRECTORS' REMUNERATION

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

### POLICIES AND PROCEDURES

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

### BOARD EVALUATION

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

## Directors' Report to the Members

### RELATED PARTY TRANSACTIONS

The company has presented all related party transactions before the Audit Committee and Board for their review and approval. These transactions have been approved by the Audit Committee and the Board in their respective meetings. The details of related party transactions have been provided in Note to the annexed financial statements for the year ended June 30, 2022.

### CHAIRMAN'S REVIEW

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

### CODE OF CONDUCT

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

### STATEMENT OF COMPLIANCE

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

### PRINCIPAL RISKS

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

### CORPORATE GOVERNANCE

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

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

The pattern of shareholding and information under clause XIX (i) of the Code of Corporate Governance as on June 30, 2022 is annexed.

### APPOINTMENT OF EXTERNAL AUDITORS

The present auditors M/S Tariq Abdul Ghani Maqbool & Company, Chartered Accountants, retire and audit committee and board of directors have recommended their reappointment for the ensuing year.

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

### AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

Financial Statements for the year ended June 30, 2022 have been duly audited by the external auditors who have issued clean audit report on the Company's Financial Statements.

### WEB PRESENCE

Annual and periodic financial statements of the Company are also available on [www.colonytextiles.com](http://www.colonytextiles.com)



## Directors' Report to the Members

### CORPORATE AND FINANCIAL REPORTING FRAMEWORK

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

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

Provident Fund	Rs. 301 million
Gratuity Fund	Rs. 306 million

## Directors' Report to the Members

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

### POST BALANCE SHEET EVENTS

There are no post balance sheet events that need be adjusted or disclosed in the financial statements for the year ended June 30, 2022.

### CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements for the year ended June 30, 2022 of the company and its subsidiary StitchRite (Private) Limited are attached.

### ACKNOWLEDGEMENT

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

On behalf of the Board of Directors

Abdul Hakeem Khan Qasuria  
Director

Fareed Mughis Sheikh  
Chief Executive Officer

Lahore  
October 05, 2022

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

**Name of Company:** Colony Textile Mills Limited  
**Year ending:** June 30, 2022

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

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

a.	Male:	06
b.	Female:	01
2. The composition of board is as follows:
 

a.	Independent Directors:	02
b.	Non-Executive Director:	03
c.	Executive Directors:	02
3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company.
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained by the Company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by board/shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of Act and Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
8. The Board of Directors has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.
9. All The Board Members have completed Director's Training Program (DTP) or exempted from the training. The Company has arranged Orientation Programs for its Directors and Key Employees during the year. The Company also considering the arrangement of training for its Key Employees from the approved Institutions.
10. The board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements at the respective dates of appointments in past.
11. Chief Financial Officer and Chief Executive Officer have duly endorsed the Financial Statements before approval of the Board.
12. The Board has formed Committees comprising of members given below:

**a. Audit Committee**

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

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

### b. HR and Remuneration Committee

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

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

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



**MUGHIS A. SHEIKH**  
Chairman  
Lahore  
October 05, 2022

## Independent Auditors' Review Report of Colony Textile Mills Limited

### Review Report on Statement of Compliance Listed Companies contained in (Code of corporate governance) Regulations, 2019

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

October 05, 2022

Lahore

UDIN: CR202210055JjqWniSvP



**Tariq Abdul Ghani Maqbool & Co.**  
Chartered Accountants

## Independent Auditors' Report

### To The Members of Colony Textile Mills Limited

### Report on the Audit of The Financial Statements

#### Opinion

We have audited the annexed financial statements of Colony Textile Mills Limited (the Company), which comprise the statement of financial position as at 30 June 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 30 June 2022 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

#### Basis for Opinion

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

#### Key Audit Matters

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

Following are the Key audit matters:

Key audit matters	How the matters were addressed in our audit
<b>1) Revenue</b> (Refer note 33 to the annexed financial statements) Revenue is recognized when control of the underlying products has been transferred to the customers. The Company primarily generates revenue from sale of yarn, fabric and trading in real estate. During the year, the Company's revenue is Rs. 30,817 million which is 102.39% of the total assets. We have considered revenue as a key audit matter as it is one of the key performance indicators of the Company. There is inherent risk of material misstatement as there is a significant increase in revenue from last year despite the economic crisis faced by textile sector of the country in last quarter of the financial year.	Our audit procedures in relation to the matter, amongst others, included the following: <ul style="list-style-type: none"> <li>Assessed the design, implementation and operating effectiveness of the relevant key internal controls over the Company's system which governs revenue recognition;</li> <li>Understood and evaluated the accounting policies with respect to revenue recognition including those related to discounts and commissions and its compliance with International Financial Reporting Standards;</li> <li>Performed testing of sample of revenue transactions with underlying documentation including dispatch documents and sales invoices;</li> <li>Tested on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the correct period;</li> <li>Checked on a sample basis, approval of sales prices and commissions by the appropriate authority;</li> <li>Performed recalculation of discounts and commission as per Company's policy on test basis;</li> <li>Performed audit procedures to analyze variation in the price and quantity sold during the year; and</li> <li>Assessed the adequacy of disclosures made in the financial statements related to revenue.</li> </ul>

## Independent Auditors' Report

### To The Members of Colony Textile Mills Limited

### Report on the Audit of The Financial Statements

Key audit matters	How the matters were addressed in our audit
<b>2) Inventories</b>	
<p>(Refer notes 25 and 26 to the annexed financial statements)</p> <p>The Company has inventories i.e, stores, spares and loose tools and stock-in-trade aggregating Rs. 5,362 million.</p> <p>We identified this area as a key audit matter because inventories constitute 17.81% of the total assets of the Company as at 30 June 2022 and determining an appropriate write down as a result of net realizable value (NRV) and provision for slow moving inventories involves management judgement and estimation.</p>	<p>Our audit procedures in respect of this area included:</p> <ul style="list-style-type: none"> <li>• Observation of physical inventory count procedures and compared on a sample basis, physical count with valuations sheets;</li> <li>• Compared on a sample basis specific purchases and directly attributable cost with underlying supporting documents;</li> <li>• Compared the NRV, on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value stocks in accordance with applicable accounting and reporting standards;</li> <li>• Assessed the provision for slow moving items as at year end is in accordance with the Company policy and relevant accounting standard; and</li> <li>• We also considered the adequacy of the related disclosures and assessed these are in accordance with the applicable financial reporting standards and the Companies Act, 2017.</li> </ul>
<b>3) Capital expenditures</b>	
<p>(Refer note 20 to the annexed financial statements)</p> <p>The Company has significant amounts of fixed capital expenditures amounting to Rs. 1,738 million, being 8.97% of property, plant and equipment as at reporting date.</p> <p>The Company is investing significant amounts in its operations and there are a number of areas where management's judgment impacts the carrying value of property, plant and equipment and its respective depreciation profile. These include among others the decision to capitalize costs; and review of useful life of the assets.</p> <p>The Company's principal accounting policy on operating fixed assets and capital work in progress are disclosed in note 7.03 to the financial statements.</p> <p>We focused on this area since the amounts have a significant impact on the financial position of the Company and there is significant management judgment required that has significant impact on the reporting of the financial position for the Company. Therefore, considered as one of the key audit matters.</p>	<p>Our audit procedures in relation to capitalization of property, plant and equipment, amongst others include the following:</p> <ul style="list-style-type: none"> <li>• Understanding the design and implementation of management controls over capitalization and performing tests of control over authorization of capital expenditure and accuracy of its recording in the system.</li> <li>• Testing, on sample basis, the costs incurred on projects with supporting documents and contracts.</li> <li>• Assessing the nature of costs incurred for capital projects through testing, on sample basis, of amounts recorded and considering whether the expenditure meets the criteria for capitalization as per the accounting policy and applicable accounting standards.</li> <li>• Checked the reasonableness of management's assessment of categories of assets and working of reclassification in categories of assets including impact of reclassification on both cost of assets and accumulated depreciation in each category.</li> <li>• Inspecting supporting documents for the date of capitalization when project was ready for its intended use to assess whether depreciation commenced and further capitalization of costs ceased from that date and assessing the useful life assigned by management including the calculation.</li> </ul>

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

Key audit matters	How the matters were addressed in our audit
<b>4) Borrowings</b>  (Refer notes 11, 12, 15 and 17 to the annexed financial statements)  The Company has significant amounts of borrowings from Banks and other financial institutions amounting to Rs. 10,722 million, being 53.75% of total liabilities, as at reporting date.  Given the significant level of borrowings, finance costs, significant gearing, the disclosure given by the management in financial statements and compliance with various loan covenants, this is considered to be a key audit matter.	Our audit procedures in respect of this area included: <ul style="list-style-type: none"> <li>• Review of loan agreements and facility letters to ascertain the terms and conditions of repayment, rates of markup used and disclosed by management for finance costs and to ensure that the borrowings have been approved at appropriate level.</li> <li>• Verification of disbursement of loans and utilization on sample basis. Review of documents for charge registration with regulator - SECP.</li> <li>• Verification of repayments made by the Company during the year on sample basis to confirm that repayments are being made on time and no default has been made.</li> <li>• Assessing procedures designed by management to comply with the debt covenants and performing covenant tests on sample basis.</li> <li>• Obtaining direct confirmations from Banks of the Company to confirm balances, terms &amp; conditions stated in the facility offer letters and compliance thereof.</li> <li>• Performing analytical procedures, recalculations and ensuring outstanding liabilities have been properly classified in financial statements.</li> </ul>
<b>Information Other than the Financial Statements and Auditor's Report Thereon</b>  Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.  Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.  In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.	
<b>Responsibilities of Management and Board of Directors for the Financial Statements</b>  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.	
<b>Auditor's Responsibilities for the Audit of the Financial Statements</b>  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:	



## Independent Auditors' Report

### To The Members of Colony Textile Mills Limited

### Report on the Audit of The Financial Statements

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

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

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

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

#### Report on Other Legal and Regulatory Requirements

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

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss, 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;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

**Dated: 05 October, 2022**  
**Lahore**  
**UDIN: AR2022100557YVStQ2I5**

*Tariq Abdul Ghani Maqbool*  
**Tariq Abdul Ghani Maqbool & Co.**  
**Chartered Accountants**



# **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2022**

# STATEMENT OF FINANCIAL POSITION

## AS AT JUNE 30, 2022

	Note	2022 Rupees ('000')	2021 Rupees ('000')
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised share capital	8	5,300,000	5,300,000
Issued, subscribed and paid up capital	9	4,980,100	4,980,100
Reserve arising on amalgamation		3,156,388	3,156,388
Revaluation surplus on property, plant and equipment		19,594	19,594
Directors' loan	10	120,000	120,000
General reserves		4,702	4,702
Unappropriated profit		1,869,384	1,590,412
Surplus on remeasurement of investments		1,040	2,951
		10,151,208	9,874,147
<b>Non-current liabilities</b>			
Long term financing	11	6,153,624	6,894,705
Liabilities against assets subject to finance lease	12	1,614	12,906
Deferred liabilities	13	5,911,931	5,257,156
		12,067,169	12,164,767
<b>Current liabilities</b>			
Trade and other payables	14	2,688,356	1,857,242
Short term borrowings	15	3,597,762	2,993,518
Accrued mark up	16	119,645	147,638
Unclaimed dividend		94	94
Current portion of long term liabilities	17	969,475	830,584
Provision for taxation	18	505,413	368,233
		7,880,745	6,197,309
Contingencies and commitments	19	-	-
		30,099,122	28,236,223



Chief Financial Officer



Director

# STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2022

	Note	2022 Rupees ('000')	2021 Rupees ('000')
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	20	19,368,679	18,648,431
Right of use assets	21	86,056	90,585
Investment property	22	791,089	784,279
Long term investments	23	177,434	434,580
Investment in subsidiary	24	130,000	100,000
Long term deposits		51,132	51,132
		20,604,390	20,109,007
<b>Current assets</b>			
Stores, spare parts and loose tools	25	625,514	362,286
Stock in trade	26	4,736,428	4,798,585
Trade debts	27	1,580,033	1,121,943
Loans and advances	28	1,512,360	873,565
Trade deposits and short term prepayments	29	85,729	116,629
Other financial assets	30	14	20
Tax refunds due from the government	31	933,601	799,392
Cash and bank balances	32	21,053	54,796
		9,494,732	8,127,216
		<u>30,099,122</u>	<u>28,236,223</u>

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

Chief Executive Officer

# STATEMENT OF PROFIT OR LOSS

## FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees ('000')	2021 Rupees ('000')
Sales - net	33	30,817,244	25,468,528
Cost of sales	34	27,933,246	23,239,505
<b>Gross profit</b>		<b>2,883,998</b>	<b>2,229,023</b>
<b>Operating expenses:</b>			
Distribution cost	35	367,348	302,884
Administrative expenses	36	571,742	468,835
		939,090	771,719
Operating profit		1,944,908	1,457,304
Finance cost	37	720,052	714,861
Other operating charges	38	355,254	60,035
		1,075,306	774,896
Other income	39	92,432	438,917
<b>Profit / (loss) before taxation</b>		<b>962,034</b>	<b>1,121,325</b>
Taxation	40	675,723	373,069
<b>Profit / (loss) after tax for the year</b>		<b>286,311</b>	<b>748,256</b>
		<b>Rupees</b>	<b>Rupees</b>
<b>Earnings/(loss) per share - basic and diluted</b>	41	<b>0.57</b>	<b>1.50</b>

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



Chief Financial Officer



Director



Chief Executive Officer

# STATEMENT OF COMPREHENSIVE INCOME

## FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees ('000')	2021 Rupees ('000')
Profit / (loss) for the year		286,311	748,256
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to statement of profit or loss:</b>			
Remeasurement (loss) / gain of defined benefit obligation	13.03	(9,894)	(12,146)
Deferred tax thereon		2,555	3,085
		(7,339)	(9,061)
<b>Items that may be reclassified to statement of profit or loss:</b>			
Net fair value (loss) / gain on investment measured at FVTOCI		(1,911)	1,459
<b>Total comprehensive income/(loss) for the year</b>		<b>277,061</b>	<b>740,654</b>

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



Chief Financial Officer



Director



Chief Executive Officer

# STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees ('000')	2021 Rupees ('000')
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	50	2,244,336	2,716,444
Finance cost paid		(318,779)	(297,872)
Staff retirement benefit paid		(106,740)	(107,631)
Income tax paid		(190,059)	(210,667)
		(615,578)	(616,170)
<b>Net cash generated from operating activities</b>		<b>1,628,758</b>	<b>2,100,274</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(1,738,276)	(1,400,662)
Proceeds from disposal of property, plant and equipment		131,675	57,413
Investment in subsidiary		(30,000)	(99,000)
<b>Net cash used in investing activities</b>		<b>(1,636,601)</b>	<b>(1,442,249)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term finances repaid		(616,181)	(302,620)
Lease rentals - net		(13,962)	(13,294)
Short term borrowings - net		604,244	(335,268)
<b>Net cash used in financing activities</b>		<b>(25,900)</b>	<b>(651,182)</b>
Net increase in cash and cash equivalents		(33,742)	6,844
Cash and cash equivalents at beginning of the year		54,796	47,952
Cash and cash equivalents at end of the year		<b>21,053</b>	<b>54,796</b>

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



Chief Financial Officer



Director



Chief Executive Officer

# STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED JUNE 30, 2022

	Share capital	Reserve arising on amalgamation	Revaluation surplus on property, plant and equipment	Directors' loan	Revenue reserves		Surplus on re-measurement of investments	Total
					General reserves	Unappropriated profit/(loss)		
	Rupees ('000')							
Balance as at 30 June 2020	4,980,100	3,156,388	19,594	385,187	4,702	851,217	1,492	9,398,680
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	748,256	-	748,256
Remeasurement of defined benefit obligation	-	-	-	-	-	(9,061)	-	(9,061)
Net fair value gain on investment measured at FVTOCI	-	-	-	-	-	-	1,459	1,459
Total comprehensive income for the year	-	-	-	-	-	739,195	1,459	740,654
Directors' loan adjusted during the year	-	-	-	(265,187)	-	-	-	(265,187)
Balance as at 30 June 2021	4,980,100	3,156,388	19,594	120,000	4,702	1,590,412	2,951	9,874,147
Total comprehensive income for the year								
Profit / (loss) for the year	-	-	-	-	-	286,311	-	286,311
Remeasurement of defined benefit obligation	-	-	-	-	-	(7,339)	-	(7,339)
Net fair value gain on investment measured at FVTOCI	-	-	-	-	-	-	(1,911)	(1,911)
Total comprehensive income for the year	-	-	-	-	-	278,972	(1,911)	277,061
Directors' loan adjusted during the year	-	-	-	-	-	-	-	-
Balance as at 30 June 2022	4,980,100	3,156,388	19,594	120,000	4,702	1,869,384	1,040	10,151,208

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



Chief Financial Officer



Director



Chief Executive Officer



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

### 1 LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

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

### 3 BASIS OF PREPARATION

#### 3.01 Statement of compliance

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

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

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

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

Effective  
shareholding %  
100

- Stitchrite (Private) Limited

#### 3.03 Standards, interpretations and amendments to published approved accounting standards

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

### Colony Textile Mills Limited

- IAS 16 Property, Plant and Equipment - Amendments prohibiting a Company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use.
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous.
- IFRS 1 First-time Adoption of International Financial Reporting Standards Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (subsidiary as a first-time adopter).
- IFRS 3 Business combinations (amendments).
- IFRS 9 Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (fees in the '10 per cent').
- IFRS 16 Leases - Amendments regarding replacement issues in the context of the IBOR reform.
- IFRS 7,9 Financial Instruments: Disclosure - Amendments regarding replacement issues in the context of the IBOR & IAS 39 reform.
- IFRS 16 Leases - Amendment to extend the exemption from assessing whether a COVID-19-related rent concession is a lease modification.
- IFRS 11 Joint arrangements - Amendments resulting from Annual Improvements 2015–2017 Cycle (remeasurement of previously held interest).
- IFRS 16 Leases - Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

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

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

	Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IAS 8	Accounting policies, changes in accounting estimates and errors - Amendments regarding the definition of accounting estimates.	January 01, 2023
IAS 12	Income Taxes - Amendments regarding deferred tax on leases and decommissioning obligations.	January 01, 2023
IFRS 4	Insurance contracts (amendments). Regarding replacement issues in the context of the IBOR reform.	January 01, 2021
IFRS 4	Insurance contracts - Amendments regarding the expiry date of the deferral approach.	January 01, 2023
IAS 1	Presentation of Financial Statements - Amendment to defer the effective date of the January 2020 amendments.	January 01, 2023
	Presentation of Financial Statements - Amendments regarding the classification of liabilities.	January 01, 2023
	Presentation of Financial Statements - Amendments regarding the disclosure of accounting policies.	January 01, 2023
IFRS 17	Insurance contracts - Amendments to address concerns and implementation challenges that were identified after IFRS 17 was published (includes a deferral of the effective date to annual periods beginning on or after 1 January 2023).	January 01, 2023

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

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

#### 4 FUNCTIONAL AND PRESENTATION CURRENCY

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

#### 5 BASIS OF MEASUREMENT

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

#### 6 JUDGMENT, ESTIMATES AND ASSUMPTIONS

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

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

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

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

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

#### 7 SIGNIFICANT ACCOUNTING POLICIES

##### 7.01 Staff retirement benefits

The Company operates two plans for its employees:

##### Defined contribution plan

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

##### Defined benefit plan

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

### 7.02 Taxation

#### Current

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

#### Deferred

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

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

### 7.03 Property, plant and equipment

#### Operating fixed assets

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

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

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

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

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

#### Capital work in progress

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

#### Right of use assets

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

### 7.04 Investment property

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

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

### 7.05 Financial instruments

#### Recognition

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

#### a) Financial assets

##### (i) Initial Measurement

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

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

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

##### (ii) Subsequent Measurement

##### Debt Investments at FVOCI:

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

##### Equity Investments at FVOCI:

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

##### Financial assets at FVTPL:

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

##### Financial assets measured at amortized cost :

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

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

#### b) Financial liabilities

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

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

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

**c) Offsetting of financial assets and financial liabilities**

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

**d) Regular way purchases or sales of financial assets**

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention on the market place. Regular way purchases or sales of financial assets are recognised and derecognized on a trade date basis.

**e) Derivatives**

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

**7.06 Contingent liability**

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

**7.07 Stores, spares and loose tools**

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

**7.08 Stock in trade**

Basis of valuation are as follows:

**Particulars**

Raw materials:

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

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

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

**7.09 Trade debts and other receivables**

**Financial assets**

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

**Non-financial assets**

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

**7.10 Cash and cash equivalents**

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

### 7.11 Borrowings

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

### 7.12 Trade and other payables

#### Financial liabilities

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

#### Non-financial liabilities

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

### 7.13 Provisions

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

### 7.14 Impairment

#### Financial assets

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

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

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

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

#### Non financial assets

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

### 7.15 Revenue recognition

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

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



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

### 7.16 Related parties

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

### 7.17 Related party transactions

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

### 7.18 Dividend

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

### 7.19 Foreign currency translations

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

### 7.20 Earnings per share (EPS)

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

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

### 7.21 Segment reporting

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

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

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

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

### 7.22 Share capital

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

		2022	2021
	Note	Rupees ('000')	Rupees ('000')
<b>8 AUTHORISED SHARE CAPITAL</b>			
185,000,000 (2021: 185,000,000) ordinary shares of Rs. 10/- each		1,850,000	1,850,000
Capital of merged companies			
345,000,000 (2021: 345,000,000) ordinary shares of Rs. 10/- each		3,450,000	3,450,000
		<u>5,300,000</u>	<u>5,300,000</u>
<b>9 ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>			
20,000 (2021: 20,000) ordinary shares of Rs. 10/- each issued as fully paid in cash shares		200	200
497,989,959 (2021: 497,989,959) fully paid in cash ordinary shares of Rs. 10/- each issued to the shareholders of amalgamated entities		4,979,900	4,979,900
		<u>4,980,100</u>	<u>4,980,100</u>



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

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

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

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

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

		2022	2021
	Note	Rupees ('000')	Rupees ('000')
<b>10 DIRECTORS' LOAN</b>			
Directors' loan	10.01	120,000	120,000
<b>10.01</b>	This represents interest free loans from directors of the Company, payable at the discretion of the entity. They do not pass the liability test and thus recorded as equity at face value. They will not be re-measured subsequently. The decision by the entity at any time in future to deliver cash or any other financial asset to settle the directors' loan would be a direct debit to equity. The Company has applied TR-32 'Accounting Directors' Loan' issued by Institute of Chartered Accountants of Pakistan whose compliance was mandatory with effect from period beginning on or after 01 January 2016. Out of total loan, loan of Rs. 120 million is subordinated to the liabilities of financial institutions.		

		2022	2021
	Note	Rupees ('000')	Rupees ('000')
<b>11 LONG TERM FINANCING</b>			
<b>From banking companies-Secured</b>			
<b>Name of the Bank</b>			
The Bank of Punjab	11.01	5,500,871	5,910,871
National Bank of Pakistan	11.02	742,909	795,435
Habib Bank Limited	11.03	133,629	171,885
Faysal Bank Limited	11.04	221,558	268,062
Silk Bank Limited	11.05	196,596	284,450
Soneri Bank Limited	11.06	52,274	59,217
Bank Islami Pakistan Limited	11.07	75,515	33,127
Standard Chartered Bank Limited	11.08	143,625	187,250
Summit Bank Limited	11.09	43,799	-
		7,110,777	7,710,297
Less: Current portion	17	957,153	815,592
		6,153,624	6,894,705

**11.01** This loan facility was restructured on 31 December 2016. It is repayable from 31 December 2016 to 30 June 2032 including one year grace period. Markup is charged at cost of funds less administrative cost (2021: cost of funds less administrative cost) of the preceding quarter. This facility is secured by joint pari passu charge on fixed assets and current assets of the company, registered with SECP.

**11.02** This loan facility was restructured on 09 April 2019. It is repayable from 01 July 2019 to 01 April 2034. Markup is chargeable at cost of funds (2021: Cost of fund). The loan is secured against first joint pari passu charge over fixed assets of the Company registered with SECP.

**11.03** This loan has been restructured in July 2019. It is repayable from 01 July 2019 to 01 July 2027. Markup is to be charged at cost of funds (2021: Cost of funds) provided by the bank. This loan is secured against joint pari passu hypothecation charge, existing ranking charge over plant and machinery and existing joint pari passu charge on current and fixed assets of the Company.

**11.04** This loan facility was restructured on 09 November 2018. It is repayable from 30 December 2018 to 30 September 2028. Markup is charged at cost of funds (2021: Cost of funds) of the bank. The loan is secured against joint and ranking charge over present and future current assets of the Company registered with SECP.

**11.05** This loan includes two facilities Term Finance-1 (TF-1) and Term Finance-2 (TF-2) amounting Rs. 241.08 million and Rs. 38.22 million respectively. Both loans were restructured on 15 January 2017. It is payable from 15 January 2018 to 15 October 2032. Markup is payable at Silk bank's cost of funds minus 2% (2021: Cost of funds minus 2%). Term Finance-2 is interest free and recognised at amortized cost by discounting using effective rate of interest and related present value gain was recognised in the statement of profit or loss. Out of total loan amount of TF-2 Rs. 38.22 million, present value adjustment is Rs. 17.476 million. Both the loans are secured against first joint pari passu charge and ranking charge over the assets of the Company registered with SECP.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

- 11.06** This loan facility was restructured on 20 March 2019. It is repayable from March 2019 to December 2024. The loan is secured against hypothecation charge over property, plant and equipment and existing joint pari passu charge over fixed assets including land of the Company, registered with SECP. This loan facility is interest free and recognised at amortized cost by discounting using effective rate of interest and related present value gain was recognised in the statement of profit or loss. Out of total outstanding amount of Rs. 48.84 million, present value adjustment is Rs. 3.961 million
- 11.07** This loan facility was restructured on 22 December 2018. The loan is repayable from 30 March 2019 and ending on 31 December 2033. The loan is secured against joint pari passu charge on the assets of the Company registered with SECP. It is interest free and recognised at amortized cost by discounting using effective rate of interest and related present value gain was recognised in the statement of profit or loss. Out of total outstanding amount of Rs. 73.17 million, present value adjustment is Rs. 38.098 million.
- 11.08** This facility was created as a result of a restructuring made on 17 May 2019. The loan is repayable from 30 June 2019 and ending on 31 March 2024. This loan is secured against joint pari passu charge over current assets of the Company registered with SECP. This loan facility is interest free and recognised at amortized cost by discounting using effective rate of interest and related present value gain was recognised in the statement of profit or loss. Out of total outstanding amount of Rs. 133.44 million, present value adjustment is Rs. 7.204 million.
- 11.09** This facility is established by converting CF-1 into TF with a total amount of Rs. 194.664 million. This facility is repayable in twenty equal installments starting from 31 December 2021 and ending on 30 September 2026. This is secured against ranking charge over fixed assets (Plant & Machinery) of the company with 25% margin registered with SECP duly ensured in favor of Summit Bank Limited. Mark up is charged at 3 Month Kibor plus 1% per annum with quarterly installments.

### 12 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Note	2022 Rupees ('000')	2021 Rupees ('000')
Present value of minimum lease payments	12.02	13,936	27,898
Less: Current portion	17	(12,322)	(14,992)
		<u>1,614</u>	<u>12,906</u>

- 12.01** This represents machinery under lease and sale and lease back agreements. The principal plus financial charges are payable over the lease period in quarterly/bi monthly installments as per respective agreements ending in the month of September 2025. The liability as at the date of financial position represents the present value of total minimum lease payments discounted at 7.45% to 11.89% (2021: 7.03% to 8.40%) per annum bearing the interest rates implicit in leases. The purchase option is available to the Company on payment of last installment and the Company intends to exercise this option. Reconciliation of minimum lease payments and their present values is given below:

	Note	2022 Rupees ('000')	2021 Rupees ('000')
Not later than one year		12,915	14,992
Later than one year but not later than five years		1,637	38,673
Later than five years		-	-
		<u>14,552</u>	<u>53,665</u>
Less: Financial charges allocated to future periods		(616)	(25,767)
Present value of minimum lease payments	12.02	13,936	27,898
Less: Current portion		(12,322)	(14,992)
		<u>1,614</u>	<u>12,906</u>
<b>12.02 Present value of minimum lease payments</b>			
Due not later than one year		12,322	14,992
Due later than one year but not later than five years		1,614	12,906
Later than five years		-	-
		<u>13,936</u>	<u>27,898</u>

### 13 DEFERRED LIABILITIES

Deferred taxation	13.01	1,059,499	855,667
Deferred mark up	13.02	4,546,513	4,176,997
Staff retirement benefits	13.03	305,919	224,492
		<u>5,911,931</u>	<u>5,257,156</u>
<b>13.01 Deferred taxation</b>			
		1,059,499	855,667
		<u>1,059,499</u>	<u>855,667</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

	Statement of Financial position		Statement of Profit or Loss		Statement of OCI	
	2022	2021	2022	2021	2022	2021
	Rupees ('000')					
<b>Deferred taxation</b>						
Comprises of the following:						
<b>Deferred tax liability on taxable temporary differences in respect of the following:</b>						
- Accelerated tax depreciation allowance	3,269,323	3,197,297	72,026	378,600	-	-
<b>Deferred tax asset on deductible temporary differences in respect of the following:</b>						
Lease liabilities	3,599	7,086	3,487	3,378	-	-
Un-absorbed losses	1,073,534	1,206,102	132,568	(128,652)	-	-
Minimum tax available for carry forward	1,053,021	1,070,846	17,825	(228,678)	-	-
Provision for stores, spares and loose tools	299	247	(52)	(52)	-	-
Provision for doubtful debts	366	325	(41)	(266)	-	-
Provision for gratuity	79,005	57,024	(21,981)	(26,149)	2,555	3,085
	2,209,824	2,341,630	131,806	(380,419)	2,555	3,085
	1,059,499	855,667	203,832	759,019	(2,555)	(3,085)

Deferred taxation has been provided using rate of taxation applicable to tax year 2022 under the provisions of Income Tax Ordinance, 2001 to the extent of income of the Company chargeable under normal tax regime.

	Note	2022 Rupees ('000')	2021 Rupees ('000')
<b>13.02 Deferred mark up</b>			
Opening balance		6,830,436	6,343,138
Provision during the year		429,266	487,298
		7,259,702	6,830,436
Less: paid / adjusted during the year		-	-
		7,259,702	6,830,436
Present value adjustment		(2,713,189)	(2,653,439)
		4,546,513	4,176,997

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

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

	2022 Rupees ('000')	2021 Rupees ('000')
<b>13.03 Staff retirement benefits - unfunded gratuity scheme</b>		
(a) <b>Amounts recognised in the statement of financial position:</b>		
Present value of defined benefit obligation	305,919	224,492
Net liability at the end of the year	305,919	224,492
(b) <b>Movement in net liability</b>		
Net liability at beginning of the year	224,492	133,696
Charge for the year	178,273	186,281
	402,765	319,977
Remeasurements chargeable in other comprehensive income	9,894	12,146
Benefits paid during the year	(106,740)	(107,631)
Net liability at end of the year	305,919	224,492
(c) <b>Changes in the present value of defined benefit obligation</b>		
Defined benefit obligation at beginning of the year	224,492	133,696
Current service cost	133,565	129,185
Past Service cost	28,288	50,384
Interest cost	16,420	6,711
	402,765	319,977
Remeasurements chargeable in OCI	9,894	12,146
Benefits paid during the year	(106,740)	(107,631)
Present value of defined benefit obligation at end of the year	305,919	224,492
(d) <b>Charge for the year</b>		
Current service cost	133,565	129,185
Interest cost	16,420	6,711
Past service cost	28,288	50,384
	178,273	186,281

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

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

Discount rate	13.25%	10%
Expected rate of increase per annum in future salaries	12.25%	9%
Expected average remaining working life of employees	3 years	3 years
Expected mortality rate	SLIC 2001 - 2005	SLIC 2001 - 2005
Retirement assumptions	Setback 1 Year	Setback 1 Year
	60 years	60 years

### Sensitivity analysis for actuarial assumptions

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

	Change in assumptions	Increase Rupees ('000') 2022	Decrease Rupees ('000') 2022
Discount rate	3.25%	278,200	213,619
Increase in future salaries	3.3%	312,977	233,828

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

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

### Risk factors

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

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

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

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

14 TRADE AND OTHER PAYABLES	Note	2022 Rupees ('000')	2021 Rupees ('000')
Trade creditors		983,092	466,277
Accrued liabilities		894,275	668,342
Security deposits		200	200
Advances from customers		172,777	14,561
Withholding tax payable		235,979	194,831
Out put tax payable		299,817	455,553
Worker's profit participation fund	14.01	59,537	38,616
Worker's welfare fund	14.02	42,286	18,471
Others		393	391
		<u>2,688,356</u>	<u>1,857,242</u>
<b>14.01 Worker's profit participation fund</b>			
Opening balance		38,616	-
Provision for the year		59,537	38,616
		<u>98,153</u>	<u>38,616</u>
Payment during the year		(38,616)	-
Closing balance		<u>59,537</u>	<u>38,616</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees ('000')	2021 Rupees ('000')
<b>14.02 Worker's welfare fund</b>			
Opening balance		18,471	-
Provision for the year		23,815	18,471
		<u>42,286</u>	<u>18,471</u>
Payment during the year		-	-
Closing balance		<u>42,286</u>	<u>18,471</u>
<b>15 SHORT TERM BORROWINGS</b>			
Banking companies - secured	15.01	<u>3,597,762</u>	<u>2,993,518</u>
<b>15.01</b>	Conventional short term borrowings are available from banking companies under markup arrangements. The rates of markup range from 5.01% to 15.89% per annum (2021: 5.58% to 12.7%). These are secured against pledge / hypothecation of stock-in-trade, hypothecation of stores and spares, lien over import / export documents, pari passu charge over present and future current assets and ranking charge over fixed assets of the company.		
<b>15.02</b>	From the total aggregate short term facilities of Rs. 3,428.26 million (2021: 3,478.26 million), the amount of Rs. 152.21 million related to trade lines (2021: Rs. 340.79 million) remained unutilized as at 30 June 2022.		
	Note	2022 Rupees ('000')	2021 Rupees ('000')
<b>16 ACCRUED MARK UP</b>			
<b>Accrued mark up on:</b>			
Liabilities against assets subject to finance lease		21,026	20,685
Long term financing		1,480	-
Short term borrowings		97,139	126,953
		<u>119,645</u>	<u>147,638</u>
<b>17 CURRENT PORTION OF LONG TERM LIABILITIES</b>			
Long term financing	17.01	957,153	815,592
Liabilities against assets subject to finance lease		12,322	14,992
		<u>969,475</u>	<u>830,584</u>
<b>17.01</b>	Current portion of long term financing includes principal installments amounting to Rs. 151.369 million (2021: Rs. 104.62 million) which became due as on June 30, 2022.		
	Note	2022 Rupees ('000')	2021 Rupees ('000')
<b>18 PROVISION FOR TAXATION</b>			
Opening balance		368,233	251,625
Add: Taxation - current	40	505,413	368,082
		<u>873,646</u>	<u>619,707</u>
Less: Tax payments / adjustments during the year		368,233	251,474
		<u>505,413</u>	<u>368,233</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

### 19 CONTINGENCIES AND COMMITMENTS

#### Contingencies

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

**19.02** Bank guarantees amounting to Rs. 375.64 million (2021: Rs. 375.60 million).

#### Commitments

Under letters of credit for imports

	2022	2021
	Rs. in million	Rs. in million
	27.07	176.26

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

### 20 PROPERTY, PLANT AND EQUIPMENT

Operating assets  
Capital work in progress

46

Note	2022 Rupees ('000')	2021 Rupees ('000')
20.01	18,779,629	18,121,144
20.04	589,050	527,287
	<u>19,368,679</u>	<u>18,648,431</u>

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

	Freehold land	Building on freehold land	Plant, machinery & equipment	Factory tools and equipments	Furniture & fixtures	Office and hospital equipments	Library books	Vehicles	Leased Plant and Machinery	Leased Vehicles	Total
At 30 June 2020											
Cost	1,454,335	3,703,211	21,408,550	459,353	50,156	43,599	44	184,916	-	-	27,304,164
Accumulated depreciation	-	(1,427,235)	(7,545,571)	(174,116)	(27,520)	(26,747)	(44)	(89,912)	-	-	(9,291,145)
Net book value	1,454,335	2,275,976	13,862,979	285,237	22,636	16,852	-	95,004	-	-	18,013,019
At 30 June 2022											
Additions	-	5,669	707,347	3,390	7,107	9,184	-	27,312	-	-	760,009
Transfers from capital work in progress during the year (Note 20.01)	-	9,807	236,011	-	-	-	-	-	-	-	245,818
Transfers from leased plant and machinery	-	-	12,564	-	-	-	-	-	-	-	12,564
Transferred to right of use asset	-	-	-	-	-	-	-	-	-	-	-
Disposals / transfers (Note No. 20.06)											
Cost	-	-	(118,987)	-	(148)	-	-	(12,825)	-	-	(131,960)
Depreciation	-	-	61,141	-	52	-	-	8,685	-	-	69,878
Net book value	-	-	(57,846)	-	(96)	-	-	(4,140)	-	-	(62,082)
Depreciation charge for the year (note 20.02)	-	(113,943)	(706,268)	(14,311)	(1,228)	(2,043)	-	(10,391)	-	-	(848,184)
Net book value as at 30 June 2021	1,454,335	2,177,509	14,054,787	274,316	28,419	23,993	-	107,785	-	-	18,121,144
Year ended 30 June 2022											
Additions	-	60,152	1,137,187	23,646	13,456	8,838	-	45,389	-	-	1,288,667
Transfers from capital work in progress during the year (Note 20.01)	-	22,956	364,890	-	-	-	-	-	-	-	387,846
Transfers from leased plant and machinery	-	-	-	-	-	-	-	-	-	-	-
Disposals / transfers (Note No. 20.06)											
Cost	-	-	(303,247)	-	-	-	-	(4,444)	-	-	(307,691)
Depreciation	-	-	154,828	-	-	-	-	3,049	-	-	157,877
Net book value	-	-	(148,419)	-	-	-	-	(1,395)	-	-	(149,814)
Depreciation charge for the year (note 20.02)	-	(110,968)	(725,853)	(14,127)	(1,711)	(2,947)	-	(12,608)	-	-	(868,214)
Net book value as at 30 June 2022	1,454,335	2,149,649	14,682,592	283,835	40,164	29,884	-	139,171	-	-	18,779,629

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

	Freehold land	Building on freehold land	Plant, machinery & equipment	Factory tools and equipments	Furniture & fixtures	Office and hospital equipments	Library books	Vehicles	Leased Plant and Machinery	Leased Vehicles	Total
<b>At 30 June 2021</b>											
Cost/revalued amount	1,454,335	3,718,687	22,245,485	462,743	57,115	52,783	44	199,403	-	-	28,190,595
Accumulated depreciation	-	(1,541,178)	(8,190,698)	(188,427)	(28,696)	(28,790)	(44)	(91,618)	-	-	(10,069,451)
Net book value in Rupees	1,454,335	2,177,509	14,054,787	274,316	28,419	23,993	-	107,785	-	-	18,121,144
Annual rates (%) of depreciation 2021	-	5	5	5	5	10	15	10	5	10	
<b>At 30 June 2022</b>											
Cost/revalued amount	1,454,335	3,801,795	23,444,315	486,389	70,571	61,621	44	240,348	-	-	29,559,417
Accumulated depreciation	-	(1,652,146)	(8,761,723)	(202,554)	(30,407)	(31,737)	(44)	(101,177)	-	-	(10,779,788)
Net book value in Rupees	1,454,335	2,149,649	14,682,592	283,835	40,164	29,884	-	139,171	-	-	18,779,629
Annual rates (%) of depreciation 2022	-	5	5	5	5	10	15	10	5	10	
<b>Depreciation charge for the year has been allocated as follows:</b>											
			<b>2022</b>			<b>2021</b>					
			<b>Rupees ('000')</b>			<b>Rupees ('000')</b>					
Cost of sale			858,380			839,087					
Administrative expenses			14,363			13,866					
			<u>872,743</u>			<u>852,953</u>					
Property, plant and equipment			868,214			848,184					
Right of use asset			4,529			4,769					
			<u>872,743</u>			<u>852,953</u>					
<b>20.03</b>											
No impairment relating to operating fixed assets has been recognised in the current year.											
<b>20.04</b>											
<b>Capital work in progress</b>											
			<b>2022</b>			<b>2021</b>					
			<b>Rupees ('000')</b>			<b>Rupees ('000')</b>					
Plant and machinery			100,084			275,203					
Civil work			488,966			252,084					
			<u>589,050</u>			<u>527,287</u>					
<b>20.05</b>											
<b>Movement in capital work in progress</b>											
Opening			527,287			132,452					
Additions during the year			449,609			640,653					
			<u>976,896</u>			<u>773,105</u>					
Transferred to operating assets			(387,846)			(245,818)					
			<u>589,050</u>			<u>527,287</u>					
Transfer to property, plant and equipment are represented by:											
Building			22,956			9,807					
Plant and machinery			364,890			236,011					
			<u>387,846</u>			<u>245,818</u>					



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

### 20.06 Disposal of property, plant and equipment

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

Particulars	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Relationship of purchaser with the Company	Mode of disposal	Buyer's name
<b>RUPEES</b>								
<b><u>Vehicles</u></b>								
Honda City MNA-07-637	931,200	716,711	214,489	1,050,000	835,511	Third party	Negotiation	MMM Motors & Enterprises (Mr. Omer)
Toyota Corolla LEC-12-5827	2,082,868	1,305,285	777,583	1,710,000	932,417	Third party	Negotiation	Mr. Jahanzab Khan
Core LED-08-4298	510,040	392,134	117,906	665,000	547,094	Third party	Negotiation	Mr. Jahanzab Khan
Suzuki Cultus LEA-11-6317	920,000	635,658	284,342	600,000	315,658	Third party	Negotiation	Mr. Jahanzab Khan
<b>Total</b>	<b>4,444,108</b>	<b>3,049,788</b>	<b>1,394,320</b>	<b>4,025,000</b>	<b>2,630,680</b>			
<b><u>Machinery</u></b>								
4 AUTO CORO SE12-480 YOM 2008	303,246,812	154,827,608	148,419,204	127,649,600	(20,769,610)	Third party	Negotiation	Demirbay Machine Textile Imp & Exp

Net cash used in financing activities

20.07 Net increase in cash and cash equivalents

20.08 The Company's obligation under finance lease are secured by lessor's title to the leased assets, which have a carrying amount of Rs. 86.056 million (2021: Rs. 90.58 million).

20.09 Addition in plant and machinery includes capitalization of borrowing cost of Rs. 28.377 million (2021: Rs. 17.02 million).

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

		2022 Rupees ('000')	2021 Rupees ('000')
<b>21 RIGHT OF USE ASSET</b>	<b>Note</b>		
Present value of future lease payments		90,585	105,560
		<u>90,585</u>	<u>105,560</u>
Net book value as at the beginning of the year		90,585	105,560
Transfer to Property, plant and equipment		-	(10,207)
Depreciation charged during the year		(4,529)	(4,769)
Balance as at the end of the year		<u>86,056</u>	<u>90,585</u>

### 22 INVESTMENT PROPERTY

Opening balance		784,279	779,925
Transfer from owner's occupied property		-	-
Revaluation gain / (loss) recognised through statement of profit or loss	22.01	6,810	4,354
		<u>791,089</u>	<u>784,279</u>

**22.01** As of reporting date, the fair value of such investment property was determined by an independent external property valuer, Arif Evaluators, having appropriate recognised qualification and relevant experience. Forced sale value of above investment as at reporting date is Rs. 702.238 million.

### 23 LONG TERM INVESTMENTS

		2022 Rupees ('000')	2021 Rupees ('000')
At fair value through statement of profit or loss designated on initial recognition	<b>Note</b>		
- Investment in Imperial Limited	23.02	175,920	431,155
At fair value through other comprehensive income	23.01	1,514	3,425
		<u>177,434</u>	<u>434,580</u>

#### 23.01 Investment - at fair value through other comprehensive income

	2022 No. of Shares / Bonds	2021 No. of Shares / Bonds	2022 Rupees ('000')	2021 Rupees ('000')
<b>Quoted - at fair value</b>				
Colony Woolen Mills Limited	70,506	70,506	282	282
Azgard Nine Limited	80,948	80,948	832	2,743
Colony Thal Textile Mills Limited	6	6	-	-
	<u>151,460</u>	<u>151,460</u>	<u>1,114</u>	<u>3,025</u>
<b>Unquoted - at cost</b>				
Government Compensation Bonds	400	400	400	400
	<u>151,860</u>	<u>151,860</u>	<u>1,514</u>	<u>3,425</u>

Government Compensation Bonds for Rs. 0.4 million (2021: Rs. 0.4 million) are receivable from the Federal Government in respect of shares held by the Company in the share capital of Multan Electric Supply Company Limited. The Company had challenged the withholding of these Bonds through writ petition filed in the Lahore High Court, Lahore, which is still pending for final adjudication.

#### 23.02 Investment - at fair value through profit or loss

	2022 No. of Shares / Bonds	2021 No. of Shares / Bonds	2022 Rupees ('000')	2021 Rupees ('000')
<b>Quoted - at fair value</b>				
- Investment in Imperial Limited	15,862,960	15,862,960	175,920	431,155
	<u>15,862,960</u>	<u>15,862,960</u>	<u>175,920</u>	<u>431,155</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

		2022	2021
	Note	Rupees ('000')	Rupees ('000')
<b>24 INVESTMENT IN SUBSIDIARY</b>			
Investment in Stitchrite	24.01	130,000	100,000
		<u>130,000</u>	<u>100,000</u>
<p><b>24.01</b> Stitchrite(Private) Limited is a private company incorporated in Pakistan. As of the date of statement of financial position the company owns 100 percent shareholding of Stitchrite(Private) Limited. During the year, share capital of the company increased by Rs. 30 million.</p>			
<b>25 STORES, SPARE PARTS AND LOOSE TOOLS</b>			
	Note	Rupees ('000')	Rupees ('000')
Stores		447,906	241,105
Spares		175,362	120,426
Loose tools		3,366	1,696
		<u>626,634</u>	<u>363,227</u>
Less: Provision for slow moving items	25.01	1,120	941
		<u>625,514</u>	<u>362,286</u>
<b>25.01 Provision for slow moving items</b>			
Opening balance		941	1,135
Provision made during the year		1,120	941
		<u>2,061</u>	<u>2,076</u>
Less: Provision written off during the year		941	1,135
Closing balance		<u>1,120</u>	<u>941</u>
<b>26 STOCK IN TRADE</b>			
<b>Textile</b>			
Raw material		1,702,808	1,573,387
Work in process		392,980	499,580
Finished goods		2,475,640	2,560,618
		<u>4,571,428</u>	<u>4,633,585</u>
<b>Real Estate Business</b>			
Land held for development and resale		165,000	165,000
		<u>4,736,428</u>	<u>4,798,585</u>
<b>27 TRADE DEBTS</b>			
Foreign - secured:			
Considered good		101,235	188,768
Local - unsecured:			
Considered good		1,478,798	933,175
Considered doubtful		1,370	1,235
		<u>1,581,403</u>	<u>1,123,178</u>
Less: Allowance for expected credit loss	27.01	1,370	1,235
		<u>1,580,033</u>	<u>1,121,943</u>
<b>27.01 Allowance for expected credit loss</b>			
Opening balance		1,235	2,250
ECL allowance provided during the year		1,370	1,235
		<u>2,605</u>	<u>3,485</u>
Less: ECL allowance written off during the year		1,235	2,250
Closing balance		<u>1,370</u>	<u>1,235</u>
<b>28 LOANS AND ADVANCES</b>			
<b>Considered good:</b>			
<b>Secured:</b>			
Loans to employees	28.01	42,618	24,069
Advances to:			
-Suppliers		462,752	440,575
-Stitchrite (Private) Limited (Subsidiary Company)	28.02	11,602	125
-Letters of credit fee, margin and expenses		995,388	408,796
		<u>1,512,360</u>	<u>873,565</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

**28.01** The advances are given to employees as per company's HR policy.

**28.02** Maximum aggregate amount outstanding during the year was Rs. 32.05 million (2021: Rs. 93.55 million)

		2022	2021
	Note	Rupees ('000')	Rupees ('000')
<b>29 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>			
Trade deposits		79,105	106,025
Other receivables		6,624	10,604
		<u>85,729</u>	<u>116,629</u>

### 30 OTHER FINANCIAL ASSETS

Other financial assets	30.01	<u>14</u>	<u>20</u>
------------------------	-------	-----------	-----------

**30.01** These include shares of listed companies classified at fair value through statement of profit or loss.

2022	2021		2022	2021
No. of Shares / Bonds		Note	Rupees ('000')	Rupees ('000')
		<i>Quoted - at fair value</i>		
89	89	Oil and Gas Development Company Limited	7	8
250	250	Maple Leaf Cement Factory Limited	7	12
<u>339</u>	<u>339</u>		<u>14</u>	<u>20</u>

### 31 TAX REFUNDS DUE FROM THE GOVERNMENT

Sales tax	706,089	429,783
Income tax refundable / adjustable	<u>227,512</u>	<u>369,609</u>
	<u>933,601</u>	<u>799,392</u>

### 32 CASH AND BANK BALANCES

Cash in hand	4,425	2,084
Cash at banks:		
-in current accounts	14,358	47,925
-in deposit accounts	<u>2,270</u>	<u>4,787</u>
	<u>21,053</u>	<u>54,796</u>

**32.01** These carry profit / markup ranging from 5.50% to 13.85% (2021: 5.50% to 6.50%) per annum.

	2022	2021
	Rupees ('000')	Rupees ('000')
<b>33 SALES</b>		
Local		
Yarn and Fabric	27,904,439	22,144,311
Raw material sales	283,284	281,323
Waste	474,228	326,009
	<u>28,661,951</u>	<u>22,751,643</u>
Export		
Yarn	-	27,322
Fabric	2,307,096	2,740,959
	<u>2,307,096</u>	<u>2,768,281</u>
	30,969,047	25,519,924
Commission and duties	<u>(151,803)</u>	<u>(51,396)</u>
	<u>30,817,244</u>	<u>25,468,528</u>

**33.01** Sales are shown net of sales tax, amounting Rs.5,244 million (2021: 4,307 million).

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

		2022	2021
34 COST OF SALES	Note	Rupees ('000')	Rupees ('000')
Raw material consumed	34.01	18,383,868	15,547,060
Stores consumed		1,457,605	989,471
Staff salaries, wages and benefits	34.02	2,754,314	2,508,844
Power and fuel		4,089,501	3,106,605
Insurance		56,789	61,808
Rent, rates and taxes		23,376	19,962
Depreciation	20.02	858,380	839,087
Other charges		117,835	71,571
		<u>27,741,668</u>	<u>23,144,408</u>
Work in process:			
Opening		499,580	467,431
Closing		(392,980)	(499,580)
		<u>106,600</u>	<u>(32,149)</u>
Cost of goods manufactured		<u>27,848,268</u>	<u>23,112,259</u>
Finished goods:			
Opening stock		2,560,618	2,687,864
Closing stock		(2,475,640)	(2,560,618)
		<u>84,978</u>	<u>127,246</u>
Real estate:			
Opening stock		165,000	165,000
Closing stock		(165,000)	(165,000)
		<u>-</u>	<u>-</u>
		<u>27,933,246</u>	<u>23,239,505</u>
<b>34.01 Raw material consumed</b>			
Opening stock		1,573,387	1,288,638
Purchases including purchase expenses		18,513,289	15,831,809
		<u>20,086,676</u>	<u>17,120,447</u>
Closing stock		(1,702,808)	(1,573,387)
		<u>18,383,868</u>	<u>15,547,060</u>
<b>34.02</b>	Salaries, wages and other benefits include provision for staff retirement benefits for the year Rs. 207.952 million (2021: Rs. 204.281 million).		

	2022	2021
35 DISTRIBUTION COST	Rupees ('000')	Rupees ('000')
Staff salaries and benefits	44,213	43,640
Freight	90,085	85,813
Telecommunication	2,205	3,326
Export forwarding charges	222,857	146,404
Bank charges	4,549	4,116
Others	3,439	19,585
	<u>367,348</u>	<u>302,884</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

36 ADMINISTRATIVE EXPENSES	Note	2022 Rupees ('000')	2021 Rupees ('000')
Staff salaries and benefits	36.01	370,661	366,368
Printing and stationery		779	786
Travelling and conveyance		37,779	8,552
Communication		4,739	4,727
Repair and maintenance		36,665	6,355
Insurance		6,760	4,517
Advertisement		3,988	658
Fee and subscription		14,237	6,450
Allowance for expected credit loss	27.01	1,370	1,235
Provision for slow moving stores, spares and loose tools	25.01	1,120	941
Entertainment		9,036	7,838
Auditors' remuneration	36.02	3,631	3,403
Donation	36.03	41,681	10,242
Expenses related to corporate social responsibilities		13,339	18,625
Legal and professional charges		5,642	6,124
Directors' meeting fee		300	300
Depreciation	20.00	14,363	13,866
Miscellaneous expenses		5,652	7,848
		<u>571,742</u>	<u>468,835</u>

**36.01** Salaries, wages and other benefits include staff retirement benefits for the year Rs. 10.165 million (2021: Rs. 8.49 million).

36.02 Auditors' remuneration	2022 Rupees ('000')	2021 Rupees ('000')
Statutory audit fee	3,070	2,994
Half yearly review fee	376	259
CCG review fee	125	100
Out of pocket expenses	60	50
	<u>3,631</u>	<u>3,403</u>

**36.03** No director or his / her spouse had any interest in the donees' fund.

### 37 FINANCE COST

Bank charges and commission	24,169	23,653
Mark up on inland bill discounting	57,580	31,362
Mark up on;		
- Long term finance	404,732	470,270
- Short term borrowings	231,609	186,695
- Liabilities against assets subject to finance lease	1,962	2,881
	<u>638,303</u>	<u>659,846</u>
	<u>720,052</u>	<u>714,861</u>

### 38 OTHER OPERATING CHARGES

Unwinding of loans at amortized cost	16,661	2,948
Loss on long term investments	255,235	-
Worker's profit participation fund	59,537	38,616
Loss on remeasurement of investments	6	-
Worker's welfare fund	23,815	18,471
	<u>355,254</u>	<u>60,035</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

### 39 OTHER INCOME

		2022 Rupees ('000')	2021 Rupees ('000')
<b>Income from financial assets</b>	<b>Note</b>		
Profit on deposits with banks		7,294	8,307
Amortization of deferred mark up		59,749	186,250
Gain on remeasurement of investments		-	4
Gain on long term investments		-	218,433
<b>Income from other than financial assets</b>			
(Loss) / Gain on sale of property, plant and equipment	20.06	(18,139)	(2,315)
(Loss) / gain on revaluation of investment property	22	6,810	4,354
Exchange gain realized		17,007	10,533
Miscellaneous income		19,711	13,351
		<u>92,432</u>	<u>438,917</u>

### 40 TAXATION

	Note	2022 Rupees ('000')	2021 Rupees ('000')
<b>Taxation:</b>			
-Current year		505,413	368,233
-Prior years		<u>(36,077)</u>	<u>(151)</u>
		469,336	368,082
<b>Deferred</b>			
		<u>206,387</u>	<u>4,987</u>
		<u>675,723</u>	<u>373,069</u>

- Income tax return has been filed to the income tax authorities up to and including tax year 2021 under the provisions of the Income Tax Ordinance, 2001.

- Provision for taxation has been made in accordance with section 154 and 113 of the Income Tax Ordinance, 2001 ("The Ordinance"). There is no relation between aggregate tax expense and accounting profit. Accordingly, no numerical reconciliation has been presented.

### 41 EARNINGS PER SHARE

	Note	2022	2021
<b>Basic Earnings per share:</b>			
Profit after taxation	Rupees ('000')	<u>286,311</u>	<u>748,256</u>
Weighted average number of ordinary shares	Number ('000')	<u>498,010</u>	<u>498,010</u>
Earning per share - basic and diluted	Rupees	<u>0.57</u>	<u>1.50</u>

#### Diluted earnings per share:

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

### 42 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	CHIEF EXECUTIVE		EXECUTIVE DIRECTOR		NON-EXECUTIVES DIRECTORS		EXECUTIVES	
	2022	2021	2022	2021	2022	2021	2022	2021
	Rupees ('000')	Rupees ('000')	Rupees ('000')	Rupees ('000')	Rupees ('000')	Rupees ('000')	Rupees ('000')	Rupees ('000')
Managerial remuneration	27,273	27,273	6,727	4,364	-	-	95,838	54,172
Retirement benefits	2,272	2,272	560	364	-	-	7,836	4,170
Medical	2,727	2,727	673	436	-	-	9,584	5,417
Meeting fee	-	-	-	-	300	300	-	-
	<u>32,272</u>	<u>32,272</u>	<u>7,960</u>	<u>5,164</u>	<u>300</u>	<u>300</u>	<u>113,258</u>	<u>63,759</u>
Number of Executives	1	1	1	1	5	5	53	29

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

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

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

### 43 TRANSACTIONS WITH RELATED PARTIES

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

Nature of transaction	Nature of Relationship	Note	2022 Rupees ('000')	2021 Rupees ('000')
Expense related to provident fund trust	Employees Fund	43.01	31,839	27,949
Investment in Stitchrite (Pvt) Limited	Subsidiary		130,000	100,000
Sales to Stitchrite (Pvt) Limited	Subsidiary		113,582	40,271
Purchases from Stitchrite (Pvt) Limited	Subsidiary		-	488
Rent received from Stitchrite (Pvt) Limited	Subsidiary		-	7,059
Loan to Stitchrite (Pvt) Limited	Subsidiary		11,602	125

**43.01** The related party status of outstanding balances as at 30 June 2022 related to employee provident fund trust are included in trade and other payables amounting to Rs. 32.791 million (2021: Rs. 35.003 million). These are to be settled in the ordinary course of business.

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

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

### 44 PLANT CAPACITY AND ACTUAL PRODUCTION

#### Installed capacity

##### Spinning division:

##### Ring spinning:

Installed capacity converted into 20s count	Kgs	124,807,256	124,807,256
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##### Open end spinning:

Installed capacity converted into 20s count	Kgs	9,332,808	9,332,808
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##### Weaving Division:

Installed capacity converted into square meter @ 60 PPI	Meters	121,824,244	121,824,244
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#### Actual production:

##### Spinning division:

##### Ring spinning:

Production converted into 20s count	Kgs	112,007,114	122,251,661
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##### Open end spinning:

Production converted into 20s count	Kgs	7,841,323	5,492,209
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##### Weaving Division:

Production converted into square meter @ 60 PPI	Meters	109,392,440	116,040,131
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#### Remarks:

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



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

45 PROVIDENT FUND	Note	2022 Rupees ('000')	2021 Rupees ('000')
The following information is based on the latest audited - financial statements of the trust:			
Size of the fund - Total assets		342,813	291,741
Cost of investments made	45.01	301,225	253,913
Percentage of investments made		87.87%	87.03%
Fair value of investments		301,225	253,913

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

	2022		2021	
	Rs. ('000')	Percentage	Rs. ('000')	Percentage
Loan to members	60,096	20%	44,752	18%
Bank balances	39,375	13%	7,042	3%
Government securities	166,754	55%	155,119	61%
Other investments	35,000	12%	47,000	18%
	301,225	100%	253,913	100%

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

46 NUMBER OF EMPLOYEES		2022 Number	2021 Number
The total and average number of employees during the year and as at 30 June 2022 / 30 June 2021 are as follows:			
Average number of employees during the year	- factory	8,606	8,550
	- others	839	636
		9,445	9,186
Number of employees at the end of the year	- factory	8,176	9,035
	- others	1,028	650
		9,204	9,685

### 47 FINANCIAL INSTRUMENTS

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

- Credit risk
- Liquidity risk
- Market risk

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

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

#### 47.02 Credit risk

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

Financial assets as per statement of financial position	2022 Rupees ('000')	2021 Rupees ('000')
Long term investment in IL	175,920	431,155
Long term deposits	51,132	51,132
Trade debts	1,580,033	1,121,943
Loans and advances	42,618	24,069
Trade deposits and short term prepayments	85,729	116,629
Cash and Bank balances	21,053	54,796
<b>Investments measured at fair value through profit or loss</b>		
Quoted - at fair value	14	20
<b>Investment measured at fair value through other comprehensive income</b>		
Quoted - at fair value	1,114	3,025
Unquoted - at cost	400	400
	1,958,013	1,803,169

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

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

### Counter parties

The Company conducts transactions with the following major counterparties:

#### - Trade debtors

#### - Banks and other financial institutions

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

### Credit risk related to trade debts

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

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

### Impairment losses

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

	2022 Rupees ('000')	2021 Rupees ('000')
0 to 30 days	486,795	343,804
31 to 180 days	649,060	458,405
181 to 360 days	485,425	342,568
Over one year	1,370	1,235
	<u>1,622,650</u>	<u>1,146,012</u>

Trade debts include debtors with a carrying amount of Rs. 1.37 million (2021: Rs. 1.23 million) which are past due at the reporting date but not impaired as there has not been a significant change in credit quality and the amounts are still considered recoverable.

### Concentration of credit risk

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

### Credit risk related to banks and other financial institutions

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

### 47.03 Liquidity risk

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

### 47.03.1 Liquidity risk table

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

#### Financial Liabilities:

Financial liabilities measured

at amortized cost

Long term financing

Director's loan

Liabilities against assets

subject to finance lease

Short-term borrowings

Trade and other payables

Unclaimed dividend

Accrued mark up

30 June 2022						
Interest/mark-up bearing			Non interest/mark-up bearing			
Maturity within one year	Maturity after one year	Sub Total	Maturity within one year	Maturity after one year	Sub Total	Total
Rupees ('000')						
-	-	-	-	4,546,513	4,546,513	4,546,513
957,153	6,153,624	7,110,777	-	-	-	7,110,777
-	-	-	-	120,000	120,000	120,000
12,322	1,614	13,936	-	-	-	13,936
3,597,762	-	3,597,762	-	-	-	3,597,762
-	-	-	2,688,356	-	2,688,356	2,688,356
-	-	-	94	-	94	94
119,645	-	119,645	-	-	-	119,645
4,686,882	6,155,238	10,842,120	2,688,450	4,666,513	7,354,963	18,197,083

#### Financial Liabilities:

Financial liabilities measured

at amortized cost

Long term financing

Director's loan

Liabilities against assets

subject to finance lease

Short-term borrowings

Trade and other payables

Unclaimed dividend

Accrued mark up

30 June 2021						
Interest/mark-up bearing			Non interest/mark-up bearing			
Maturity within one Year	Maturity after one Year	Sub Total	Maturity within one Year	Maturity after one Year	Sub Total	Total
Rupees ('000')						
-	-	-	-	4,176,997	4,176,997	4,176,997
815,592	6,894,705	7,710,297	-	-	-	7,710,297
-	-	-	-	120,000	120,000	120,000
14,992	12,906	27,898	-	-	-	27,898
2,993,518	-	2,993,518	-	-	-	2,993,518
-	-	-	1,647,850	-	1,647,850	1,647,850
-	-	-	94	-	94	94
147,638	-	147,638	-	-	-	147,638
3,971,740	6,907,611	10,879,351	1,647,944	4,296,997	5,944,941	16,824,292

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

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

### 47.04 Market risk

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

#### 47.04.1 Currency risk

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

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

#### Exposure to currency risk

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

#### Statement of financial position items

	2022		2021	
	Rupees ('000')	US \$ ('000')	Rupees ('000')	US \$ ('000')
Trade debts	101,235	494	188,768	1,198
L/C Margins	995,388	4,859	408,796	2,595

#### Off statement of financial position commitments

	2022		2021	
	Rupees ('000')	US \$ ('000')	Rupees ('000')	US \$ ('000')
Letter of credit	27,070	132	176,262	1,119

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

	2022	2021
	Rupees	Rupees
Average rate	181.20	162.80
Statement of financial position date rate	204.85	157.54

#### Sensitivity analysis - foreign currency

At 30 June 2022, if the Rupee had weakened / strengthened by 5% against the US Dollar with all other variables held constant, profit for the year would have been lower / higher by Rs. 71.285 million (2021: 38.691 million), as a result of foreign exchange gains / losses on translation of foreign currency trade debts. Profit / (loss) is more sensitive to movement in Rupee / foreign currency exchange rates in 2022 than 2021 because of average increase in foreign currency exchange rate during the year.

#### 47.04.2 Interest rate risk

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees ('000')	2021 Rupees ('000')
<b>Fixed rate instruments</b>			
There are no fixed rate instruments.			
<b>Variable rate instruments</b>			
<b>Financial assets</b>			
Cash in deposit accounts		2,270	4,787
<b>Financial liabilities</b>			
Long term finance		7,110,777	7,710,297
Short term finance		3,597,762	2,993,518
Liabilities against assets subject to finance lease		13,936	27,898
		<u>10,722,474</u>	<u>10,731,713</u>

### Sensitivity analysis - interest rate

If interest rates had been 1 % higher / lower and all other variables were held constant, the Company's profit / (loss) for the year ended 30 June 2022 would have decreased / increased by Rs. 109.97 million (2021: Rs. 107.27 million). This is mainly attributable to the Company's exposure to interest rates on its variable rate financial instruments.

#### 47.04.3 Other price risk

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

#### 47.04.4 Financial instruments by category

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

	Note	2022 Rupees ('000')	2021 Rupees ('000')
<b>Financial assets as per statement of financial position</b>			
<b>Loan and receivable</b>			
Long-term deposits		51,132	51,132
Trade debts		1,580,033	1,121,943
Loans and advances		42,618	24,069
Trade deposits and short term prepayments		85,729	116,629
Cash and Bank balances		21,053	54,796
<b>Long term investment</b>			
Investment in IL at fair value through statement of profit or loss		175,920	431,155
<b>Fair value through profit or loss</b>			
Quoted - at fair value		14	20
<b>Fair value through other comprehensive income</b>			
Quoted - at fair value		1,114	3,025
Unquoted - at cost		400	400
		<u>1,958,013</u>	<u>1,803,169</u>
<b>Financial liabilities as per statement of financial position</b>			
Financial liabilities measured at amortized cost		4,546,513	4,176,997
Long term finance		7,110,777	7,710,297
Director's loan		120,000	120,000
Liabilities against assets subject to finance lease		13,936	27,898
Short-term borrowings		3,597,762	2,993,518
Trade and other payables		2,688,356	1,647,850
Unclaimed dividend		94	94
Accrued mark up		119,645	147,638
		<u>18,197,083</u>	<u>16,824,292</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

### 47.05 Fair values of financial instruments

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

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

#### 47.05.1 Fair value hierarchy

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

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

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

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

	2022			
	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>	Rupees ('000')			
Financial investments: available for sale	14	-	-	14
Investment at fair value through profit or loss	175,920	-	-	175,920
Investment - available for sale	832	-	282	1,114
	176,766	-	282	177,048
	2021			
	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>	Rupees ('000')			
Financial investments: available for sale	20	-	-	20
Investment at fair value through profit or loss	431,155	-	-	431,155
Investment - available for sale	2,743	-	282	3,025
	433,918	-	282	434,200

### 48 CAPITAL MANAGEMENT

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

- The Company is not subject to any externally imposed capital requirements.
- The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.
- Consistently with others in the industry, the company monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e., share capital, reserves and unappropriated profit).
- The Company's strategy is to maintain its debt-to-adjusted capital ratio between 40% to 60%. The debt-to-adjusted capital ratios at 30 June 2022 and 30 June 2021 were as follows:

	2022	2021
	Rupees ('000')	Rupees ('000')
Total debt	10,722,475	10,731,714
Less: cash and cash equivalents	21,053	54,796
Net debt	10,701,422	10,676,918
Total equity	10,151,208	9,874,147
Total capital employed	20,852,630	20,551,065
Gearing ratio (%)	51.32%	51.95%

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

### 49 NON ADJUSTING EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

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

### 50 CASH GENERATED FROM OPERATIONS

	Note	2022 Rupees ('000')	2021 Rupees ('000')
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit / (loss) before taxation		962,034	1,121,325
Adjustments for:			
Provision for staff retirement benefits		178,273	186,281
Depreciation		872,743	852,953
Finance cost		720,052	714,861
Worker's profit participation fund		59,537	38,616
Worker's welfare fund		23,815	18,471
Share of (gain) / loss from investment in IL		255,235	(218,433)
Loss/(gain) on remeasurement of short term investments		6	(4)
Revaluation loss / (gain) on investment property		(6,810)	(4,354)
Provision for slow moving stores, spares and loose tools		1,120	941
Loss allowance for doubtful trade debts		1,370	1,235
Amortization of deferred mark up		(59,749)	(186,250)
Gain on restructuring from banking companies / financial institutions		-	-
Gain on amortization of long term loan		16,661	2,948
(Gain)/loss on disposal of property, plant and equipment		18,139	2,315
		<u>2,080,392</u>	<u>1,409,580</u>
Operating cash flows before working capital changes		<u>3,042,426</u>	<u>2,530,905</u>
<b>Changes in working capital:</b>			
<b>(Increase) / decrease in current assets:</b>			
Stores, spares and loose tools		(264,348)	(87,560)
Stock-in-trade		62,157	(189,652)
Trade debts		(459,460)	142,868
Loans and advances		(638,795)	(157,135)
Tax refund due from government		(276,306)	92,762
Trade deposits and short term prepayments		30,900	139,203
<b>Increase / (decrease) in current liabilities:</b>			
Trade and other payables		747,762	245,053
		<u>(798,090)</u>	<u>185,539</u>
Cash generated from operations		<u>2,244,336</u>	<u>2,716,444</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

### 51 SEGMENT INFORMATION

	Spinning		Weaving		Real estate		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
----- Rupees ('000') -----								
Sales:								
Total	26,025,120	20,976,797	5,894,110	5,031,184	-	-	31,919,230	26,007,981
Intersegment	(1,101,986)	(539,453)	-	-	-	-	(1,101,986)	(539,453)
	24,923,134	20,437,344	5,894,110	5,031,184	-	-	30,817,244	25,468,528
Cost of Sales	22,753,272	18,867,654	5,179,974	4,371,852	-	-	27,933,245	23,239,505
Gross profit	2,169,863	1,569,691	714,136	659,333	-	-	2,883,999	2,229,023
Distribution Cost	270,143	212,019	97,204	90,865	-	-	367,348	302,884
Administrative expenses	400,219	328,185	171,522	140,651	-	-	571,742	468,835
	670,363	540,204	268,727	231,516	-	-	939,089	771,719
	1,499,500	1,029,487	445,410	427,817	-	-	1,944,910	1,457,304
Finance cost	504,037	500,403	216,016	214,458	-	-	720,052	714,861
Profit before unallocated income and expenses	995,464	529,084	229,394	213,358	-	-	1,224,858	742,443

#### Unallocated income and expenses

Other operating charges	355,254	60,035
Other Income	92,432	438,917
Profit before tax	962,036	1,121,325
Taxation	675,723	373,069
Profit after tax for the year	286,313	748,256
Other comprehensive income:		
Remeasurement (loss) / gain of defined benefit obligation	(7,339)	(9,061)
Net fair value gain / (loss) on investment through FVOCI	(1,911)	1,459
Total comprehensive profit for the year	277,063	740,654

#### Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Total	
	2022	2021	2022	2021	2022	2021
----- Rupees ('000') -----						
Total assets for reportable segments	10,894,651	10,306,458	8,560,083	8,432,557	19,454,735	18,739,015
Unallocated assets:						
Investment property					791,089	784,279
Long term investments					177,434	434,580
Investment in subsidiary					130,000	100,000
Cash and bank balances					21,053	54,796
Other corporate assets					9,524,811	8,123,552
Total assets as per statement of financial position					30,099,122	28,236,223



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

### Unallocated liabilities:

Directors' loan	120,000	120,000
Provision for taxation	505,413	368,233
Other corporate liabilities	29,473,709	27,747,990
<b>Total liabilities as per statement of financial position</b>	<b>30,099,122</b>	<b>28,236,223</b>

### 51.01 Geographical information

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

	Spinning		Weaving		Total	
	2022	2021	2022	2021	2022	2021
	Rupees ('000')					
Europe	-	-	1,434,977	1,122,879	1,434,977	1,122,879
USA	-	-	336,806	114,983	336,806	114,983
Africa	-	-	64,399	67,468	64,399	67,468
Asia	-	27,322	470,913	1,435,629	470,913	1,462,951
	-	27,322	2,307,096	2,740,959	2,307,096	2,768,281

### 52 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been approved and authorized for issue on 5 October 2022 by the Board of Directors of the Company.

### 53 GENERAL

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



Chief Financial Officer



Director



Chief Executive Officer



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

**COLONY TEXTILE MILLS LIMITED  
CONSOLIDATED ACCOUNTS FOR THE YEAR  
ENDED  
JUNE 30, 2022**

## Independent Auditors' Report

### To The Members of Colony Textile Mills Limited

### Report on the Audit of Consolidated Financial Statements

#### Opinion

We have audited the annexed consolidated financial statements of Colony Textile Mills Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 30 June 2022, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

#### Basis for Opinion

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

#### Key Audit Matters

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

Following are the Key audit matters:

Key audit matters	How the matters were addressed in our audit
<b>1) Revenue</b> (Refer note 33 to the annexed financial statements)  Revenue is recognized when control of the underlying products has been transferred to the customers. The Company primarily generates revenue from sale of yarn, fabric and trading in real estate. During the year, the Company's revenue is Rs. 30,872 million which is 102.08% of the total assets.  We have considered revenue as a key audit matter as it is one of the key performance indicators of the Company. There is inherent risk of material misstatement as there is a significant increase in revenue from last year despite the economic crisis faced by textile sector of the country in last quarter of the financial year.	Our audit procedures in relation to the matter, amongst others, included the following: <ul style="list-style-type: none"> <li>Assessed the design, implementation and operating effectiveness of the relevant key internal controls over the Company's system which governs revenue recognition;</li> <li>Understood and evaluated the accounting policies with respect to revenue recognition including those related to discounts and commissions and its compliance with International Financial Reporting Standards;</li> <li>Performed testing of sample of revenue transactions with underlying documentation including dispatch documents and sales invoices;</li> <li>Tested on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the correct period;</li> <li>Checked on a sample basis, approval of sales prices and commissions by the appropriate authority;</li> <li>Performed recalculation of discounts and commission as per Company's policy on test basis;</li> <li>Performed audit procedures to analyze variation in the price and quantity sold during the year; and</li> <li>Assessed the adequacy of disclosures made in the financial statements related to revenue.</li> </ul>

## Independent Auditors' Report

### To The Members of Colony Textile Mills Limited

### Report on the Audit of Consolidated Financial Statements

Key audit matters	How the matters were addressed in our audit
<b>2) Inventories</b>	
<p>(Refer notes 25 and 26 to the annexed financial statements)</p> <p>The Company has inventories i.e. stores, spares and loose tools and stock-in-trade aggregating Rs. 5,534 million.</p> <p>We identified this area as a key audit matter because inventories constitute 18.30% of the total assets of the Company as at 30 June 2022 and determining an appropriate write down as a result of net realizable value (NRV) and provision for slow moving inventories involves management judgement and estimation.</p>	<p>Our audit procedures in respect of this area included:</p> <ul style="list-style-type: none"> <li>• Observation of physical inventory count procedures and compared on a sample basis, physical count with valuations sheets;</li> <li>• Compared on a sample basis specific purchases and directly attributable cost with underlying supporting documents;</li> <li>• Compared the NRV, on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value stocks in accordance with applicable accounting and reporting standards;</li> <li>• Assessed the provision for slow moving items as at year end is in accordance with the Company policy and relevant accounting standard; and</li> <li>• We also considered the adequacy of the related disclosures and assessed these are in accordance with the applicable financial reporting standards and the Companies Act, 2017.</li> </ul>
<b>3) Capital expenditures</b>	
<p>(Refer note 21 to the annexed financial statements)</p> <p>The Company has significant amounts of fixed capital expenditures amounting to Rs. 1,757 million, being 9.04% of property, plant and equipment as at reporting date.</p> <p>The Company is investing significant amounts in its operations and there are a number of areas where management's judgment impacts the carrying value of property, plant and equipment and its respective depreciation profile. These include among others the decision to capitalize costs; and review of useful life of the assets.</p> <p>The Company's principal accounting policy on operating fixed assets and capital work in progress are disclosed in note 8.03 to the financial statements.</p> <p>We focused on this area since the amounts have a significant impact on the financial position of the Company and there is significant management judgment required that has significant impact on the reporting of the financial position for the Company. Therefore, considered as one of the key audit matters.</p>	<p>Our audit procedures in relation to capitalization of property, plant and equipment, amongst others include the following:</p> <ul style="list-style-type: none"> <li>• Understanding the design and implementation of management controls over capitalization and performing tests of control over authorization of capital expenditure and accuracy of its recording in the system.</li> <li>• Testing, on sample basis, the costs incurred on projects with supporting documents and contracts.</li> <li>• Assessing the nature of costs incurred for capital projects through testing, on sample basis, of amounts recorded and considering whether the expenditure meets the criteria for capitalization as per the accounting policy and applicable accounting standards.</li> <li>• Checked the reasonableness of management's assessment of categories of assets and working of reclassification in categories of assets including impact of reclassification on both cost of assets and accumulated depreciation in each category.</li> <li>• Inspecting supporting documents for the date of capitalization when project was ready for its intended use to assess whether depreciation commenced and further capitalization of costs ceased from that date and assessing the useful life assigned by management including the calculation.</li> </ul>

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

Key audit matters	How the matters were addressed in our audit
<b>4) Borrowings</b>  (Refer notes 12, 13, 16 and 18 to the annexed financial statements) The Company has significant amounts of borrowings from Banks and other financial institutions amounting to Rs. 10,722 million, being 53.33% of total liabilities, as at reporting date. Given the significant level of borrowings, finance costs, significant gearing, the disclosure given by the management in financial statements and compliance with various loan covenants, this is considered to be a key audit matter.	Our audit procedures in respect of this area included: <ul style="list-style-type: none"> <li>• Review of loan agreements and facility letters to ascertain the terms and conditions of repayment, rates of markup used and disclosed by management for finance costs and to ensure that the borrowings have been approved at appropriate level.</li> <li>• Verification of disbursement of loans and utilization on sample basis. Review of documents for charge registration with regulator - SECP.</li> <li>• Verification of repayments made by the Company during the year on sample basis to confirm that repayments are being made on time and no default has been made.</li> <li>• Assessing procedures designed by management to comply with the debt covenants and performing covenant tests on sample basis.</li> <li>• Obtaining direct confirmations from Banks of the Company to confirm balances, terms &amp; conditions stated in the facility offer letters and compliance thereof.</li> <li>• Performing analytical procedures, recalculations and ensuring outstanding liabilities have been properly classified in financial statements.</li> </ul>

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

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

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

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

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

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

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

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

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

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

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

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

## Independent Auditors' Report

### To The Members of Colony Textile Mills Limited

### Report on the Audit of Consolidated Financial Statements

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

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

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

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

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

**Dated: 05 October, 2022**  
**Lahore**

**UDIN: AR202210055Rab7ECu9y**

*Tariq Abdul Ghani Maqbool*  
**Tariq Abdul Ghani Maqbool & Co.**  
**Chartered Accountants**

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## AS AT JUNE 30, 2022

	Note	2022 Rupees ('000')	2021 Rupees ('000')
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised share capital	9	5,300,000	5,300,000
Issued, subscribed and paid up capital	10	4,980,100	4,980,100
Reserve arising on amalgamation		3,156,388	3,156,388
Revaluation surplus on property, plant and equipment		19,594	19,594
Directors' loan	11	120,000	120,000
General reserves		4,702	4,702
Unappropriated profit		1,856,751	1,564,304
Surplus on remeasurement of investments		1,040	2,951
		10,138,575	9,848,039
<b>Non-current liabilities</b>			
Long term financing	12	6,153,623	6,894,705
Liabilities against assets subject to finance lease	13	1,614	12,906
Deferred liabilities	14	5,913,843	5,257,455
		12,069,080	12,165,066
<b>Current liabilities</b>			
Trade and other payables	15	2,840,341	1,921,336
Short term borrowings	16	3,597,762	2,993,518
Accrued mark up	17	119,645	147,638
Unclaimed dividend		94	94
Current portion of long term liabilities	18	969,475	830,584
Provision for taxation	19	508,410	368,752
		8,035,727	6,261,922
Contingencies and commitments	20	-	-
		30,243,382	28,275,027

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



Chief Financial Officer



Director

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2022

	Note	2022 Rupees ('000')	2021 Rupees ('000')
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	21	19,446,781	18,711,700
Right of use assets	22	86,055	90,584
Investment property	23	791,089	784,279
Long term investments	24	177,434	434,580
Long term deposits		51,132	51,132
		<u>20,552,491</u>	<u>20,072,275</u>
<b>Current assets</b>			
Stores, spare parts and loose tools	25	680,108	384,598
Stock in trade	26	4,853,572	4,818,093
Trade debts	27	1,582,836	1,123,472
Loans and advances	28	1,508,501	876,945
Trade deposits and short term prepayments	29	85,729	116,629
Other financial assets	30	14	20
Tax refunds due from the Government	31	958,638	812,111
Cash and bank balances	32	21,493	70,884
		<u>9,690,891</u>	<u>8,202,752</u>
		<u><u>30,243,382</u></u>	<u><u>28,275,027</u></u>

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

Chief Executive Officer



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

## FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees ('000')	2021 Rupees ('000')
Sales - net	33	30,871,887	25,462,402
Cost of sales	34	27,922,716	23,239,605
<b>Gross profit</b>		<b>2,949,171</b>	<b>2,222,797</b>
<b>Operating expenses:</b>			
Distribution cost	35	375,908	303,447
Administrative expenses	36	611,634	474,410
		987,542	777,857
Operating profit		1,961,629	1,444,940
Finance cost	37	720,222	714,930
Other operating charges	38	356,439	60,096
		1,076,661	775,026
Other income	39	93,018	431,858
<b>Profit / (loss) before taxation</b>		<b>977,986</b>	<b>1,101,772</b>
Taxation	40	678,201	373,588
<b>Profit / (loss) after tax for the year</b>		<b>299,785</b>	<b>728,184</b>
		<b>Rupees</b>	<b>Rupees</b>
<b>Earnings/(Loss) per share - basic and diluted</b>	41	<b>0.60</b>	<b>1.46</b>

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



Chief Financial Officer



Director



Chief Executive Officer

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees ('000')	2021 Rupees ('000')
Profit / (loss) for the year		299,785	728,184
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to statement of profit or loss:</b>			
Remeasurement (loss) / gain of defined benefit obligation	14.03	(9,894)	(12,146)
Deferred tax thereon		2,555	3,085
		(7,339)	(9,061)
<b>Items that may be reclassified to statement of profit or loss:</b>			
Net fair value gain on investment measured at FVTOCI		(1,911)	1,459
<b>Total comprehensive income/(loss) for the year</b>		<b>290,535</b>	<b>720,582</b>

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



Chief Financial Officer



Director



Chief Executive Officer

# CONSOLIDATED STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees ('000')	2021 Rupees ('000')
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	50	2,219,852	2,704,587
Finance cost paid		(318,949)	(297,940)
Staff retirement benefit paid		(106,934)	(107,631)
Income tax paid		(192,057)	(221,264)
		(617,940)	(626,835)
<b>Net cash generated from operating activities</b>		<b>1,601,912</b>	<b>2,077,752</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(1,757,079)	(1,462,170)
Proceeds from disposal of property, plant and equipment		131,675	57,413
<b>Net cash used in investing activities</b>		<b>(1,625,404)</b>	<b>(1,404,757)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term finances repaid		(616,181)	(302,620)
Lease rentals - net		(13,962)	(13,294)
Short term borrowings - net		604,244	(335,268)
<b>Net cash used in financing activities</b>		<b>(25,900)</b>	<b>(651,182)</b>
Net increase / (decrease) in cash and cash equivalents		(49,391)	21,813
Cash and cash equivalents at beginning of the year		70,884	49,071
Cash and cash equivalents at end of the year		<b>21,493</b>	<b>70,884</b>

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



Chief Financial Officer



Director



Chief Executive Officer

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED JUNE 30, 2022

	Share capital	Reserve arising on amalgamation	Revaluation surplus on property, plant and equipment	Directors' loan	Revenue reserves		Surplus on re-measurement of investments	Total
					General reserves	Unappropriated profit/(loss)		
	Rupees ('000')							
Balance as at 30 June 2020	4,980,100	3,156,388	19,594	385,187	4,702	845,182	1,492	9,392,645
Total comprehensive income for the year								
Profit / (loss) for the year	-	-	-	-	-	728,184	-	728,184
Remeasurement of defined benefit obligation	-	-	-	-	-	(9,061)	-	(9,061)
Net fair value gain on investment measured at FVTOCI	-	-	-	-	-	-	1,459	1,459
Total comprehensive income for the year	-	-	-	-	-	719,123	1,459	720,582
Directors' loan adjusted during the year	-	-	-	(265,187)	-	-	-	(265,187)
Balance as at 30 June 2021	4,980,100	3,156,388	19,594	120,000	4,702	1,564,305	2,951	9,848,040
Total comprehensive income for the year								
Profit / (loss) for the year	-	-	-	-	-	299,785	-	299,785
Remeasurement of defined benefit obligation	-	-	-	-	-	(7,339)	-	(7,339)
Net fair value gain on investment measured at FVTOCI	-	-	-	-	-	-	(1,911)	(1,911)
Total comprehensive income for the year	-	-	-	-	-	292,446	(1,911)	290,535
Directors' loan adjusted during the year	-		-	-	-	-	-	-
Balance as at 30 June 2022	4,980,100	3,156,388	19,594	120,000	4,702	1,856,751	1,040	10,138,575

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



Chief Financial Officer



Director



Chief Executive Officer

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

### 1 LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

### 2 THE GROUP AND ITS OPERATIONS

The group consists of :

**Colony Textile Mills Limited (the Holding Company)**

**Stitchrite (Private) Limited (the Subsidiary Company)**

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

	Effective Shareholding %
- Stitchrite (Private) Limited	100

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

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

### 4 BASIS OF PREPARATION

#### 4.01 Statement of compliance

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

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

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

- 4.02** These consolidated financial statements comprise the consolidated statement of financial position of the company as at June 30, 2022 and the related consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows together with notes forming part thereof.

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

### 4.03 Standards, interpretations and amendments to published approved accounting standards

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

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

- IAS 1 Presentation of Financial Statements - Amendments regarding the definition of material
- IAS 8 Accounting policies, changes in accounting estimates and errors - Amendments regarding the definition of material
  
- IFRS 9 Financial Instruments - Amendments regarding pre-replacement issues in the context of the IBOR reform
- IAS 41 Agriculture - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (taxation in fair value measurements)
- IFRS 3 Business combinations - Amendments to clarify the definition of a business
- IFRS 7 Financial Instruments: Disclosures - Amendments regarding pre-replacement issues in the context of the IBOR reform
  
- IFRS 11 Joint arrangements - Amendments resulting from Annual Improvements 2015–2017 Cycle (remeasurement of previously held interest)
- IFRS 16 Leases - Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification
- IAS 16 Property, Plant and Equipment - Amendments prohibiting a Company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use
  
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous
- IFRS 1 First-time Adoption of International Financial Reporting Standards Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (subsidiary as a first-time adopter)
- IFRS 3 Business combinations (amendments)
- IFRS 7,9 Financial Instruments: Disclosure - Amendments regarding replacement issues in the context of the IBOR reform & IAS 39
- IFRS 9 Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (fees in the '10 per cent')

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

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

	Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IAS 8	Accounting policies, changes in accounting estimates and errors - Amendments regarding the definition of accounting estimates	January 01, 2023
IAS 12	Income Taxes - Amendments regarding deferred tax on leases and decommissioning obligations	January 01, 2023
IFRS 4	Insurance contracts (amendments) Regarding replacement issues in the context of the IBOR reform	January 01, 2021
IFRS 4	Insurance contracts - Amendments regarding the expiry date of the deferral approach	January 01, 2023
IAS 1	Presentation of Financial Statements - Amendment to defer the effective date of the January 2020 amendments	January 01, 2023
	Presentation of Financial Statements - Amendments regarding the classification of liabilities	January 01, 2023
	Presentation of Financial Statements - Amendments regarding the disclosure of accounting policies	January 01, 2023

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

Standard or Interpretation		Effective Date (Annual periods beginning on or after)
IFRS 16	Leases - Amendments regarding replacement issues in the context of the IBOR reform	January 01, 2021
IFRS 17	Insurance contracts - Amendments to address concerns and implementation challenges that were identified after IFRS 17 was published (includes a deferral of the effective date to annual periods beginning on or after 1 January 2023)	January 01, 2023
IFRS 16	Leases - Amendment to extend the exemption from assessing whether a COVID-19-related rent concession is a lease modification	April 01, 2021

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

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

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

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

### 5 FUNCTIONAL AND PRESENTATION CURRENCY

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

### 6 BASIS OF MEASUREMENT

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

### 7 JUDGMENT, ESTIMATES AND ASSUMPTIONS

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

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

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

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

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

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

### 8 SIGNIFICANT ACCOUNTING POLICIES

#### 8.01 Staff retirement benefits

The Holding Company operates two plans for its employees:

##### Defined contribution plan

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

##### Defined benefit plan

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

#### 8.02 Taxation

##### Current

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

##### Deferred

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

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

#### 8.03 Property, plant and equipment

##### Operating fixed assets

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

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

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



# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

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

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

### Capital work in progress

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

### Right of use assets

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

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

### 8.04 Investment property

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

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

### 8.05 Financial instruments

#### Recognition

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

#### a) Financial assets

##### (i) Initial Measurement

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

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

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

##### (ii) Subsequent Measurement

##### Debt Investments at FVOCI:

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

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

### Equity Investments at FVOCI:

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

### Financial assets at FVTPL:

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

Financial assets measured at amortised cost:

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

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

### b) Financial liabilities

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

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

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

### c) Offsetting of financial assets and financial liabilities

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

### d) Regular way purchases or sales of financial assets

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention on the market place. Regular way purchases or sales of financial assets are recognised and de recognised on a trade date basis.

### e) Derivatives

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

### 8.06 Contingent liability

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

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

### 8.08 Stock in trade

Basis of valuation are as follows:

#### Particulars

Raw materials:

At mills

At lower of weighted average cost and net realizable value

In-transit

At cost accumulated to the statement of financial position date

Work in process

At average manufacturing cost

Finished goods

At lower of average manufacturing cost and net realizable value

Waste

At net realizable value

Real estate

At lower of cost and net realizable value

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

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

### 8.09 Trade debts and other receivables

#### Financial assets

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

#### Non-financial assets

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

### 8.10 Cash and cash equivalents

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

### 8.11 Borrowings

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

### 8.12 Trade and other payables

#### Financial liabilities

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

#### Non-financial liabilities

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

### 8.13 Provisions

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

### 8.14 Impairment

#### Financial assets

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

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

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

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

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

### Non financial assets

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

### 8.15 Revenue recognition

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

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

### 8.16 Related parties

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

### 8.17 Related party transactions

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

### 8.18 Dividend

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

### 8.19 Foreign currency translations

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

### 8.20 Earnings per share (EPS)

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

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

### 8.21 Segment reporting

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

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

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

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

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

### 8.22 Share capital

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

		2022	2021
	Note	Rupees ('000')	Rupees ('000')
<b>9 AUTHORISED SHARE CAPITAL</b>			
185,000,000 (2021: 185,000,000) ordinary shares of Rs. 10/- each		1,850,000	1,850,000
Capital of merged companies			
345,000,000 (2021: 345,000,000) ordinary shares of Rs. 10/- each		3,450,000	3,450,000
		<u>5,300,000</u>	<u>5,300,000</u>
<b>10 ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>			
20,000 (2021: 20,000) ordinary shares of Rs. 10/- each issued as fully paid in cash shares		200	200
497,989,959 (2021: 497,989,959) fully paid in cash ordinary shares of Rs. 10/- each issued to the shareholders of amalgamated entities		4,979,900	4,979,900
		<u>4,980,100</u>	<u>4,980,100</u>

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

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

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

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

		2022	2021
	Note	Rupees ('000')	Rupees ('000')
<b>11 DIRECTORS' LOAN</b>			
Directors' loan	11.01	120,000	120,000

**11.01** This represents interest free loans from directors of the Company, payable at the discretion of the entity. They do not pass the liability test and thus recorded as equity at face value. They will not be re-measured subsequently. The decision by the entity at any time in future to deliver cash or any other financial asset to settle the directors' loan would be a direct debit to equity. The Company has applied TR-32 'Accounting Directors' Loan' issued by Institute of Chartered Accountants of Pakistan whose compliance was mandatory with effect from period beginning on or after 01 January 2016. Out of total loan, loan of Rs. 120 million is subordinated to the liabilities of financial institutions.

		2022	2021
	Note	Rupees ('000')	Rupees ('000')
<b>12 LONG TERM FINANCING</b>			
<b>From banking companies-Secured</b>			
<b>Name of the Bank</b>			
The Bank of Punjab	12.01	5,500,871	5,910,871
National Bank of Pakistan	12.02	742,909	795,435
Habib Bank Limited	12.03	133,629	171,885
Faysal Bank Limited	12.04	221,558	268,062
Silk Bank Limited	12.05	196,596	284,450
Soneri Bank Limited	12.06	52,274	59,217
Bank Islami Pakistan Limited	12.07	75,515	33,127
Standard Chartered Bank Limited	12.08	143,625	187,250
Summit Bank Limited	12.09	43,799	-
		<u>7,110,776</u>	<u>7,710,297</u>
Less: Current portion	18	957,153	815,592
		<u>6,153,623</u>	<u>6,894,705</u>

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

- 12.01** This loan facility was restructured on 31 December 2016. It is repayable from 31 December 2016 to 30 June 2032 including one year grace period. Markup is charged at cost of funds less administrative cost (2021: cost of funds less administrative cost) of the preceding quarter. This facility is secured by joint pari passu charge on fixed assets and current assets of the company, registered with SECP.
- 12.02** This loan facility was restructured on 09 April 2019. It is repayable from 01 July 2019 to 01 April 2034. Markup is chargeable at cost of funds (2021: Cost of fund). The loan is secured against first joint pari passu charge over fixed assets of the Company registered with SECP.
- 12.03** This loan has been restructured in July 2019. It is repayable from 01 July 2019 to 01 July 2027. Markup is to be charged at cost of funds (2021: Cost of funds) provided by the bank. This loan is secured against joint pari passu hypothecation charge, existing ranking charge over plant and machinery and existing joint pari passu charge on current and fixed assets of the Company.
- 12.04** This loan facility was restructured on 09 November 2018. It is repayable from 30 December 2018 to 30 September 2028. Markup is charged at cost of funds (2021: Cost of funds) of the bank. The loan is secured against joint and ranking charge over present and future current assets of the Company registered with SECP.
- 12.05** This loan includes two facilities Term Finance-1 (TF-1) and Term Finance-2 (TF-2) amounting Rs. 241.08 million and Rs. 38.22 million respectively. Both loans were restructured on 15 January 2017. It is payable from 15 January 2018 to 15 October 2032. Markup is payable at Silk bank's cost of funds minus 2% (2021: Cost of funds minus 2%) . Term Finance-2 is interest free and recognised at amortized cost by discounting using effective rate of interest and related present value gain was recognised in the statement of profit or loss. Out of total loan amount of TF-2 Rs. 38.22 million, present value adjustment is Rs. 17.476 million. Both the loans are secured against first joint pari passu charge and ranking charge over the assets of the Company registered with SECP.
- 12.06** This loan facility was restructured on 20 March 2019. It is repayable from March 2019 to December 2024. The loan is secured against hypothecation charge over property, plant and equipment and existing joint pari passu charge over fixed assets including land of the Company, registered with SECP. This loan facility is interest free and recognised at amortized cost by discounting using effective rate of interest and related present value gain was recognised in the statement of profit or loss. Out of total outstanding amount of Rs. 48.84 million, present value adjustment is Rs. 3.961 million.
- 12.07** This loan facility was restructured on 22 December 2018. The loan is repayable from 30 March 2019 and ending on 31 December 2033. The loan is secured against joint pari passu charge on the assets of the Company registered with SECP. It is interest free and recognised at amortized cost by discounting using effective rate of interest and related present value gain was recognised in the statement of profit or loss. Out of total outstanding amount of Rs. 73.17 million, present value adjustment is Rs. 38.098 million.
- 12.08** This facility was created as a result of a restructuring made on 17 May 2019. The loan is repayable from 30 June 2019 and ending on 31 March 2024. This loan is secured against joint pari passu charge over current assets of the Company registered with SECP. This loan facility is interest free and recognised at amortized cost by discounting using effective rate of interest and related present value gain was recognised in the statement of profit or loss. Out of total outstanding amount of Rs. 133.44 million, present value adjustment is Rs. 7.204 million.
- 12.09** This facility is established by converting CF-1 into TF with a total amount of Rs. 194.664 million. This facility is repayable in twenty equal installments starting from 31 December 2021 and ending on 30 September 2026. This is secured against ranking charge over fixed assets (Plant & Machinery) of the company with 25% margin registered with SECP duly ensured in favor of Summit Bank Limited. Mark up is charged at 3 Month Kibor plus 1% per annum with quarterly installments.

### 13 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Note	2022 Rupees ('000')	2021 Rupees ('000')
Present value of minimum lease payments	13.02	13,936	27,898
Less: Current portion	18	(12,322)	(14,992)
		<u>1,614</u>	<u>12,906</u>

- 13.01** This represents machinery under lease and sale and lease back agreements. The principal plus financial charges are payable over the lease period in quarterly/bi monthly installments as per respective agreements ending in the month of September 2025 . The liability as at the date of financial position represents the present value of total minimum lease payments discounted at 7.45 % to 11.89% (2021: 7.03% to 8.40%) per annum bearing the interest rates implicit in leases. The purchase option is available to the Company on payment of last installment and the Company intends to exercise this option. Reconciliation of minimum lease payments and their present values is given below:

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees ('000')	2021 Rupees ('000')
Not later than one year		12,915	14,992
Later than one year but not later than five years		1,637	38,673
Later than five years		-	-
		14,552	53,665
Less: Financial charges allocated to future periods		(616)	(25,767)
Present value of minimum lease payments	13.02	13,936	27,898
Less: Current portion		(12,322)	(14,992)
		1,614	12,906
<b>13.02 Present value of minimum lease payments</b>			
Due not later than one year		12,322	14,992
Due later than one year but not later than five years		1,614	12,906
Later than five years		-	-
		13,936	27,898
<b>14 DEFERRED LIABILITIES</b>			
Deferred taxation	14.01	1,059,499	855,667
Deferred markup	14.02	4,546,513	4,176,997
Staff retirement benefits	14.03	307,831	224,791
		5,913,843	5,257,455

### 14.01 Deferred taxation

#### Deferred taxation

Comprises of the following:

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

- Accelerated tax depreciation allowance

3,269,323	3,197,297	72,026	378,600	-	-
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#### Deferred tax asset on deductible temporary differences in respect of the following:

Lease liabilities

Un-absorbed losses

Minimum tax available for carry forward

Provision for stores, spares and loose tools

Provision for doubtful debts

Provision for gratuity

3,599	7,086	3,487	3,378	-	-
1,073,534	1,206,102	132,568	(128,652)	-	-
1,053,021	1,070,846	17,825	(228,678)	-	-
299	247	(52)	(52)	-	-
366	325	(41)	(266)	-	-
79,005	57,024	(21,981)	(26,149)	2,555	3,085
2,209,824	2,341,630	131,806	(380,419)	2,555	3,085
1,059,499	855,667	203,832	759,019	(2,555)	(3,085)

### 14.02 Deferred markup

Opening balance

Provision during the year

Less: paid / adjusted during the year

Present value adjustment

Note	2022 Rupees ('000')	2021 Rupees ('000')
	6,830,436	6,343,138
	429,266	487,298
	7,259,702	6,830,436
	-	-
	7,259,702	6,830,436
	(2,713,189)	(2,653,439)
	4,546,513	4,176,997

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

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

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

		2022 Rupees ('000')	2021 Rupees ('000')
<b>14.03 Staff retirement benefits - unfunded gratuity scheme</b>	<b>Note</b>		
(a) <b>Amounts recognised in the statement of financial position:</b>			
Present value of defined benefit obligation		307,831	224,791
Net liability at the end of the year		307,831	224,791
(b) <b>Movement in net liability</b>			
Net liability at beginning of the year		224,791	133,696
Charge for the year		180,080	186,580
		404,871	320,276
Remeasurements chargeable in other comprehensive income		9,894	12,146
Benefits paid during the year		(106,934)	(107,631)
Net liability at end of the year		307,831	224,791
(c) <b>Changes in the present value of defined benefit obligation</b>			
Defined benefit obligation at beginning of the year		224,791	133,696
Current service cost		135,478	129,484
Past Service cost		28,288	50,384
Interest cost		16,420	6,711
		404,977	320,276
Remeasurements chargeable in OCI		9,894	12,146
Benefits paid during the year		(107,039)	(107,631)
Present value of defined benefit obligation at end of the year		307,832	224,791
(d) <b>Charge for the year</b>			
Current service cost		135,478	129,484
Interest cost		16,420	6,711
Past service cost		28,288	50,384
		180,186	186,580
<b>The principal assumptions used in the actuarial valuation are as follows:</b>			
Discount rate		13.25%	10.00%
Expected rate of increase per annum in future salaries		12.25%	9.00%
Expected average remaining working life of employees		3 years	3 years
		SLIC 2001 - 2005	SLIC 2001 - 2005
Expected mortality rate		Setback 1 Year	Setback 1 Year
Retirement assumptions		60 years	60 years

### Sensitivity analysis for actuarial assumptions

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

	Change in assumptions	Increase Rupees ('000') 2022	Decrease Rupees ('000') 2022
Discount rate	3.25%	278,200	213,619
Increase in future salaries	3.25%	312,977	233,828

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

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

### Risk factors

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



# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

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

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

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

		2022	2021
	Note	Rupees ('000')	Rupees ('000')
<b>15 TRADE AND OTHER PAYABLES</b>			
Trade creditors		1,092,523	520,108
Accrued liabilities		902,135	671,190
Security deposits		200	200
Advances from customers		205,583	21,294
Withholding tax payable		236,681	195,084
Out put tax payable		299,817	455,553
Workers' profit participation fund	15.01	60,384	38,616
Worker's welfare fund	15.02	42,625	18,471
Others		393	820
		<u>2,840,341</u>	<u>1,921,336</u>
<b>15.01 Workers' profit participation fund</b>			
Opening balance		38,616	-
Provision for the year		60,384	38,616
		<u>99,000</u>	<u>38,616</u>
Payments during the year		(38,616)	-
		<u>60,384</u>	<u>38,616</u>
<b>15.02 Worker's welfare fund</b>			
Opening balance		18,471	-
Provision for the year		24,154	18,471
		<u>42,625</u>	<u>18,471</u>
Payment during the year		-	-
Closing balance		<u>42,625</u>	<u>18,471</u>
<b>16 SHORT TERM BORROWINGS</b>			
Banking companies - secured	16.01	<u>3,597,762</u>	<u>2,993,518</u>
<b>16.01</b>	Conventional short term borrowings are available from banking companies under markup arrangements. The rates of markup range from 5.01% to 15.89% per annum (2021: 5.58% to 12.7%). These are secured against pledge / hypothecation of stock-in-trade, hypothecation of stores and spares, lien over import / export documents, pari passu charge over present and future current assets and ranking charge over fixed assets of the company.		
<b>16.02</b>	From the total aggregate short term facilities of Rs. 3,428.26 million (2021: 3,478.26 million), the amount of Rs. 152.21 million related to trade lines (2021: Rs. 340.79 million) remained unutilized as at 30 June 2022.		
<b>17 ACCRUED MARKUP</b>			
	Note	2022	2021
		Rupees ('000')	Rupees ('000')
<b>Accrued markup on:</b>			
Liabilities against assets subject to finance lease		21,026	20,685
Long term financing		1,480	-
Short term borrowings		97,139	126,953
		<u>119,645</u>	<u>147,638</u>

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

18 CURRENT PORTION OF LONG TERM LIABILITIES	Note	2022 Rupees ('000')	2021 Rupees ('000')
Long term financing	18.01	957,153	815,592
Liabilities against assets subject to finance lease		12,322	14,992
		<u>969,475</u>	<u>830,584</u>

**18.01** Current portion of long term financing includes principal installments amounting to Rs. 151.369 million (2021: Rs. 104.62 million) which became due as on June 30, 2022.

19 PROVISION FOR TAXATION	2022 Rupees ('000')	2021 Rupees ('000')
Opening balance	368,752	251,638
Add: Taxation - current	472,333	368,601
	841,085	620,239
Less: Tax payments / adjustments during the year	332,675	251,487
	<u>508,410</u>	<u>368,752</u>

## 20 CONTINGENCIES AND COMMITMENTS

### Contingencies

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

**20.02** Bank guarantees amounting to Rs. 375.64 million (2021: Rs. 375.60 million).

Commitments	2022 Rs. in million	2021 Rs. in million
Under letters of credit for imports	<u>27.07</u>	<u>176.26</u>

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

### 21 PROPERTY, PLANT AND EQUIPMENT

	Note	2022 Rupees ('000')	2021 Rupees ('000')
Operating assets	21.01	18,857,731	18,184,413
Capital work in progress	21.04	589,050	527,287
		<u>19,446,781</u>	<u>18,711,700</u>

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

	Freehold land	Building on freehold land	Plant, machinery and equipment	Factory tools and equipment	Furniture and fixtures	Office and hospital equipment	Library books	Vehicles	Leased plant and machinery	Leased vehicles	Total
	RUPEES ('000')										
<b>At 30 June 2020</b>											
Cost	1,454,335	3,703,211	21,407,727	459,353	50,967	43,965	44	186,401	-	-	27,306,003
Accumulated depreciation	-	(1,427,235)	(7,543,692)	(174,116)	(27,530)	(26,752)	(44)	(89,924)	-	-	(9,289,293)
Net book value	1,454,335	2,275,976	13,864,035	285,237	23,437	17,213	-	96,477	-	-	18,016,710
<b>Year ended 30 June 2021</b>											
Additions / transfers	-	5,669	760,390	3,390	10,933	9,815	-	31,320	-	-	821,518
Transfers from capital work in progress	-	9,807	236,011	-	-	-	-	-	-	-	245,818
Transfers from leased plant and machinery	-	-	12,564	-	-	-	-	-	-	-	12,564
Transfer to Right of use assets	-	-	-	-	-	-	-	-	-	-	-
<b>Disposals / transfers</b>											
Cost	-	-	(118,987)	-	(148)	-	-	(12,825)	-	-	(131,960)
Depreciation	-	-	61,141	-	52	-	-	8,685	-	-	69,878
Net book value	-	-	(57,846)	-	(96)	-	-	(4,140)	-	-	(62,082)
Depreciation charge for the year (Note No. 21.02)	-	(113,943)	(707,773)	(14,311)	(1,352)	(2,073)	-	(10,663)	-	-	(850,114)
<b>Net book value as at 30 June 2021</b>	<b>1,454,335</b>	<b>2,177,509</b>	<b>14,107,381</b>	<b>274,316</b>	<b>32,922</b>	<b>24,956</b>	<b>-</b>	<b>112,994</b>	<b>-</b>	<b>-</b>	<b>18,184,413</b>
<b>Year ended 30 June 2022</b>											
Additions	-	60,152	1,148,928	23,881	16,608	10,202	-	47,699	-	-	1,307,470
Transfers from capital work in progress and stores (Note No.21.05)	-	22,956	364,890	-	-	-	-	-	-	-	387,846
Transfers from leased plant and machinery	-	-	-	-	-	-	-	-	-	-	-
Transfer to Right of use assets	-	-	-	-	-	-	-	-	-	-	-
<b>Disposals / transfers (Note No. 21.06)</b>											
Cost	-	-	(303,247)	-	-	-	-	(4,444)	-	-	(307,691)
Depreciation	-	-	154,828	-	-	-	-	3,049	-	-	157,877
Net book value	-	-	(148,419)	-	-	-	-	(1,395)	-	-	(149,814)
Accumulated depreciation transferred from leased assets	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge for the year (Note No. 21.02)	-	(110,968)	(728,719)	(14,131)	(2,006)	(3,040)	-	(13,320)	-	-	(872,184)
<b>Net book value as at 30 June 2022</b>	<b>1,454,335</b>	<b>2,149,649</b>	<b>14,744,061</b>	<b>284,066</b>	<b>47,524</b>	<b>32,118</b>	<b>-</b>	<b>145,978</b>	<b>-</b>	<b>-</b>	<b>18,857,731</b>

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

	Freehold land	Building on freehold land	Plant, machinery and equipment	Factory tools and equipment	Furniture and fixtures	Office and hospital equipment	Library books	Vehicles	Leased plant and machinery	Leased vehicles	Total
<b>At 30 June 2021</b>											
Cost	1,454,335	3,718,687	22,297,705	462,743	61,752	53,780	44	204,896	-	-	28,253,943
Accumulated depreciation	-	(1,541,178)	(8,190,324)	(188,427)	(28,830)	(28,825)	(44)	(91,902)	-	-	(10,069,529)
<b>Net book value in Rupees</b>	<b>1,454,335</b>	<b>2,177,509</b>	<b>14,107,381</b>	<b>274,316</b>	<b>32,922</b>	<b>24,956</b>	<b>-</b>	<b>112,994</b>	<b>-</b>	<b>-</b>	<b>18,184,413</b>
Annual rates (%) of depreciation 2021	-	5	5	5	5	10	15	10	5	10	
<b>At 30 June 2022</b>											
Cost	1,454,335	3,801,795	23,508,276	486,624	78,360	63,982	44	248,151	-	-	29,641,567
Accumulated depreciation	-	(1,652,146)	(8,764,215)	(202,558)	(30,836)	(31,864)	(44)	(102,173)	-	-	(10,783,836)
<b>Net book value in Rupees</b>	<b>1,454,335</b>	<b>2,149,649</b>	<b>14,744,061</b>	<b>284,066</b>	<b>47,524</b>	<b>32,118</b>	<b>-</b>	<b>145,978</b>	<b>-</b>	<b>-</b>	<b>18,857,731</b>
Annual rates (%) of depreciation 2022	-	5	5	5	5	10	15	10	5	10	
<b>Depreciation charge for the year has been allocated as follows:</b>											
				<b>2022</b>	<b>2021</b>						
				<b>Rupees ('000')</b>	<b>Rupees ('000')</b>						
Cost of sales				862,350	841,017						
Administrative expenses				14,363	13,866						
				<b>876,713</b>	<b>854,883</b>						
Property, plant and equipment				872,184	850,114						
Right of use asset				4,529	4,769						
				<b>876,713</b>	<b>854,883</b>						
<b>21.03</b>				<b>2022</b>	<b>2021</b>						
				<b>Rupees ('000')</b>	<b>Rupees ('000')</b>						
<b>Capital work in progress</b>											
Plant and machinery				100,084	275,203						
Civil work				488,966	252,084						
				<b>589,050</b>	<b>527,287</b>						
<b>Movement in capital work in progress</b>											
Opening				527,287	132,452						
Additions during the year				449,609	640,652						
				976,895	773,104						
Transferred to operating assets				(387,845)	(245,818)						
				<b>589,050</b>	<b>527,287</b>						

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

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

	2022	2021
Rupees ('000')	Rupees ('000')	Rupees ('000')
Building	22,956	9,807
Plant and machinery	364,890	236,011
	<b>387,846</b>	<b>245,818</b>

21.06 Disposal of property, plant and equipment

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

Particulars	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Relationship of purchaser with the Company	Mode of disposal	Buyer's name
<b>RUPEES</b>								

### Vehicles

Honda City MNA-07-637	931,200	716,711	214,489	1,050,000	835,511	Third party	Negotiation	MMM Motors & Enterprises (Mr Omer)
Toyota Corolla LEC-12-5827	2,082,868	1,305,285	777,583	1,710,000	932,417	Third party	Negotiation	Mr. Jahanzeb Khan
Core LED-08-4298	510,040	392,134	117,906	665,000	547,094	Third party	Negotiation	Mr. Jahanzeb Khan
Suzuki Cultus LEA-11-6317	920,000	635,658	284,342	600,000	315,658	Third party	Negotiation	Mr. Jahanzeb Khan
<b>Total</b>	<b>4,444,108</b>	<b>3,049,788</b>	<b>1,394,320</b>	<b>4,025,000</b>	<b>2,630,680</b>			

### Machinery

4 AUTO CORO SE12-480 YOM 2008	303,246,812	154,827,608	148,419,204	127,649,600	(20,769,610)	Third party	Negotiation	Demirbay Machine Textile Imp & Exp
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21.07 Charge / mortgage on fixed assets has been disclosed in respective notes.

21.08 The Company's obligation under finance lease are secured by lessor's title to the leased assets, which have a carrying amount of Rs. 86.056 million (2021: Rs. 90.58 million).

21.09 Addition in plant and machinery includes capitalization of borrowing cost of Rs. 28.377 million (2021: Rs. 17.02 million).

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

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

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

		2022	2021
		Rupees ('000')	Rupees ('000')
<b>22 RIGHT OF USE ASSET</b>	<b>Note</b>		
Present value of future lease payments		90,584	105,560
		<u>90,584</u>	<u>105,560</u>
Net book value as at the beginning of the year		90,584	105,560
Transfer to Property, plant and equipment		-	(10,207)
Depreciation charged during the year		(4,529)	(4,769)
Balance as at the end of the year		<u>86,055</u>	<u>90,584</u>
<b>23 INVESTMENT PROPERTY</b>			
Opening balance		784,279	779,925
Transfer from owner's occupied property		-	-
Revaluation gain / (loss) recognised through statement of profit or loss	23.01	6,810	4,354
		<u>791,089</u>	<u>784,279</u>
<b>23.01</b> As of reporting date, the fair value of such investment property was determined by an independent external property valuer, Arif Evaluators, having appropriate recognised qualification and relevant experience. Forced sale value of above investment as at reporting date is Rs. 702.238 million.			
<b>24 LONG TERM INVESTMENTS</b>		<b>2022</b>	<b>2021</b>
At fair value through statement of profit or loss designated on initial recognition	<b>Note</b>	<b>Rupees ('000')</b>	<b>Rupees ('000')</b>
- Investment in Imperial Limited		175,920	431,155
At fair value through other comprehensive income	24.01	1,514	3,425
		<u>177,434</u>	<u>434,580</u>
<b>24.01 Investment - at fair value through other comprehensive income</b>			
	<b>2022</b>	<b>2021</b>	
	<b>No. of Shares / Bonds</b>		
<b>Quoted - at fair value</b>			
Colony Woolen Mills Limited	70,506	70,506	282
Azgard Nine Limited	80,948	80,948	832
Colony Thal Textile Mills Limited	6	6	-
	<u>151,460</u>	<u>151,460</u>	<u>1,114</u>
			<u>3,025</u>
<b>Unquoted - at cost</b>			
Government Compensation Bonds			
Bonds	400	400	400
	<u>151,860</u>	<u>151,860</u>	<u>1,514</u>
			<u>3,425</u>
Government Compensation Bonds for Rs. 0.4 million (2021: Rs. 0.4 million) are receivable from the Federal Government in respect of shares held by the Company in the share capital of Multan Electric Supply Company Limited. The Company had challenged the withholding of these Bonds through writ petition filed in the Lahore High Court, Lahore, which is still pending for final adjudication.			
<b>24.02 Investment - at fair value through profit or loss</b>			
	<b>2022</b>	<b>2021</b>	
	<b>No. of Shares / Bonds</b>		
<b>Quoted - at fair value</b>			
- Investment in Imperial Limited	15,862,960	15,862,960	175,920
	<u>15,862,960</u>	<u>15,862,960</u>	<u>175,920</u>
			<u>431,155</u>
<b>25 STORES, SPARE PARTS AND LOOSE TOOLS</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
		<b>Rupees ('000')</b>	<b>Rupees ('000')</b>
Stores		501,375	263,243
Spares		176,334	120,561
Loose tools		3,519	1,735
		<u>681,228</u>	<u>385,539</u>
Less: Provision for slow moving items	25.01	1,120	941
		<u>680,108</u>	<u>384,598</u>

**FOR THE YEAR ENDED JUNE 30, 2022**

94

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

		2022 Rupees ('000')	2021 Rupees ('000')
<b>31 TAX REFUNDS DUE FROM THE GOVERNMENT</b>	<b>Note</b>		
Sales tax		727,940	441,313
Income tax refundable / adjustable		230,698	370,798
		<u>958,638</u>	<u>812,111</u>
<b>32 CASH AND BANK BALANCES</b>			
Cash in hand		4,689	2,163
Cash at banks:			
-in current accounts		14,534	63,934
-in deposit accounts	32.01	<u>2,270</u>	<u>4,787</u>
		<u>21,493</u>	<u>70,884</u>
<b>32.01</b> These carry profit / markup ranging from 5.50% to 13.85% (2021: 5.50% to 6.50%) per annum.			
		2022 Rupees ('000')	2021 Rupees ('000')
<b>33 SALES</b>	<b>Note</b>		
Local			
Yarn and Fabric		27,790,857	22,104,040
Raw material sales		283,284	281,323
Waste		474,228	326,009
Garments		17,758	207
		<u>28,566,127</u>	<u>22,711,579</u>
Export			
Yarn		-	27,322
Fabric		2,307,096	2,740,959
Garments		150,467	33,938
		<u>2,457,563</u>	<u>2,802,219</u>
		31,023,690	25,513,798
Commission and duties		<u>(151,803)</u>	<u>(51,396)</u>
		<u>30,871,887</u>	<u>25,462,402</u>
<b>33.01</b> Sales are shown net of sales tax, amounting Rs.5,227.69million (2021: Rs. 4,307 million).			
		2022 Rupees ('000')	2021 Rupees ('000')
<b>34 COST OF SALES</b>	<b>Note</b>		
Raw material consumed	34.01	18,376,702	15,542,583
Stores consumed		1,465,302	990,392
Staff salaries, wages and benefits	34.02	2,803,966	2,518,576
Power and fuel		4,091,291	3,106,659
Insurance		57,248	62,024
Rent, rates and taxes		30,748	27,208
Depreciation	21.02	862,350	841,017
Other charges		118,889	71,638
Chemical and dye		-	2,717
		<u>27,806,496</u>	<u>23,162,815</u>
		27,806,496	23,162,815
Work in process:			
Opening		517,526	467,431
Closing		<u>(435,171)</u>	<u>(517,526)</u>
		82,355	(50,095)
Cost of goods manufactured		<u>27,888,851</u>	<u>23,112,720</u>
Finished goods:			
Opening stock		2,560,979	2,687,864
Closing stock		<u>(2,527,115)</u>	<u>(2,560,979)</u>
		33,864	126,885



# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

		2022 Rupees ('000')	2021 Rupees ('000')
Real estate:	Note		
Opening stock		165,000	165,000
Closing stock		(165,000)	(165,000)
		-	-
		27,922,716	23,239,605
<b>34.01 Raw material consumed</b>			
Opening stock		1,574,588	1,288,638
Purchases including purchase expenses		18,528,401	15,828,533
		20,102,989	17,117,171
Closing stock		(1,726,287)	(1,574,588)
		18,376,702	15,542,583
<b>34.02</b> Salaries, wages and other benefits include provision for staff retirement benefits for the year Rs. 209.759 million (2021: Rs. 204.281 million).			
<b>35 DISTRIBUTION COST</b>	Note	2022 Rupees ('000')	2021 Rupees ('000')
Staff salaries and benefits		44,563	43,640
Freight		90,085	85,813
Telecommunication		2,240	3,326
Export forwarding charges		231,032	146,967
Bank charges		4,549	4,116
Others		3,439	19,585
		375,908	303,447
<b>36 ADMINISTRATIVE EXPENSES</b>			
Staff salaries and benefits	36.01	399,125	375,879
Printing and stationery		780	948
Travelling and conveyance		44,492	9,241
Communication		4,746	4,777
Repair and maintenance		38,725	7,080
Insurance		6,853	4,522
Advertisement		3,988	658
Fee and subscription		15,585	7,367
Loss allowance		1,370	1,235
Provision for slow moving stores, spares and loose tools		1,120	941
Entertainment		9,222	7,919
Auditors' remuneration	36.02	3,831	3,578
Donation	36.03	41,681	10,242
Expenses related to corporate social responsibilities		13,339	18,625
Legal and professional charges		5,642	6,259
Directors' meeting fee		300	300
Depreciation	21.02	14,363	13,866
Miscellaneous expenses		6,472	973
		611,634	474,410
<b>36.01</b> Salaries, wages and other benefits include staff retirement benefits for the year Rs. 10.165 million (2021: Rs. 8.49 million).			
<b>36.02 Auditors' remuneration</b>	Note	2022 Rupees ('000')	2021 Rupees ('000')
Statutory audit fee		3,270	3,169
Half yearly review fee		376	259
CCG review fee		125	100
Out of pocket expenses		60	50
		3,831	3,578
<b>36.03</b> No director or his / her spouse had any interest in the donees' fund.			
<b>37 FINANCE COST</b>			
Bank charges and commission		24,339	23,722
Markup on inland bill discounting		57,580	31,362
Markup on;			
- Long term finance		404,732	470,270
- Short term borrowings		231,609	186,695
- Liabilities against assets subject to finance lease		1,962	2,881
		638,303	659,846
		720,222	714,930

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

		2022 Rupees ('000')	2021 Rupees ('000')
<b>38 OTHER OPERATING CHARGES</b>	<b>Note</b>		
Unwinding of loans at amortised cost		16,661	2,948
Loss on long term investments		255,235	-
Exchange loss on export sales		-	61
Loss on remeasurement of investments		6	
Worker's profit participation fund		60,384	38,616
Worker's welfare fund		24,154	18,471
		<u>356,439</u>	<u>60,096</u>
<b>39 OTHER INCOME</b>			
<b>Income from financial assets</b>			
Profit on deposits with banks		7,294	8,307
Amortization of deferred markup		59,749	186,250
Gain on remeasurement of investments		-	4
Gain on long term investments		-	218,433
<b>Income from other than financial assets</b>			
(Loss) / Gain on sale of property, plant and equipment	21.06	(18,139)	(2,315)
(Loss) / Gain on revaluation of investment property	23	6,810	4,354
Exchange gain realised		17,593	10,533
Miscellaneous income		19,711	6,292
		<u>93,018</u>	<u>431,858</u>
<b>40 TAXATION</b>	<b>Note</b>	<b>2022 Rupees ('000')</b>	<b>2021 Rupees ('000')</b>
Taxation:			
-Current year		508,410	368,752
-Prior years		(36,596)	(151)
		<u>471,814</u>	<u>368,601</u>
Deferred		206,387	4,987
		<u>678,201</u>	<u>373,588</u>

- Income tax return has been filed to the income tax authorities up to and including tax year 2021 under the provisions of the Income Tax Ordinance, 2001.

- Provision for taxation has been made in accordance with section 154 and 113 of the Income Tax Ordinance, 2001 ("The Ordinance"). There is no relation between aggregate tax expense and accounting profit. Accordingly, no numerical reconciliation has been presented.

	<b>Note</b>	<b>2022</b>	<b>2021</b>
<b>41 EARNINGS PER SHARE</b>			
<b>Basic Earnings per share:</b>			
Profit after taxation	Rupees ('000')	299,785	728,184
Weighted average number of ordinary shares	Number ('000')	498,010	498,010
Earning per share - basic and diluted	Rupees	0.60	1.46
<b>Diluted earnings per share:</b>			

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

#### 42 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	CHIEF EXECUTIVE		EXECUTIVE DIRECTOR		NON-EXECUTIVES DIRECTORS		EXECUTIVES	
	2022	2021	2022	2021	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Managerial remuneration	27,273	27,273	6,727	4,364	-	-	99,568	55,372
Retirement benefits	2,272	2,272	560	364	-	-	8,350	4,295
Medical	2,727	2,727	673	436	-	-	9,957	5,537
Meeting fee	-	-	-	-	300	300	-	-
	<u>32,272</u>	<u>32,272</u>	<u>7,960</u>	<u>5,164</u>	<u>300</u>	<u>300</u>	<u>117,875</u>	<u>65,204</u>
Number of Executives	1	1	1	1	5	5	56	30

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

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

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

### 43 TRANSACTIONS WITH RELATED PARTIES

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

Nature of transaction	Nature of Relationship	Note	2022 Rupees ('000')	2021 Rupees ('000')
Expense in relation to provident fund trust	Employees Fund	43.01	31,839	27,949

**43.01** The related party status of outstanding balances as at 30 June 2022 related to employee provident fund trust are included in trade and other payables amounting to Rs. 32.791 million (2021: Rs. 35.003 million). These are to be settled in the ordinary course of business.

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

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

### 44 PLANT CAPACITY AND ACTUAL PRODUCTION

		2022	2021
<b>Installed capacity</b>			
<b>Spinning division:</b>			
<b>Ring spinning:</b>			
Installed capacity converted into 20s count	Kgs	124,807,256	124,807,256
<b>Open end spinning:</b>			
Installed capacity converted into 20s count	Kgs	9,332,808	9,332,808
<b>Weaving Division:</b>			
Installed capacity converted into square meter at 60 picks	Meters	121,824,244	121,824,244
<b>Stitching Division:</b>			
Installed capacity based upon 5 pocket basic/28 operations/ 15 SMV	Pieces per annum	1,000,000	1,000,000
<b>Actual production:</b>			
<b>Spinning division:</b>			
<b>Ring spinning:</b>			
Actual production converted into 20s count	Kgs	112,007,114	122,251,661
<b>Open end spinning:</b>			
Actual production converted into 20s count	Kgs	7,841,323	5,492,209
<b>Weaving Division:</b>			
Actual production converted into square meter at 60 picks	Meters	109,392,440	116,040,131
<b>Stitching Division:</b>			
Actual Production based upon 5 pocket basic/28 operations/ 15 SMV	Pieces	648,000	105,655

#### Remarks:

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

### 45 PROVIDENT FUND

The following information is based on the latest audited financial statements of the trust:

	Note	2022 Rupees ('000')	2021 Rupees ('000')
Size of the fund - Total assets		342,813	291,741
Cost of investments made	45.01	301,225	253,913
Percentage of investments made		87.87%	87.03%
Fair value of investments		301,225	253,913

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

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

	2022		2021	
	Rs. ('000')	Percentage	Rs. ('000')	Percentage
Loan to members	60,096	20%	44,752	18%
Bank balances	39,375	13%	7,042	3%
Government securities	166,754	55%	155,119	61%
Other investments	35,000	12%	47,000	18%
	<u>301,225</u>	<u>100%</u>	<u>253,913</u>	<u>100%</u>

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

### 46 NUMBER OF EMPLOYEES

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

		2022 Number	2021 Number
Average number of employees during the year	- factory	8,669	8,576
	- others	903	661
		<u>9,572</u>	<u>9,237</u>
Number of employees at the end of the year	- factory	8,250	9,087
	- others	1,115	690
		<u>9,365</u>	<u>9,777</u>

### 47 FINANCIAL INSTRUMENTS

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

- Credit risk
- Liquidity risk
- Market risk

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

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

#### 47.02 Credit risk

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

#### Financial assets as per statement of financial position

	2022 Rupees ('000')	2021 Rupees ('000')
Long term investment in IL	175,920	431,155
Long term deposits	51,132	51,132
Trade debts	1,582,836	1,123,472
Loans and advances	42,618	24,069
Trade deposits and short term prepayments	85,729	116,629
Cash and bank balances	21,493	70,884
<b>Investments measured at fair value through profit or loss</b>		
Quoted - at fair value	14	20
<b>Investment measured at fair value through other comprehensive income</b>		
Quoted - at fair value	1,115	3,025
Unquoted - at cost	400	400
	<u>1,961,258</u>	<u>1,820,787</u>

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

#### Counter parties

the Group conducts transactions with the following major counter parties:

- Trade debtors

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

### - Banks and other financial institutions

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

### Credit risk related to trade debts

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

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

### Impairment losses

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

	2022 Rupees ('000')	2021 Rupees ('000')
0 to 30 days	487,636	344,263
31 to 180 days	650,182	459,017
181 to 360 days	486,266	343,027
Over one year	1,370	1,235
	<u>1,625,454</u>	<u>1,147,541</u>

Trade debts include debtors with a carrying amount of Rs. 1.37 million (2021: Rs. 1.23 million) which are past due at the reporting date but not impaired as there has not been a significant change in credit quality and the amounts are still considered recoverable.

### Concentration of credit risk

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

### Credit risk related to banks and other financial institutions

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

### 47.03 Liquidity risk

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

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

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

### 47.03.1 Liquidity risk table

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

	30 June 2022						
	Interest/mark-up bearing			Non interest/mark-up bearing			
	Maturity within one year	Maturity after one year	Sub Total	Maturity within one year	Maturity after one year	Sub Total	Total
	Rupees ('000')						
<b>Financial Liabilities:</b>							
Financial liabilities measured at amortized cost	-	-	-	-	4,546,513	4,546,513	4,546,513
Long term financing	957,153	6,153,624	7,110,777	-	-	-	7,110,777
Director's loan	-	-	-	-	120,000	120,000	120,000
Liabilities against assets subject to finance lease	12,322	1,614	13,936	-	-	-	13,936
Short-term borrowings	3,597,762	-	3,597,762	-	-	-	3,597,762
Trade and other payables	-	-	-	2,840,341	-	2,840,341	2,840,341
Unclaimed Dividend	-	-	-	94	-	94	94
Accrued mark up	119,645	-	119,645	-	-	-	119,645
	4,686,882	6,155,238	10,842,120	2,840,435	4,666,513	7,506,948	18,349,068

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

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

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

### 47.04 Market risk

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

#### 47.04.1 Currency risk

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

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

#### Exposure to currency risk

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

#### Statement of financial position items

	2022		2021	
	Rupees ('000')	US \$ ('000')	Rupees ('000')	US \$ ('000')
Trade debts	101,235	494	188,768	1,198
L/C Margins	1,002,535	4,894	411,620	2,613

#### Off statement of financial position commitments

	2022		2021	
	Rupees ('000')	US \$ ('000')	Rupees ('000')	US \$ ('000')
Letter of credit	27,070	132	176,262	1,119

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

	2022	2021
	Rupees	Rupees
Average rate	181.20	162.80
Statement of financial position date rate	204.85	157.54

#### Sensitivity analysis - foreign currency

At 30 June 2022, if the Rupee had weakened / strengthened by 5% against the US Dollar with all other variables held constant, profit for the year would have been lower / higher by Rs. 70.289 million (2021: 38.691 million), as a result of foreign exchange gains / losses on translation of foreign currency trade debts. Profit / (loss) is more sensitive to movement in Rupee / foreign currency exchange rates in 2022 than 2021 because of average increase in foreign currency exchange rate during the year.

#### 47.04.2 Interest rate risk

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

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees ('000')	2021 Rupees ('000')
<b>Fixed rate instruments</b>			
There are no fixed rate instruments.			
<b>Variable rate instruments</b>			
<b>Financial assets</b>			
Cash in deposit accounts		2,270	8,928
<b>Financial liabilities</b>			
Long term finance		7,110,777	7,710,297
Short term finance		3,597,762	2,993,518
Liabilities against assets subject to finance lease		13,936	27,898
		<u>10,722,475</u>	<u>10,731,714</u>

### Sensitivity analysis - interest rate

If interest rates had been 1 % higher / lower and all other variables were held constant, the Company's profit / (loss) for the year ended 30 June 2022 would have decreased / increased by Rs. 109.852 million (2021: Rs. 107.27 million). This is mainly attributable to the Group's exposure to interest rates on its variable rate financial instruments.

#### 47.04.3 Other price risk

Other price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is not materially exposed to other price risk on financial assets and liabilities.

#### 47.04.4 Financial instruments by category

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

	Note	2022 Rupees ('000')	2021 Rupees ('000')
<b>Financial assets as per statement of financial position</b>			
<b>Loan and receivable</b>			
Long-term deposits		51,132	51,132
Trade debts		1,582,836	1,123,472
Loans and advances		42,618	24,069
Trade deposits and short term prepayments		85,729	116,629
Cash and bank balances		21,493	70,884
<b>Long term investment</b>			
Investment in IL at fair value through statement of profit or loss		175,920	431,155
<b>Fair value through profit or loss</b>			
Quoted - at fair value		14	20
<b>Fair value through other comprehensive income</b>			
Quoted - at fair value		1,115	3,025
Unquoted - at cost		400	400
		<u>1,961,258</u>	<u>1,820,786</u>
<b>Financial liabilities as per statement of financial position</b>			
Financial liabilities measured at amortised cost		4,546,513	4,176,997
Long term finance		7,110,777	7,710,297
Director's loan		120,000	120,000
Liabilities against assets subject to finance lease		13,936	27,898
Short-term borrowings		3,597,762	2,993,518
Trade and other payables		2,840,341	1,811,644
Unclaimed dividend		94	94
Accrued markup		119,645	147,638
		<u>18,349,068</u>	<u>16,988,086</u>



# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

### 47.05 Fair values of financial instruments

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

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

#### 47.05.1 Fair value hierarchy

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

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

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

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

2022				
Financial assets:	Level 1	Level 2	Level 3	Total
	Rupees ('000')			
Financial investments: available for sale	14	-	-	14
Investment at fair value through profit or loss	175,920	-	-	175,920
Investment - available for sale	832	-	282	1,114
	176,766	-	282	177,048
2021				
Financial assets:	Level 1	Level 2	Level 3	Total
	Rupees ('000')			
Financial investments: available for sale	20	-	-	20
Investment at fair value through profit or loss	431,155	-	-	431,155
Investment - available for sale	2,743	-	282	3,025
	433,918	-	282	434,200

### 48 CAPITAL MANAGEMENT

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

- The Group is not subject to any externally imposed capital requirements.
- The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.
- Consistently with others in the industry, the Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, reserves and unappropriated profit).
- The Group's strategy is to maintain its debt-to-adjusted capital ratio between 40% to 60%. The debt-to-adjusted capital ratios at 30 June 2022 and 30 June 2021 were as follows:

	2022 Rupees ('000')	2021 Rupees ('000')
Total debt	10,722,475	10,731,714
Less: cash and cash equivalents	21,493	70,884
Net debt	10,700,982	10,660,830
Total equity	10,138,575	9,848,039
Total capital employed	20,839,557	20,508,869
Gearing ratio (%)	51.35%	51.98%

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees ('000')	2021 Rupees ('000')
<b>49 NON ADJUSTING EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE</b>			
There were no non-adjusting events after the statement of financial position date.			
<b>50 CASH GENERATED FROM OPERATIONS</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit / (loss) before taxation		977,986	1,101,772
Adjustments for:			
Provision for staff retirement benefits		180,080	186,580
Depreciation		876,713	854,883
Finance cost		720,222	714,930
Worker's profit participation fund		60,384	38,616
Worker's welfare fund		24,154	18,471
Share of (gain) / loss from investment in IL		255,235	(218,433)
Loss on remeasurement of short term investments		6	(4)
Revaluation loss / (gain) on investment property		(6,810)	(4,354)
Provision for slow moving stores, spares and loose tools		1,120	941
Loss allowance for doubtful trade debts		1,370	1,235
Amortization of deferred markup		(59,749)	(186,250)
Gain on restructuring from banking companies / financial institutions		-	-
Gain on amortisation of long term loan		16,661	2,948
Loss/(Gain) on disposal of property, plant and equipment		18,139	2,315
		<u>2,087,524</u>	<u>1,411,878</u>
Operating cash flows before working capital changes		3,065,510	2,513,650
<b>Changes in working capital:</b>			
<i>(Increase) / decrease in current assets:</i>			
Stores, spares and loose tools		(296,630)	(107,795)
Stock-in-trade		(35,479)	(209,160)
Trade debts		(460,734)	142,355
Loans and advances		(631,556)	(170,619)
Tax refunds due from government		(286,627)	92,762
Trade deposits and short term prepayments		30,899	139,203
<i>Increase / (decrease) in current liabilities:</i>			
Trade and other payables		834,468	304,191
		<u>(845,658)</u>	<u>190,937</u>
Cash generated from operations		<u>2,219,852</u>	<u>2,704,587</u>

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

### 51 SEGMENT INFORMATION

	Spinning		Weaving		Real estate		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Rupees ('000')								
Sales:								
Total	26,025,120	20,976,797	5,894,110	5,031,184	-	-	31,919,230	26,007,981
Intersegment	(1,101,986)	(539,453)	-	-	-	-	(1,101,986)	(539,453)
	24,923,134	20,437,344	5,894,110	5,031,184	-	-	30,817,244	25,468,528
Cost of Sales	22,753,272	18,867,654	5,179,974	4,371,852	-	-	27,933,245	23,239,505
Gross profit	2,169,863	1,569,691	714,136	659,333	-	-	2,883,999	2,229,023
Distribution Cost	270,143	212,019	97,204	90,865	-	-	367,348	302,884
Administrative expenses	400,219	328,185	171,522	140,651	-	-	571,742	468,835
	670,363	540,204	268,727	231,516	-	-	939,089	771,719
	1,499,500	1,029,487	445,410	427,817	-	-	1,944,910	1,457,304
Finance cost	504,037	500,403	216,016	214,458	-	-	720,052	714,861
Profit before unallocated income and expenses	995,464	529,084	229,394	213,358	-	-	1,224,858	742,443
<b>Unallocated income and expenses</b>								
Other operating charges							355,254	60,035
Other Income							92,432	438,917
Profit before tax							962,036	1,121,325
Taxation							675,723	373,069
Profit after tax for the year							286,313	748,256
Other comprehensive income:								
Remeasurement (loss) / gain of defined benefit obligation							(7,339)	(9,061)
Net fair value gain / (loss) on investment through FVOCI							(1,911)	1,459
Total comprehensive profit for the year							277,063	740,654

#### Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Total	
	2022	2021	2022	2021	2022	2021
Rupees ('000')						
Total assets for reportable segments	10,894,651	10,306,458	8,560,083	8,432,557	19,454,735	18,739,015
<b>Unallocated assets:</b>						
Investment property					791,089	784,279
Long term investments					177,434	434,580
Investment in subsidiary					130,000	100,000
Cash and bank balances					21,053	54,796
Other corporate assets					9,524,811	8,123,552
<b>Total assets as per statement of financial position</b>					30,099,122	28,236,223
<b>Unallocated liabilities:</b>						
Directors' loan					120,000	120,000
Provision for taxation					505,413	368,233
Other corporate liabilities					29,473,709	27,747,990
<b>Total liabilities as per statement of financial position</b>					30,099,122	28,236,223

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2022

### 51.01 Geographical information

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

	Spinning		Weaving		Total	
	2022	2021	2022	2021	2022	2021
	Rupees ('000')					
Europe	-	-	1,434,977	1,122,879	1,434,977	1,122,879
USA	-	-	336,806	114,983	336,806	114,983
Africa	-	-	64,399	67,468	64,399	67,468
Asia	-	27,322	470,913	1,435,629	470,913	1,462,951
	-	27,322	2,307,096	2,740,959	2,307,096	2,768,281

### 52 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements have been approved and authorized for issue on 05 October 2022 by the Board of Directors of the Group.

### 53 GENERAL

- Figures have been rounded off to the nearest Rupees in thousand except where stated otherwise.
- Comparative consolidated statement of financial position, consolidated statement of profit or loss, statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes for year ended June 30, 2022 has been extracted from annual financial statements of the Holding Company and the Subsidiary Company for the year ended June 30, 2022.



Chief Financial Officer



Director



Chief Executive Officer

# PATTERN OF SHAREHOLDING REPORT

AS ON JUNE 30, 2022

Number of ShareHolders	Shareholding		Total Number of Share Held	Percentage of Total Capital
	From	To		
223	1	100	5,943	0.00
439	101	500	145,328	0.03
429	501	1000	346,628	0.07
898	1001	5000	2,397,205	0.48
342	5001	10000	2,625,235	0.53
107	10001	15000	1,360,977	0.27
85	15001	20000	1,525,080	0.31
51	20001	25000	1,179,360	0.24
21	25001	30000	591,939	0.12
40	30001	35000	1,319,624	0.26
19	35001	40000	738,290	0.15
24	40001	45000	1,029,388	0.21
25	45001	50000	1,235,679	0.25
6	50001	55000	308,249	0.06
10	55001	60000	578,532	0.12
6	60001	65000	381,080	0.08
10	65001	70000	684,180	0.14
4	70001	75000	293,615	0.06
7	75001	80000	551,518	0.11
4	80001	85000	333,000	0.07
4	85001	90000	350,672	0.07
1	90001	95000	91,317	0.02
6	95001	100000	595,541	0.12
4	100001	105000	413,414	0.08
3	105001	110000	318,980	0.06
3	110001	115000	334,468	0.07
4	115001	120000	472,567	0.09
2	125001	130000	252,684	0.05
2	130001	135000	267,177	0.05
2	140001	145000	282,500	0.06
2	145001	150000	296,000	0.06
3	155001	160000	475,640	0.10
1	160001	165000	160,916	0.03

# PATTERN OF SHAREHOLDING REPORT

AS ON JUNE 30, 2022

Number of ShareHolders	Shareholding		Total Number of Share Held	Percentage of Total Capital
	From	To		
1	165001	170000	165,091	0.03
2	170001	175000	344,000	0.07
1	175001	180000	176,000	0.04
1	180001	185000	180,485	0.04
2	185001	190000	375,500	0.08
2	190001	195000	386,427	0.08
6	195001	200000	1,199,500	0.24
2	200001	205000	407,500	0.08
1	205001	210000	206,000	0.04
1	210001	215000	213,500	0.04
3	220001	225000	668,148	0.13
1	225001	230000	225,500	0.05
1	230001	235000	233,500	0.05
1	240001	245000	241,000	0.05
1	255001	260000	256,589	0.05
3	295001	300000	897,000	0.18
1	300001	305000	304,500	0.06
2	305001	310000	613,000	0.12
1	320001	325000	324,500	0.07
1	340001	345000	342,605	0.07
1	360001	365000	364,000	0.07
2	375001	380000	756,500	0.15
1	395001	400000	400,000	0.08
1	400001	405000	400,945	0.08
1	445001	450000	447,373	0.09
1	450001	455000	452,508	0.09
1	455001	460000	458,500	0.09
1	470001	475000	471,316	0.09
3	510001	515000	1,539,851	0.31
1	515001	520000	516,717	0.10
1	520001	525000	525,000	0.11
1	605001	610000	605,430	0.12
1	620001	625000	622,764	0.13

# PATTERN OF SHAREHOLDING REPORT

AS ON JUNE 30, 2022

Number of ShareHolders	Shareholding		Number of Share Held	% of Capital
	From	To		
1	625001	630000	626,558	0.13
1	635001	640000	637,500	0.13
1	705001	710000	705,758	0.14
2	725001	730000	1,454,272	0.29
1	935001	940000	938,751	0.19
1	1065001	1070000	1,069,498	0.21
1	1120001	1125000	1,122,500	0.23
1	1755001	1760000	1,760,000	0.35
1	1975001	1980000	1,979,000	0.40
1	2035001	2040000	2,040,000	0.41
1	2365001	2370000	2,368,863	0.48
1	2410001	2415000	2,413,500	0.48
1	2600001	2605000	2,603,493	0.52
1	3050001	3055000	3,054,000	0.61
1	6825001	6830000	6,828,342	1.37
1	7120001	7125000	7,124,400	1.43
1	8940001	8945000	8,941,424	1.80
1	12015001	12020000	12,017,906	2.41
1	12250001	12255000	12,251,186	2.46
1	12640001	12645000	12,644,702	2.54
1	15855001	15860000	15,858,576	3.18
1	19950001	19955000	19,950,652	4.01
2	20295001	20300000	40,595,230	8.15
1	20550001	20555000	20,554,204	4.13
1	20660001	20665000	20,663,363	4.15
1	24280001	24285000	24,282,881	4.88
1	24295001	24300000	24,298,517	4.88
1	24795001	24800000	24,800,000	4.98
1	55710001	55715000	55,713,402	11.19
1	131445001	131450000	131,447,506	26.39
<b>2,869</b>	<b>Total</b>		<b>498,009,959</b>	<b>100.00</b>

# PATTERN OF SHAREHOLDING REPORT

## AS ON JUNE 30, 2022

Categories of Shareholders	Number of Shareholders	Number of Shares held	Percentage
Individuals	2,813	487,589,203	97.91
Joint Stock Companies	30	3,704,829	0.74
Financial Institutions	11	1,780,765	0.36
Insurance Companies	6	170,888	0.03
Investment Companies	4	3,150,792	0.63
Modarabas & Mutual Funds	2	1,469,498	0.30
Others	3	143,984	0.03
<b>Total</b>	<b>2,869</b>	<b>498,009,959</b>	<b>100.00</b>



# PATTERN OF SHAREHOLDING REPORT

## AS ON JUNE 30, 2022

CATEGORIES OF SHAREHOLDERS	NO. OF SHAREHOLDERS	TOTAL SHARES HELD	PERCENTAGE
<b>A) Directors/Chief Executive Officer and their spouse and minor Children</b>			
Mr. Mughis A. Sheikh	1	19,470,012	3.91
Mr. Fareed Mughis Sheikh	1	206,944,010	41.55
Mr. Muhammad Tariq	1	6,337	0.00
Mr. Muhammad Atta Ullah Khan	1	1,000	0.00
Mr. Muhammad Ashraf Saif	1	1,000	0.00
Mr. Abdul Hakeem Khan Qasuria	1	1,000	0.00
Mrs. Noshaba Faiz	1	1,000	0.00
<b>SPOUSE(S)</b>			
Mrs. FOZIA MUGHIS SHEIKH	1	14,230,186	2.86
Mrs. MAHNAZ FAREED SHEIKH	1	74,347	0.01
<b>B) Executives</b>			
N/A	-	-	0.00
<b>C) Associated Companies, Undertakings and related parties</b>	-	-	0.00
<b>D) Public Sectors Companies &amp; Corporations</b>	-	-	0.00
<b>E) NIT and IDBP (ICP UNIT)/Investment Companies</b>	4	3,150,792	0.63
<b>F) Banks, Development Financial Institutions &amp; Non-Banking Financial Institutions</b>	11	1,780,765	0.36
<b>H) Insurance Companies</b>	6	170,888	0.03
<b>I) Modarabas &amp; Mutual Funds</b>	2	1,469,498	0.30
<b>J) *Shareholding 5% or more</b>	1	206,944,010	41.55
<b>K) Joint Stock Companies</b>	30	3,704,829	0.74
<b>L) Others</b>	3	143,984	0.03
<b>M) General Public</b>	2,804	246,860,311	49.57
<b>TOTAL: -</b>	<b>2,869</b>	<b>498,009,959</b>	<b>100</b>

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

### Shareholding Detail of 5% or more

Name of Shareholder	Shares held	%Age
Fareed Mughis Sheikh	206,944,010	41.55
<b>TOTAL :-</b>	<b>206,944,010</b>	<b>41.55</b>

## Financial Highlights

	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
	(Rupees 000)	(Rupees 000)	(Rupees 000)	(Rupees 000)	(Rupees 000)	(Rupees 000)
<b>Operating performance</b>						
Sales-net	30,817,244	25,468,528	17,700,292	23,123,399	16,595,202	13,545,840
Gross profit	2,883,998	2,229,023	945,858	1,727,563	1,258,601	1,002,575
Profit/(Loss) before taxation	962,034	1,121,325	(170,039)	2,224,426	288,694	315,350
Profit/(Loss) after taxation	286,311	748,256	(375,062)	1,435,785	40,194	97,130
<b>Financial position</b>						
<b>Property, plant &amp; equipment</b>						
Property, plant and equipment-net	18,865,685	18,211,729	18,118,579	18,330,300	18,398,892	18,544,860
Capital work in progress	589,050	527,287	132,452	131,659	96,428	359,238
	19,454,735	18,739,015	18,251,031	18,461,959	18,495,320	18,904,098
<b>Current assets</b>						
Stores, spare parts, loose tools and stock in trade	5,361,942	5,160,871	4,884,600	5,103,283	5,688,638	5,414,842
Other current assets	4,111,737	2,911,549	3,171,285	2,698,375	2,123,754	1,677,033
Cash and cash equivalents	21,053	54,796	47,952	37,287	38,412	40,283
	9,494,732	8,127,216	8,103,837	7,838,945	7,850,804	7,132,158
<b>Current liabilities</b>						
Short term bank borrowings	3,597,762	2,993,518	3,328,787	3,188,296	3,890,441	4,014,668
Current portion of long term financing	969,475	830,584	430,598	640,975	1,970,534	1,654,552
Other current liabilities	3,313,508	2,373,206	1,759,576	1,645,573	3,379,526	3,163,196
	7,880,745	6,197,309	5,518,961	5,474,844	9,240,501	8,832,416
<b>Number of shares</b>	498,010	498,010	498,010	498,010	498,010	498,010
<b>Ratios</b>						
Gross profit ratio	9.36%	8.75%	5.34%	7.47%	7.58%	7.40%
Net profit ratio	0.93%	2.94%	-2.12%	6.21%	0.24%	0.72%
Earning per share	0.57	1.50	(0.75)	2.88	0.08	0.20
Current ratio	1.20	1.31	1.47	1.43	0.85	0.81
<b>Capital structure ratio</b>						
Debt to equity	0.41	0.44	0.46	0.46	0.47	0.49

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

پراویڈنٹ فنڈ مبلغ 301 ملین روپے

گریجویٹ فنڈ مبلغ 306 ملین روپے

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

### مالی حسابات کی تاریخ کے بعد کی مادی تبدیلیاں


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

### مجموعاتی مالی حسابات


کمپنی اور اس کی ملکیتی کمپنی سٹیج رائٹ پرائیویٹ لمیٹڈ کے مجموعاتی مالیاتی حسابات برائے سال ختمہ 30 جون 2022 اس رپورٹ کے ساتھ منسلک ہیں۔

### اظہار تشکر

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

  
 عبدالحکیم خان قصوریہ  
 ڈائریکٹر

منجانب بورڈ

  
 فرید مغیث شیخ  
 چیف ایگزیکٹو آفیسر

لاہور: 05 اکتوبر 2022

مزید برآں یقین دہانی کرائی گئی کہ محاسبتی ادارے یا اس سے منسلک کسی فرد نے دوران سال کمپنی ہذا کے حصص میں خریداری یا تجارت نہیں کی ہے۔

## بیرونی محاسبان کی مالی حسابات پر رپورٹ

مالی حسابات برائے سال ختمہ 30 جون 2022 کا بیرونی محاسبان نے باقاعدہ آڈٹ کیا ہے جنہوں نے مالی حسابات کے لئے صاف آڈٹ رپورٹ جاری کی ہے۔

## ویب سائٹ کی دستیابی

کمپنی کے سالانہ اور وسط مدتی مالی حسابات کمپنی کی ویب سائٹ [www.colonytextiles.com](http://www.colonytextiles.com) پر دستیاب ہیں۔

## کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک پر بیان

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

## بورڈ کی کارکردگی کی جانچ کاری

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

## متعلقہ پارٹی کے ساتھ لین دین

متعلقہ پارٹی کے ساتھ لین دین کی تمام تفصیلات محاسبہ کمیٹی کی طرف سے نظر ثانی شدہ اور بورڈ سے منظور شدہ ہیں۔ اس لین دین کی تمام تفصیلات 30 جون 2022 کے مالی حسابات میں نوٹس میں درج ہیں۔

## چیئر مین کی جائزہ رپورٹ

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

## کاروباری ضابطہ اخلاق

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

## تعمیلی بیان

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

## اصولی خطرات

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

## کارپوریٹ گورننس

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

## ملکیتی حصص کا نمونہ

ملکیتی حصص کا نمونہ برائے سال ختمہ 30 جون 2022ء لاف ہے۔

## بیرونی محاسبان کی تعیناتی

کمپنی کے بیرونی محاسب طارق عبدالغنی مقبول اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے اگلے سال کے لئے اپنی خدمات جاری رکھنے کی خواہش ظاہر کی ہے جس کی محاسبہ کمیٹی نے بھی نامزدگی کی تائید کی ہے۔ چنانچہ حصص داران سے ان کو دوبارہ تعینات کرنے کی منظوری کی درخواست کی جاتی ہے جبکہ بیرونی محاسب نے اس بات کا یقین دلایا ہے کہ وہ تعیناتی کی قانون میں موجود اہلیت پر پورا اترتے ہیں۔

بہت بہتری کی جانب گامزن ہیں اور اخلاقی اقدار پر عمل پیرا ہیں۔  
سماجی تعمیل اور انسانی وسائل کی کمیٹی درج ذیل ممبران پر مشتمل ہے:

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

### بورڈ آف ڈائریکٹرز

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

### تفصیل ڈائریکٹران کی تعداد

آزاد / غیر متعلقہ ڈائریکٹر	02
نان ایگزیکٹو ڈائریکٹر	03
ایگزیکٹو ڈائریکٹر	02

زیر جائزہ سال میں ڈائریکٹران کے پانچ اجلاس ہوئے تھے، جس میں سبھی ڈائریکٹران نے تمام اجلاس میں شمولیت کی۔  
محاسبہ کمیٹی کے سال میں پانچ اجلاس ہوئے، اس کے تمام ممبران نے تمام اجلاس میں شرکت کی،  
انسانی وسائل اور مراعاتی کمیٹی کا سال میں ایک اجلاس ہوا، جس میں اس کے تمام ممبران نے شرکت کی،

### ڈائریکٹران کا معاوضہ

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

### پالیسیاں اور طریقہ کار

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

کمٹی میں عہدہ	تخصیص	ڈائریکٹر کا نام
چیئر مین	ایگزیکٹو ڈائریکٹر / چیف ایگزیکٹو آفیسر	جناب فرید مغیث شیخ
ممبر	ایگزیکٹو ڈائریکٹر	جناب محمد طارق
ممبر	نان ایگزیکٹو ڈائریکٹر	جناب محمد عطاء اللہ خان

### تکنیکی کمیٹی

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

تکنیکی کمیٹی درج ذیل ممبران پر مشتمل ہے:

کمٹی میں عہدہ	تخصیص	نام
چیئر مین	ایگزیکٹو ڈائریکٹر / چیف ایگزیکٹو آفیسر	جناب فرید مغیث شیخ
ممبر	ایگزیکٹو ڈائریکٹر	جناب محمد طارق
ممبر	تکنیکی ڈائریکٹر	جناب نور خان

### مالیات کمیٹی

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

مالیات کمیٹی درج ذیل ممبران پر مشتمل ہے:

کمٹی میں عہدہ	تخصیص	نام
چیئر مین	ایگزیکٹو ڈائریکٹر / چیف ایگزیکٹو آفیسر	جناب فرید مغیث شیخ
ممبر	چیف فنانشل آفیسر	جناب عطامحی الدین خان
ممبر	ڈائریکٹر فنانس	جناب بلال احمد خان نیازی

### سماجی تعلیم اور انسانی وسائل کمیٹی

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

ساتھ کمپنی نے اپنی مل کے احاطے میں میڈیکل کمپ کا اہتمام بھی کیا تھا تاکہ تمام عملے کے ارکان اور کارکنوں اور ان کے خاندان کے افراد کو وباء سے بچاؤ کے ٹیکے سہل طریقے سے لگ سکیں۔

## محاسبی کمیٹی

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

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

## انسانی وسائل اور مشاہراتی کمیٹی

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

انسانی وسائل اور مشاہراتی کمیٹی درج ذیل ممبران پر مشتمل ہے:

کمیٹی میں عہدہ	تخصیص	ڈائریکٹر کا نام
چیئرمین	نان ایگزیکٹو ڈائریکٹر	جناب محمد عطاء اللہ خان
ممبر	غیر متعلقہ ڈائریکٹر	جناب عبدالحکیم خان قصوریہ
ممبر	نان ایگزیکٹو ڈائریکٹر	جناب محمد اشرف سیف

## مجلس عاملہ کمیٹی

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



## غیر مالیاتی کارکردگی

کوالٹی، گاہکوں کا اطمینان، ملازمین کی بہتری اور پیشہ ورانہ معیارات کلیدی چیزیں ہیں جن کو بہتر کرنے کے لئے کمپنی کی انتظامیہ اقدامات کر رہی ہے۔ کمپنی گاہکوں کے طمانیت کے تحت اچھی کوالٹی کی مصنوعات بنا رہی ہے۔ دوران سال کمپنی نے انسانی وسائل کی بہتری کے لئے مختلف جائزہ پروگرام مکمل کئے ہیں۔ کمپنی نے مختلف کمیٹیاں بنائی ہوئی ہیں جو کلیدی منصوبہ جات کی موثر نگرانی کر رہی ہیں۔

## مستقبل کا نقطہ نظر

اس سال کے گزرے ہوئے چند مہینے بہت ہی مشکل تھے۔ خام مال کے سودے بہت مہنگے داموں ہونے اور بڑھتی ہوئی لاگت کی وجہ سے نئے سودے غیر یقینی کا شکار ہیں۔ سیلاب کی وجہ سے مقامی کپاس کی فصل بری طرح متاثر ہوئی ہے اور غیر معمولی قیمتوں پر فروخت ہو رہی ہے۔ شرح سود، مہنگائی میں اضافہ اور روپے کی غیر مستحکم صورتحال نے منڈی کو متزلزل اور استحصال کا شکار کر دیا ہے۔ ہم دیکھ رہے ہیں کہ مصنوعات اور خام مال کی قیمتیں کرونا وباء سے پہلے کی سطح پر آجائیں تاکہ طلب میں دوبارہ اضافہ ہونا شروع ہو جائے۔ عالمی سیاسی حالات بھی صورتحال کو ٹھیک ہونے میں رکاوٹ کا باعث ہیں۔ مقامی منڈی بڑھتی ہوئی قیمتوں اور غیر یقینی سیاسی صورتحال کے ہاتھوں ریغمال ہے۔ افواہیں اور قاس آرائیاں ہر روز منڈی کو متاثر کر رہی ہیں ملک میں استحکام ہونے سے پہلے بحالی کا تصور ناممکن ہے۔ اگرچہ اس وقت مشکلات بہت زیادہ ہیں تاہم ہر ممکنہ طور پر بہتر کارکردگی کا مظاہرہ کرتے ہوئے اپنی مصنوعات کو زیادہ قیمت پر فروخت کرنے کے لئے اپنی مشینری کی افادیت کو بڑھا رہے ہیں۔

## محفوظ صحت مند ماحول

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

## کارپوریٹ سماجی ذمہ داری

آپ کی کمپنی ایک منفرد کارپوریٹ اور سماجی ذمہ داری کی پالیسی ہے جس کے تحت وہ اپنی سماجی ذمہ داریوں کو پورا کر رہی ہے۔ ہم ٹیکسز ان کے لوازمات اور ملکی زر مبادلہ میں اضافہ کے ذریعے قومی خزانے میں شراکت دار ہیں۔ ہم برابری کی بنیاد پر ملازمت کے مواقع مہیا کرنے پر فخر محسوس کرتے ہیں۔ آپ کی کمپنی ضرورت مند لوگوں کو مفت خوراک، مفت طبی سہولیات اور صاف پانی کی سہولیات مہیا کر رہی ہے۔ آپ کی کمپنی نے کرونا وباء میں بھی اپنی سماجی ذمہ داری احسن طریقے سے پوری کی ہے۔ گھر سے کام کرنے کی پالیسی کے ساتھ

## کمپنی کا کتنا کا شعبہ

کتنائی کے شعبہ کی کارکردگی پہلی تین سہ ماہیوں حوصلہ افزا رہی تھی۔ حالانکہ ملکی سطح پر کھپت کے شعبے مہنگائی کی وجہ سے دباؤ کا شکار رہے تھے جنہیں برآمدات نے نقصانات کو کم کرنے میں مدد کی۔

تیسری سہ ماہی میں عالمی منڈی میں معاہدوں کے باعث مصنوعات کی قیمتیں گرنا شروع ہو گئیں اور مقامی منڈی مزید کمزور ہو گئی۔ غیر یقینی صورتحال کی وجہ سے جہاں لاگت بڑھی وہاں قیمتوں میں کمی ہو گئی۔ طلب میں کمی اور بڑھتی ہوئی پیداواری لاگت کی یہ پریشان کن صورتحال نئے سال میں بھی جاری ہے۔

## کمپنی کا بنائی کا شعبہ

بنائی کے شعبہ کی صورتحال بھی کتنائی کے شعبے سے مختلف نہیں ہے۔ جیسا کہ ہم کپڑا مقامی اور عالمی منڈی کے لئے تیار کر رہے ہیں، دونوں شعبوں کو اپنی اپنی مشکلات کا سامنا ہے۔ اس صورتحال نے آخری سہ ماہی کے نتائج کو مزید متاثر کیا ہے۔

تواتر سے بڑھتی ہوئی لاگت اور غیر مستحکم روپے کی وجہ سے مصنوعات کی قیمتیں مقرر کرنا انتہائی مشکل ہو رہا ہے۔ بینکوں کی طرف سے قرضہ جات کی عدم دستیابی صورتحال کو اور مشکل بنا رہی ہے۔

## کمپنی کا غیر منقولہ جائیداد کی تجارت کا شعبہ

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

## سچ رائٹ پرائیویٹ لمیٹڈ - مکمل ملکیتی کمپنی

سچ رائٹ پرائیویٹ لمیٹڈ، مکمل ملکیتی کمپنی نے اس سال اپنی پیداوار شروع کر دی ہے۔ اور کالونی ٹیکسٹائل ملز لمیٹڈ نے اس کا ادا شدہ سرمایہ 100 ملین روپوں سے بڑھا کا 130 ملین روپے کر دیا ہے۔ منڈی ہماری مصنوعات کے لئے مددگار ثابت ہو رہی ہے اور ہم ایک بہتر مستقبل کی امید کر رہے ہیں۔ ہمارے گارمنٹس یورپ میں برآمد کیے جا رہے ہیں اور گاہکوں نے ہماری کمپنی کے ساتھ کاروبار کرنے کی خواہش کا اظہار کیا ہے۔

## ڈائریکٹرز کی جانب سے قرض

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

## حصص داران کے لئے منافع کی تقسیم

کمپنی کے زیر جائزہ مالی سال کے نتائج کو دیکھتے ہوئے کمپنی انتظامیہ نے سال ختمہ 30 جون 2022 کے لئے حصص داران کو منافع کی ادائیگی نہ کرنے کی سفارش کی ہے۔

## ڈائریکٹران رپورٹ برائے حصص داران

کمپنی کے ڈائریکٹرز کی جانب سے، میں سالانہ نتیجہ شدہ مالی حسابات برائے سال ختمہ 30 جون 2022ء بمشمول محاسب کی رپورٹ پیش کرتا ہوں۔ بموجب کوڈ آف کارپوریٹ گورننس یہ مالی حسابات چیف ایگزیکٹو آفیسر اور چیف اکاؤنٹنٹ صاحبان سے تصدیق شدہ، محاسبی کمیٹی کی تائید سے بورڈ آف ڈائریکٹرز سے منظور شدہ ہیں۔

کمپنی کا کاروباری حجم مبلغ 30,817 ملین روپے رہا جبکہ پچھلے سال یہ حجم 25,469 ملین روپے تھا۔ کمپنی کا خام منافع مبلغ 2,884 ملین روپے ہے جو پچھلے سال مبلغ 2,229 ملین روپے تھا۔ کمپنی بعد از ادائیگی ٹیکس مبلغ 286 ملین روپے منافع میں رہی جبکہ پچھلے سال یہ منافع مبلغ 748 ملین روپے تھا۔ چنانچہ اس سال آمدن فی حصہ 0.57 روپے ہے جو کہ پچھلے سال 1.50 روپے فی حصہ تھی۔

پہلی تین سہ ماہیاں پوری ٹیکسٹائل صنعت کے لئے بہت اچھی رہیں اور صنعت سے منسلک کمپنیوں نے خاطر خواہ آمدن حاصل کی مگر جیسا کہ ہم ماضی میں بھی اس چیز کا بارہا ذکر کرتے رہے ہیں کہ بینکوں سے قرضہ جات کی عدم دستیابی کی وجہ سے ہم اس موقع سے بھرپور فائدہ نہیں اٹھا سکے۔ برعکس اس کے کہ ہمارے ہمارے مالیاتی نتائج اچھے ہونے کے باوجود ہماری سطح کی کمپنیوں سے کم رہے۔

کرونا وباء کے بعد عالمی معیشت کے بہتر ہونے کی امیدیں طلب میں کمی اور افراط زر میں اضافہ ہونے کی بناء پر پوری نہیں ہوئیں۔ تیار شدہ مصنوعات کے ذخائر اور خام مال کی قیمتوں میں اضافہ کی وجہ سے تمام شعبے بری طرح متاثر ہوئے ہیں۔ ملکی سیاسی صورتحال کے ساتھ ساتھ بڑھتی ہوئی شرح سود، روپے کی قدر میں نمایاں کمی اور دیگر بڑھتے ہوئے اخراجات معاملات مزید سنگین کر دئے ہیں۔ ملک میں خطرناک سیلاب نے تباہ کاریوں کی وجہ سے انسانی جانوں کے نقصان اور مواصلاتی و دیگر تنصیبات کو نقصانات کے ساتھ ساتھ فصلوں اور خاص طور پر کپاس کی فصل کو شدید نقصان پہنچایا ہے۔

آپ کی کمپنی نے اگرچہ اپنی تاریخ کا سب سے بڑا کاروباری حجم حاصل کیا ہے جس کی اصل وجہ لاگت میں اضافہ اور روپے کی قدر میں کمی ہے۔ منڈیاں بڑھتی ہوئی کاروباری لاگت کو خوشدلی سے قبول نہیں کر رہیں اور نتائج کافی تکلیف دہ ہیں۔ پچھلی سہ ماہی میں آپ کی کمپنی کونا صرف نقصان کا سامنا رہا بلکہ اس نقصان نے پچھلی سہ ماہیوں کا منافع بھی ختم کر دیا ہے۔

عالمی سطح پر ٹیکسٹائل صنعت کے مسائل میں خاص طور پر پاکستان میں حالات خراب ہو رہے ہیں۔ اکثر ٹیکسٹائل کمپنیوں نے اپنی پیداوار کم کر دی ہے یا مکمل بند ہو گئی ہیں۔ آپ کی کمپنی نے نقصانات کو کم کرنے کے لئے اپنی استعداد کار کو کم کر دیا ہے۔ حالات ٹھیک نہ ہونے کی صورت میں آنے والے مہینوں میں اس میں اس میں مزید کمی ہو سکتی ہے۔

اگرچہ پاکستان کی معیشت ناقابل فہم اتار چڑھاؤ کا شکار رہی ہے مگر معیشت کی موجودہ صورتحال تاریخ کی بدترین حالت میں ہے۔ دھاگہ، کپڑا، گارمنٹس کی پیداوار، فروخت اور غیر منقولہ جائیداد کی تجارت کمپنی کی اصولی سرگرمیوں میں شامل ہیں۔

# COLONY TEXTILE MILLS LIMITED

## FORM OF PROXY

I/We \_\_\_\_\_  
 of \_\_\_\_\_  
 being a member of **COLONY TEXTILE MILLS LIMITED** and holder of \_\_\_\_\_ Ordinary Shares as per  
 Register Folio / CDC Participant No. \_\_\_\_\_ hereby appoint Mr./Mrs./Miss. \_\_\_\_\_  
 of \_\_\_\_\_ or failing him / her Mr./Mrs./Miss. \_\_\_\_\_ of \_\_\_\_\_  
 who is also a member of the **COLONY TEXTILE MILLS LIMITED** vide Registered Folio / CDC Participant I.D.  
 No. \_\_\_\_\_ as my proxy to vote for me and on my behalf at the 12<sup>th</sup> Annual General Meeting of the Company to  
 be held on Thursday the October 27, 2022 at 10.00 a.m. and any adjournment thereof.

Signed this \_\_\_\_\_ day of October 2022.

Revenue  
Stamp

Signature  
(As registered with the company)

### Witness: 1

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

CNIC or \_\_\_\_\_

Passport # \_\_\_\_\_

### Witness: 2

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

CNIC or \_\_\_\_\_

Passport # \_\_\_\_\_

### NOTES: -

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

# کالونی ٹیکسٹائل ملز لمیٹڈ

تشکیل نیابت داری برائے سالانہ اجلاس عام

میں / ہم \_\_\_\_\_ ساکن \_\_\_\_\_ کالونی ٹیکسٹائل ملز لمیٹڈ کا / کی / کے حصص دار ہوں / ہیں اور بموجب رجسٹرڈ کھاتہ نمبر یا مجوزہ سی ڈی سی کھاتہ نمبر کے تحت \_\_\_\_\_ عمومی حصص کا / کی / کے مالک ہوں / ہیں۔ اپنی جگہ پر حق رائے دہی کے لیے \_\_\_\_\_ رہائشی \_\_\_\_\_ اور بموجب رجسٹرڈ کھاتہ نمبر یا مجوزہ سی ڈی سی کھاتہ نمبر کے تحت \_\_\_\_\_ کو یا اس کے نہ آنے کی صورت میں \_\_\_\_\_ اور بموجب رجسٹرڈ کھاتہ نمبر یا مجوزہ سی ڈی سی کھاتہ نمبر کو جو کہ کالونی ٹیکسٹائل ملز لمیٹڈ کا / کی / کے حصص دار ہے ہیں۔ کو اپنی جگہ بروز جمعرات بتاریخ 27 اکتوبر 2022 بوقت صبح 10 بجے بمقام اسماعیل ایوان سائنس بلڈنگ 205 فیروز پور لاہور میں منعقد ہونے والے بارہویں سالانہ اجلاس عام یا کسی متبادل دن جو بھی ہوگا میں رائے دہندگی کے لئے نمائندہ مقرر کرتا / کرتی / کرتے ہوں / ہیں۔

بتاریخ \_\_\_\_\_ اکتوبر 2022 کو دستخط کیا گیا \_\_\_\_\_ دستخط۔

رئیس ٹکٹ

کمپنی ریکارڈ کے مطابق دستخط

گواہ نمبر: 2

گواہ نمبر: 1

_____ دستخط	_____ دستخط
_____ نام	_____ نام
_____ پتہ	_____ پتہ
_____ شناختی کارڈ نمبر یا	_____ شناختی کارڈ نمبر یا
_____ پاسپورٹ نمبر	_____ پاسپورٹ نمبر

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

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



## **Colony Textile Mills Limited**

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Fax: 042-35763247