

AHMAD HASSAN TEXTILE MILLS LIMITED

2022

The Thirtythird

Annual Report





33rd Annual Report

of

Ahmad Hassan Textile Mills Limited
for the year ended June 30, 2022



CONTENTS

| | |
|-----------------------------------|----|
| VISION STATEMENT | 3 |
| COMPANY INFORMATION | 4 |
| NOTICE OF ANNUAL GENERAL MEETING | 5 |
| CHAIRMAN'S REVIEW | 7 |
| DIRECTOR'S REPORT | 8 |
| DIRECTOR'S REPORT (URDU) | 13 |
| TWO YEARS GROWTH AT GLANCE | 19 |
| CODE OF CORPORATE GOVERNANCE | |
| - REVIEW REPORT | 21 |
| - STATEMENT OF COMPLIANCE | |
| INDEPENDENT AUDITOR'S REPORT | 23 |
| STATEMENT OF FINANCIAL POSITION | 28 |
| STATEMENT OF PROFIT OR LOSS | 29 |
| STATEMENT OF COMPREHENSIVE INCOME | 30 |
| STATEMENT OF CHANGES IN EQUITY | 31 |
| STATEMENT OF CASH FLOW | 32 |
| NOTES TO THE FINANCIAL STATEMENTS | 34 |
| PATTERN OF SHAREHOLDING | 65 |
| CATEGORIES DETAIL | 66 |
| JAMA PONJI | 67 |
| FORM OF PROXY | 68 |
| ELECTRONIC MANDATE FORM | 69 |



VISION

To be a world class and leading organization continuously providing high quality textile products.

MISSION

To be a model diversified textile organization exceeding expectations of all stakeholders. We will achieve this by utilizing best blend of state-of-the-art technologies, excellent business processes, high performing people, and synergetic organizational culture.

CORE VALUES

Our success will not be a matter of chance but of commitment to the following enduring beliefs and values that are engrained in the way we think and take actions to pursue a climate of excellence:

- **Integrity & Ethics:** Integrity, honesty and high ethical, legal & safe standards are corner stones of our business practices.
- **Quality:** We pursue quality as a way of life. It is an attitude that affects everything we do for relentless pursuit of excellence. Our aim is to achieve and sustain good reputation in both domestic and international market by manufacturing quality yarn / fabric with organized training and implementation of quality system as per our valued customers needs to ensure the achievement of our aim.
- **Social Responsibility:** We believe in respect for the community and preserving the environment for our future generations and keeping National interests paramount in all our action.
- **Learning & Innovations:** We embrace lifelong learning and innovation as an essential catalyst for our future success. We believe in continuous improvement and to seize opportunities inherent in change to shape the future.
- **Team Work:** We believe that competent and satisfied people are the company's heart, muscle and soul. We savors flashes of genius in organization's life by reinforcing attitude of teamwork and knowledge sharing based on mutual respect, trust and openness.
- **Empowerment :** We flourish under and ecosystem of shared understanding founded on the concept of empowerment, accountability and open communication in all directions.

STRATEGIC PLAN

To achieve the above objectives, the Company has made strategic plans to enhance and upgrade its installed capacity to maintain and expand its market. Further plans are to excel in social responsibilities by implementing related projects and community developments.



COMPANY PROFILE

BOARD OF DIRECTORS

Chairman

Directors

Mrs. Salma Javed
Mr. Muhammad Haris
Mian Muhammad Javed
Mrs. Bushra Ali
Mr. Haseeb Haris Mughal
Mr. Muhammad Umar Farooq Janjua
Mr. Ali Kamal
Mr Nazir Ahmad Khan

Non-Executive Director
Executive Director
Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Independent Director
Independent Director

AUDIT COMMITTEE

Chairman

Members

Mr. Nazir Ahmad Khan
Mr. Haseeb Haris Mughal
Mrs. Salma Javed

Independent Director
Non-Executive Director
Non-Executive Director

HR & R COMMITTEE

Chairman

Members

Mr. Nazir Ahmad Khan
Mr. Muhammad Haris
Mrs. Salma Javed

Independent Director
Executive Director
Non-Executive Director

CHIEF FINANCIAL OFFICER

Jamal Ahmed

HEAD OF INTERNAL AUDIT

Rao Saqib Ali

COMPANY SECRETARY

Muhammad Nafees Ahmad Rahi

AUDITORS

M/s Yousuf Adil (Chartered Accountants)

BANKERS

Bank Al-Habib Limited
Allied Bank Limited
Bank Al-Falah Limited
Soneri Bank Limited
National Bank of Pakistan
Dubai Islamic Bank Limited Pakistan

REGISTERED OFFICE

46 - Hassan Parwana Colony,
Multan.

MILLS

M.M. Road, Chowk Sarwar Shaheed,
Distt. Muzaffargarh.

SHARES REGISTRAR

M/s Vision Consulting Limited
3-C, LDA Flats, Lawarnce Road,
Lahore.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 33rd Annual General Meeting of the Company will be held at its Registered Office, 46-Hassan Parwana Colony, Multan, on Friday 28th October, 2022, at 11:00 A.M., to transact the following business.

Ordinary Business

1. To confirm the minutes of the Annual General Meeting held on 11th November, 2021.
2. To receive, consider and adopt the Audited Accounts together with Directors' and Auditors' Reports for the year ended June 30, 2022.
3. To appoint Auditors of the Company for the financial year 2022-2023 and to fix their remuneration. The present Auditors Messrs. Yousuf Adil, Chartered Accountants, retire and being eligible offered themselves for re-appointment.
4. To approve a final cash dividend for the year ended June 30, 2022 at Rs.2.25/- per share (22.5%), as recommended by the Board..

Other Business

5. To consider any other matter with the permission of the Chair.

BY ORDER OF THE BOARD OF DIRECTORS

Sd/-

(Muhammad Nafees Ahmad Rahi)
Company Secretary

Multan:

Dated : 07.10.2022

Notes:

- I. The Share Transfer Books of the Company will remain closed from 21st October, 2022 to 28th October, 2022 (both days inclusive).
- II. A Member entitled to attend and vote at the meeting may appoint another member of the Company as a proxy to attend and vote instead of him/her. Proxy forms duly completed should reach the Registered Office of the Company at least 48 hours before the time of the meeting.
- III. Any individual Beneficial Owners of CDC, entitled to attend and vote at this meeting, must bring his/her CNIC or Passport to prove his/her identity, and in case of proxy must enclose an attested copy of his/her CNIC or passport. Representatives of Corporate members should bring the usual documents required for such purpose.
- IV. Members are requested to notify the change of their address to our Share Registrar, M/s Vision Consulting Limited, immediately.
- V. The Members, who desire for receiving the annual audited financial statements and

AGM Notice through email, are requested to send their written consent on Standard Request Form available on website www.ahtml.com.pk in order to avail this facility. The audited financial statements for the year ended June 30, 2022 are available on website of the Company. Further, the Company has sent its Annual Reports 2022 through CD/DVD/USB to the shareholders at their available addresses instead of hard copy. However, hard copy of Annual Report will be provided free of cost on written request of the shareholder.

VI. Pursuant to requirement of Section 244 of the Companies Act, 2017, shareholders who could not collect their cash dividend/physical shares, are advised to contact at the registered office of the Company to collect/enquire about their unclaimed dividend or physical shares, if any.

VII. In term of SECP's Secular No. 10 of 2014 dated May 21, 2014 read with provisions contained under Section 134 (1)(b) of the Act, members of the company may also attend and participate in the AGM through video conference facility in a city other than Multan, if members residing in the vicinity, collectively holding 10% or more shareholding, may demand in writing, to participate in the AGM through video conference (as per the format appended below) at least seven (7) days prior to the date of AGM.

After receiving the consent of members having 10% or more shareholding in aggregate, the Company will intimate members regarding venue of video conference facility at least five (5) days before the date of AGM.

| |
|---|
| <p>Consent for Video Conference Facility</p> <p>I/we , _____ of _____, being a member of Ahmad HassanTextile Mills Limited, holders of _____ ordinary share(s) as per CDC participant ID & sub-account No. _____ hereby opt for video conference facility at _____.</p> <p>Signature of the Member(s) (affix company stamp in case of corporate entity)</p> |
|---|

VIII. Pursuant to Section 242 of the Companies Act, 2017, all listed companies have been mandated to pay dividend only by way of electronic mode, directly into the bank accounts to entitled members designated by them. Accordingly, all shareholders of the Company who have not yet provided their bank account details (including IBAN) to their participant/CDC Investor Account Service which maintains their CDC Account, are requested to provide the same at the earliest but not later than the first day of book closure, otherwise, the Company would be constrained to withhold their amount of dividend, if any, in accordance with the requirements of the Act and the Regulation.

IX. As per Section 72 of the Companies Act, 2017, every existing listed company shall be required to replace its physical shares with book-entry in a manner as may be specified and from the date notified by Commission.

The shareholders have physical shareholding are encouraged to open CDC-Account to place their physical shares into book-entry-form for safe custody. Trading of shares (sale and purchase) also very simple, secure and short time.

X. Pursuant to the provisions of Income Tax Ordinance, 2001, deduction of income Tax from dividend payment shall be made on basis of filer and non-filers.

Chairman's Review

In the Name of Allah, the Most Beneficent, the Merciful

Dear Shareholders

I am pleased to present the annual report of the Company for the year ended 30 June, 2022 to our valued shareholders. Significant aspects of performance of your Company have been shared with you during the course of the financial year 2021-22.

I would like to appreciate overall performance of the Board during this term despite multiple challenges. They have provided strategic directions to the management and always remained available for guidance.

The Board has formed various Committees, like Audit Committee and Human Resource Committee. Through Audit Committee the Board, reviewed the internal controls and financial statements and ensured that the accounts fairly represent the financial position of the Company. While the HR Committee oversees the HR policy framework and recommends selection and compensation of senior management team.

To evaluate the performance of the Board and its Committees, the Board has put in place mechanism for annual evaluation of the performance of the Board of Directors. Accordingly, the Board has completed its annual self-evaluation for the year 2022 and I am pleased to report that the overall performance benchmarked on the basis of set criteria remained satisfactory.

Further, I am pleased to inform that the composition of the Board depicts reasonable balance of executive and non-executive Directors including independent Directors, which possess the requisite skills, core competencies and industry knowledge to lead the Company, whereby all Board members are aware of the high level of ethical and professional standards laid down in our Vision & Mission Statements of the Company.

The Board reviews the quality and appropriateness of financial statements of the Company, reporting and transparency of disclosures, Company's accounting policies, corporate objective plans, budgets and other reports. The Board has also framed the Code of Conduct which defines requisite behavior and has been disseminated throughout the Company. Adequate controls and robust systems are in place to ensure effective control environment so compliance of best policies of Corporate Governance are achieved.

Salma Javed
October 3, 2022
Multan

DIRECTOR'S REPORT

In the Name of Allah, the Most Beneficent, the Merciful

Dear Shareholders

Yours Directors are pleased to share with you and update on your company's performance for 2021-22, for the year ended June 30, 2022. The 33rd Annual Report is in your hands together with the Directors Report and Auditors Report thereon;

Economy

After showing a V-shaped recovery last year, Pakistan's economic activity continued to remain positive. In year 2022, Pakistan surpassed its targets for GDP, agriculture, services, and industrial sectors. However, targets for containing inflation, trade deficit, imports, current account deficit, growth targets for investment, national savings and production targets of wheat and cotton could not be achieved.

During the year 2022, the current account deficit stood at USD 17.4bn in comparison to 2.82bn during the same period last year. Inflation during the year 2022 was recorded to 21.32% against 9.7% during the same period last year. Increase in inflation and energy prices has shaken the confidence of business community.

Remittances during the year, remained high showing a positive trend and posted a further growth of 6.1% to reach USD 31.24bn compared to USD 29.45bn for the same period last year. Moreover, FBR collected an impressive PKR 6,125bn net tax revenues as compared to PKR 4,744 in preceding year with a growth of 29.1%.

Operational Results

| Particulars | 2022 | 2021 |
|--|------------|------------|
| Looms installed | 171 | 171 |
| Looms worked | 159 | 171 |
| Installed capacity after conversion into 60 picks | 59,824,309 | 59,824,309 |
| Actual production of fabric after conversion into 60 picks | 43,170,780 | 48,813,651 |

SUMMARIZED FINANCIAL RESULTS:

| Particulars | 2022 (Rupees) | 2021 (Rupees) |
|------------------------|---------------|---------------|
| Sales -Net | 5,545,460,457 | 3,798,377,439 |
| Gross Profit | 338,459,408 | 288,790,218 |
| Profit before Taxation | 206,008,955 | 212,710,632 |
| Profit after Taxation | 201,322,025 | 167,786,985 |
| G. P. Ratio | 6.10% | 7.60% |
| Profit after tax ratio | 3.63% | 4.42% |
| EPS | 23.76 | 19.81 |

During the year under review, sales revenue of the Company tremendously increased registering an increase of 46% as compared to preceding year. Gross profit & net profit after tax increased by 17% and 20% respectively as compared to preceding year whereas on the other hand sales to GP & NP ratio decreased in current year as compared to preceding year which is mainly attributable to higher input cost of raw material & other inputs. Earnings per share stood at Rs. 23.76 as compared to Rs. 19.81 last year thus registering an increase of 20%.

BOARD COMPOSITION:

The total number of directors are eight (8) as per the following-

- a. Male: Eight
b. Female: Two

| | |
|------------------------------|---------------------------------|
| i. Independent Directors | Mr. Ali Kamal |
| | Mr. Nazir Ahmad Khan |
| ii. Non -executive Directors | Mrs. Salma Javed |
| | Mrs. Bushra Ali |
| | Mr. Muhammad Umer Farooq Janjua |
| | Mr. Haseeb Haris Mughal |
| iii. Executive Director | Mr. Muhammad Haris |
| | Mr. Mian Muhammad Javed |

The Composition of Committees of the board is as follows:

1. AUDIT COMMITTEE

Mr. Nazir Ahmad Khan (Chairman)
Mr. Haseeb Haris Mughal (Member)
Mrs. Salma Javed (Member)

2. HR & R COMMITTEE:

Mr. Nazir Ahmad Khan (Chairman)
Mr. Muhammad Haris (Member)
Mrs. Salma Javed (Member)

REMUNERATION OF THE DIRECTORS

The non-executive directors and independent director are paid remuneration for only attending the Board/Committee meetings, as per approved policy. The relevant details are disclosed in notes 44 to the financial statements for the year ended June 30, 2022.

NAME OF BOARD OF DIRECTORS/COMMITTEE, MEETINGS AND ATTENDANCE

| Name of Board of Directors | Board meeting | Audit Committee meeting | HR & R Committee meeting |
|---------------------------------|---------------|-------------------------|--------------------------|
| | 6 | 4 | 2 |
| Mian Muhammad Javed | 6 | | |
| Mr. Muhammad Haris | 6 | | 2 |
| Mrs. Salma Javed | 6 | 4 | 2 |
| Mrs. Bushra Ali | 4 | | |
| Mr. Haseeb Haris Mughal | 4 | 4 | |
| Mr. Muhammad Umar Farooq Janjua | 4 | | |
| Mr. Ali Kamal | 6 | | |
| Mr. Nazir Ahmad Khan | 6 | 4 | 2 |

DIRECTORS TRAINING PROGRAM

Three directors of the Company are exempted from the Directors Training Program on the basis of their level of education and length of experience as provided in the CCG.

INTERNAL CONTROL SYSTEM

An internal control system is designed to provide reasonable assurance that the Company ensures compliance of policies, laws, efficient use of its resources and to provide information to right persons on timely manner. Your management is much focused to comply with all applicable standards and regulations and such compliance are regularly monitored. Further, any non-compliance is timely reported and corrections are made when requires.

CORPORATE SOCIAL RESPONSIBILITIES AND ENVIRONMENTAL CARE

AHTML believes that safe, healthy and comfortable environmental conditions are backbone for quality production. We are also committed to Corporate Social Responsibilities and integrating sound social practices in our day to day business activities. We measure our success not only in terms of financial criteria but also in building customer satisfaction and supporting the communities we have.

Therefore, As a traditional norm, we are continuously providing quality food to our staff at subsidize rates, free medical camps are organized for employees and native populations, Scholarships are provided to talented children of the staff and special events are organized like sports tournaments, aftari and tree plantation campaign etc. for the betterment of the staff and nation as well.

FUTURE OUTLOOK

The recent devastating floods in Pakistan add profound risk to the country's economic outlook. The economic outlook will be shaped largely by the restoration of political stability and the continued implementation of reforms to stabilize the economy and restore fiscal and external buffers. In FY2023, fiscal adjustments and monetary tightening are expected to suppress domestic demand. A contraction in

demand, together with capacity and input constraints created by higher import prices from the rupee's depreciation, will reduce industry output.

In February 2022, Russia invaded Ukraine which has caused global uncertainty. This war has outsized impact on the global supply chain, obstructing the flow of goods, dramatic cost increases and creating catastrophic food shortages around the world. Resultantly demand of textile and related products has been drastically dropped in international market. Disturbance of shipment channel owing to Covid-19 also is another cause for declining of export sales. In post Covid-19 scenario, supplies of India & Bangladesh has restored in international markets causing curtailment of shipments from Pakistan significantly. Decline of export sales resulted to dumping of fabric in the local market. On one hand, cost of raw material, fuel & power & interest rate significantly increased in the country whereas on the other hand price of fabric could not be increased to commensurate with the rise in input costs due to decline of demand of fabric in the Local & International market. This situation has been further aggravated by the political instability currently prevailing in the country. It is envisaged that remainder of current financial year will be one of the toughest year for textile industry. We pray that all short comings would be overcome soon.

CORPORATE GOVERNANCE

The directors of your company state further that:

- 1- The financial statements, prepared by the management of the company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- 2- Proper books of account of the listed company have been maintained.
- 3- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- 4- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- 5- The system of internal control is sound in design and has been effectively implemented and monitored.
- 6- There are no significant doubts upon the listed company's ability to continue as a going concern.
- 7- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- 8- Outstanding duties and taxes, if any, have been disclosed in the financial statements.
- 9- We have an Audit Committee, the members of which are from the Board of Directors and the Chairman is an independent director.
- 10- The Board has adopted a Mission Statement and a Statement of Overall Corporate Strategy.
- 11- The Company's Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 is attached.



AUDITORS

M/s Yousuf Adil, Chartered Accountants, being eligible and offering themselves for re-appointment, are recommended for re-appointment as Auditors of the Company for a term of one year as suggested by the Audit Committee.

PATTERN OF SHAREHOLDING

Pattern of holding of shares by the shareholders of the Company as on June 30, 2022 is enclosed.

DIVIDEND

In view of the financial performance of the Company. The Board of Directors recommended to pay final dividend of Rs. 2.05 per share for the financial year ended June 30, 2022.

ACKNOWLEDGMENT

Your Directors place on record their deep appreciation for the efforts made by the workers and staff of the Company for their deep devotion to their work. Your Directors would also like to express their thanks to the Shareholders and Financial Institutions, especially Bank Al Habib Ltd, National Bank, Soneri Bank Ltd, Allied Bank Ltd, Bank Al Falah Ltd for their support and assistance.

On behalf of the Board of Directors

CHIEF EXECUTIVE

Multan

Dated: October 07, 2022

DIRECTOR

ڈائریکٹرز کی جائزہ رپورٹ شروع اللہ کے نام سے جو نہایت رحم کرنے والا بے حد مہربان ہے

محترم حصہ داران!

ہم ڈائریکٹران بخوشی آپ کے سامنے مورخہ 30 جون 2022ء تک مکمل ہونے والے سال 2021-22 کے مالیاتی نتائج کی رپورٹ پیش کر رہے ہیں۔ یہ 33 ویں سالانہ رپورٹ، ڈائریکٹرز کی رپورٹ اور آڈیٹرز کی رپورٹ کے ساتھ پیش خدمت ہے۔

معیشت

گزشتہ سال V شکل میں بحالی کے بعد پاکستان میں معاشی سرگرمیاں مثبت رہیں۔ سال 2022 میں پاکستان نے جی ڈی پی، زراعت، خدمات اور صنعتی شعبوں کے اپنے اہداف کو عبور کیا۔ تاہم مہنگائی، تجارتی خسارہ، درآمدات، کرنٹ اکاؤنٹ خسارہ، سرمایہ کاری کے نمو کے اہداف قومی بچت اور گندم اور کپاس کے پیداواری اہداف حاصل نہیں ہو سکے۔

سال 2022 کرنٹ اکاؤنٹ خسارہ 17.4 بلین امریکی ڈالر رہا جو پچھلے سال کی اسی مدت کے دوران 2.82 بلین تھا۔ سال 2022 کے دوران افراط زر کی شرح 21.32 فیصد ریکارڈ کی گئی جو گزشتہ سال کی اسی مدت کے دوران 9.7 فیصد تھی۔ مہنگائی اور توانائی کی قیمتوں میں اضافے نے تاجر برادری کا اعتماد متزلزل کر دیا ہے۔

سال کے دوران ترسیلات کی اونچی شرح مثبت رجحان کو ظاہر کرتی ہے اور گزشتہ سال کی اسی مدت کے USD 29.45 بلین کے مقابلے میں 6.1 فیصد کی مزید نمو کے ساتھ 31.24 بلین امریکی ڈالر تک پہنچ گئی۔ مزید برآں FBR نے 29.1% کی نمو کے ساتھ گزشتہ سال 4,744 PKR کے مقابلے میں 6,125 PKR بلین خالص ٹیکس ریونیو اکٹھا کیا

آپریشنل نتائج

تفصیل

لو مزن نصب شدہ

لو مزن چالو

| 2021 | 2022 | |
|------------|------------|--|
| 171 | 171 | |
| 171 | 159 | |
| 59,824,309 | 59,824,309 | 60 پکس میں تبدیل ہونے کے بعد موجود پیداواری صلاحیت |
| 48,813,651 | 43,170,780 | 60 پکس میں تبدیل ہونے کے بعد اصل پیداوار |

پچھلے سال کے مقابلے میں موجودہ سال کے دوران تیار کردہ کپڑوں کی مقدار میں 11.56 فیصد کمی واقع ہوئی۔ پیداوار میں کمی بنیادی طور پر تیار کردہ عمدہ کپڑے کے معیار سے منسوب ہے، جسکی وجہ سے مقدار میں کمی واقع ہوئی۔ جبکہ دوسری طرف کمپنی کو اضافی صحت مند سیلزر ریونیو حاصل ہوا۔

مالیاتی نتائج کا خلاصہ تفصیل

| 2021 (روپیہ) | 2022 (روپیہ) | |
|---------------|---------------|-------------------------|
| 3,798,377,439 | 5,545,460,457 | نیٹ سیلز |
| 288,790,218 | 338,459,408 | گراس پرافٹ |
| 212,710,632 | 206,008,955 | ٹیکسیشن سے قبل پرافٹ |
| 167,786,985 | 201,322,025 | ٹیکسیشن کے بعد پرافٹ |
| 7.60% | 6.10% | جی پی تناسب |
| 4.42% | 3.63% | پرافٹ بعد از ٹیکس تناسب |
| 19.81 | 23.76 | منافع فی شیئر |

زیر جائزہ سال کے دوران کمپنی کی سیلرز ریونیو میں زبردست اضافہ ہوا، جس میں گزشتہ سال کے مقابلے میں 46 فیصد کا اضافہ درج کیا گیا۔ ٹیکس کے بعد مجموعہ منافع اور خالص منافع میں پچھلے سال کے مقابلے میں بالترتیب 17% اور 20% کا اضافہ ہوا جبکہ دوسری طرف GP اور NP کے تناسب میں پچھلے سال کے مقابلے میں کمی آئی۔ جسکی بڑی وجہ خام مال کی لاگت میں اضافہ ہے۔ فی حصہ آمدنی مبلغ Rs.23.76 رہی جو کہ پچھلے سال 19.81 پر تھا۔ جس سے 20% اضافہ ظاہر ہوتا ہے۔

بورڈ کی تشکیل

ڈائریکٹر کی کل تعداد 8 ہے جسکی تفصیل ذیل ہے۔

| | | |
|----|------|-----|
| اے | مرد | آٹھ |
| بی | عورت | دو |

i آزاد ڈائریکٹر جناب علی کمال صاحب

جناب نذیر احمد خان

مسز سلمیٰ جاوید

مسز بشری علی

جناب محمد عمر فاروق جموعہ

جناب حبیب حارث مغل

جناب محمد حارث

جناب میاں محمد جاوید

ii نان ایگزیکٹو ڈائریکٹر

iii ایگزیکٹو ڈائریکٹر

بورڈ کی کمیٹیوں کی تشکیل حسب ذیل ہے۔

1- آڈٹ کمیٹی

جناب نذیر احمد خان (چیئر مین)

جناب حبیب حارث مغل (ممبر)

مسز سلمیٰ جاوید (ممبر)

2- ایچ آر اینڈ آر کمیٹی

جناب نذیر احمد خان (چیئر مین)

جناب محمد حارث (ممبر)

مسز سلمیٰ جاوید (ممبر)

ڈائریکٹرز کا معاوضہ

منظور شدہ پالیسی کے مطابق نان ایگزیکٹو ڈائریکٹرز اور آزاد ڈائریکٹرز کو صرف بورڈ/کمیٹی اجلاسوں میں شرکت کے لیے معاوضہ دیا جاتا ہے۔ متعلقہ تفصیلات نوٹ 44 فنانشل اسٹیٹمنٹ 30 جون 2022 کو ختم ہونے والے مالیاتی گوشواروں میں ظاہر کی گئی ہے۔

بورڈ آف ڈائریکٹرز/کمیٹی کا نام، میٹنگز اور حاضری

| بورڈ آف ڈائریکٹرز کے نام | بورڈ میٹنگ | آڈٹ کمیٹی میٹنگ | ہیومن ریسورس اینڈ ریمونریشن کمیٹی |
|--------------------------|------------|-----------------|-----------------------------------|
| میٹنگز کی کل تعداد | 6 | 4 | 2 |
| میاں محمد جاوید | 6 | -- | -- |
| محمد حارث | 6 | -- | 2 |
| سلمیٰ جاوید | 6 | 4 | 2 |
| مسز بشری علی | 4 | -- | -- |
| حبیب حارث مغل | 4 | 4 | -- |
| محمد عمر فاروق جنجوعہ | 4 | -- | -- |
| علی کمال | 6 | -- | -- |
| نذیر احمد خان | 6 | 4 | 2 |

ڈائریکٹرز ٹریننگ پروگرام

کمپنی کے تین ڈائریکٹرز کو ان کی تعلیم کی سطح اور CCG میں فراہم کردہ تجربے کی طوالت کی بنیاد پر ڈائریکٹرز ٹریننگ پروگرام سے استفادہ حاصل ہے۔

اندرونی کنٹرول کا نظام

اندرونی کنٹرول سسٹم کو اس بات کی معقول یقین دہانی فراہم کرنے کے لیے ڈیزائن کیا گیا ہے کہ کمپنی پالیسیوں، قوانین اپنے وسائل کے موثر استعمال اور صحیح افراد کو بروقت معلومات کی فراہمی کو یقینی بناتی ہے۔ آپ کا انتظام تمام قابل اطلاق معیارات اور ضوابط کی تعمیل کرنے پر زیادہ توجہ مرکوز کرتا ہے۔ اور اس طرح کی تعمیل کی باقاعدگی سے نگرانی کی جاتی ہے کہ مزید کسی بھی عدم تعمیل کی بروقت اطلاع دی جاتی ہے اور ضرورت پڑنے پر اصلاح کی جاتی ہے۔

کارپوریٹ سماجی ذمہ داریاں اور ماحولیاتی نگہداشت

AHTML اس بات پر یقین رکھتا ہے کہ محفوظ، صحت مند اور آرام دہ ماحولیاتی حالات معیاری پیداوار کے لیے ریڑھ کی ہڈی کی حیثیت رکھتے ہیں۔ ہم کارپوریٹ سماجی ذمہ داریوں اور اپنی روزمرہ کی کاروباری سرگرمیوں میں اچھے سماجی طریقوں کو مربوط کرنے کے لیے بھی پرعزم ہیں۔ ہم اپنی کامیابی کی پیمائش نہ صرف مالیاتی معیارات کے لحاظ سے کرتے ہیں بلکہ صارفین کی اطمینان پیدا کرنے اور ہمارے پاس موجود کمیونٹیز کو سپورٹ کرنے میں بھی۔

لہذا ایک روایتی اصول کے طور پر ہم اپنے عمل کو سبسڈی کے نرخوں پر معیاری خوراک مسلسل فراہم کر رہے ہیں، ملازمین اور مقامی آبادی کے لیے مفت میڈیکل کیمپس کا انعقاد کیا جاتا ہے، عملے کے ہونہار بچوں کو وظائف فراہم کیے جاتے ہیں اور کھیلوں کے ٹورنامنٹس، افطاری جیسے خصوصی پروگرام منعقد کیے جاتے ہیں۔ عملے اور قوم کی بہتری کے لیے درخت لگانے کی مہم وغیرہ۔

مستقبل پر نظر

پاکستان میں حالیہ تباہ کن سیلاب نے ملک کے معاشی منظر نامے کے لیے گہرے خطرے کا اضافہ کر دیا ہے۔ اقتصادی نقطہ نظر بڑی حد تک سیاسی استحکام کی بحالی اور معیشت کو مستحکم کرنے اور مالیاتی اور بیرونی بفرز کو بحال کرنے کے لیے اصلاحات کے مسلسل نفاذ سے تشکیل پائے گا۔ مالی سال 2023 میں مالیاتی ایڈجسٹمنٹ اور مالیاتی سختی سے ملکی طلب کو دبانے کی توقع ہے۔ روپے کی گراوٹ سے درآمدی قیمتوں میں اضافے سے پیدا ہونے والی صلاحیت اور ان پٹ رکاوٹوں کے ساتھ مانگ میں کمی صنعت کی پیداوار کو کم کرے گی۔

فروری 2022 میں روس نے یوکرین پر حملہ کر دیا جس سے عالمی غیر یقینی صورتحال پیدا ہو گئی ہے۔ اس جنگ نے عالمی سپلائی چین پر بہت زیادہ اثر ڈالا ہے، سامان کی آمدورفت میں رکاوٹ، لاگت میں ڈرامائی اضافہ اور دنیا بھر میں خوراک کی تباہ کن قلت پیدا کر دی ہے۔ نتیجتاً بین الاقوامی منڈی میں ٹیکسٹائل اور متعلقہ مصنوعات کی مانگ میں زبردست کمی آئی ہے۔ CoVID-19 کی وجہ سے شپمنٹ چینل کی خرابی بھی برآمدی فروخت میں کمی کی ایک اور وجہ ہے۔ CoVID-19 کے بعد کے منظر نامے میں بین الاقوامی منڈیوں میں ہندوستان اور بنگلہ دیش کی سپلائی بحال ہو گئی ہے جس کی وجہ سے پاکستان سے ترسیل میں

نمایاں کی آئی ہے۔ برآمدی فروخت میں کمی کے نتیجے میں مقامی منڈی میں کپڑا پھینکنا پڑا۔ ایک طرف ملک میں خام مال، ایندھن اور بجلی کی قیمت اور شرح سود میں نمایاں اضافہ ہوا ہے تو دوسری طرف مقامی اور بین الاقوامی سطح پر فیبرک کی مانگ میں کمی کی وجہ سے ان پٹ لاگت میں اضافے کے مطابق فیبرک کی قیمت میں اضافہ نہیں کیا جاسکا۔ اس وقت ملک میں سیاسی عدم استحکام کی وجہ سے یہ صور حال مزید گھمبیر ہو گئی ہے۔ یہ تصور کیا جاتا ہے کہ موجودہ مالی سال کا بقیہ حصہ ٹیکسٹائل انڈسٹری کے لیے مشکل ترین سال ہو گا۔ ہم دعا کرتے ہیں کہ جلد ہی تمام کمیوں پر قابو پایا جائے۔

کارپوریٹ گورننس

کمپنی ڈائریکٹرز مزید بیان کرتے ہیں کہ

- 1- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی بیانات، اس کی حالت اس کے کام کے نتائج، ادائیگیوں اور ایکویٹی میں ہونے والی تبدیلیوں کو کافی حد تک پیش کرتے ہیں۔
- 2- لسٹڈ کمپنی کے حساب کتاب کی مناسب دیکھ بھال کی گئی ہے۔
- 3- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔
- 4- بین الاقوامی مالیاتی رپورٹنگ کے معیارات جیسا کہ پاکستان میں لاگو ہوتا ہے، مالیاتی گوشواروں کی تیاری میں پیروی کی گئی ہے اور وہ اسے کسی بھی روانگی کا مناسب انکشاف اور وضاحت کی گئی ہے۔
- 5- اندرونی کنٹرول کا نظام مستحکم ہے اور اسے موثر انداز میں نافذ کیا گیا ہے جسکی نگرانی بھی کی جاتی ہے۔
- 6- کمپنی کا کاروبار رواں دواں رکھنے کی صلاحیت شکوک و شبہات سے بالاتر ہے۔
- 7- لسٹنگ ریگولیشنز میں تفصیلاً درج کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی کمی بیشی نہیں کی گئی۔
- 8- بقایا ڈیوٹی اور ٹیکس، اگر کوئی ہیں مالیت بیانات میں ظاہر کیے گئے ہیں۔
- 9- ادارے کی ایک آڈٹ کمپنی ہے جس کے ممبرز بورڈ آف ڈائریکٹرز میں سے ہیں اور اس کا چیئرمین آزاد ڈائریکٹر ہے۔
- 10- بورڈ نے ادارے کے مشن اور وژن کے مطابق حکمت عملی کو اپنایا ہے۔
- 11- کمپنی کی دیگر کمپنیز کے ساتھ حکمت عملی کارپوریٹ گورننس اصول 2019 کے متعلق رپورٹ بھی اس ڈائریکٹر رپورٹ کے ساتھ منسلک ہے۔

آڈیٹر

میسرز یوسف عادل، چارٹرڈ اکاؤنٹنٹس، جواہل ہیں اور خود کو دوبارہ تقرری کے لیے پیش کر رہے ہیں، کوآڈٹ کمیٹی کی تجویز کے مطابق ایک سال کی مدت کے لیے آڈیٹر کے طور پر دوبارہ تقرری کی سفارش کی جاتی ہے۔

شیئر ہولڈنگ کا پیٹرن

30 جون 2022 تک کمپنی کے شیئر ہولڈرز کے حصص کے انعقاد کا نمونہ منسلک ہے۔

ڈیوی ڈینڈ

کمپنی کی مالی کارکردگی کے پیش نظر، بورڈ آف ڈائریکٹرز نے (فی شیئر) منافع ادا کرنے کی سفارش کی۔ 30 جون 2022 کو ختم ہونے والے مالی سال کے لیے 2.05 فی شیئر

اعتراف

آپ کے ڈائریکٹران نے کمپنی کے کارکنوں اور عملے کی طرف سے کی گئی کوششوں کی تہہ دل سے تعریف کی ہے۔ آپ کے ڈائریکٹرز شیئر ہولڈرز اور مالیاتی اداروں کا بھی شکریہ ادا کرنا چاہیں گے، خاص طور پر بینک الحیب لمیٹڈ، نیشنل بینک، سونیری بینک لمیٹڈ، الائیڈ بینک لمیٹڈ، بینک الفلاح لمیٹڈ کے تعاون اور مدد کے لیے۔

بورڈ آف ڈائریکٹرز کی جانب سے

ڈائریکٹر

چیف ایگزیکٹو

ملتان

مورخہ 07 اکتوبر 2022ء

**Two Years Growth at Glance (2021,2022)**

| Particulars | 2021 | 2022 |
|---|-------------|-------------|
| OPERATIONAL PERFORMANCE: | | |
| Weaving | | |
| Number of Looms Installed | 171 | 171 |
| Number of Looms Worked | 171 | 159 |
| Installed Capacity after conversion into 60 picks Sq. Meter (000) | 59,824 | 59,824 |
| Actual Production after conversion into 60 picks Sq. Meter (000) | 48,814 | 43,172 |
| PROFIT AND LOSS: | | |
| Net Sales Rs. (000) | 3,798,377 | 5,545,460 |
| Cost of Sales Rs. (000) | 3,509,587 | 5,207,001 |
| Gross Profit Rs. (000) | 288,790 | 338,459 |
| Operating ProfitRs. (000) | 239,416 | 256,703 |
| Profit /(loss) before Tax Rs. (000) | 212,711 | 206,009 |
| Profit /(loss) after Tax Rs. (000) | 167,787 | 201,322 |
| BALANCE SHEET: | | |
| Share Capital and Reserves Rs. (000) | | |
| Shareholders Equity Rs. (000) | 1,321,687 | 1,725,933 |
| Property Plant & Equipment Rs. (000) | 1,377,375 | 1,691,678 |
| CurrentAssets Rs. (000) | 1,395,483 | 1,851,899 |
| Current Liabilities Rs.(000) | 1,028,037 | 1,457,429 |
| Long Term Liabilities Rs. (000) | 373,021 | 309,426 |
| INVESTOR INFORMATION: | | |
| Per Share (Rs.) | | |
| Dividend announced (Rs per share) | 2.05 | 1.00 |
| Earning/(Loss) Per Share | 19.81 | 23.76 |
| FINANCIAL RATIOS: | | |
| Gross Profit Ratio (%) | 7.60 | 6.10 |
| Net Profit Ratio (%) | 4.42 | 3.63 |
| Inventory Turnover (times) | 4.95 | 4.66 |
| Fixed Assets Turnover (times) | 2.76 | 3.28 |
| Total Assets Turnover (times) | 1.46 | 1.75 |
| Return on Capital Employed (%) | 0.12 | 0.10 |
| Debt to Equity Ratio (%) | 1.11 | 1.06 |
| Current Ratio (%) | 1.36 | 1.27 |
| Interest Coverage Ratio (times) | 8.96 | 5.06 |



**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF AHMAD HASSAN TEXTILE MILLS LIMITED
REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED
COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Ahmad Hassan Textile Mills Limited (the Company) for the year ended June 30, 2021 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2022.

M/S YOUSUF ADIL,
Chartered Accountants
Multan
Dated: October 07, 2022

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 For the Year ended June 30, 2022

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

The total number of directors are eight (8) as per the following:-

- a. Male: Six
- b. Female: Two

2. The composition of the board of directors (the Board) is as follows*:

| | |
|-----------------------------|--|
| i. Independent directors | Mr. Nazir Ahmad Khan Mr. Ali Kamal (Rep. N.I.T) |
| ii. Non-executive directors | Mrs. Salma Javed Mrs. Bushra Ali Mr. Haseeb Haris Mughal |
| iii. Executive directors | Mian Muhammad Javed Mr. Muhammad Haris |
| iv. Female directors | Mrs. Salma Javed Mrs. Bushra Ali |

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 the significant policies along with their date of approval or updating is maintained by the Company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;

7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. Three out of eight directors of the Company are exempted from directors training program on the basis of their level of education and length of experience as provided in these Regulations. One Director (Mr. Muhammad Aurangzeb i.e., Executive Director) has already attended the Director's Training Program.

10. The Board has approved appointment or continued service 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 of the Regulations;

11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;

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

a) Audit Committee

Mr. Nazir Ahmad Khan (Chairman);
Mrs. Salma Javed (member); and
Mr. Haseeb Haris Mughal (member);

B) HR and Remuneration Committee

Mr. Nazir Ahmad Khan (Chairman);
Mr. Muhammad Haris (member); and
Mr. Haseeb Haris Mughal (member);

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 of the committees were as per following:

| | |
|----------------------------------|--------------|
| a) Audit Committee | Quarterly |
| b) HR and Remuneration Committee | Half Yearly; |

15. The Board has set up an effective internal audit function which comprises of professionals who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company;

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

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

Muhammad Haris
Chief Executive

Salma Jave
Chairman

INDEPENDENT AUDITOR'S REPORT

To The Members Of Ahmad Hassan Textile Mills Limited Report on the Audit of the Financial Statements

Opinion

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

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

Following are the key audit matters:

| Key audit matter | How the matter was addressed in our audit |
|---|--|
| 1. Revenue recognition | |
| <p>The Company's revenue from contracts comprise of revenue from local and export sale of fabrics which has been disclosed in note 30 to the financial statements.</p> <p>Revenue from the sale is recognized, when control of goods is transferred to the customer and the performance obligation is satisfied i.e. on dispatch of goods (note 4. 13.)</p> <p>We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transaction may not have been recognized based on transfer of control to the customers in line with the accounting policy adopted and may not have been recognized in the appropriate period.</p> | <p>Our key audit procedures in this area included, amongst others, the following:</p> <ul style="list-style-type: none"> ● Obtained an understanding of and assessing the design and implementation and operation effectiveness of controls around recognition of revenue; ● Assessed the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards; ● Checked on a sample basis whether the recorded sales transactions are based on transfer of goods to the customer, satisfying the performance obligation and were recorded in the appropriate accounting period; and ● Assessed the adequacy of disclosure in the financial statements. |

Other Matter Paragraph

The annual financial statements of the company for the year ended June 30, 2021 were audited by another firm of Chartered Accountants who vide their report dated November 03, 2021 expressed an unmodified opinion thereon.

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other

information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on 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 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 audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Director 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 precluded public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017).
- b) the statement of financial position the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and



- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Rana M. Usman Khan.

Chartered Accountants

Multan

Date:

UDIN:



STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

| | Note | 2022 Rupees | 2021 Rupees |
|---|-------------|------------------------|------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 5 | 1,691,677,506 | 1,377,374,549 |
| Long term deposits | 6 | 11,712,377 | 12,387,177 |
| | | 1,703,389,883 | 1,389,761,726 |
| Current assets | | | |
| Stores and spares | 7 | 35,698,716 | 38,909,619 |
| Stock in trade | 8 | 1,394,834,730 | 838,600,546 |
| Trade debts | 9 | 216,815,701 | 403,727,475 |
| Loans and advances | 10 | 84,896,118 | 57,186,550 |
| Due from government | 11 | 95,930,666 | 16,599,606 |
| Short term investment | 12 | 18,651,248 | 32,801,776 |
| Other receivables | 13 | 3,220,755 | 3,215,353 |
| Cash and bank balances | 14 | 1,850,882 | 4,442,391 |
| | | 1,851,898,816 | 1,395,483,316 |
| Total assets | | 3,555,288,699 | 2,785,245,042 |
| EQUITY AND LIABILITIES | | | |
| Share capital and reserves | | | |
| Share capital | 15 | 84,715,354 | 84,715,354 |
| Share premium | 16 | 32,746,284 | 32,746,284 |
| Surplus on revaluation of property, plant and equipment - net of deferred tax | 17 | 547,739,232 | 343,783,721 |
| Unappropriated profit | | 1,060,732,426 | 860,441,793 |
| | | 1,725,933,296 | 1,321,687,152 |
| Subordinated loans | 18 | 62,500,000 | 62,500,000 |
| Non-current liabilities | | | |
| Long term financing | 19 | 222,494,564 | 241,475,054 |
| Deferred income - government grant | 20 | - | 102,493 |
| Lease liabilities | 21 | 991,931 | 1,594,705 |
| Deferred taxation | 22 | 71,513,084 | 104,052,348 |
| Gas infrastructure development cess | 23 | 14,426,662 | 25,796,469 |
| | | 309,426,241 | 373,021,069 |
| Current liabilities | | | |
| Trade and other payables | 24 | 868,066,355 | 662,661,330 |
| Short term borrowings | 25 | 405,858,509 | 204,752,056 |
| Current portion of non-current liabilities | 26 | 102,395,078 | 104,439,177 |
| Accrued mark up | 27 | 14,645,410 | 4,690,465 |
| Unclaimed dividend | | 3,726,469 | 3,474,561 |
| Provision for tax | 28 | 62,737,341 | 48,019,232 |
| | | 1,457,429,162 | 1,028,036,821 |
| Contingencies and commitments | 29 | | |
| Total equity and liabilities | | 3,555,288,699 | 2,785,245,042 |

The annexed notes from 1 to 51 form an integral part of these financial statements.

Sd/-
Chief Executive

Sd/-
Director

Sd/-
Chief Financial Officer

**STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2022**

| | Note | 2022 Rupees | 2021 Rupees |
|---|-------------|------------------------|------------------------|
| Revenue from contracts | 30 | 5,545,460,457 | 3,798,377,439 |
| Cost of goods sold | 31 | (5,207,001,049) | (3,509,587,221) |
| Gross profit | | 338,459,408 | 288,790,218 |
| Profit on trading | 32 | 14,424,839 | 200,745 |
| Other income | 33 | 2,850,832 | 20,471,699 |
| | | 355,735,079 | 309,462,662 |
| Selling and distribution expenses | 34 | 19,560,293 | 10,934,085 |
| Administrative expenses | 35 | 60,331,757 | 43,422,516 |
| Other operating expenses | 36 | 19,140,177 | 15,689,342 |
| | | (99,032,227) | (70,045,943) |
| Finance cost | 37 | (50,693,897) | (26,706,087) |
| Profit before taxation | | 206,008,955 | 212,710,632 |
| Taxation | 38 | (4,686,930) | (44,923,647) |
| Profit after taxation | | 201,322,025 | 167,786,985 |
| Earnings per share - basic and diluted | 39 | 23.76 | 19.81 |

The annexed notes from 1 to 51 form an integral part of these financial statements.

Sd/-
Chief Executive

Sd/-
Director

Sd/-
Chief Financial Officer

**STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022**

| | Note | 2022 Rupees | 2021 Rupees |
|--|-------------|---------------------------|---------------------------|
| Profit after taxation | | 201,322,025 | 167,786,985 |
| Other comprehensive income | | | |
| <i>Items that will not be reclassified to statement of profit or loss</i> | | | |
| Surplus on revaluation of land, buildings and plant & machinery | | 246,452,376 | - |
| Related deferred tax thereon | | (26,161,610) | - |
| | | 220,290,766 | - |
| <i>Total comprehensive income for the year</i> | | <u>421,612,791</u> | <u>167,786,985</u> |

The annexed notes from 1 to 51 form an integral part of these financial statements.

Sd/-
Chief Executive

Sd/-
Director

Sd/-
Chief Financial Officer



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2022

| | Share capital | Capital Reserves | | Reserve | Total |
|--|-------------------|-------------------|---|-----------------------|----------------------|
| | | Share premium | Surplus on revaluation of property, plant and equipment | Unappropriated profit | |
| | Rupees ----- | | | | |
| Balance as at June 30, 2020 | 84,715,354 | 32,746,284 | 357,887,596 | 690,086,172 | 1,165,435,406 |
| Final cash dividend of Rs. 1.5 per share for the year ended June 30, 2020 | - | - | - | (11,535,239) | (11,535,239) |
| Profit for the year | - | - | - | 167,786,985 | 167,786,985 |
| Other comprehensive income for the year | - | - | - | - | - |
| Total comprehensive income for the year | - | - | - | 167,786,985 | 167,786,985 |
| Transfer from revaluation surplus on account of incremental depreciation - net of deferred tax | - | - | (13,673,626) | 13,673,626 | - |
| Transfer from revaluation surplus on disposal of property, plant and equipment (net of deferred tax) | - | - | (430,249) | 430,249 | - |
| Balance as at June 30, 2021 | 84,715,354 | 32,746,284 | 343,783,721 | 860,441,793 | 1,321,687,152 |
| Final cash dividend of Rs. 2.05 per share for the year ended June 30, 2021 | - | - | - | (17,366,647) | (17,366,647) |
| Profit for the year | - | - | - | 201,322,025 | 201,322,025 |
| Other comprehensive income for the year | - | - | 220,290,766 | - | 220,290,766 |
| Total comprehensive income for the year | - | - | 220,290,766 | 201,322,025 | 421,612,791 |
| Transfer from revaluation surplus on account of incremental depreciation - net of deferred tax | - | - | (16,335,255) | 16,335,255 | - |
| Balance as at June 30, 2022 | 84,715,354 | 32,746,284 | 547,739,232 | 1,060,732,426 | 1,725,933,296 |

The annexed notes from 1 to 51 form an integral part of these financial statements.

Sd/-
Chief Executive

Sd/-
Director

Sd/-
Chief Financial Officer

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES

| | Note | 2022 Rupees | 2021 Rupees |
|--|------|--------------------|--------------------|
| Profit before taxation | | 206,008,955 | 212,710,632 |
| Adjustments for: | | | |
| Depreciation on property, plant and equipment | 5.3 | 79,081,817 | 70,712,813 |
| Finance cost - net | 37 | 50,693,897 | 26,706,087 |
| Provision for workers' profit participation fund | 24.2 | 11,263,988 | 10,926,109 |
| Provision for workers' welfare fund | 24.3 | 4,204,264 | 4,341,033 |
| Provision for gratuity | | 11,009,908 | 12,152,606 |
| Exchange rate fluctuation loss | 5.5 | 3,615,925 | 40,700 |
| Loss/(gain) on disposal of short term investment | 33 | 1,883,053 | (296,115) |
| Unrealized (gain) / loss on remeasurement of short term investments | 33 | 289,130 | (869,578) |
| Dividend income | 33 | (8,000) | (13,000) |
| Export rebates | 33 | (108,173) | (22,228) |
| Amortization of deferred government grant | 37 | (913,709) | (1,706,899) |
| Gain on disposal of property, plant and equipment | 33 | (1,818,273) | (18,232,623) |
| Allowance for slow moving items | 7 | - | 25,872 |
| Loss on disposal of investment property | 36 | - | 311,500 |
| | | 159,193,827 | 104,076,277 |
| Cash flows before working capital changes | | 365,202,782 | 316,786,909 |

Working capital changes:

(Increase) / decrease in current assets:

| | | |
|---|---------------|---------------|
| Stores, spare parts and loose tools | 3,210,903 | 218,767 |
| Stock in trade | (556,234,184) | (259,078,759) |
| Trade debts | 183,295,849 | (115,438,341) |
| Loans and advances (excluding advance income tax) | 3,611,193 | (2,846,345) |
| Due from Government | (73,464,277) | (4,869,211) |
| Other receivables | (5,402) | (89,851) |

Increase in current liabilities:

| | | |
|--------------------------|---------------|---------------|
| Trade and other payables | 190,712,221 | 181,499,833 |
| | (248,873,697) | (200,603,907) |

Cash generated from operations

| | | |
|--|---------------|--------------|
| Income tax paid - net | (59,695,629) | (48,360,165) |
| Finance cost paid - net | (39,139,517) | (29,085,962) |
| Gratuity paid | (11,381,974) | (11,523,074) |
| Long term deposits - net | 674,800 | (492,500) |
| Export rebate received | 108,173 | 22,228 |
| Paid to workers' profit participation fund | (11,611,835) | (7,585,416) |
| | (121,045,982) | (97,024,889) |

Net cash (used in) / generated from operating activities A

Sd/-
Chief Executive

Sd/-
Director

Sd/-
Chief Financial Officer

CASH FLOWS FROM INVESTING ACTIVITIES

| | | | |
|---|----------|----------------------|---------------------|
| Additions in property, plant and equipment | | (145,982,743) | (48,930,374) |
| Additions in capital work in progress | | (31,881,940) | (15,131,098) |
| Short term investments | | 14,150,528 | (31,589,403) |
| Proceeds from disposal of property, plant and equipment | | 13,027,500 | 41,543,849 |
| Proceeds from sale of investment property | | - | 43,000,000 |
| Dividend received | | 8,000 | 13,000 |
| Net cash used in investing activities | B | (150,678,655) | (11,094,026) |

CASH FLOWS FROM FINANCING ACTIVITIES

| | | | |
|--|----------|-------------------|---------------------|
| Dividend paid | | (13,664,771) | (11,437,556) |
| Long term finance obtained | | 123,900,822 | 28,164,182 |
| Repayment of long term finance | | (143,817,213) | (19,353,235) |
| Repayment of principal portion of lease liabilities | 21 | (1,746,836) | (1,494,462) |
| Repayment of GIDC | 23 | (12,974,412) | (8,167,539) |
| Short term finances - net | | 89,494,714 | (35,848,756) |
| Net cash generated from/ (used in) financing activities | C | 41,192,304 | (48,137,366) |

| | | | |
|--|----|----------------------|---------------------|
| Net increase in cash and cash equivalents (A+B+C) | | (114,203,248) | (40,073,279) |
| Cash and cash equivalents at beginning of the year | | (68,729,144) | (28,655,865) |
| Cash and cash equivalents at end of the year | 40 | <u>(182,932,392)</u> | <u>(68,729,144)</u> |

The annexed notes from 1 to 51 form an integral part of these financial statements.

NOTES OF AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

1. GENERAL INFORMATION

- 1.1** Ahmad Hassan Textile Mills Limited (the Company) was incorporated in Pakistan on December 03, 1989 as a Public Limited Company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). Its shares are quoted on Pakistan Stock Exchange Limited. The Company is principally engaged in the manufacturing and sale of fabric. Registered / Head office of the Company is situated at 46-Hassan Parwana Colony, Multan, while the mill of the Company is located at M.M. Road, Chowk Sarwar Shaheed, District Muzaffargarh having area of 83 Kanals and 04 Marlas .

2. STATEMENT OF COMPLIANCE

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

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

3. STANDARDS, INTERPRETATION AND AMENDMENT ADOPTED DURING THE YEAR

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:

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

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

**Effective from accounting period
beginning on or after**

| | |
|---|-----------------|
| Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) | January 1, 2021 |
| Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021 | April 1, 2021 |

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

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

| | |
|---|-----------------|
| Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework | January 1, 2022 |
| Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use | January 1, 2022 |
| Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts cost of fulfilling a contract | January 1, 2022 |
| Annual Improvements to IFRS Standards 2018- 2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41) | January 1, 2022 |

| | |
|--|-----------------------|
| Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current | January 1, 2023 |
| Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies | January 1, 2023 |
| Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates | January 1, 2023 |
| Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction. | January 1, 2023 |
| Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred indefinitely |

Certain annual improvements have also been made to a number of IFRS.

3.2.1 Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

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

3.3 Significant estimates

The preparation of financial statements in conformity with approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised, if the revision affects only that period, or in the period of revision and future periods, if the revision affects both current and future periods.

Significant areas requiring the use of management estimates in these financial statements relate to the revaluation of certain item of property, plant and equipment, useful life of depreciable assets, employee retirement benefits, provision for doubtful receivables and taxation.

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 adjustment to the carrying amounts of assets and liabilities in the next year.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of measurement

These financial statements have been prepared under historical cost convention except indicated in note 4.4.1, 4.4.5.1 and 4.4.17.

4.2 Functional and presentation currency

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

4.3 **Critical judgements and accounting estimates in applying the accounting policies**

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, the results of which form the basis of making the judgement about carrying values of assets and liabilities that are not readily apparent from other resources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on the ongoing basis. Revisions to accounting estimates are recognized in the period in which estimate is revised if the revision affects only that period, or in the period of revision and future period if the revision affects both current and future periods.

In preparing these financial statements, the significant judgement made by the management in applying accounting policies include:

- Useful lives of property plant and equipment (notes 4.4.1 and 5.1)
- Provision for staff retirement benefits (notes 4.4.10)
- Provision for taxation (notes 4.4.9 and 28)
- Revaluation of property, plant and equipment (notes 4.4.1 and 5.5)
- Provision for trade debts under expected credit loss model (note 4.4.5.1)
- Provision for loans and advances to suppliers (note 10)

4.4 **Summary of accounting policies**

4.4.1 **Property, plant and equipment**

Property, plant and equipment except freehold land, building on freehold land, plant and machinery, generator and electric fittings and installations and capital work-in-progress are stated at cost less accumulated depreciation and impairment losses, if any.

Freehold land, building on freehold land, plant and machinery, generator and electric fittings and installations are stated at revalued amount being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses, if any. Revaluations are performed with sufficient regularity so that the fair value and carrying value do not differ materially at the statement of financial position date. Any revaluation increase arising on the revaluation of such asset is credited in 'Surplus on revaluation of property, plant and equipment'. A decrease in the carrying amount arising on revaluation is charged to profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation account relating to previously revalued assets.

To the extent of incremental depreciation charged on revalued assets, the related surplus on revaluation (net of deferred tax) is transferred directly to retained earnings/unappropriated profit. Depreciation on property, plant and equipment, except freehold land and capital work-in-progress, is charged to statement of profit or loss applying reducing balance method over the estimated useful lives of the assets at the rates shown in note 5.1 to the financial statements.

Depreciation on additions is charged from the month the asset is available for use up to month immediately preceding the date of disposal. Gains and losses on disposal of property, plant and equipment if any, are recognized in statement of profit or loss, as and when incurred. Assets are derecognized when disposed or when no future economic benefits are expected from its use or disposal.

Maintenance and normal repairs are charged to statement of profit or loss as and when incurred. Major renewals and improvements are capitalized.

4.4.2 **Right-of-use assets and lease liabilities**

Leases are recognized as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the company.

The lease liabilities are initially measured at the present value of the minimum lease payments at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. At initial recognition, liabilities were discounted using the Company's incremental borrowing rate. Lease payment includes fixed payments with annual increments. The lease liabilities are subsequently measured at amortized cost using the effective interest rate.

Right-of-use assets are initially measured based on the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use assets are depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The carrying amount of the right-of-use asset is reduced by impairment losses, if any. At transition, the Company recognized right of use assets equal to the present value of lease payments.

4.4.3 Capital work in progress

Capital work-in-progress (CWIP) is stated at cost less any recognized impairment loss. All expenditures connected to the specific assets incurred during installation and construction period are carried under CWIP. These are transferred to specific assets as and when assets are ready for their intended use.

4.4.4 Impairment of non-financial assets

The Company assesses at each statement of financial position date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amount and the resulting impairment loss is recognized in statement of profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss subsequently reverses, the carrying amount of the assets is increased to the revised recoverable amount but limited to the extent of carrying amount that would have been determined had no impairment loss been recognized in prior periods. Reversal of impairment loss is recognized as income.

4.4.5 Financial Instruments

Financial assets and financial liabilities are recognized in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in statement of profit or loss.

4.4.5.1 Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

a) Debt instruments measured at amortized cost

Debt instruments that meet the following conditions are measured subsequently at amortized cost - the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortized cost and effective interest method

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

As at reporting date, the Company carries cash and cash equivalents and trade debts at amortized cost.

b) Debt instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments that meet specified conditions and are measured subsequently at fair value through other comprehensive income (FVTOCI).

As at reporting date, the Company does not hold any debt instrument classified as at FVTOCI.

c) Equity instruments designated as at FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument by instrument basis) to designate investments in equity instruments as at FVTOCI.

As at reporting date, the Company does not hold any equity instrument classified as at

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

By default, all other financial assets are measured subsequently at fair value through profit or loss. As at reporting date, the Company does not hold any equity instrument classified as at FVTPL.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses (ECL) on financial assets that are measured at amortized cost, as well as on financial guarantee contracts. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognizes lifetime ECL for trade debts. For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward looking information. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

Definition of default:

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the trade debts are unlikely to pay its trade payables, including the Company, in full (without taking into account any collateral held by the Company).

Write-off Policy

The Company writes off financial assets when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made against financial assets written-off are recognized in statement of profit or loss.

Derecognition of financial assets

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

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in statement of profit or loss.

4.4.5.2 Financial liabilities

Subsequent measurement of financial liabilities

Financial liabilities that are not

- contingent consideration of an acquirer in a business combination,
- held-for-trading, or
- designated as at FVTPL.

are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

4.4.5.3 **Derecognition of financial liabilities**

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in statement of profit or loss.

4.4.5.4 **Off setting of financial assets and financial liabilities**

A financial asset and a financial liability is offset and the net amount reported in the statement of financial position, if the Company has a current legal enforceable right to set off the recognized amount and the Company also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.4.6 **Stores and spares**

These are valued at lower of cost and net realizable value, determined on moving average cost less allowance for obsolete and slow moving items. Items in transit are valued at invoice values plus other charges incurred thereon.

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

4.4.7 **Stock in trade**

These are valued at lower of cost and net realizable value. Cost is determined as :

| | |
|---------------------|--|
| Raw material | Weighted average cost. |
| Material in transit | Cost accumulated up to statement of financial position date. |
| Work in process | Average manufacturing cost. |
| Finished goods | Average manufacturing cost. |
| Waste | Net realizable value. |

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

4.4.8 **Cash and cash equivalents**

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

4.4.9 **Taxation**

Current

Charge for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any, or provisions of minimum tax, or provisions of alternative corporate tax. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred

Deferred taxation is recognized, using the statement of financial position liability method, providing for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax recognized is based on the expected manner of the realization or settlement of the carrying amount of assets and liabilities, using rates of taxation enacted or substantially enacted at the statement of financial position date.

Deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized. Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the statement of financial position date.

4.4.10 Provision for gratuity

The Company operates an unfunded gratuity scheme for all its eligible employees who have completed the minimum qualifying period of service. Employees successfully completing one year of service are paid with the outstanding amount which is calculated at latest drawn gross salary for the year.

4.4.11 Revenue recognition

Revenue from contracts with customers is recognized at the point in time when the performance obligation is satisfied i.e. control of goods is transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled to in exchange for those goods.

4.4.12 Government Grant

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the refinance scheme are included in noncurrent liabilities as deferred income and are credited to profit or loss on a straight-line basis over the tenure of the loan.

4.4.13 Foreign currency translation

Transactions in foreign currencies are translated at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date except where forward exchange contracts have been entered into for repayment of liabilities, in that case, the rates contracted for are used. Gains and losses arising on retranslation are included in profit or loss for the period.

4.4.14 Borrowing costs

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 capitalized as part of the cost of the respective assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are charged to statement of profit or loss in the period in which they are incurred.

4.4.15 Dividend

Dividend distribution to the Company's shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

4.4.16 Trade and other payables

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

4.4.17 Provisions

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

4.4.18 Earnings per share

The Company presents basic and diluted earnings per shares (EPS). Basic EPS is calculated by dividing the profit or loss attributable to share holders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to share holders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

5. PROPERTY, PLANT AND EQUIPMENT

| | Note | 2022 Rupees | 2021 Rupees |
|--------------------------|-------|----------------------|----------------------|
| Operating fixed assets | | | |
| Right of use assets | 5.1 | 1,657,722,900 | 1,357,662,388 |
| Capital work-in-progress | 5.1.1 | 2,072,666 | 4,581,063 |
| | 5.4 | 31,881,940 | 15,131,098 |
| | | <u>1,691,677,506</u> | <u>1,377,374,549</u> |

5.1 Operating fixed assets

| Particulars | Cost / Revalued amount | | | Accumulated depreciation | | | Written Down Value as at June 30, 2022 | % |
|----------------------------|------------------------|---------------------------|------------------------------|--------------------------|---------------------|------------------------|---|----------------------|
| | At July 01, 2021 | Additions/ (Disposals) | Revaluation/ (impairment) | At June 30, 2022 | At July 01, 2021 | Charge for the year | Adjustment / disposal | At June 30, 2022 |
| ----- Rupees ----- | | | | | | | | |
| Land - freehold | 46,490,110 | - | 28,389,890 | 74,880,000 | - | - | - | 74,880,000 |
| Buildings on freehold land | | | | | | | | |
| - Factory building | 244,234,625 | 9,073,731 | 109,649,463 | 362,957,819 | 110,683,751 | 8,693,601 | - | 119,377,352 |
| - Residential building | 124,532,643 | - | (6,067,620) | 118,465,023 | 47,392,640 | 3,713,017 | - | 51,105,657 |
| | 368,767,268 | 9,073,731 | 103,581,843 | 481,422,842 | 158,076,391 | 12,406,618 | - | 170,483,009 |
| Plant and machinery - | | | | | | | | |
| including generator | 1,762,847,150 | 94,481,552 | 114,480,643 | 1,971,809,345 | 732,520,612 | 55,364,124 | - | 787,884,736 |
| Power grid station | 100,516,512 | - | - | 100,516,512 | 58,932,474 | 2,056,100 | - | 60,988,574 |
| Electric installations | 23,368,006 | - | - | 23,368,006 | 17,905,777 | 534,085 | - | 18,439,862 |
| Gas installations | 18,739,816 | - | - | 18,739,816 | 7,273,538 | 566,943 | - | 7,840,481 |
| Factory equipment | 3,657,194 | - | - | 3,657,194 | 1,691,441 | 192,207 | - | 1,883,648 |
| Office equipment | 2,925,358 | 13,800 | - | 2,939,158 | 1,797,854 | 111,085 | - | 1,908,939 |
| Computer equipment | 1,847,546 | 26,000 | - | 1,873,546 | 1,624,614 | 73,578 | - | 1,698,192 |
| Furniture & fixtures | 1,048,276 | - | - | 1,048,276 | 868,153 | 17,612 | - | 885,765 |
| Telephone installations | 616,224 | - | - | 616,224 | 473,989 | 13,907 | - | 487,896 |
| Tube well | 45,000 | - | - | 45,000 | 38,749 | 611 | - | 39,360 |
| Arms & ammunitions | 27,800 | - | - | 27,800 | 23,515 | 419 | - | 23,934 |
| Vehicles | 13,501,291 | 42,387,660 | - | 55,888,951 | 5,508,056 | 7,357,120 | - | 12,865,176 |
| | 2,344,397,551 | 145,982,743 | 246,452,376 | 2,736,832,670 | 986,735,163 | 78,694,409 | - | 1,065,429,572 |
| Vehicles disposed | - | (15,989,333) | - | (15,989,333) | - | - | (2,309,135) | (2,309,135) |
| | <u>2,344,397,551</u> | <u>129,993,410</u> | <u>246,452,376</u> | <u>2,720,843,337</u> | <u>986,735,163</u> | <u>78,694,409</u> | <u>(2,309,135)</u> | <u>1,063,120,437</u> |
| | | | | | | | | <u>1,657,722,900</u> |
| 5.1.1 Right of use asset | | | | | | | | |
| Vehicles | 7,113,640 | (4,591,960) | - | 2,521,680 | 2,532,577 | 387,408 | (2,470,971) | 449,014 |
| | <u>2,351,511,191</u> | <u>125,401,450</u> | <u>246,452,376</u> | <u>2,723,365,017</u> | <u>989,267,740</u> | <u>79,081,817</u> | <u>(4,780,106)</u> | <u>1,063,569,451</u> |
| | | | | | | | | <u>1,659,795,566</u> |

For comparative period

| Particulars | Cost / Revalued amount | | | Accumulated depreciation | | | Written Down Value as at June 30, 2021 | % |
|------------------------------|------------------------|------------------------|------------------------|--------------------------|------------------|---------------------|--|------------------|
| | At July 01, 2020 | Additions/ (Disposals) | Revaluation Adjustment | At June 30, 2021 | At July 01, 2020 | Charge for the year | accumulated on disposal | At June 30, 2021 |
| ----- Rupees ----- | | | | | | | | |
| Land - freehold | 46,490,110 | - | - | 46,490,110 | - | - | - | - |
| Buildings on freehold land | | | | | | | | |
| - Factory building | 244,234,625 | - | - | 244,234,625 | 103,654,758 | 7,028,993 | 110,683,751 | 5 |
| - Residential building | 124,532,643 | - | - | 124,532,643 | 43,332,640 | 4,060,000 | 47,392,640 | 5 |
| | 368,767,268 | - | - | 368,767,268 | 146,987,398 | 11,088,993 | 158,076,391 | |
| Plant and machinery - | | | | | | | | |
| including generator | 1,801,389,622 | 37,478,541 | - | 1,838,868,163 | 738,897,234 | 53,317,228 | - | 5 |
| Power grid station | 100,516,512 | - | - | 100,516,512 | 56,743,840 | 2,188,634 | 58,932,474 | 5 |
| Electric installations | 23,336,456 | 31,550 | - | 23,368,006 | 17,299,155 | 606,622 | - | 10 |
| Gas installations | 18,739,816 | - | - | 18,739,816 | 6,670,050 | 603,488 | - | 10 |
| Factory equipment | 3,657,194 | - | - | 3,657,194 | 1,473,024 | 218,417 | - | 10 |
| Office equipment | 2,861,255 | 64,103 | - | 2,925,358 | 1,673,763 | 124,091 | - | 10 |
| Computer equipment | 1,847,546 | - | - | 1,847,546 | 1,514,811 | 109,803 | - | 10 |
| Furniture & fixtures | 1,048,276 | - | - | 1,048,276 | 848,139 | 20,014 | - | 10 |
| Telephone installations | 616,224 | - | - | 616,224 | 458,185 | 15,804 | - | 10 |
| Tube well | 45,000 | - | - | 45,000 | 38,054 | 695 | - | 10 |
| Arms & ammunitions | 27,800 | - | - | 27,800 | 23,039 | 476 | - | 10 |
| Vehicles | 17,131,653 | 11,297,000 | - | 28,428,653 | 11,810,327 | 1,641,028 | - | 20 |
| | 2,386,474,732 | 48,871,194 | - | 2,435,345,926 | 984,437,019 | 69,935,293 | - | |
| Plant and machinery disposed | - | (76,021,013) | - | (76,021,013) | - | - | (59,693,850) | |
| Vehicles disposed | - | (14,927,362) | - | (14,927,362) | - | - | (7,943,299) | |
| | 2,386,474,732 | (42,077,181) | - | 2,344,397,551 | 984,437,019 | 69,935,293 | (67,637,149) | |
| | | | | | | | 986,735,163 | 1,357,662,388 |
| 5.1.1 Right of use asset | | | | | | | | |
| Vehicles | 4,591,960 | 2,521,680 | - | 7,113,640 | 1,755,057 | 777,520 | - | 20 |
| | 2,391,066,692 | (39,555,501) | - | 2,351,511,191 | 986,192,076 | 70,712,813 | (67,637,149) | 1,362,243,451 |

5.1.1 Right of use asset

5.2 The following assets were disposed off during the year:

| Particulars | Cost | Carrying value | Sale proceeds | (Loss)/Gain | Mode of Disposal | Relationship | Particulars of buyers |
|------------------|------------|----------------|---------------|-------------|------------------|--------------|-----------------------|
| Amount in Rupees | | | | | | | |
| Vehicle | | | | | | | |
| Toyota Camry | 4,132,833 | 242,510 | 1,250,000 | 1,007,490 | Negotiation | Third Party | Haji Shabbir |
| Hyundai Tucson | 5,483,000 | 5,117,467 | 5,170,000 | 52,533 | Negotiation | Third Party | Amjad Hussain |
| MG JW | 6,291,000 | 5,766,750 | 6,525,000 | 758,250 | Negotiation | Third Party | Ruba enterprise |
| Motor Cycle | 82,500 | 82,500 | - | (82,500) | Theft | N/A | N/A |
| 2022 | 15,989,333 | 11,209,227 | 12,945,000 | 1,735,773 | | | |
| 2021 | 90,948,375 | 23,311,226 | 41,543,849 | 18,232,623 | | | |

| | Note | 2022 Rupees | 2021 Rupees |
|--|-------------|------------------------|------------------------|
| 5.3 Allocation of depreciation | | | |
| Cost of goods sold | 31 | 70,031,733 | 63,964,077 |
| Administrative expenses | 35 | 9,050,084 | 6,748,736 |
| | | 79,081,817 | 70,712,813 |
| 5.4 Capital Work in Progress | | | |
| As at July 01, | | 15,131,098 | - |
| Addition during the year in factory building | | - | 7,471,898 |
| Advance for vehicle purchase | | 31,881,940 | 7,659,200 |
| Transfer to fixed assets | | (15,131,098) | - |
| | | 31,881,940 | 15,131,098 |

- 5.5** At March 17, 2022, freehold land, building on freehold land and machinery of the Company were revalued by K.G. Traders (Private) Limited, an independent valuer, and are stated at market value.

Freehold land and building on free hold land

Fair market value of the land was assessed through inquiries from various estate agents, brokers and builders / developers and keeping in view the location of the property, its size, status, utilization, cost of new construction, construction standard, depreciation cost factor, state infrastructure and current trends in prices of real estate in the vicinity of the property.

Plant and machinery including generator

Fair market value of the plant and machinery including generator was assessed through inquiries of local authorized dealers who deal in old and new similar type of plant and machineries. Replacement value was then ascertained from competitive rates of the plant and machinery and thereafter, an average depreciation factor was applied on the replacement value of the plant and machinery.

- 5.6** Forced sale value of the above revalued items of property, plant and equipment is as follows:

| | Rupees |
|---|----------------------|
| Land - freehold | 63,648,000 |
| Buildings on freehold land | 268,778,500 |
| Plant and machinery including generator | 1,125,208,750 |
| | 1,457,635,250 |

- 5.7** The land is located at M.M. Road, chowk Sarwar Shaheed, District Muzaffargarh, measuring 83 kanals 04 marlas (10.3774 Acres) with covered area of 230,507 square feet.

- 5.8** Had there been no revaluation, the related carrying amounts of freehold land, buildings on freehold land, plant and machinery including generator would have been as follows:

| | Note | 2022 Rupees | 2021 Rupees |
|---|-------------|------------------------|------------------------|
| Land - freehold | | 1,263,317 | 1,263,317 |
| Buildings on freehold land | | 40,970,365 | 50,275,328 |
| Plant and machinery including generator | | 806,475,155 | 847,998,248 |
| | | 848,708,837 | 899,536,893 |

6. LONG TERM DEPOSITS

Security deposits against:

| | | | |
|---------------------------------------|-----|-------------------|-------------------|
| Utilities | 6.1 | 4,622,377 | 4,622,377 |
| Leased assets | | 492,500 | 1,167,300 |
| Others | | 397,500 | 397,500 |
| | | 5,512,377 | 6,187,177 |
| Margin deposit against bank guarantee | 6.2 | 6,200,000 | 6,200,000 |
| | | 11,712,377 | 12,387,177 |

- 6.1** These include security deposits of Rs. 4.590 million (2021: Rs. 4.590 million) deposited with Multan Electric Power Company (MEPCO) against Electric Connections at mills.
- 6.2** This had been kept as cash margin against a bank guarantee issued in favor of Sui Northern Gas Pipelines Limited (SNGPL).

| 7. STORES AND SPARES | Note | 2022 Rupees | 2021 Rupees |
|---|-------------|------------------------|------------------------|
| Stores and spares | | 34,409,509 | 37,063,473 |
| Packing material | | 1,414,339 | 1,971,278 |
| Provision for slow moving items | | (125,132) | (125,132) |
| | | 35,698,716 | 38,909,619 |
| Allowance for obsolescence and slow moving items | | | |
| As at July 01, | | 125,132 | 99,260 |
| Provision made during the year | | - | 25,872 |
| As at June 30, | | 125,132 | 125,132 |
| 8. STOCK IN TRADE | | | |
| Raw materials | | 351,447,410 | 423,530,152 |
| Work in process | | 86,814,948 | 71,538,900 |
| Finished goods: | | | |
| Fabrics | | 956,572,372 | 343,531,494 |
| | | 1,394,834,730 | 838,600,546 |

9. TRADE DEBTS
Considered good

| | | | |
|-------------------|-----------|--------------------|--------------------|
| Export - secured | 9.1 | 18,890,034 | - |
| Local - unsecured | 9.2 , 9.3 | 197,925,667 | 403,727,475 |
| | | 216,815,701 | 403,727,475 |
| | | 216,815,701 | 403,727,475 |

- 9.1** Export trade debts are realized on early discounting or retirement of letter of credits (LCs) upon 90-120 days. All outstanding LCs are through irrevocable and confirmed LCs.
- 9.2** Local trade debts are non-interest bearing and are generally on 61 to 89 day terms.
- 9.3** Local trade debts include debtors with a carrying amount of Rs. 1.40 million (2021: Rs. 1.41 million) which are past due at the reporting date but not impaired as there has not been any significant change in credit quality and the amounts are still considered recoverable.

| 9.3.1 Aging of amounts past due but not impaired | Note | 2022 Rupees | 2021 Rupees |
|---|-------------|------------------------|------------------------|
| 90 - 180 days | | 1,340,762 | 1,351,819 |
| 180 days and above | | 67,560 | 67,560 |
| | | 1,408,322 | 1,419,379 |

10. LOANS AND ADVANCES

| | | | |
|---|------|-------------------|-------------------|
| Advance to suppliers - considered good | | 4,220,052 | 7,150,478 |
| Advances to employees - considered good | 10.1 | 1,435,650 | 2,146,076 |
| | | 5,655,702 | 9,296,554 |
| L/Cs in transit | | 36,705 | 7,046 |
| Advance income tax | | 79,203,711 | 47,882,950 |
| | | 84,896,118 | 57,186,550 |

- 10.1** These are interest free advances provided to employees having the repayable period of one year. These advances were not impaired and aged less than one year.

| | | | 2022 Rupees | 2021 Rupees |
|---|--------------------------------|--------------|--------------------|-------------------|
| 11. DUE FROM GOVERNMENT | | | | |
| Sales tax recoverable | | | 84,309,964 | 10,845,687 |
| Income tax refundable | | | 11,620,702 | 5,753,919 |
| | | | 95,930,666 | 16,599,606 |
| 12. SHORT TERM INVESTMENT | | | | |
| At fair value through profit or loss | | | | |
| | 2022 Number of shares/Units | 2021 | 2022 Rupees | 2021 Rupees |
| | 4,000 | 4,000 | | |
| | | | 51,000 | 71,440 |
| | | | | |
| | 883,004 | 1,555,487 | 9,859,451 | 22,444,818 |
| | 1,412 | 595,238 | 10,897 | - |
| | | | | |
| | | | | |
| | - | 615,210 | - | 10,285,518 |
| | 87,055 | - | 8,729,900 | - |
| | 975,471 | 2,769,935 | 18,651,248 | 32,801,776 |
| | | | | |
| | | | 2022 | 2021 |
| | | | Rupees | Rupees |
| 13. OTHER RECEIVABLES | | | | |
| Tax deposited under protest | | 29.1 ii , iv | 3,217,255 | 3,215,353 |
| Insurance claim receivable | | | 3,500 | - |
| | | | 3,220,755 | 3,215,353 |
| 14. CASH AND BANK BALANCES | | | | |
| Cash in hand | | | 343,770 | 232,755 |
| Cash at banks - current accounts | | | 1,507,112 | 4,209,636 |
| | | | 1,850,882 | 4,442,391 |
| 15. SHARE CAPITAL | | | | |
| Authorized | | | | |
| Ordinary shares of Rs. 10 each | | | 200,000,000 | 200,000,000 |
| Number of shares | | | 20,000,000 | 20,000,000 |
| Issued, subscribed and paid up | | | | |
| Ordinary shares of Rs. 10 each fully paid in cash | | | 84,715,354 | 84,715,354 |
| Number of share | | | 8,471,535 | 8,471,535 |
| 16. SHARE PREMIUM | | | | |
| This includes share premium received during the previous years as detailed below: | | | | |
| Rs. 4 per share on 2,989,920 ordinary shares of Rs. 10 each issued during the year 2001 | | | 11,959,680 | 11,959,680 |
| Rs. 10 per share on 1,138,992 ordinary shares of Rs. 10 each issued during the year 2004 | | | 11,389,920 | 11,389,920 |
| Rs. 5 per share on 1,879,336.8 ordinary shares of Rs. 10 each issued during the year 2007 | | | 9,396,684 | 9,396,684 |
| | | | 32,746,284 | 32,746,284 |

- 16.1** The Company has one class of ordinary shares which carry no right fixed income. The shareholders are entitled to receive dividends as declared from time to time are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

| | Note | 2022 Rupees | 2021 Rupees |
|--|-------------|------------------------|------------------------|
| 17. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT | | | |
| As at July 01, | | 343,783,721 | 357,887,596 |
| Addition during the year | 17.1 | 246,452,376 | - |
| Relevant deferred tax | | (26,161,610) | - |
| | | 564,074,487 | 357,887,596 |
| Less: Adjustment on disposal - net of deferred tax | | - | (430,249) |
| Less: Transferred to unappropriated profit on account of: | | | |
| Incremental depreciation | | (18,562,221) | (15,633,040) |
| Relevant deferred tax | | 2,226,966 | 1,959,414 |
| | | (16,335,255) | (13,673,626) |
| As at June 30, | | 547,739,232 | 343,783,721 |

- 17.1** The Company has revalued its freehold land, building on free-hold land, plant and machinery including generator as on March 17, 2022 as disclosed in note 5.5 of the financial statements.

| | Note | 2022 Rupees | 2021 Rupees |
|----------------------------------|-------------|------------------------|------------------------|
| 18. SUBORDINATED LOANS | | | |
| <i>Unsecured- from directors</i> | | | |
| Mr. Muhammad Javed Anwar | | 27,500,000 | 27,500,000 |
| Mr. Muhammad Haris | | 35,000,000 | 35,000,000 |
| | 18.1 | 62,500,000 | 62,500,000 |

- 18.1** These interest free loans were obtained during the years ended June 30, 2008 and 2009. These loans are subordinated to finances from the banks. These are repayable at the discretion of the Company after the repayments of related long term and short term finances and clearance from the banks. Hence, repayment terms are not identified.

| | Note | 2022 Rupees | 2021 Rupees |
|---|-------------|------------------------|------------------------|
| 19. LONG TERM FINANCING | | | |
| <i>From banking companies - secured</i> | | | |
| <i>Allied Bank Limited</i> | | | |
| - LTFF I (Part 1) | 19.1 | 8,603,044 | 17,206,094 |
| - LTFF I (Part 2) | 19.1 | 8,913,934 | 14,856,556 |
| - LTFF II | 19.2 | 74,262,325 | 99,016,431 |
| - LTFF IV | 19.3 | 70,415,023 | - |
| - Salaries and wages loan | 19.4 | 7,786,406 | 23,359,210 |
| | | 169,980,732 | 154,438,291 |
| <i>National Bank of Pakistan</i> | | | |
| - Demand Finance I | 19.5 | - | 706,231 |
| - LTFF II | 19.6 | 131,452,227 | 159,126,379 |
| | | 131,452,227 | 159,832,610 |
| <i>Bank Al Habib Limited</i> | | | |
| - Term Finance VIII | 19.7 | 535,500 | 749,700 |
| - Term Finance IX | 19.7 | - | 3,265,142 |
| | | 535,500 | 4,014,842 |
| - Carried forward | | 301,968,459 | 318,285,743 |

| | Note | 2022 Rupees | 2021 Rupees |
|---|------|----------------|----------------|
| - Brought forward | | 301,968,459 | 318,285,743 |
| Soneri Bank Limited | | | |
| - Term Finance | 19.8 | 10,937,822 | 15,450,638 |
| | | 312,906,281 | 333,736,381 |
| Adjustment of salaries and wages loan at below market markup rate | 20 | (102,497) | (1,016,206) |
| Less: current portion of long term loans | | 90,309,220 | 91,245,121 |
| | | 222,494,564 | 241,475,054 |

19.1 Allied Bank Limited - LTFF I (Part 1 & Part 2)

This finance has been obtained from Allied Bank Limited (ABL) for purchase of plant and machinery (Looms). The loan is repayable in 12 equal half yearly installments commenced from Dec 23, 2016. It carries mark up at rate of SBP + 3% and secured against joint pari passu charge on present and future fixed assets of the company. The second part of this facility was available from March 07, 2017 with 12 half yearly installments having the same rate as of LTFF I part 1.

19.2 Allied Bank Limited - LTFF II

This finance has been obtained from Allied Bank Limited (ABL) for purchase of plant and machinery (Looms). The loan is repayable in 12 equal half yearly installments commenced from October 24, 2018. It carries mark up at rate of SBP + 1.5% and secured against joint pari passu charge on present and future fixed assets of the company.

19.3 Allied Bank Limited - LTFF IV

This finance has been obtained from Allied Bank Limited (ABL) under SBP financing scheme for renewable energy for purchase of solar system. Loan is repayable in 27 equal quarterly installments commencing from February 2022 with 3 months grace period. This loan is secured against exclusive charge amounting to Rs. 96 million over specific machinery of solar system. It carries mark up at rate of SBP rate + 2%.

19.4 Allied Bank Limited - Salaried loan

This finance has been obtained from ABL to pay salaries & wages under SBP's Refinance Scheme for payment of salaries & wages and is repayable in 8 equal quarterly installments commencing from January 2021 with 6 months grace period. This loan is secured against first pari passu charge amounting to Rs. 267 million over fixed assets of the company and personal guarantees of directors of the company. It carries mark up at flat rate of 2%.

19.5 National Bank of Pakistan - Demand finance I

This finance has been obtained from National Bank of Pakistan to finance property plant and equipment (Toyota Air Jet Looms) and is repayable in 22 equal quarterly installments commencing from May 2018. This loan is secured against first pari passu charge on present and future fixed asset of the company. It carries mark up at rate 6M KIBOR + 1.5%.

19.6 National Bank of Pakistan - LTFF II

This finance has been obtained from National Bank of Pakistan to finance property plant and equipment (Toyota Air Jet Looms) under SBP's Refinance Scheme & wages is repayable in 24 equal quarterly installments commencing from May 2020 with 18 months grace period. This loan is secured against first pari passu charge on present and future fixed asset of the company. It carries mark up at SBP rate + 1.5%.

19.7 Bank Al Habib - Term finance VIII & X

This finance has been obtained from Bank Al Habib Ltd to retire import document of spinning Machinery/Parts. It carries mark up at 6MK + 1.5%. This loan is secured against promisory note duly signed and stamped and charge on imported machinery.

19.8 Soneri Bank Limited - Term finance

This finance has been obtained from Soneri Bank Limited for import of spare parts for over hauling of generators. This facility is repayable in at sight/LC to retired from follow on TF facility. It carries mark up at 3MK + 1.5%. This loan is secured against specific charge of Rs. 26.7 million over three gas generator JGS-320 and personal guarantees of directors of the company.

| | Note | 2022 Rupees | 2021 Rupees |
|--|------|------------------|----------------|
| 20. DEFERRED GRANT | | | |
| <i>Adjustment of salaries and wages loan at below market markup rate</i> | | | |
| As at July 01, | | 1,016,206 | 1,926,840 |
| Recognised during the period | | - | 796,265 |
| Amortised during the period | | (913,709) | (1,706,899) |
| As at June 30, | | 102,497 | 1,016,206 |
| Less: Current Portion | 26 | 102,497 | 913,713 |
| Non current portion | | - | 102,493 |

Deferred government grant relates to the difference between the fair value and actual proceed of salary loan obtained under SBP's Renance scheme for payment of salaries. It will be amortised over the period of two and a half year with an amount equal to the difference between the nance cost charged to statement of prot or loss and the interest paid at SBP's dened rate as per the scheme. In current period, the grant amortisation has been recorded over the period of loan.

| | Note | 2022 Rupees | 2021 Rupees |
|--|------|--------------------|----------------|
| 21. LEASE LIABILITIES | | | |
| As at July 01, | | 3,352,321 | 2,384,283 |
| Availed during the year | | - | 2,462,500 |
| Less: Payments made during the year | | (1,746,836) | (1,494,462) |
| As at June 30, | | 1,605,485 | 3,352,321 |
| Less: Current portion of lease liabilities | | 613,554 | 1,757,616 |
| | | 991,931 | 1,594,705 |

21.1 The Company acquired vehicles under lease arrangements from banking companies. These liabilities, during the year, were subject to finance cost charged at the rate ranging from 11.25% to 18.32% (2021: 8.85% to 17.22%) per annum. The Company intends to exercise its option to purchase the leased vehicles upon completion of the lease term. The lease finance facilities are secured against promissory notes and post dated cheques given by the Company.

The amount of future payments of the lease and the period in which these payments will become due are as follows:

| | Minimum lease payment | Future finance charge | Present value of lease liability |
|--|-----------------------------|-----------------------------|--|
| 2022 | | | |
| | | ------(Rupees)----- | |
| Not later than one year | 776,313 | 162,759 | 613,554 |
| Later than one year and not later than five years | 1,140,637 | 148,706 | 991,931 |
| | 1,916,950 | 311,465 | 1,605,485 |

| 2021 | Minimum lease payment | Future finance charge | Present value of lease liability |
|---|-----------------------------|-----------------------------|--|
| | ----- (Rupees) ----- | | |
| Not later than one year | 1,981,286 | 223,670 | 1,757,616 |
| Later than one year and not later than five years | 1,760,027 | 165,322 | 1,594,705 |
| | 3,741,313 | 388,992 | 3,352,321 |
| | Note | 2022 Rupees | 2021 Rupees |

22. DEFERRED TAXATION

22.1 The liability for deferred taxation comprises timing differences relating to:

Credit balance arising in respect of:

Revaluation surplus on PPE and

Accelerated tax depreciation on PPE

146,806,833

123,349,247

146,806,833

123,349,247

Debit balance arising in respect of:

- Minimum tax paid in excess of normal tax

(70,903,580)

(18,147,327)

- Provisions

(3,754,164)

(1,144,471)

- Exchange Loss

(636,005)

(5,101)

71,513,084

104,052,348

22.2 Movement of deferred tax liability is as follows:

As at July 01,

104,052,348

106,596,262

Charge for the year:

To statement of profit or loss

38

(58,700,874)

(2,543,914)

To statement of other comprehensive income

26,161,610

-

As at June 30,

71,513,084

104,052,348

23. GAS INFRASTRUCTURE DEVELOPMENT CESS (GIDC)

As at July 01,

36,319,196

44,486,735

Mark-up on GIDC

2,451,685

2,644,471

Less: Payments made during the year

23.1

12,974,412

10,812,010

As at June 30,

25,796,469

36,319,196

Less: Current portion of GIDC

26

11,369,807

10,522,727

14,426,662

25,796,469

23.1 On August 13, 2020, the Supreme Court of Pakistan (SCP) through its order declared GIDC Act an intra vires to the constitution and directed all the industrial and commercial entities to pay the Cess that have become due up to July 31, 2020. However, as a concession, the same was allowed to be recovered in twenty four equal monthly installments started from September 01, 2020.

| | Note | 2022 Rupees | 2021 Rupees |
|--|-------------|------------------------|------------------------|
| 24. TRADE AND OTHER PAYABLES | | | |
| Creditors | | 649,143,625 | 570,250,533 |
| Contract liabilities (advances from customers) | 24.1 | 80,350,477 | 7,326,070 |
| Accrued liabilities | | 87,889,145 | 58,202,945 |
| Tax deducted at source | | 28,054,247 | 8,795,064 |
| Workers' profit participation fund | 24.2 | 11,263,988 | 10,926,109 |
| Workers' welfare fund | 24.3 | 11,364,873 | 7,160,609 |
| | | 868,066,355 | 662,661,330 |

24.1 During the year, revenue of Rs. 6.16 million has been recognised out of opening contract liabilities (advances from customers) of Rs. 7.32 million.

| | | 2022 Rupees | 2021 Rupees |
|--|-------------|-------------------|----------------|
| 24.2 Workers' profit participation fund | Note | | |
| As at July 01, | | 10,926,109 | 7,419,938 |
| Allocation for the year | | 11,263,988 | 10,926,109 |
| Interest on funds utilized | | 685,726 | 165,478 |
| | | 22,875,823 | 18,511,525 |
| Paid during the year | | (11,611,835) | (7,585,416) |
| | | 11,263,988 | 10,926,109 |

24.3 Worker's welfare fund

| | | | |
|-------------------------|--|-------------------|-----------|
| As at July 01, | | 7,160,609 | 2,819,576 |
| Allocation for the year | | 4,204,264 | 4,341,033 |
| | | 11,364,873 | 7,160,609 |

25. SHORT TERM BORROWINGS

| | | | |
|--------------------------------|------|--------------------|-------------|
| Cash finance | 25.1 | 171,075,235 | 131,580,521 |
| Running finance | 25.2 | 184,783,274 | 73,171,535 |
| Finance against packing credit | 25.3 | 50,000,000 | - |
| | | 405,858,509 | 204,752,056 |

25.1 These cash finance facilities have been obtained from various commercial banks for working capital requirements, and are secured against personal guarantee of directors and pledge of stock of the company of the Company. Cash finance facilities carry mark up at the rates ranging from 8.20% to 15.31% per annum (2021: 7.6% to 13.79% per annum).

25.2 These facilities have been obtained from various banks for working capital requirements, and are secured against joint pari passu charge over all present and future current assets of the company. Running finance facilities carry mark up at the rates ranging from 8.45% to 12.95% per annum (2021: 8.31% to 12.31% per annum).

25.3 This facility has been obtained to finance export order of the company, and is secured against lien on export contract L/C and joint pari passu charge on all present and future current asset of the company and carry mark up at the rates ranging from 11.39% to 15.31% per annum.

| | Note | 2022 Rupees | 2021 Rupees |
|---|------|--------------------|----------------|
| 26. CURRENT PORTION OF NON-CURRENT LIABILITIES | | | |
| <i>Long term loans form banking companies - secured</i> | | | |
| Allied Bank Limited | | 57,908,052 | 54,872,582 |
| Bank Al Habib Limited | | 214,200 | 3,479,342 |
| National Bank of Pakistan | | 27,674,152 | 28,380,383 |
| Soneri Bank Limited | | 4,512,816 | 4,512,814 |
| | 19 | 90,309,220 | 91,245,121 |
| <i>Lease liabilities - secured</i> | 21 | 613,554 | 1,757,616 |
| <i>Long term payable - GIDC</i> | 23 | 11,369,807 | 10,522,727 |
| <i>Deferred income - Government grant</i> | 20 | 102,497 | 913,713 |
| | | 102,395,078 | 104,439,177 |

27. ACCRUED MARKUP

| | | | |
|-------------------------|--|-------------------|-----------|
| Accrued mark up on: | | | |
| - Long term financing | | 3,353,014 | 3,463,974 |
| - Short term borrowings | | 11,292,396 | 1,226,491 |
| | | 14,645,410 | 4,690,465 |

| | Note | 2022 Rupees | 2021 Rupees |
|--|--|-------------------|-------------------|
| 28. PROVISION FOR TAXATION | | | |
| As at July 01, | | 47,471,723 | 47,471,723 |
| Add: provision made during the year | | 62,737,341 | 48,019,232 |
| Less: Prior year adjustment | | 650,463 | (551,671) |
| Payments / adjustments against completed assessments | | (48,122,186) | (46,920,052) |
| As at June 30, | 28.1 , 28.2 | 62,737,341 | 48,019,232 |
| 28.1 The Deputy Commissioner Inland Revenue, Multan passed an order dated June 30, 2017 under section 121(1)(d) of the Income Tax Ordinance, 2001 raising demand of Rs. 285.655 million for tax year 2011. The Company filed an appeal with the Commissioner Inland Revenue-Appeals (CIR-Appeals), Multan contending that the impugned order was barred by time limitation and was made ex-parte on the same date as the date of receipt of show cause notice. The CIR-Appeals annulled the impugned order and decided the case in favor of the Company through its order dated October 31, 2017. However, the Commissioner Inland Revenue (Multan Zone) filed an appeal with the Appellate Tribunal Inland Revenue Lahore in February, 2018. The appeal is pending for adjudication and the Company expects favorable outcome hence, no provision has been made in these financial statements. | | | |
| 28.2 In 2019, the Additional Commissioner Inland Revenue passed an order for the tax year 2012 under section 122(5A) of the Income Tax Ordinance, 2001 and raised a demand of Rs. 3.743 million by disallowing the claim of tax credit under section 65B of the Income Tax Ordinance, 2001 (the Ordinance) against the minimum and final tax liabilities of the Company and difference in apportionment of expenses of local and export sales. The Company filed an appeal with the Commissioner Inland Revenue (Appeals) dated May 14, 2018. The Commissioner Inland Revenue (Appeals) decided the case against the Company vide his order dated March 01, 2019. The Company preferred an appeal with the Appellate Tribunal Inland Revenue, Lahore (ATIR). In 2020, the ATIR allowed the Appeal of the Company to the extent of the tax credit under section 65B of the Ordinance vide his order dated May 01, 2020. During the year, the Commissioner Inland Revenue preferred an appeal with the High Court, which is pending adjudication. The Company expects favorable outcome, hence, no provision has been made in these financial statements. | | | |
| 29. CONTINGENCIES AND COMMITMENTS | | | |
| 29.1 Contingencies | | | |
| <i>i</i> | During the previous years, the Excise and Taxation Department Karachi imposed infrastructure cess/excise duty of Rs. 7.153 million on account of machinery imported by the Company. The Company filed a suit in Sindh High Court, Karachi against said levy. In 2013, on the basis of interim order passed by Sindh High Court, a bank guarantee amounting to Rs. 3.576 million had been given by the Ahmad Hassan Spinning Limited in favor of the Director Excise and Taxation, Karachi. The spinning segment of the Company had also paid a demand draft of Rs. 3.576 million (50% of the disputed amount) to Excise and Taxation Department, which had been booked as 'Other receivable'. In another similar case, the Company had given a bank guarantee of Rs. 7.200 million (2021: Rs. 7.200 million) to the Director Excise and Taxation, Karachi against disputed amount of infrastructure cess for release of imported goods. After demerger, the contingent liability of the Company works out to Rs. 4.016 million (2021: Rs. 4.016 million). The decision of Sind High Court is pending and Company expects favorable decision hence, not Accounted for any liability in this regard. | | |
| <i>ii</i> | In 2017, the Collectorate of Customs, Multan- Audit Cell conducted the post exportation audit of documents submitted regarding DTRE approval reference 14/10012015 and raised demand of Rs. 6.833 million in its report. The Company contested the case with the Collectorate of (Customs) Adjudication and passed an Order for recovery of Rs. 5.159 million along with default surcharge, additional duties and taxes. The Company had filed an appeal before the Appellate Tribunal (Customs) Lahore dated November 01, 2017, which is pending adjudication. The Company had paid Rs. 3.106 million provisionally under protest and this amount will be refunded in case of decision of Appeal in favor of the Company. The Company expects favorable outcome and hence, not accounted for any liability in this regard. | | |

- iii In 2018, the Deputy Commissioner (DC) Punjab Revenue Authority issued a notice to the Company to explain the short deduction and deposit of Sales Tax on Services for the period from March 2015 to June 2016. The notice concerned an impugned amount of Rs. 25.427 million. The Company explained the matter to the DC contesting that the notice was based on assumptions only. The DC did not accept the arguments of the Company. The Company challenged the notice to Lahore High Court which provided interim relief by suspending the notice of PRA. The Company expects that the impugned notice shall be withdrawn and hence has not accounted for any liability in these financial statements in this regard.
- iv In 2019, the Deputy Commissioner Inland Revenue (DCIR) issued a show cause notice to the Company regarding evasion of sales tax, further tax and undue adjustment of inadmissible input tax on account of sales/purchases from unregistered/blacklisted persons during the period from 2013 to 2016. The Company contested the case through its legal counsel. However, dissatisfied with the reply and evidences provided by the Company, the DCIR made order against the Company to raise a demand of Sales tax and further tax amounting to Rs. 1.983 million as well as penalty of Rs. 0.108 million. The Company did not accept the order and filed an appeal with the Commissioner Inland Revenue (Appeals) dated January 11, 2019 which is pending adjudication. Moreover, in order to prevent the recovery of disputed amount by FBR, the Company also paid Rs. 0.198 million being 10% of the raised demand as per section 140 of the Income Tax Ordinance, 2001. This amount is classified in 'Other receivables'. During the year, the Commissioner Inland Revenue (Appeals) has decided the case in favor of the Company and impugned order has been annulled. However, the Commissioner Inland Revenue did not accept the order and filed an appeal with the Appellate Tribunal Inland Revenue which is pending at judication. After demerger, the contingent liability of the Company works out to Rs. 1.815 million (2021: Rs. 1.815 million). The Company expects favorable outcome and hence not accounted for any liability in these financial statements in this regard.
- v During the last year, the Deputy Commissioner Inland Revenue (DCIR) raised a demand Rs. 8.244 million regarding evasion of sales tax and further tax on account of supplies to unregistered/blacklisted person during the period from April 2017 to November 2018. The Company filed an appeal with the Commissioner Inland Revenue (CIR) (Appeals) which is decided in favour of the Company and the impugned order of the DCIR has been annulled by the CIR (Appeals). The Commissioner Inland Revenue filed an appeal with the Appellate Tribunal Inland Revenue, Lahore which is pending for adjudication. The Company expects favorable outcome and hence has not accounted for any liability in these financial statements in this regard.
- vi In 2020, a show cause notice has been served by the Punjab Revenue Authority (PRA) on November 11, 2019 which raised the demand of Rs. 8.294 million in respect of non deposit of Sales Tax on Services for the period from July 2018 to June 2019. The proceedings are in process, while the Honorable Lahore High Court has extended an interim relief by directing that proceedings under the impugned show cause notice will continue, however, no final order shall be passed, till the reporting date. The Company has submitted written reply and no further notice has been received by the Company. The Company expects that the impugned notice shall be withdrawn and hence has not accounted for any liability in these financial statements in this regard.
- vii Refer to contents of the note 28.1 and note 28.2.

29.2 Commitments

- i The Company's commitments against capital expenditure as at June 30, 2022 amount to Rs. 20.07 million (2021: Rs. 1.209 million).
- ii The Company's commitments other than capital expenditure; against letter of credit outstanding as at June 30, 2022 amount to Rs. Nil (2021: Rs. 3.65 million)
- iii As mentioned in note 6.2, bankers of the Company have given guarantees to SNGPL amounting to Rs. 77.715 million (2021: Rs. 77.715 million) on behalf of the Company.
- iv The Company issued postdated cheque of Rs. 94.541 million (2021: Rs. 94.541 million) in favor of Collector of Customs, Multan against the amount of Sales Tax, Customs Duty and Income Tax on import of chemical, packing material under Duty and Tax Remission for Exports (DTRE) Scheme. These cheques will be returned to the Company after complying with the formal requirements.

| | Note | 2022 Rupees | 2021 Rupees |
|---|-------------|------------------------|------------------------|
| 30. REVENUE FROM CONTRACTS - NET | | | |
| Export | | | |
| -Fabric | | 3,753,175,894 | 2,323,937,353 |
| Local | | | |
| -Fabric | | 2,700,795,326 | 2,089,360,515 |
| -Waste | | 29,183,761 | 18,779,646 |
| | | 2,729,979,087 | 2,108,140,161 |
| Less: Sales tax | | | |
| -Fabric | | (896,173,271) | (612,972,142) |
| -Waste | | (4,240,376) | (2,728,666) |
| | | (900,413,647) | (615,700,808) |
| Less: Commission | | (37,280,877) | (17,999,267) |
| | | 5,545,460,457 | 3,798,377,439 |

30.1 It includes indirect export of Rs. 3.50 billion (2021: Rs. 2.13 billion).

| | Note | 2022 Rupees | 2021 Rupees |
|------------------------------------|-------------|------------------------|------------------------|
| 31. COST OF GOODS SOLD | | | |
| Raw materials consumed | 31.1 | 5,130,307,767 | 2,939,526,776 |
| Power and fuel | | 262,836,644 | 178,292,939 |
| Salaries, wages and benefits | 31.2 | 201,888,808 | 184,820,749 |
| Depreciation | 5.3 | 70,031,733 | 63,964,077 |
| Stores consumed | | 70,601,948 | 49,668,795 |
| Chemical consumed | | 68,134,794 | 43,595,013 |
| Repair and maintenance | | 13,104,601 | 15,914,489 |
| Packing materials consumed | | 11,298,029 | 8,224,844 |
| Insurance | | 6,873,445 | 3,753,163 |
| Rent, rates and taxes | | 240,206 | 161,076 |
| Allowance for slow moving items | | - | 25,872 |
| | | 5,835,317,975 | 3,487,947,793 |
| Work-in-process: | | | |
| -Opening stock | | 71,538,900 | 48,840,696 |
| -Closing stock | | (86,814,948) | (71,538,900) |
| | | (15,276,048) | (22,698,204) |
| Cost of goods manufactured | | 5,820,041,927 | 3,465,249,589 |
| Finished goods: | | | |
| -Opening stock | | 343,531,494 | 387,869,126 |
| -Closing stock | | (956,572,372) | (343,531,494) |
| | | (613,040,878) | 44,337,632 |
| | | 5,207,001,049 | 3,509,587,221 |
| 31.1 Raw materials consumed | | | |
| Opening stock | | 423,530,152 | 142,811,965 |
| Purchases including direct expense | | 5,058,225,025 | 3,220,244,963 |
| | | 5,481,755,177 | 3,363,056,928 |
| Closing stock | | (351,447,410) | (423,530,152) |
| | | 5,130,307,767 | 2,939,526,776 |

31.2 These include Rs. 10.4 million (2021: Rs. 11.09 million) in respect of staff retirement benefits.

| | Note | 2022 Rupees | 2021 Rupees |
|--|-------------|------------------------|------------------------|
| 32. PROFIT ON TRADING | | | |
| Sale of yarn | | 54,237,822 | 13,760,496 |
| Less: Purchases | | 37,001,305 | 11,903,710 |
| Less: Purchase related expenses | | 2,811,678 | 1,656,041 |
| | | <u>14,424,839</u> | <u>200,745</u> |
| 33. OTHER INCOME | | | |
| Income / (loss) from financial assets | | | |
| Profit on short term investments | | 705,957 | 1,038,155 |
| Export rebate | | 108,173 | 22,228 |
| Dividend Income | | 8,000 | 13,000 |
| Unrealized (loss) / gain on remeasurement of investments | | (289,130) | 869,578 |
| Realized (loss) / gain on disposal of investments | | (1,883,053) | 296,115 |
| | | <u>(1,350,053)</u> | <u>2,239,076</u> |
| Income from assets other than financial assets | | | |
| Gain on disposal of property, plant and equipment | | 1,818,273 | 18,232,623 |
| Insurance claims | | 2,372,112 | - |
| Sale of scrap | | 10,500 | - |
| | | <u>2,850,832</u> | <u>20,471,699</u> |
| 34. SELLING AND DISTRIBUTION EXPENSES | | | |
| Salaries, wages and other benefits | | 1,874,537 | 2,049,292 |
| Freight expenses on export | | 8,336,850 | 6,497,734 |
| Export development surcharge | | 557,899 | 614,789 |
| Other export expense including bank charges | | 8,791,007 | 1,772,270 |
| | | <u>19,560,293</u> | <u>10,934,085</u> |
| 35. ADMINISTRATIVE EXPENSES | | | |
| Directors' meeting fee | | 57,500 | 19,000 |
| Directors' remuneration | | 9,715,000 | 4,200,000 |
| Salaries and benefits | 35.1 | 23,167,105 | 20,460,626 |
| Depreciation | 5.3 | 9,050,084 | 6,748,736 |
| Entertainment | | 3,085,719 | 836,001 |
| Vehicles running and maintenance | | 3,954,315 | 1,837,485 |
| Fee and subscription | | 3,165,578 | 2,595,121 |
| Rent, rates and taxes | 35.2 | 1,500,000 | 1,500,000 |
| Communication | | 1,326,463 | 1,146,727 |
| Legal and professional | | 1,253,269 | 772,745 |
| Auditors' remuneration | 35.3 | 1,121,000 | 1,121,000 |
| Repairs and maintenance | | 1,045,087 | 386,733 |
| Travelling and conveyance | | 987,705 | 341,657 |
| Utilities | | 590,557 | 669,555 |
| Printing and stationery | | 226,131 | 178,480 |
| Advertisement | | 69,675 | 78,987 |
| Insurance | | 16,569 | 529,663 |
| | | <u>60,331,757</u> | <u>43,422,516</u> |

35.1 These include Rs. 0.56 million (2021: Rs. 0.88 million) in respect of staff retirement benefits.

35.2 These include Rs. 1.5 million (2021: Rs. 1.5 million) paid to director against rent of head office.

| | Note | 2022 Rupees | 2021 Rupees |
|---|-------------|------------------------|------------------------|
| 35.3 Auditors' remuneration | | | |
| Statutory audit fee | | 630,000 | 630,000 |
| Half yearly review | | 78,750 | 78,750 |
| CDC free float shares certification | | 362,250 | 362,250 |
| Review report on Code of Corporate Governance | | 50,000 | 50,000 |
| | | 1,121,000 | 1,121,000 |
| 36. OTHER OPERATING EXPENSES | | | |
| Worker's profit participation fund | 24.2 | 11,263,988 | 10,926,109 |
| Worker's welfare fund | | 4,204,264 | 4,341,033 |
| Loss on exchange rate fluctuation - net | | 3,615,925 | 40,700 |
| Donations | 36.1 | 56,000 | 70,000 |
| Loss on disposal of investment property | | - | 311,500 |
| | | 19,140,177 | 15,689,342 |
| 36.1 Donations were not made to any donee in which the Company, a director or his / her spouse had any interest at any time during the year. | | | |
| | Note | 2022 Rupees | 2021 Rupees |
| 37. FINANCE COST | | | |
| Mark up on: | | | |
| -Long term financing | | 15,245,694 | 15,386,715 |
| -Short term borrowings | | 30,636,176 | 8,138,012 |
| -Gas infrastructure development cess | | 2,451,685 | 2,644,471 |
| -Lease liabilities | | 162,759 | 240,394 |
| -Workers profit participation fund | 24.2 | 685,726 | 165,478 |
| | | 49,182,040 | 26,575,070 |
| Amortization of deferred government grant | 20 | (913,709) | (1,706,899) |
| Bank charges and guarantee commission | | 2,425,566 | 1,837,916 |
| | | 50,693,897 | 26,706,087 |
| 38. TAXATION | | | |
| Current | | 62,737,341 | 48,019,232 |
| Prior year adjustment | | 650,463 | (551,671) |
| | | 63,387,804 | 47,467,561 |
| Deferred | | (58,700,874) | (2,543,914) |
| | | 4,686,930 | 44,923,647 |
| 38.1 Relationship between tax expense and accounting profit before tax | | | |
| Applicable tax rate | | 29% | 29% |
| Profit before tax | | 206,008,955 | 212,710,632 |
| Tax on accounting profit before tax | | 59,742,597 | 61,686,083 |
| Effect due to income chargeable at different rates | | 17,411,444 | 13,169,281 |
| Effect due to income chargeable u/s 154 | | (49,155,738) | (41,051,472) |
| Effect of deferred tax | | (58,700,874) | (2,543,914) |
| Provision for super tax | | 1,551,464 | - |
| Effect of permanent differences | | (191,587) | 2,257,657 |
| Prior year tax adjustment | | 650,463 | (551,671) |
| Other temporary differences | | 33,379,160 | 11,957,682 |
| Current year provision | | 4,686,930 | 44,923,647 |

39. EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Company which is based on:

| | | 2022 | 2021 |
|--|---------------|--------------------|-------------|
| Profit for the year | Rupees | 201,322,025 | 167,786,985 |
| Weighted average number of shares | Number | 8,471,535 | 8,471,535 |
| Earnings per share - basic and diluted | Rupees | 23.76 | 19.81 |

40. CASH AND CASH EQUIVALENTS

| | Note | 2022 Rupees | 2021 Rupees |
|------------------------|------|----------------------|----------------|
| Cash and bank balances | 14 | 1,850,882 | 4,442,391 |
| Short term borrowings | 25 | (184,783,274) | (73,171,535) |
| | | (182,932,392) | (68,729,144) |

41. FINANCIAL RISK MANAGEMENT

41.1 The Company has exposures 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, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors (The Board) 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.

41.2 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same party, or when counter parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk of the Company arises principally from the long term deposits, other financial assets, trade debts, loans and advances, other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

| | 2022 Rupees | 2021 Rupees |
|---|--------------------|----------------|
| Financial assets | | |
| Trade debts | 216,815,701 | 403,727,475 |
| Loans and advances | 79,240,416 | 47,889,996 |
| Long term deposits | 11,712,377 | 12,387,177 |
| Bank balances | 1,507,112 | 4,209,636 |
| Short term investment (Listed Securities) | 51,000 | 71,440 |
| Other receivables | 3,500 | - |
| | 309,330,106 | 468,285,724 |

Counterparties

The Company conducts transactions with the following major counterparties:

- Trade debts, banks and other financial institutions

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, 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.

41.2.1 Credit risk related to trade debts

Trade debts are essentially due from local and foreign customers against sale of yarn and fabrics and the Company does not expect these counterparties 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 by each business unit subject to the Company's established policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria.

Credit quality of the customer is assessed based on an extensive credit rating. Outstanding customer receivables are regularly monitored and any shipments to foreign customers are generally covered by letters of credit.

Trade debts are non-interest bearing and are generally on 61 to 89 days credit terms.

Local trade debts include debtors with a carrying amount of Rs. 1.40 million (2021: Rs. 1.41 million) which are past due at the reporting date but not impaired as there has not been any significant change in credit quality and the amounts are still considered recoverable.

| | 2022 Rupees | 2021 Rupees |
|---|------------------|------------------|
| Aging of amounts neither past due not impaired | | |
| 90 - 180 days | 1,340,762 | 1,351,819 |
| 180 days and above | 67,560 | 67,560 |
| | 1,408,322 | 1,419,379 |

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 trade debts and, where appropriate. The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Company defines counterparties as having similar characteristics if they are related entities.

41.2.2 Credit risk related to banks and other financial institutions

The Company limits its exposure to credit risk by only investing in highly liquid securities and only with counterparties that have a good credit rating. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit rating.

The credit rating of the banks in which the company has maintained its deposits is as follows:

| Name of bank | Rating Agency | Credit Rating | |
|---------------------------------|---------------|---------------|-----------|
| | | Short Term | Long Term |
| The Bank of Punjab | PACRA | A1+ | AA+ |
| Askari Bank Limited | PACRA | A1+ | AA+ |
| Bank Al Habib Limited | PACRA | A1+ | AAA |
| Bank Islami Pakistan Limited | PACRA | A1 | A+ |
| Bank Alfalah Limited | PACRA | A1+ | AA+ |
| Faysal Bank Limited | PACRA | A1+ | AA |
| Habib Bank Limited | PACRA | A1+ | AAA |
| Habib Metropolitan Bank Limited | PACRA | A1+ | AA+ |
| Meezan Bank Limited | VIS | A1+ | AAA |
| United Bank Limited | VIS | A1+ | AAA |
| National Bank of Pakistan | PACRA | A1+ | AAA |

41.3 Liquidity risk management

Liquidity risk reflects the Companys inability in raising funds to meet commitments. Management closely monitors the Companys 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. The Company manages liquidity risk by maintaining adequate reserves and borrowing facilities, by continuously monitoring forecast and actual cash flows and

41.3.1 Liquidity and interest risk table

The following tables detail the Companys remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

| | Weighted Average effective rate of interest | Maturity within 1 year | Maturity After 1 year | Total |
|----------------------------------|--|---------------------------|--------------------------|----------------------|
| June 30, 2022 ----- Rupees ----- | | | | |
| Financial liabilities | | | | |
| Interest bearing | | | | |
| Long term loans | 3.05% to 12.11% | 90,309,220 | 222,494,564 | 312,803,784 |
| Short term borrowings | 8.45% to 15.31% | 405,858,509 | - | 405,858,509 |
| Lease liability | | 613,554 | 991,931 | 1,605,485 |
| Non interest bearing | | | | |
| Subordinated loans | | - | 62,500,000 | 62,500,000 |
| Trade and other payables | | 737,032,770 | - | 737,032,770 |
| Unclaimed dividend | | 3,726,469 | - | 3,726,469 |
| Accrued interest / mark-up | | 14,645,410 | - | 14,645,410 |
| | | 1,252,185,932 | 285,986,495 | 1,538,172,427 |
| June 30, 2021 ----- Rupees ----- | | | | |
| Financial liabilities | | | | |
| Interest bearing | | | | |
| Long term loans | 3.5% to 9.09% | 91,245,121 | 241,475,054 | 332,720,175 |
| Short term borrowings | 8.31% to 12.31% | 204,752,056 | - | 204,752,056 |
| Lease liability | | 1,757,616 | 1,594,705 | 3,352,321 |
| Non interest bearing | | | | |
| Subordinated loans | | - | 62,500,000 | 62,500,000 |
| Trade and other payables | | 628,453,478 | - | 628,453,478 |
| Unclaimed dividend | | 3,474,561 | - | 3,474,561 |
| Accrued interest / mark-up | | 4,690,465 | - | 4,690,465 |
| | | 934,373,297 | 305,569,759 | 1,239,943,056 |

41.4 Market risk management

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.

41.4.1 Interest rate risk management

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's long term and short term debt obligations having floating interest rate.

41.4.2 Interest rate sensitivity

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the Company's profit for the year ended June 30, 2022 would decrease / increase by Rs. 7.46 million (2021: Rs. 5.78 million). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

41.4.3 Foreign exchange risk management

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:

| | 2022 | | 2021 | |
|-------------|-------------------|---------------|--------|-----------|
| | Rupees | US Dollar | Rupees | US Dollar |
| Trade debts | 18,890,034 | 92,315 | - | - |
| | 18,890,034 | 92,315 | - | - |

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

| | 2022 Rupees | 2021 Rupees |
|--------------------------------------|----------------|----------------|
| Average rate | 177.45 | 160.02 |
| Statement of financial position rate | 204.62 | 157.32 |

41.4.4 Foreign currency sensitivity analysis

At June 30, 2022, if the rupee had weaken/strengthen by 10% against the US dollar with all other variable held constant, profit for the year would have lower/ higher by Rs. 0.092 million (2021: Rs. 0.084 million) mainly as a result of foreign exchange gains/ losses on translation of foreign currency trade debts.

41.4.5 Equity price risk management

The Company is exposed to equity price risks arising from equity investments. Equity investments are held for trading purpose.

41.4.6 Equity price sensitivity analysis

A 10% increase/decrease in share prices at year end would have decreased/increased the surplus on re-measurement of investments in 'other financial assets at fair value through profit or loss' as follows:

| | 2022 Rupees | 2021 Rupees |
|------------------|------------------|----------------|
| Effect on equity | 1,865,125 | 3,280,178 |

The sensitivity analysis prepared is not necessarily indicative of the effects on profit/equity and assets of the Company.

41.5 Determination of fair values

Fair value 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.

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

41.6 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the 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).

41.6.1 Fair value of financial asset measured at fair value through profit or loss

The Company has only investment measured at fair value of Rs. 18.6 million (2021: Rs. 32.8 million) which is valued under level 1 and level 2 valuation method. The Company does not have any investment in level 3 category.

41.6.2 Fair value of non- financial assets

During the year, the Company has determined the fair value of land, building and plant including generator through independent valuer. The fair value measurement as at March 17, 2022 was performed by K.G. Traders (Private) Limited, independent valuer not connected to the Company. The valuer is listed on the panel of Pakistan Banks Association and they have proper qualification and experience in the fair value measurement of freehold land and building.

As there is no significant changes in the market conditions the Company has measured freehold land at fair value of Rs. 74.8 million (2021: 46.4 million) which is valued under level 2 valuation method.

| | Level 1 | Level 2 | Level 3 | Total |
|----------------------------|------------------|---------------|---------|---------------|
| | -----Rupees----- | | | |
| As at June 30, 2022 | | | | |
| Freehold land | - | 74,880,000 | - | 74,880,000 |
| Buildings on freehold land | | | | |
| - Factory | - | 362,957,819 | - | 362,957,819 |
| - Residential | - | 118,465,023 | - | 118,465,023 |
| - Plant and machinery | - | 1,971,809,345 | - | 1,971,809,345 |
| As at June 30, 2021 | | | | |
| Freehold land | - | 46,490,110 | - | 46,490,110 |
| Buildings on freehold land | | | | |
| - Factory | - | 244,234,625 | - | 244,234,625 |
| - Residential | - | 124,532,643 | - | 124,532,643 |
| - Plant and machinery | - | 1,838,868,163 | - | 1,838,868,163 |

41.7 Financial instruments by category

The Company finances its operation through equity, borrowings and management of working capital with a view to maintaining 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.

The accounting policies for financial instruments have been applied for line items below:

| | 2022 Rupees | 2021 Rupees |
|---|----------------------|----------------------|
| Financial assets | | |
| At amortized cost | | |
| Trade debts | 216,815,701 | 403,727,475 |
| Long-term deposits | 11,712,377 | 12,387,177 |
| Other receivables | 3,500 | - |
| Cash and bank balances | 1,850,882 | 4,442,391 |
| At fair value through profit or loss | | |
| Short term investment | 18,651,248 | 32,801,776 |
| | 249,033,708 | 453,358,819 |
| Financial liabilities | | |
| At amortized cost | | |
| Trade and other payables | 737,032,770 | 628,453,478 |
| Current portion of non current liabilities | 102,395,078 | 104,439,177 |
| Short-term borrowings | 405,858,509 | 204,752,056 |
| Long-term loans | 222,494,564 | 241,475,054 |
| Accrued interest / mark-up | 14,645,410 | 4,690,465 |
| Lease liability | 991,931 | 1,594,705 |
| | 1,483,418,262 | 1,185,404,935 |

42. PLANT CAPACITY AND ACTUAL PRODUCTION

Fabric

| | 2022 | 2021 |
|---|------------------|------------|
| Number of looms installed | 171 | 171 |
| Number of looms worked | 156 | 171 |
| Installed capacity after conversion into 60 picks | Mtrs. 59,824,309 | 59,824,309 |
| Actual production of fabric after conversion into 60 picks | Mtrs. 43,170,780 | 48,813,651 |

It is difficult to describe precisely the production capacity in Weaving Mills since it fluctuates widely depending on various factors such as quality and count of yarn and the width and construction of fabric woven etc. It also varies according to the pattern of production adopted in a particular year. Underutilization of capacities is due to various factors including availability of raw material and stoppages due to repair and maintenance.

43. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of key management personnel. The Company in the normal course of business carries out transactions with various related parties. Amounts due to directors are shown under long term loans from related parties, as disclosed in note 18. Remuneration of key management personnel is disclosed in note 44. There are no other transactions with related parties.

44. REMUNERATION TO CHIEF EXECUTIVE OFFICER AND DIRECTOR

| Particulars | Chief Executive | Directors | Executives | Chief Executive | Directors | Executives |
|-------------------------|-----------------|-----------|------------|-----------------|-----------|------------|
| | June 30, 2022 | | | June 30, 2021 | | |
| | Rupees | | | Rupees | | |
| Managerial remuneration | 4,300,000 | 5,415,000 | 11,791,000 | 4,200,000 | - | 10,470,000 |
| Utilities | - | - | 944,000 | - | - | 2,035,833 |
| | 4,300,000 | 5,415,000 | 12,735,000 | 4,200,000 | - | 12,505,833 |
| Number of persons | 1 | 2 | 6 | 1 | 2 | 4 |

44.1 Chief executive and executive directors are provided with Company maintained cars and utilities at residence.

44.2 Meeting fee amounting to Rs. 57,500 (2021: Rs.19,000) was paid to non-executive directors of the Company during the year.

45. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

| | June 30, 2021 | | | June 30, 2022 | | |
|--|---------------------|-------------|---------------|---------------------|-------------|-------------|
| | Cash inflows | | | Cash outflows | | |
| | Non cash adjustment | | | Non cash adjustment | | |
| Long term finance | 332,720,175 | 123,900,822 | (143,817,213) | - | - | 312,803,784 |
| Short term finance (excluding running finance) | 131,580,521 | - | 89,494,714 | - | - | 221,075,235 |
| Lease liabilities | 3,352,321 | - | (1,746,836) | - | - | 1,605,485 |
| Unclaimed dividend | 3,474,561 | - | (13,664,771) | 13,916,679 | 3,726,469 | |
| Total liabilities | 471,127,578 | 123,900,822 | (69,734,106) | 13,916,679 | 539,210,973 | |
| | June 30, 2020 | | | June 30, 2021 | | |
| | Cash inflows | | | Cash outflows | | |
| | Non cash adjustment | | | Non cash adjustment | | |
| Long term finance | 322,998,594 | 28,164,182 | (19,353,235) | 910,634 | 332,720,175 | |
| Short term finance (excluding running finance) | 167,429,277 | 7,803,536 | (43,652,292) | - | 131,580,521 | |
| Lease liabilities | 2,384,283 | - | (1,494,462) | 2,462,500 | 3,352,321 | |
| Unclaimed dividend | 3,376,878 | - | (11,437,556) | 11,535,239 | 3,474,561 | |
| Total liabilities | 496,189,032 | 35,967,718 | (75,937,545) | 14,908,373 | 471,127,578 | |

46. CAPITAL MANAGEMENT

The Company objectives when managing are:

- to safeguard the Company's ability to continue as a going concern, so that the Company can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

Capital comprises all components of equity (i.e. share capital, reserves, unappropriated profit and surplus on revaluation of property, plant and equipment). The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders or issue new shares.

The debt-to-adjusted capital ratios at June 30, 2022 and June 30, 2021 were as follows:

| | 2022 Rupees | 2021 Rupees |
|---------------------------------|----------------|----------------|
| Total debts | 782,767,778 | 603,324,552 |
| Less: Cash and cash equivalents | (1,850,882) | (4,442,391) |
| Net debts | 780,916,896 | 598,882,161 |
| Total equity | 1,725,933,296 | 1,321,687,152 |
| Adjusted capital | 2,506,850,192 | 1,920,569,313 |
| Debt-to-adjusted capital ratio | 31.15% | 31.18% |

47. NUMBER OF EMPLOYEES

The number of employees for the year ended June 30 were as follows:

| | 2022 | 2021 |
|---|------|------|
| Total number of employees | 322 | 336 |
| Average number of employees during the year | 325 | 324 |

48. CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified, wherever necessary, for the purpose of comparison and better presentation. However, no significant reclassification/ rearrangement has been made except as given below:

| Reclassified from | Reclassified to | Rupees |
|----------------------------------|--|------------|
| Creditors & accrued liabilities | Advance to suppliers | 3,328,919 |
| Tax deducted at source | Due from government | 4,786,601 |
| Tax deducted at source | Other receivables | 53,484 |
| Long term financing | Current portion of non current liabilities | 529,672 |
| Selling and distribution expense | Revenue from contracts | 17,999,267 |

49. EVENTS AFTER THE STATEMENT OF FINANCIAL DATE

In respect of current year, the directors have proposed to pay cash dividend of Rs. _____ per ordinary share for approval of the shareholders at the forthcoming Annual General Meeting. Financial effect of the proposed dividend has not been taken in these financial statements and will be accounted for subsequently in the year when such dividend is approved.

50. DATE OF AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements were approved and authorized for issue on _____ by the Board of Directors of the Company.

51. GENERAL

Figures have been rounded-off to the nearest rupee except stated otherwise.

Sd/-
Chief Executive

Sd/-
Director

Sd/-
Chief Financial Officer

Pattern of Shareholding

As on:- 30-Jun-2022

| Number of | Shareholding s From | To | Total Number of Share Held | Percentage of Total |
|--------------|------------------------|---------|-------------------------------|------------------------|
| 120 | 1 - | 100 | 6,433 | 0.08 |
| 402 | 101 - | 500 | 184,126 | 2.17 |
| 90 | 501 - | 1000 | 59,185 | 0.70 |
| 37 | 1001 - | 5000 | 72,636 | 0.86 |
| 3 | 5001 - | 10000 | 17,040 | 0.20 |
| 3 | 10001 - | 15000 | 34,730 | 0.41 |
| 2 | 60001 - | 65000 | 124,500 | 1.47 |
| 1 | 65001 - | 70000 | 70,000 | 0.83 |
| 1 | 80001 - | 85000 | 83,593 | 0.99 |
| 1 | 255001 - | 260000 | 260,000 | 3.07 |
| 1 | 300001 - | 305000 | 303,996 | 3.59 |
| 1 | 350001 - | 355000 | 350,565 | 4.14 |
| 2 | 500001 - | 505000 | 1,004,485 | 11.86 |
| 1 | 505001 - | 510000 | 506,500 | 5.98 |
| 1 | 520001 - | 525000 | 521,400 | 6.15 |
| 1 | 580001 - | 585000 | 582,277 | 6.87 |
| 1 | 800001 - | 805000 | 804,540 | 9.50 |
| 1 | 910001 - | 915000 | 913,009 | 10.78 |
| 1 | 2570001 - | 2575000 | 2,572,520 | 30.37 |
| 670 | | | 8,471,535 | 100.00 |



Categories of Shareholders as per Code of Corporate Governance As At June 30, 2022

| Shareholders Category | Number of Shareholders | Shares Held | Percentage |
|---|------------------------|------------------|------------|
| <u>Associated Companies, undertaking and related parties</u> | | | |
| <u>Benevolent Fund</u> | | | |
| Trustee National Bank of Pakistan EMP Benevolent Fund Trust | 1 | 2,933 | 0.0346 |
| <u>Directors, Chief Executive and their spouse(s) and minor children</u> | | | |
| MIAN MUHAMMAD JAVED | 1 | 521,400 | 6.1547 |
| SALMA JAVED | 1 | 804,540 | 9.4970 |
| MUHAMMAD HARIS | 1 | 2,572,520 | 30.3666 |
| NAZIR AHMAD KHAN | 1 | 2,573 | 0.0304 |
| HASEEB HARIS MUGHAL | 1 | 582,277 | 6.8733 |
| BUSRA ALI | 1 | 350,565 | 4.1382 |
| MUHAMMAD UMAR FAROOQ JANJUA | 1 | 2,500 | 0.0295 |
| <u>Financial Institutions</u> | | | |
| NATIONAL BANK OF PAKISTAN | 1 | 500 | 0.0059 |
| NATIONAL BANK OF PAKISTAN | 1 | 4,000 | 0.0472 |
| NATIONAL BANK OF PAKISTAN | 1 | 513 | 0.0061 |
| <u>Joint Stock Companies</u> | | | |
| ADAM LUBRICATS LIMITED. | 1 | 500 | 0.0059 |
| PRUDENTIAL SECURITIES LIMITED | 1 | 50 | 0.0006 |
| MAPLE LEAF CAPITAL LIMITED | 1 | 1 | 0.0000 |
| CONTINENTAL CAPITAL MANAGEMENT (PVT) LTD | 1 | 50 | 0.0006 |
| CAPITAL VISION SECURITIES PVT LIMITED | 1 | 75 | 0.0009 |
| S.Z. SECURITIES (PRIVATE) LIMITED | 1 | 632 | 0.0075 |
| NCC - PRE SETTLEMENT DELIVERY ACCOUNT | 1 | 1,000 | 0.0118 |
| <u>NIT & ICP</u> | | | |
| INVESTMENT CORP. OF PAKISTAN | 1 | 200 | 0.0024 |
| CDC - TRUSTEE NATIONAL INVESTMET (UNIT) TRUST | 1 | 913,009 | 10.7774 |
| <u>Pension Fund</u> | | | |
| TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND | 1 | 83,593 | 0.9868 |
| <u>General Public</u> | | | |
| Local | 649 | 2,628,104 | 31.0228 |
| Foreign | | | |
| Total | 670 | 8,471,535 | 100 |
| <u>Shareholders holding 10% or above</u> | | | |
| MUHAMMAD HARIS | | 2,572,520 | 30.3666 |
| CDC - TRUSTEE NATIONAL INVESTMET (UNIT) TRUST | | 913,009 | 10.7774 |

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FORM OF PROXY

I/We, _____ of _____, holding Computerized National Identity Card Number _____ and being a member of Ahmad Hassan Textile Mills Limited, hereby appoint _____ of _____, holding Computerized National Identity Card Number _____ as my / our proxy to vote for me/us and on my /our behalf at the Annual General / Extraordinary Meeting of the Company, to be held on _____ and at any adjournment thereof.

As witness my / our hand/seal this _____ day of _____, 20 _____

WITNESSES:

1. Signature _____

2. Signature _____

Name _____

Name _____

Address _____

Address _____

CNIC Number _____

CNIC Number _____

CDC Account Number _____

Five Rupees
Revenue Stamp

To be signed by above named shareholder

Notes:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company, not less than 48 hours before the time of holding the meeting.
2. The Proxy Form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
3. Attested copies of CNIC of the appointer and the proxy-holder shall be furnished with the Proxy Form.
4. The proxy-holder shall produce his original CNIC at the time of meeting.
5. In case of corporate entity, the Board of Directors' resolution / Power of Attorney with specimen signature shall be submitted along with Proxy form.



Electronic Dividend Mandate Form

In accordance with the provisions of section 242 of the Companies Act, 2017, dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. SECP vide Circular Number 18 of 2017 dated August 01, 2017, has presently waived this condition till October 31, 2017. Any dividend payable after this due date shall be paid in the manner prescribed only.

Shareholders are requested to sent the attached Form duly filled and signed, along with attested copy of their CNIC to the Company's Share Registrar, M/s Vision Consulting Ltd., 3-C, LDA Flats, 1st Floor, Lawrence Road, Lahore. CDC shareholders are requested to submit their Dividend Mandate Form and attested copy of CNIC directly to their broker (participant)/ CDC.

I hereby communicate to receive my future dividends directly in my Bank Account as detailed below:

Name of shareholder _____

Folio Number/CDC Account No. _____ of Ahmad Hassan Textile Mills Limited

Contact number of shareholder _____

Title of Account _____

IBAN (*) _____

Name of Bank _____

Bank branch _____

Mailing Address of Branch _____

CNIC No. (attach attested copy) _____

NTN (in case of corporate entity) _____

It is stated that the above particulars given by me are correct and to the best of my knowledge; I shall keep the Company informed in case of any changes in the said particulars in future.

Shareholder's Signature

Date

NOTES:

- * Please provide complete IBAN (International Bank Account Number), after checking with your concerned Bank branch to enable electronic credit directly into your bank account.