

AEL TEXTILES LIMITED



ANNUAL ACCOUNTS
YEAR ENDED JUNE 30, 2022
(AUDITED)

AELTEXTILES LIMITED

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AEL TEXTILES LIMITED

COMPANY INFORMATION

CHAIRMAN
CHIEF EXECUTIVE
DIRECTORS

MR. NISAR AHMAD SHEIKH
MR. MUHAMMAD ARSHAD
MR. SHAHZAD AHMED SHEIKH
MR. SHEHRYAR ARSHAD
MS. RESHAM SHAHZAD
MR. WASEEM ASHFAQ
MR. ZEESHAN AHMAD

AUDIT COMMITTEE
CHAIRMAN
MEMBER
MEMBER

MR. WASEEM ASHFAQ
MR. SHAHZAD AHMED SHEIKH
MR. SHEHRYAR ARSHAD

HR & REMUNERATION COMMITTEE
CHAIRMAN
MEMBER
MEMBER

MR. WASEEM ASHFAQ
MR. SHAHZAD AHMED SHEIKH
MS. RESHAM SHAHZAD

CHIEF FINANCIAL OFFICER

MR. NASIR MAHMOOD

COMPANY SECRETARY

MR. SHAFIQ IJAZ

HEAD OF INTERNAL AUDIT

MR. SHAFQAT BAIG

AUDITORS

M/S HLB IJAZ TABASSUM & CO
CHARTERED ACCOUNTANTS

BANKERS

HABIB METROPOLITAN BANK
BANK AL HABIB LIMITED

LEGAL ADVISOR

RANA IFTIKHAR AHMAD

REGISTERED OFFICE

404-405, 4TH FLOOR, BUSINESS
CENTRE, MUMTAZ HASSAN ROAD,
KARACHI. TEL. 021-32412814
WEB: WWW.ARSHADENERGY.COM

SHARES REGISTRAR

F.D. REGISTRAR SERVICES (SMC-PVT)
LIMITED 17TH FLOOR, SAIMA TRADE
TOWER-A, I.I CHUNDRIGAR ROAD,
KARACHI.

PLANT

35-K.M., SHEIKHUPORA ROAD, TEHSIL
JARANWALA, DISTRICT FAISALABAD

Vision statement:

To become the most cost effective power generation company, committed to empowering Pakistan growth by not only maximizing energy outputs from the existing plant through sustained excellence in performance and innovation.

Mission statement:

Support the power purchaser to cope with the energy shortfalls in the country. Become the most efficient and economical plant while protecting commercial interests of the stakeholders. Create a work environment for employees that meets international standards of environment, health and safety.

AEL TEXTILES LIMITED
NOTICE OF 28TH ANNUAL GENERAL MEETING

Notice is hereby given that the 28TH **Annual General Meeting** of the Shareholders of **AEL TEXTILES LIMITED (Formerly Arshad Energy Limited)** will be held at 404/5, Business Centre 4th Floor Muntaz Hasan Road Near "SBP" Karachi on Friday, October 28, 2022 at 10:00 a.m. to transact the following business:-

1. To confirm Minutes of the Last Annual General Meeting held on October 28, 2021
2. To receive, consider and adopt the audited accounts of the Company for the year ended on 30th June, 2022 together with the Directors' Report and Auditors' Report thereon.
3. To appoint Auditor for the year 2022-2023 and to fix their remuneration. The present auditors M/s. HLB Ijaz Tabassum & Co., Chartered Accountants, retire and being eligible have offered themselves for reappointment.
4. To transact any other business with the permission of the chair.

By order of the Board

Karachi
Dated: October 05, 2022

Shafiq Ijaz
Company Secretary

NOTES:

1. The Share Transfer Books of the Company will remain closed from 21 October 2022 to 28 October 2022 (both days inclusive). Transfer received at the Share Registrar office M/s. F.D Registrar Services (SMC-Pvt) Ltd, 17th Floor Saima Trade Tower –A, I.I. Chundrigar Road Karachi 74000 at the close business on 20 October 2022 be treated in time.
2. A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend the meeting and vote instead of him/her. The proxies in order to be effective must be received by the Company not less than 48 hours before the meeting. CDC Account holders will further have to follow the under mentioned guidelines as laid down in Circular No.1 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan.

3 . PARTICIPATION IN THE ANNUAL GENERAL MEETING

A member entitled to participate and vote at this meeting is also entitled to appoint another proxy to participate and vote on his/her behalf through video link. Proxies in order to be effective must be received at the Registered Office of the Company duly stamped and signed not later than 48 hours before the time of the meeting.

For appointing proxies

- a In case of individuals, the account holders or sub account holders whose registration details are uploaded as per regulations, shall submit the proxy form as per the above requirements. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the proxy form. Copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- b In case of corporate entities, the Board of Directors' resolution / power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted (unless it has not been provided earlier) along with proxy form to the Company.

4 .Circulation of Annual Financial Statements through Email

SECP through its Notification SRO 787(I)/2014 dated September 8, 2014, has allowed the circulation of Audited Financial Statements along with the Notice of Annual General Meeting to the shareholders of the Company through email. Therefore, shareholders who wish to receive the soft copy of Annual Report are requested to send their email address. The consent form for electronic transmission can be downloaded from the Company's website. The Company shall, however, continue to provide hard copy of the Audited Financial Statements to its shareholders, on request, free of cost, within seven days of receipt of such request.

5. Placement of Financial Accounts on Website

Pursuant to the notification of the SECP (SRO 634(I)/2014) dated: 10th July 2014 the financial Statements of the Company have been placed on Company's website at www.arshadenergy.com

6 .DEPOSIT OF PHYSICAL SHARES INTO CENTRAL DEPOSITORY:

As per Section 72 of the Companies Act, 2017, every existing listed company shall be required to replace its physical shares with book-entry form. Therefore, the shareholders having physical shares are requested to convert the shares into book entry.

7. Unclaimed Dividends and Share Certificates

Shareholders of the Company are hereby informed that as per the record, there are some unclaimed/ uncollected /unpaid dividends and shares. Shareholders who could not collect their dividends/shares are advised to contact our Share Registrar M/s. F.D Registrar Services (SMC-Pvt) Ltd 17th Floor, Saima Trade Tower-A, I.I.Chundrigar Road, Karachi during working hours. Ph: 0092-21-32271905 Email: fdregistrar@yahoo.com to collect/enquire about their unclaimed dividend or shares, if any.

8. Change of Address and Quote Folio No. in Correspondence

Members are also requested to notify any change in address immediately. The shareholders are further requested to quote their folio number in all correspondence with the Company and at the time of attending the Annual General Meeting.

9. For Video Conference:

- . At least seven days prior to the date of meeting on the demand of members residing in a city who hold at least ten percent of the total paid up capital of the company the facility of video-link will be provided to such members in that city enabling them to participate in the Annual General Meeting through video-link facility.

STATEMENT OF MATERIAL FACTS UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017

1. Item Number 4 of the notice – Ratification and approval of the related party transactions carried out during the year ended June 30, 2022

Transactions conducted with all related parties have to be approved by the Board of Directors duly recommended by the Audit Committee on quarterly basis pursuant to clause 15 of the Listed Companies (Code of Corporate Governance) Regulations, 2019. These transactions were to be placed before the shareholders in AGM for their formal approval. Accordingly, these transactions are being placed before the AGM for the formal approval by shareholders.

Normally company is doing transactions with associated companies of normal trade.

All transactions with related parties have been disclosed in note 26 to the financial statements for the year ended June 30, 2022.

Party-wise details of such related party transactions are given below:

Name of Related party	Transaction Type	Amount Rupees
Arshad Textile Mills Limited	Sharing of costs	715,711
	Sale of property, plant, equipment and inventories	135,918,803
Arshad Corporation (Private) Limited	Sale of freehold land	14,377,500
Directors	Loans (repaid) / obtained from directors-net	(66,360,000)
Key Management Personnel- Executive	Sale of Vehicle	100,000

AEL ٹیکسٹائلز لمیٹڈ

اطلاع برائے 28 واں سالانہ اجلاس

مطلع کیا جاتا ہے کہ AEL ٹیکسٹائلز لمیٹڈ (سابقہ ارشد انرجی لمیٹڈ) کے حصص یافتگان کا اٹھائیسواں (28) سالانہ اجلاس عام جمعہ 28 اکتوبر 2022 کو صبح 10:00 بجے 404/5 پرنس سینٹر چچی منزل ممتاز حسن روڈ نزد "SBP" کراچی میں مندرجہ ذیل امور کی انجام دہی کیلئے منعقد کیا جائیگا۔

عمومی امور

- 1۔ آخری سالانہ اجلاس عام منعقدہ 28 اکتوبر 2021 کی کارروائی کی توثیق۔
- 2۔ 30 جون 2022 کو مکمل ہونے والے سال کیلئے کمپنی کے آڈٹ شدہ اکاؤنٹس متحدہ انریکٹرز اور ڈائریکٹرز کی رپورٹس کی وصولی، خورد و خوراک اور منظوری۔
- 3۔ مالی سال 2022-23، کیلئے آڈٹرز کی تقرری اور ان کے معاہدے کا تین۔ موجودہ آڈٹرز HLB اعجاز تسم ایجنسی۔ چارٹرڈ اکاؤنٹنٹس سکدش ہو گئے ہیں اور اہلیت کی بنیاد پر دوبارہ تقرری کیلئے اپنی خدمات پیش کی ہیں۔
- 4۔ چیئرمین کی اجازت سے دیگر امور کی انجام دہی۔

کراچی 105 اکتوبر 2022ء

بحکم بورڈ

شفیق اعجاز

کمپنی سیکریٹری

نوٹس:

- 1۔ کمپنی کی حصص منقولہ کی کتاب 21 اکتوبر 2022 تا 28 اکتوبر 2022، (بشمول دونوں ایام) بند رہیں گی۔ شیئرز جنرل انریکٹرز ایف ڈی رجسٹر ادرمز (ایس ایم سی) پرائیویٹ (لمیٹڈ) سٹریٹ نمبر 404/5، آئی آئی چندر نگر روڈ کراچی میں 20 اکتوبر 2022 کو کاروبار کے اختتام کا ریکم موصول ہونے والی منتقلیاں / تجدید بروقت بھیجی جائیں گی۔
- 2۔ کمپنی کا ہر ممبر اس اجلاس میں شرکت اور ووٹ ڈالنے کا حق رکھتا ہے اور وہ اپنی جگہ اجلاس میں شرکت اور ووٹ دینے کے لیے اپنا پراکسی مقرر کر سکتا / کر سکتی ہے۔ پراکسی کی تقرری کی اطلاع کمپنی کو اجلاس سے کم از کم 48 گھنٹہ قبل دینی ہوگی۔ سی-سی ڈی-سی اکاؤنٹس رکھنے والوں کو سیکرٹری انڈر سچیف کمیشن آف پاکستان سے جاری سرٹیفیکٹ برائے 26 جنوری 2020 میں دی گئی ہدایات پر عملدرآمد کرنا ہوگا۔
- 3۔ سالانہ اجلاس عام میں شرکت:

- (a) کمپنی کا ہر ممبر اس اجلاس میں شرکت اور ووٹ ڈالنے کا حق رکھتا ہے اور وہ اپنی جگہ بذریعہ ویڈیو لنک اجلاس میں شرکت اور ووٹ دینے کیلئے پراکسی مقرر کر سکتا / کر سکتی ہے۔ پراکسی کی تقرری کی اطلاع کمپنی کے رجسٹرڈ آفس کو اجلاس سے کم از کم 48 گھنٹہ قبل دینی ہوگی۔
- (b) کارپوریٹ ادارے کی صورت میں کمپنی کو پراکسی فارم کے ساتھ بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی جمع کارپوریٹ ادارے کی جانب سے ووٹ ڈالنے کیلئے نامزد کئے گئے فرد کے مخصوص دستخط جمع کرانے ہونگے۔ (اگر یہ اس سے قبل فراہم نہیں کئے گئے)

4۔ ای میل کے ذریعے سالانہ مالی کھاتوں کی گردش (سرکولیشن)

- 1۔ سیکرٹری انڈر سچیف کمیشن آف پاکستان (ایس-ای-سی-پی) نے بذریعہ اس کے نوٹیفکیشن SRO 787(I)/2014 تاریخ ستمبر 08، 2014 کمپنی کے حصص یافتگان کو بذریعہ ای میل سالانہ اجلاس عام کے نوٹس کے ساتھ کمپنی کے آڈٹ شدہ مالیاتی گوشوارے کی تصدیق کرنے کی اجازت دی ہے۔ لہذا وہ حصص یافتگان جو سالانہ رپورٹ کی برقی نقل کی کاپی حاصل کرنا چاہتے ہوں سے درخواست کی جاتی ہے کہ وہ اپنا ای میل ایڈریس روانہ کریں۔ الیکٹرونک سالانہ آڈٹ شدہ مالیاتی گوشوارے منتقل کرنے کیلئے رضامندی پر فارم کی ویب سائٹ سے ڈاؤن لوڈ کیا جاسکتا ہے۔ تاہم کمپنی اپنے حصص یافتگان کو ان کی درخواست پر سالانہ آڈٹ شدہ مالیاتی گوشواروں کی بارڈر کاپی بلا معاوضہ فراہم کرے گی۔ جو کہ ان کی درخواست کی وصولی کے اندرون سات پیم میں کردی جائیگی۔
- 2۔ کمپنی کی ویب سائٹ مالیاتی اکاؤنٹس کی پلیٹ فارم

5۔ سیکرٹری انڈر سچیف کمیشن آف پاکستان کے نوٹیفکیشن (SRO 634(I)/2014) تاریخ جولائی 10، 2014 کے مطابق کمپنی کے سالانہ آڈٹ شدہ مالیاتی گوشوارے کمپنی کی ویب سائٹ www.arshadenergy.com پر آؤ براؤس کر دیئے گئے ہیں۔

6۔ فزیکل شیئرز کی سنٹرل ڈیپازٹری میں منتقلی:

کمپنی ایکٹ 2017 کی 72 قح کے تحت، تمام لشد کمپنیوں کو اپنے فزیکل شیئرز کو بک انٹری میں منتقل کرنے کا پابند کیا گیا ہے۔ لہذا فزیکل شیئرز رکھنے والے شیئرز ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنے شیئرز بک انٹری میں فارم تبدیل کروائیں۔

7۔ غیر دعوی شدہ منافع منقسمہ اور شیئرز

کمپنی کے شیئرز ہولڈرز کو بذریعہ مطلع کیا جاتا ہے کہ ریکارڈ کے مطابق کچھ غیر دعوی شدہ / غیر وصول شدہ / غیر ادا شدہ منافع منقسمہ اور شیئرز ہیں۔ ایسے شیئرز ہولڈرز جنہوں نے اپنے منافع منقسمہ / شیئرز وصول نہیں کئے انہیں ہدایت کی جاتی ہے کہ وہ اپنے غیر دعوی شدہ منافع منقسمہ / شیئرز، اگر ہوں، سے متعلق وصول / جانچ پڑتال کرنے کیلئے ہمارے شیئرز جنرل انریکٹرز ایف ڈی رجسٹر ادرمز (ایس ایم سی) پرائیویٹ لمیٹڈ 17 ویں منزل، صاعتر ٹریڈ ٹاور-A آئی آئی چندر نگر روڈ، کراچی سے فون نمبر 0092-21-32271905 ای میل fdregistrar@yahoo.com پر دوران ایام کاروبار کریں۔

8۔ پتہ کی تبدیلی اور خط و کتابت میں فوئیڈ نمبر کا اندراج

ممبران سے یہ بھی درخواست ہے کہ پتہ میں کسی تبدیلی سے فوری مطلع کریں۔ مزید برآں حصص یافتگان سے کمپنی کے ساتھ خط و کتابت میں اور سالانہ اجلاس عام میں شرکت کے موقع پر فوئیڈ نمبر درج کریں۔

9۔ ویڈیو کانفرنس:

وہ ممبران جو دوسرے شہروں میں رہتے ہیں اور کم از کم 10 فیصد شیئرز ہولڈرز ہیں ویڈیو لنک کے ذریعے سالانہ اجلاس عام میں شرکت کیلئے اجلاس کے انعقاد سے 7 دن قبل درخواست دے سکتے ہیں، کمپنی کی جانب سے ویڈیو لنک کی سہولت فراہم کی جائیگی۔

کمپنیز ایکٹ 2017 کے سیکشن (3) 134 کے تحت مخصوص حقائق کا بیان

- 1۔ نوٹس کے آئٹم نمبر 3۔ 30 جون 2022 کو ختم ہونے والے سال کے دوران متعلقہ پارٹی لین دین کی توثیق اور منظوری
- 2۔ تمام متعلقہ پارٹیز کے ساتھ کمپنی کے جانے والے بورڈ آف ڈائریکٹرز کے منظور شدہ لین دین کو بذریعہ لشد کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی 15 قح کے تحت سبہ مای بنیاد پر آڈٹ کمپنی کے ذریعے سفارش کی جاتی ہے۔ ان لین دین کو شیئرز ہولڈرز کے سامنے ان کی باضابطہ منظوری کیلئے AGM میں رکھنا تھا۔ اس کے مطابق، یہ لین دین AGM میں شیئرز ہولڈرز کے سامنے ان کی باضابطہ منظوری کیلئے ان کے سامنے رکھا جا رہا ہے۔
- 3۔ عام طور پر کمپنی عام تجارت سے متعلق وابستہ کمپنیوں کے ساتھ لین دین کرتی ہے۔
- 4۔ متعلقہ پارٹیز کے ساتھ لین دین 30 جون 2022 کو ختم ہونے والے سال کے مالیاتی گوشواروں کے نوٹ 26 میں ذکر کیا گیا ہے۔ پارٹیز کے حساب سے متعلقہ پارٹیز لین دین کی تفصیل درج ذیل ہیں۔

متعلقہ پارٹی کے نام	لین دین کی قسم	رقم روپے
ارشد ٹیکسٹائلز لمیٹڈ	اخراجات بائٹا	715,711
	پراپرٹی پلانٹ سامان اور انویسٹمنٹ کی فروخت	135,918,803
ارشد کارپوریشن (پرائیویٹ) لمیٹڈ	زمین کی فروخت	14,377,500
	قرض (ادا کیا) / ڈائریکٹرز سے وصول کیا	(66,360,000)
اہم انتظامی عملے کے ایگزیکٹو	گاڑی کی فروخت	100,000

AEL TEXTILES LIMITED

CHAIRMAN'S REVIEW

For the year ended June 30, 2022.

On behalf of the Board of Directors, I am pleased to present the Annual Report of the Company together with the audited, financial statements and auditors' report thereon for the year ended 30th June, 2022.

The drastic increase in the prices of furnace oil has significantly affected the performance of the company. Further, the sale rates as approved by NEPRA are not viable on high furnace oil prices. The situation forced management to temporarily close down the operations of the company. Net sales for the year were Nil (2021: Rs. 2.927 million) and net loss is Rs.13.894 million (2021: net loss 40.357 million).

In order to revive the company, it was also decided to initiate the implementation of the Alternate / Revival Business Plan for textile trading and manufacturing by disposing off the assets and settling the current / non-current liabilities of the Company and the remaining portion will be utilized for the implementation of the Alternate / Revival Business Plan as mentioned above. On 23 November 2021, Automotive Plastics (Private) Limited (APPL), made a public announcement of intention to acquire more than 51% ordinary shares together with management control of the Company. On 27 June 2022, a share purchase agreement was signed between APPL and sponsors of the Company for the acquisition of 73.57% shares of the Company. On 30 June 2022, APPL made a public announcement of offer to acquire 1,057,181 ordinary shares of the Company. On 05 July 2021, Securities and Exchange Commission of Pakistan (SECP) issued a show cause notice to the Board of Directors and to the Company under section 301(m) read with section 304(b) of the Companies Act, 2017 regarding Company's suspended operations and the proposed winding up of the Company. However, subsequently upon request of the Company, on 07 September 2022, SECP allowed extension for hearing of show cause notice uptill 10 October 2022. Moreover, the progress report are being submitted by the Company to SECP and PSX on monthly basis. Currently this matter is under process and will be completed in the first half of next financial year.

Future Prospects

AEL TEXTILES LIMITED

The majority shares with management control of the company is being acquired by APPL before end of second quarter of current year,

Code of Corporate Governance:

Our company takes corporate governance seriously. The company is following the Securities and Exchange Commission of Pakistan and the Pakistan stock Exchange and complies with the code of Good corporate Governance in letter and spirit.

The board appreciates the dedicated services rendered by the employees and the management which is evidenced by the company's performance and results achieved and they are contributing positively towards the goals and objectives of the company.

Lastly, I would also like to thanks our shareholder for their continued support and trust in the company. Above stated facts do not give a promising outlook but the management is making its efforts to earn profitability for the coming years.

For and behalf of the board of directors.



Nisar Ahmad Sheikh
Chairman

Date: October 05, 2022.

بورڈ آف ڈائریکٹرز کی جانب سے، مجھے 30 جون 2022 کو ختم ہونے والے سال کے لیے آڈٹ شدہ، مالیاتی گوشواروں اور اس پر آڈیٹرز کی رپورٹ کے ساتھ کمپنی کی سالانہ رپورٹ پیش کرتے ہوئے خوشی ہو رہی ہے۔

فرنس آئل کی قیمتوں میں زبردست اضافے نے کمپنی کی کارکردگی کو نمایاں طور پر متاثر کیا ہے۔ مزید یہ کہ پھر کی طرف سے منظور شدہ سیل ریٹس فرنس آئل کی اونچی قیمتوں پر قابل عمل نہیں ہیں۔ اس صورت حال نے انتظامیہ کو کمپنی کے آپریشنز کو عارضی طور پر بند کرنے پر مجبور کر دیا سال کے لیے نیٹ سیلز صفر (2021: 2.927 ملین روپے) اور خالص نقصان 13.894 ملین روپے (2021: خالص نقصان 40.357 ملین) ہے۔

کمپنی کو بحال کرنے کے لیے، ٹیکسٹائل ٹریڈنگ اور مینوفیکچرنگ کے لیے متبادل/بحالی بزنس پلان پر عمل درآمد شروع کرنے کا بھی فیصلہ کیا گیا اور اثاثوں کو ختم کر کے کمپنی کے موجودہ/غیر موجودہ واجبات کا تصفیہ کیا جائے گا اور بقیہ حصہ جیسا کہ اوپر ذکر کیا گیا متبادل/بحالی بزنس پلان کے نفاذ کے لیے استعمال کیا جائے گا۔ 23 نومبر 2021 کو، آٹوموٹیو پلاسٹک (پرائیویٹ) لمیٹڈ (APPL) نے کمپنی کے انتظامی کنٹرول کے ساتھ 51% سے زیادہ عام حصص حاصل کرنے کے ارادے کا عوامی اعلان کیا۔ 27 جون 2022 کو، اے پی پی ایل اور کمپنی کے سپانسرز کے درمیان کمپنی کے 73.57 فیصد حصص کے حصول کے لیے حصص کی خریداری کے معاہدے پر دستخط کیے گئے۔ 30 جون 2022 کو، APPL نے کمپنی کے 1,057,181 عام حصص حاصل کرنے کی پیشکش کا عوامی اعلان کیا۔ 05 جولائی 2021 کو، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے کمپنیز ایکٹ 2017 کے سیکشن 301(m) کے ساتھ 304(b) کو پڑھتے ہوئے کے تحت بورڈ آف ڈائریکٹرز اور کمپنی کو کمپنی کی معطلی آپریشنز اور کمپنی کو ختم کرنے کی تجویز سے متعلق ایک شوکانہ نوٹس جاری کیا۔ تاہم، بعد ازاں کمپنی کی درخواست پر، 07 ستمبر 2022 کو، SECP نے شوکانہ نوٹس کی سماعت کے لیے 10 اکتوبر 2022 تک توسیع کی اجازت دی۔ مزید یہ کہ کمپنی کی جانب سے SECP اور PSX کو ماہانہ بنیادوں پر پیش رفت رپورٹ پیش کی جا رہی ہے۔ فی الحال یہ معاملہ زیر عمل ہے اور اگلے مالی سال کی پہلی ششماہی میں مکمل ہو جائے گا۔

مستقبل کے امکانات

کمپنی کے انتظامی کنٹرول کے ساتھ زیادہ تر حصص اے پی پی ایل کے ذریعہ رواں سال کی دوسری سہ ماہی کے اختتام سے پہلے حاصل کیے جا رہے ہیں،

کارپوریٹ گورننس کا ضابطہ:

ہماری کمپنی کارپوریٹ گورننس کو سنجیدگی سے لیتی ہے۔ کمپنی سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور پاکستان اسٹاک ایکسچینج کی پیروی کر رہی ہے اور اچھی کارپوریٹ گورننس کے ضابطہ اخلاق پر عمل پیرا ہے۔

بورڈ ملازمین اور انتظامیہ کی طرف سے پیش کی جانے والی وقف خدمات کو سراہتا ہے جس کا ثبوت کمپنی کی کارکردگی اور حاصل کردہ نتائج سے ملتا ہے اور وہ کمپنی کے اہداف اور مقاصد کے لیے مثبت کردار ادا کر رہے ہیں۔

آخر میں، میں اپنے شیئر ہولڈر کا بھی شکریہ ادا کرنا چاہوں گا کہ ان کی مسلسل حمایت اور کمپنی میں اعتماد۔ اوپر بیان کردہ حقائق کوئی امید افزا منظر پیش نہیں کرتے لیکن انتظامیہ آنے والے سالوں کے لیے منافع کمانے کے لیے اپنی کوششیں کر رہی ہے۔

بورڈ آف ڈائریکٹرز کے لیے اور جانب سے۔

نثار احمد شیخ

چیئر مین

تاریخ: 05 اکتوبر 2022

AEL TEXTILES LIMITED

DIRECTOR'S REPORT TO THE SHARE HOLDERS

The Directors of your Company place audited financial statements of your Company for the year ended June 30, 2022.

FINANCIAL RESULTS	2022 Rupees	2021 Rupees
SALES	-	2,927,129
COST OF GENERATION	(6,764,963)	(23,889 ,354)
GROSS LOSS	(6,764,963)	(20,962 ,225)
ADMINISTRATIVE EXPENSES	(7,478,498)	(8,048,681)
OTHER EXPENSES	(2,294,836)	(11,641,907)
OTHER INCOME	2,645,919	296,794
FINANCE COST	(1625)	(923)
LOSS BEFORE TAXATION	(40,356,942)	(40,356,942)
TAXATION	-	-
LOSS AFTER TAXATION	(13,894 ,003)	(40,956,942)
LOSS PER SHARE- BASIC AND DILUTED – RUPEES	(1.74)	(5.04)

REVIEW OF OPERATING RESULTS

Net sales for the year were Nil (2021: 2.927) and net loss is Rs.13.894 million (2021: net loss Rs. 40.357 million).

Losses and Future Prospects

Upon decision of the Board of Directors of the Company on 27 January 2022, members of the Company in an Extraordinary General Meeting (EOGM) held on 24 February 2022 approved to dispose of the Company's assets located at 35-Kilometers, Sheikhpura Road, Tehsil Jaranwala, District Faisalabad. Moreover it was also decided to initiate the implementation of the Alternate / Revival Business Plan for textile trading and manufacturing. The proceeds from the proposed disposal of the assets will be used to repay the current / non-current liabilities of the Company and the remaining portion will be utilized for the implementation of the Alternate / Revival Business Plan as mentioned above. On 23 November 2021, Automotive Plastics (Private) Limited (APPL), made a public announcement of intention to acquire more than 51% ordinary shares together with management control of the Company. On 27 June 2022, a share purchase

AEL TEXTILES LIMITED

agreement was signed between APPL and sponsors of the Company for the acquisition of 73.57% shares of the Company. On 30 June 2022, APPL made a public announcement of offer to acquire 1,057,181 ordinary shares of the Company. Moreover during the year ended 30 June 2022, the Company has loss after taxation of Rupees 13.894 million and has accumulated loss of Rupees 110.782 million as on 30 June 2022. On 05 July 2021, Securities and Exchange Commission of Pakistan (SECP) issued a show cause notice to the Board of Directors and to the Company under section 301(m) read with section 304(b) of the Companies Act, 2017 regarding Company's suspended operations and the proposed winding up of the Company. However, subsequently upon request of the Company, on 07 September 2022, SECP allowed extension for hearing of show cause notice uptill 10 October 2022. Moreover, the progress report are being submitted by the Company to SECP and PSX on monthly basis. Currently this matter is under process and will be completed in the first half of next financial year.

Material Changes during the year

No changes occur during the financial year (except as mentioned in above paragraph) as the company's operations remained temporarily closed during the year.

AUDITORS

The present Auditors M/S HLB Ijaz Tabassum Riaz Ahmad & Co., Chartered Accountants retire and being eligible, offer themselves for re-appointment.

CORPORATE GOVERNANCE

The statement of compliance of best practices of Code of Corporate Governance is annexed.

CORPORATE AND FINANCIAL REPORTING FRAME WORK:

The Directors are pleased to state that the Company is compliant with the provisions of the Code of Corporate Governance as required by Securities & Exchange Commission of Pakistan (SECP).

1. The financial statements prepared by the Management of your Company present fairly its state of affairs, the results of its operations, cash flow and changes in equity.
2. Proper books of accounts of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates, which are based on reasonable and prudent judgment.
4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements. The system of internal control is sound in design and has been effectively implemented and monitored.
5. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

AEL TEXTILES LIMITED

6. The system of internal control is sound in design and has been effectively implemented and monitored.
7. Key operating financial data of last six years in summarized form is annexed.
8. The company has established Employees Gratuity Un-funded. Annual provision has been made on actuarial valuation basis to cover obligation under the scheme for all employees eligible to gratuity benefits irrespective of the qualifying period.
9. Information about taxes and levies is given in the notes forming part of financial result.

Board

The composition of the board of Directors (the Board) is as follows:

Independent Director	Mr. Waseem Ashfaq Mr. Zeeshan Ahmad
Non-Executive Directors	Mr. Nisar Ahmad Sheikh Mr. Shahzad Ahmed Sheikh Mr. Shehryar Arshad
Executive Director	Mr. Muhammad Arshad
Female Director	Miss Resham Shahzad

During the year four meetings of the board of Directors were held. Directors' attendance in these meetings is as under:

<u>NAME OF DIRECTORS</u>	<u>MEETINGS ATTENDED</u>
Mr. Nisar Ahmad Sheikh	04
Mr. Muhammad Arshad	06
Mr. Shahzad Ahmad Sheikh	02
Mr. Shehryar Arshad	05
Ms. Resham Shahzad	06
Mr. Waseem Ashfaq	06
Mr. Zeeshan Ahmad	06*

**Appointed on September 17, 2021.*

Directors who did not attend the above meetings were granted leave of absence by the Board of Directors.

AUDIT COMMITTEE

The Board has formed Audit Committee. It comprises of two non-executive directors and one independent director who is the Chairman of the Committee. The Audit Committee held four (4) meetings during the year. Attendance by each member was as follows:

<u>NAME OF AUDIT COMMITTEE MEMBERS</u>	<u>MEETINGS ATTENDED</u>
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AEL TEXTILES LIMITED

Mr. Waseem Ashfaq	04
Mr. Shahzad Ahmed Sheikh	04
Mr. Shehryar Arshad	04

HR & REMUNERATION COMMITTEE

MEETINGS ATTENDED

HR & Remuneration Committee held one (1) meeting during the year. Attendance by each member was as follows:

Mr. Waseem Ashfaq	01
Mr. Shahzad Ahmed Sheikh	01
Ms. Resham Shahzad	01

MATTER OF EMPHASIS IN AUDITORS' REPORT

As illustrated in Note 1.1 to the financial statements, the company has prepared its financial statements on non-going concern basis due to non-operation during couple of years. The company will start its operations as early as the prices of electricity generation will become competitive.

IMPACT ON ENVIRONMENT

We work meticulously to reduce our environmental impacts from the procurement of raw materials to the generation of electricity.

Our environmental policy achieves the following objective:

- Improve the efficiency and sustainability of our business activities and products.
- Reduce wastes and prevent environmental pollution.
- Use energy and natural resources efficiently.

PRINCIPAL ACTIVITIES OF THE COMPANY

AEL Textiles Limited (the Company) is a public limited company incorporated in Pakistan on 20 February 1994 under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. The principal activity of the Company is generation and distribution of electricity.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company consider the following as key risks:

- Significant competition in international Furnace oil Prices;
- Depreciation of Pak Rupee against US Dollar;
- Non-availability of banking lines.

The Company is endeavoring internally as well as externally to cater with and mitigate the impact of aforesaid risks and uncertainties.

AEL TEXTILES LIMITED

LOSS PER SHARE

Loss per share during the period under report worked out to Rupees 1.74 (2021 Rupees 5.04) per share.

TRADING OF SHARES

Director, company secretary, chief financial officer, Head of internal Audit and their spouses and minor children has not purchased or sold shares during the year.

STATEMENT OF DIRECTOR'S RESPONSIBILITY

Board of Directors is mindful of its responsibilities and duties under legal and corporate frame work. The Board defines and establishes Company's overall objectives and directions and monitors status thereof. Short term and long term plans and business performance targets are set by Chief Executive under over all policy frame work of the Board.

DIVIDEND

The board of directors has not recommended any dividend for the year ended 30 June 2022 as the company could not earn profits.

PATTERN OF SHAREHOLDING

Pattern of shareholding as on June 30, 2022 is annexed.

ACKNOWLEDGEMENT:

The Board places on record its appreciation for the cooperation, commitment and hard work extended to the Company by the customers, suppliers, bankers and all the employees of the Company.



Muhammad Arshad
Chief Executive Officer

On behalf of the Board



Shehryar Arshad
Director

LAHORE.

Dated: October 05, 2022

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019
AEL TEXTILES LIMITED (formerly Arshad Energy Limited)
FOR THE YEAR ENDED 30 JUNE 2022

AEL Textiles Limited (the Company) has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations 2019 (the Regulations) in the following manner:

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

- a) Male: Six
- b) Female: One

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

Category	Name
Independent Directors*	Mr. Waseem Ashfaq Mr. Zeeshan Ahmad
Non-Executive Directors	Mr. Nisar Ahmad Sheikh Mr. Shahzad Ahmed Sheikh Mr. Shehryar Arshad
Executive Directors	Mr. Muhammad Arshad
Female Director	Miss Resham Shahzad

*The Company could not round up independent directors fraction due to challenges in inducting further independent directors. The Company will strive to fill this gap at the earliest.

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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Following directors have already attended director's training program
 - Miss Resham Shahzad
 - Mr. Shehryar Arshad
 - Mr. Zeeshan Ahmad

Moreover, following Directors meet the exemption criteria of minimum of 14 years of education and 15 years of experience on the Boards of listed companies, hence are exempt from Directors' training program

- Mr. Nisar Ahmad Sheikh
- Mr. Shahzad Ahmed Sheikh
- Mr. Muhammad Arshad

10. The Board has approved the appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment and employment and complied with relevant requirements of the regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

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

a) Audit Committee

Names	Designation held
- Mr. Waseem Ashfaq	Chairman
- Mr. Shahzad Ahmed Sheikh	Member
- Mr. Shehryar Arshad	Member

b) HR and Remuneration Committee

Names	Designation held
- Mr. Waseem Ashfaq	Chairman
- Mr. Shahzad Ahmed Sheikh	Member
- Miss. Resham Shahzad	Member

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

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

a) Audit Committee: Four quarterly meetings during the financial year ended June 30, 2022

b) HR and Remuneration Committee: One meeting during the financial year ended June 30, 2022

15. The Board has set up an effective internal audit function, which 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 ("the ICAP") and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not 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 the Regulations 3,6,7,8,27,32,33 and 36 have been complied with.

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

Sr. No.	Requirement	Explanation of Non-Compliance	Regulation Number
1	Directors' Training It is encouraged that by 30 June 2022 all directors on the board have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it.	As per the Chapter VI 19 (iii) (Director Training Program). The independent Director Mr. Waseem Ashfaq did not attend the director's training program due to tight schedule. However, Company is arranging director's training program as early as possible.	19(1)
2	Nomination Committee The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	Due to closed operations of the Company and limited staff board has not constituted nomination Committee separately.	29
3	Risk Management Committee The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	Due to closed operations of the Company and limited staff board has not constituted risk management Committee separately.	30
4	Disclosure of significant policies on website The Company may post key elements of its significant policies, brief synopsis of terms of reference of the Board's committees on its website and key elements of the directors' remuneration policy. Disclosure of significant policies on website.	The Company will upload the required policies and terms of references to comply these requirements soon.	35



(Mr. Nisar Ahmad Sheikh)

Chairman



(Mr. Muhammad Arshad)

Chief Executive Officer

Date: October 05, 2022

AEL TEXTILES LIMITED

Particulars	OPERATING AND FINANCIAL DATA OF LAST SIX YEARS						
	2022	2021	2020	2019	2018	2017	2016
Financial Position							
Paid up Capital	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000
Capital Reserve Share Premium	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000
Revenue Reserve	(146,902,431)	(146,902,431)	(107,497,443)	(81,453,928)	(63,903,045)	(45,949,325)	(58,279,352)
Fixed Assets at cost /Revalued	-	458,700,728	439,384,922	435,464,493	431,103,243	424,091,710	413,478,989
Accumulated Depreciation	-	292,602,757	287,072,332	280,932,077	274,585,417	268,060,238	261,465,861
long term Deposits	-	10,550	10,550	10,550	10,550	10,550	10,550
Deffered Liabilities	-	7,836,878	7,635,280	5,440,765	3,837,695	3,394,052	2,888,853
Current Assets	82,511,852	14,948,359	31,271,563	35,772,116	37,166,371	51,096,382	47,762,076
Current Liabilities	18,885,106	77,442,929	69,841,763	60,617,753	50,544,583	48,539,895	52,651,332
INCOME							
Sale	-	2,927,129	-	6,252,057	227,473,076	241,919,510	235,990,952
Other Income	2,645,919	296,794	831,761	1,883,539	1,299,869	3,941,801	5,951,186
Statistics and Ratios							
current Ratio	4.37:1	0.19:1	0.45:1	0.59:1	0.74:1	1.05:1	0.90:1
Paid up value per Share	10	10	10	10	10	10	10
Earning par Share/(Loss Par Share	(1.74)	(5.04)	(3.23)	(1.96)	(2.39)	1.40	1.41
Cash Dividend						-	-
Generation (Mega Watt Hours)							
	0	0.145	0	351	20,677	22,585	24,873



IJAZ TABUSSUM & CO.
Chartered Accountants

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of AEL Textiles Limited (formerly Arshad Energy 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 AEL Textiles Limited (formerly Arshad Energy Limited) (the Company) for the year ended 30 June 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

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


HLB IJAZ TABASSUM & COMPANY
CHARTERED ACCOUNTANTS
UDIN: CR202210189yQmIDz3e1



PLACE: Lahore
DATE: October 07, 2022

hlbitc.com

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IJAZ TABUSSUM & CO.
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To the members of AEL Textiles Limited (formerly Arshad Energy Limited)
Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 1.1 to the financial statements, which states that the Company is no longer a going concern, therefore, the financial statements have been prepared on the basis of estimated realizable / settlement values of assets and liabilities respectively. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

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IJAZ TABUSSUM & CO.
Chartered Accountants

Following is the key audit matter:

Sr. No.	Key audit matter	How the matter was addressed in our audit
1.	<p>Non-going concern basis of accounting</p> <p>The Company is no longer a going concern, therefore, these financial statements have been prepared on the basis of estimated realizable / settlement values of assets and liabilities respectively. Estimated realizable / settlement values are based on the management's best estimate. Estimation involves judgments based on the latest available and reliable information, historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In future, these estimates may need revision if changes occur in the circumstances on which the estimates are based or as a result of new information. Hence, the ultimate values at which assets will be realized and liabilities will be settled may be different from those carried in the financial statements. Therefore, we identified preparation of financial statements using the non-going concern basis of accounting as a key audit matter specially with reference to the estimates and judgments associated with the determination of estimated realizable / settlement values of assets and liabilities respectively.</p> <p>For further information, refer to summary of significant accounting policies, Note 2.1(b) and 2.1(c) to the financial statements.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none">• We checked compliance with "Guideline on the Basis of Preparation of Financial Statements for Companies that are Not Considered Going Concern" issued by The Institute of Chartered Accountants of Pakistan.• We tested how management made the estimate of realizable / settlement values of assets and liabilities respectively and the data on which it is based.• We tested the operating effectiveness of the controls over how the management made the estimate, together with appropriate substantive procedures.• We considered events occurring up to the date of our report to obtain audit evidence regarding the estimate.• We confirmed that any upsides in the carrying amounts of assets have been properly calculated and disclosed in the financial statements and not recognized in the statement of profit or loss.



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Chartered Accountants

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. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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IJAZ TABUSSUM & CO.
Chartered Accountants

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) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Other Matter

The financial statements of the Company for the year ended 30 June 2021 were audited by another firm of Chartered Accountants whose auditor's report dated 30 September 2021 expressed unmodified opinion.

The engagement partner on the audit resulting in this independent auditor's report is Mrs. Saira Muddassar.

HLB IJAZ TABASSUM & COMPANY
CHARTERED ACCOUNTANTS
UDIN: AR202210189nX5Ke7Ocv



PLACE: Lahore
DATE: October 07, 2022

AEL TEXTILES LIMITED
(formerly Arshad Energy Limited)
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	NOTE	2022 RUPEES	2021 RUPEES	ASSETS	NOTE	2022 RUPEES	2021 RUPEES
EQUITY AND LIABILITIES							
SHARE CAPITAL AND RESERVES							
Authorized share capital							
10 000 000 (2021: 10 000 000) ordinary shares of Rupees 10 each		100,000,000	100,000,000				
Issued, subscribed and paid up share capital							
8 000 000 (2021: 8 000 000) ordinary shares of Rupees 10 each	3	80,000,000	80,000,000				
Reserves							
Capital reserves							
Premium on issue of right shares	4	80,000,000	80,000,000				
Surplus on revaluation of property, plant and equipment	5	80,000,000	143,358,539				
Revenue reserve							
General reserve		14,408,600	14,408,600				
Total reserves		94,408,600	157,767,139				
Accumulated loss		(110,781,854)	(161,311,031)				
Total equity		63,626,746	76,456,108				
LIABILITIES							
NON CURRENT LIABILITY							
Staff retirement gratuity	6	-	7,836,878				
CURRENT LIABILITIES							
Trade and other payables	7	10,508,758	11,051,581				
Unclaimed dividend	8	31,348	31,348				
Short term borrowings	6	8,345,000	66,360,000				
Current portion of non-current liability		18,885,106	77,442,929				
TOTAL LIABILITIES		18,885,106	85,279,807				
CONTINGENCIES AND COMMITMENTS							
TOTAL EQUITY AND LIABILITIES		82,511,852	161,735,915				

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


CHIEF EXECUTIVE OFFICER


DIRECTOR

TOTAL ASSETS

82,511,852	161,735,915
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CHIEF FINANCIAL OFFICER

-	5,640,000
-	22,843
-	24,600
-	78,490
80,326,921	8,244,038
2,184,931	938,388
82,511,852	14,948,359

CURRENT ASSETS

Stores, spare parts and loose tools	11
Stock of oil and lubricants	12
Advance income tax	13
Loans and advances	14
Other receivables	15
Cash and bank balances	16

AEL TEXTILES LIMITED
(formerly Arshad Energy Limited)
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 RUPEES	2021 RUPEES
SALES		-	2,927,129
COST OF GENERATION	17	(6,764,963)	(23,889,354)
GROSS LOSS		<u>(6,764,963)</u>	<u>(20,962,225)</u>
ADMINISTRATIVE EXPENSES	18	(7,478,498)	(8,048,681)
OTHER EXPENSES	19	(2,294,836)	(11,641,907)
OTHER INCOME	20	2,645,919	296,794
FINANCE COST	21	(1,625)	(923)
LOSS BEFORE TAXATION		<u>(13,894,003)</u>	<u>(40,356,942)</u>
TAXATION	22	-	-
LOSS AFTER TAXATION		<u><u>(13,894,003)</u></u>	<u><u>(40,356,942)</u></u>
LOSS PER SHARE - BASIC AND DILUTED - RUPEES	24	<u><u>(1.74)</u></u>	<u><u>(5.04)</u></u>

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


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

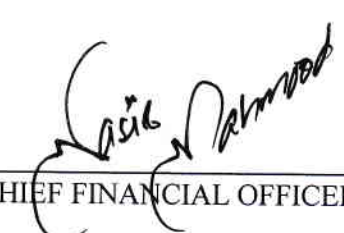
AEL TEXTILES LIMITED
(formerly Arshad Energy Limited)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	2022 RUPEES	2021 RUPEES
LOSS AFTER TAXATION	(13,894,003)	(40,356,942)
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Increase in surplus on revaluation of property, plant and equipment - net	932,779	19,315,806
Remeasurements of staff retirement gratuity	131,862	246,454
	1,064,641	19,562,260
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the year	1,064,641	19,562,260
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(12,829,362)	(20,794,682)

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


 CHIEF EXECUTIVE OFFICER


 DIRECTOR


 CHIEF FINANCIAL OFFICER

AEL TEXTILES LIMITED
(formerly Arshad Energy Limited)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

SHARE CAPITAL	RESERVES				TOTAL	ACCUMULATED LOSS	TOTAL EQUITY
	CAPITAL RESERVES		REVENUE RESERVE	General			
	Premium on issue of right shares	Surplus on revaluation of property, plant and equipment					
----- RUPEES -----							
80,000,000	80,000,000	44,748,233	124,748,233	14,408,600	139,156,833	(121,906,043)	97,250,790
-	-	(705,500)	(705,500)	-	(705,500)	705,500	-
-	-	-	-	-	-	(40,356,942)	(40,356,942)
-	-	19,315,806	19,315,806	-	19,315,806	246,454	19,562,260
-	-	19,315,806	19,315,806	-	19,315,806	(40,110,488)	(20,794,682)
80,000,000	80,000,000	63,358,539	143,358,539	14,408,600	157,767,139	(161,311,031)	76,456,108
-	-	(335,290)	(335,290)	-	(335,290)	335,290	-
-	-	(63,956,028)	(63,956,028)	-	(63,956,028)	63,956,028	-
-	-	-	-	-	-	(13,894,003)	(13,894,003)
-	-	932,779	932,779	-	932,779	131,862	1,064,641
-	-	932,779	932,779	-	932,779	(13,762,141)	(12,829,362)
80,000,000	80,000,000	-	80,000,000	14,408,600	94,408,600	(110,781,854)	63,626,746

Balance as at 01 July 2020

Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation

Loss for the year

Other comprehensive income for the year

Total comprehensive loss for the year

Balance as at 30 June 2021

Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation

Transfer from surplus on disposal of property, plant and equipment

Loss for the year

Other comprehensive income for the year

Total comprehensive loss for the year

Balance as at 30 June 2022

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


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

AEL TEXTILES LIMITED
(formerly Arshad Energy Limited)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 RUPEES	2021 RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	25	(4,296,876)	(6,993,044)
Staff retirement gratuity paid		(235,000)	(939,221)
Net cash used in operating activities		<u>(4,531,876)</u>	<u>(7,932,265)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		<u>72,138,419</u>	<u>-</u>
Net cash from investing activities		72,138,419	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		<u>(66,360,000)</u>	<u>8,350,000</u>
Net cash (used in) / from financing activities		<u>(66,360,000)</u>	<u>8,350,000</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,246,543	417,735
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		938,388	520,653
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 16)		<u><u>2,184,931</u></u>	<u><u>938,388</u></u>

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


 CHIEF EXECUTIVE OFFICER


 DIRECTOR


 CHIEF FINANCIAL OFFICER

AEL TEXTILES LIMITED
(formerly Arshad Energy Limited)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

1. THE COMPANY AND ITS OPERATIONS

AEL Textiles Limited (formerly Arshad Energy Limited) (the Company) is a public limited company incorporated in Pakistan on 20 February 1994 under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited (PSX). Its registered office is situated at Room No. 404 and 405, 4th Floor, Business Centre, Mumtaz Hassan Road, Karachi, Sindh. The name of the Company has been changed from Arshad Energy Limited to AEL Textiles Limited on 01 April 2022. The principal activity of the Company was generation and distribution of electricity which has been changed with dealing and trading of Textile products and materials. Head office of the Company is located at 16th Floor, Tricon Corporate Center, Gulberg-II, Lahore, Punjab.

1.1 Non-going concern basis of accounting

Upon decision of the Board of Directors of the Company on 27 January 2022, members of the Company in an Extraordinary General Meeting (EOGM) held on 24 February 2022 approved to dispose of the Company's assets located at 35-Kilometers, Sheikhpura Road, Tehsil Jaranwala, District Faisalabad. Moreover it was also decided to initiate the implementation of the Alternate / Revival Business Plan for textile trading and manufacturing. The proceeds from the proposed disposal of the assets will be used to repay the current / non-current liabilities of the Company and the remaining portion will be utilized for the implementation of the Alternate / Revival Business Plan as mentioned above. On 23 November 2021, Automotive Plastics (Private) Limited (APPL), made a public announcement of intention to acquire more than 51% ordinary shares together with management control of the Company in accordance with the provisions of Securities Act, 2015 and Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017. On 27 June 2022, a share purchase agreement was signed between APPL and sponsors of the Company for the acquisition of 73.57% shares of the Company. On 30 June 2022, APPL made a public announcement of offer to acquire 1,057,181 ordinary shares of the Company. Then subsequent to reporting date, on 14 August 2022, offer letters were dispatched along with the acceptance forms to all shareholders of the Company except sponsors. Currently this matter is under process and will be completed in the first half of next financial year. Moreover during the year ended 30 June 2022, the Company has loss after taxation of Rupees 13,894 million and has accumulated loss of Rupees 110,782 million as on 30 June 2022. On 05 July 2021, Securities and Exchange Commission of Pakistan (SECP) issued a show cause notice to the Board of Directors and to the Company under section 301(m) read with section 304(b) of the Companies Act, 2017 regarding Company's suspended operations and the proposed winding up of the Company. However, subsequently upon request of the Company, on 07 September 2022, SECP allowed extension for hearing of show cause notice uptill 10 October 2022. Moreover, the progress report are being submitted by the Company to SECP and PSX on monthly basis. Furthermore as per Notice no. PSX/N-1318 dated 26 November 2020 issued by PSX, the Company's shares were placed on the defaulters' segment due to suspended commercial production / business operations in its principal line of business for a continuous period of one year and due to the show cause for winding up issued by SECP.

Therefore, in view of the aforesaid reasons, the Company is not considered a going concern. These financial statements have been prepared using the non-going concern basis of accounting on the basis of estimated realizable / settlement values of the assets and liabilities respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

2.1 Basis of preparation

a) 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 (IFRSs) 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 IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

b) Accounting convention

These financial statements have been prepared using the non-going concern basis of accounting on the basis of estimated realizable / settlement values of the assets and liabilities respectively. In realizable / settlement value basis, assets are carried at amount of cash and cash equivalents that could currently be obtained by selling the assets in an orderly disposal. Liabilities are carried at their settlement values, which are the undiscounted amounts of cash or cash equivalents expected to be paid to satisfy the liabilities in the normal course of business.

c) Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

- i) Realizable / settlement values of assets and liabilities respectively
- ii) Provisions
- iii) Employees' retirement benefit

The Company started preparing its financial statements using the non-going concern basis of accounting on the basis of estimated realizable / settlement values of the assets and liabilities respectively from the year ended 30 June 2014 and recorded adjustments to account for differences between the Company's recognized assets and the measurement of its assets and liabilities (including measurement changes resulting from changes in assumptions). Subsequently, at each reporting date the Company re-measures its assets and liabilities to reflect changes in value since the previous date. Hence during the current financial year ended 30 June 2022, the Company has recognized provision for doubtful advance income tax of Rupees 24,600 (Note 13) in these financial statements.

There is no upside which is not recognized in the profit or loss on assets during the year. Moreover, the Company have no items that it plans to sell that the Company have not previously recognized in these financial statements.

d) Amendments to published approved accounting standards that are effective in current year but not relevant to the Company

There are amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2021 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

e) Amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2022 or later periods:

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 01 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as noncurrent by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply these amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets') effective for the annual period beginning on or after 01 January 2022 amends IAS 1 'Presentation of Financial Statements' by mainly adding paragraphs which clarify what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Disclosure of Accounting Policies (Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgement') effective for annual periods beginning on or after 01 January 2023. These amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Earlier, IAS 1 stated that an entity shall disclose its 'significant accounting policies' in their financial statements. These amendments shall assist the entities to disclose their 'material accounting policies' in their financial statements.

Change in definition of Accounting Estimate (Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors') effective for annual periods beginning on or after 01 January 2023. This change replaced the definition of Accounting Estimate with a new definition, intended to help entities to distinguish between accounting policies and accounting estimates.

The above amendments and improvements are likely to have no significant impact on the financial statements.

f) Standards and amendments to approved published standards that are not yet effective and not considered relevant to the Company

There are other standards and amendments to published approved standards that are mandatory for accounting periods beginning on or after 01 July 2022 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Staff retirement benefit

The Company operates defined benefit plan - unfunded gratuity scheme for its permanent employees. The net defined benefit liability recognized in the statement of financial position is the present value of the defined benefit obligation computed at the reporting date. The liability relating to defined benefit plan is determined through actuarial valuation using the Projected Unit Credit Method. Latest actuarial valuation has been carried on 30 June 2022.

Remeasurement changes which comprise actuarial gains and losses are recognized in the statement of financial position immediately, with a charge or credit to other comprehensive income in the period of occurrence.

2.3 Inventories

These are valued at the lower of moving average cost and net realizable value. Items considered obsolete are carried at nil value and items in transit are valued at cost comprising invoice value plus other charges paid thereon. Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make a sale.

2.4 Taxation

Current

The Company's profits and gains derived from electric power generation projects were exempt from levy of income tax under clause 132 of Part-I of the second schedule of the Income Tax Ordinance, 2001 (the Ordinance). However after change of business line from power sector to textiles sector as mentioned in Note 1, in future the above mentioned clause of the Ordinance will not be applicable.

Deferred

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

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.5 Functional and presentation currency along with foreign currency transactions and translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

2.6 Property, plant, equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any identified impairment loss, except those subject to revaluation which are stated at revalued amount less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount less any identified impairment loss. Cost of property, plant and equipment consists of historical cost and other directly attributable costs of bringing the assets to working condition.

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

Increases in the carrying amounts arising on revaluation of property, plant and equipment are recognized in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in the statement of profit or loss, the increase is first recognized in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the assets charged to the statement of profit or loss and depreciation based on the asset's original cost, is reclassified from surplus on revaluation of property, plant and equipment to accumulated loss. Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Depreciation

Depreciation on property, plant and equipment is charged to statement of profit or loss applying the reducing balance method so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in Note 10. The Company charges the depreciation on additions from the month of acquisition and on deletions up to the month preceding the disposal when the asset is de-recognized. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

Capital work-in-progress

Capital work-in-progress is stated at cost less any recognized impairment loss and is transferred to the property, plant and equipment as and when asset is available for use.

De-recognition

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

2.7 Revenue from contracts with customers

i) Revenue recognition

Revenue from the sale of goods is recognized at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

ii) Contract assets

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due. Contract assets are treated as financial assets for impairment purposes.

iii) Contract liabilities

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs its performance obligations under the contract.

2.8 Financial Instruments

i) Classification and measurement of financial instruments

a) Classification

The Company classifies its financial assets and financial liabilities at amortized cost.

The classification depends on the Company's business model for managing the financial assets and financial liabilities and the contractual terms of the cash flows.

b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments at amortized cost. Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Financial liabilities are subsequently measured at amortized cost using the effective interest method. Any gain or loss arising on de-recognition is recognized directly in profit or loss and presented in other income / (other expenses).

ii) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts and other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

iii) **De-recognition of financial assets and financial liabilities**

Financial assets

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

Financial liabilities

The Company de-recognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expired.

iv) **Offsetting of financial instruments**

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legal enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

2.9 Trade debts and other receivables

Trade debts are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses.

Other receivables are recognized at amortized cost, less any allowance for expected credit losses.

2.10 Borrowings

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost using the effective interest method.

2.11 Share capital

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

2.12 Trade and other payables

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

2.13 Provisions

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

2.14 Earnings / (loss) per share

The Company presents Earnings Per Share (EPS) or Loss Per Share (LPS) data for its ordinary shares. EPS / LPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

2.15 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment losses are restricted to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if impairment losses had not been recognized. An impairment loss or reversal of impairment loss is recognized in the statement of profit or loss.

2.16 Cash and cash equivalents

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

2.17 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

This represents 8 000 000 (2021: 8 000 000) ordinary shares of Rupees 10 each fully paid up in cash. 373 750 (2021: 373 750) ordinary shares of the Company are held by Arshad Textile Mills Limited - an associated company.

4. PREMIUM ON ISSUE OF RIGHT SHARES

This reserve can be utilized by the Company only for the purposes specified in section 81 of the Companies Act, 2017.

5. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	2022 RUPEES	2021 RUPEES
Surplus on revaluation of property, plant and equipment as at 01 July	63,358,539	44,748,233
Increase in surplus on revaluation of property, plant and equipment - net	932,779	19,315,806
	64,291,318	64,064,039
Less:		
Transferred to accumulated loss in respect of incremental depreciation charged during the year	335,290	705,500
Transferred to accumulated loss in respect of disposal of property, plant and equipment	63,956,028	-
	64,291,318	705,500
	-	63,358,539

- 5.1 This represented surplus resulting from revaluation of freehold land and buildings thereon carried out on 29 December 2021 by Messrs Impulse (Private) Limited using current market rates. Previously revaluations were carried out by independent valuers on 30 June 2021, 30 June 2020, 30 June 2019, 30 June 2018, 30 June 2017, 30 June 2016 and 30 June 2014.

6. STAFF RETIREMENT GRATUITY

Opening balance	7,836,878	7,635,280
Charge for the year (Note 6.1)	874,984	1,387,273
Retirement benefit paid	(235,000)	(939,221)
Remeasurements chargeable in other comprehensive income (Note 6.2)	(131,862)	(246,454)
Closing balance	8,345,000	7,836,878
Current portion shown under current liabilities	8,345,000	-
	-	7,836,878

6.1 Charge for the year

Current service cost	625,820	778,191
Gain arising on plan settlement	(105,524)	-
Interest cost	354,688	609,082
	874,984	1,387,273

6.2 Remeasurements chargeable in other comprehensive income

Actuarial losses from changes in financial assumptions	5,279	1,557
Experience adjustments	(137,141)	(248,011)
	(131,862)	(246,454)

	2022	2021
6.3 Significant actuarial assumptions used		
Discount rate for interest cost in profit or loss charge (per annum)	10.00%	8.50%
Discount rate for year end obligation (per annum)	13.25%	10.00%
Expected rate of increase in salary (per annum)	12.25%	9.00%
Average duration of the benefit (years)	-	1
Mortality rates	SLIC 2001-05 set back 1 year	SLIC 2001-05 set back 1 year
Withdrawal rates	Age based	Age based
Retirement assumption	Age 60	Age 60

- 6.4** As decided by the management of the Company, the staff retirement gratuity will be settled as at 30 June 2022 and will be paid to the remaining employees of the Company during the next financial year. Therefore there is no duration of the benefit and no estimated expenses for the next year.

6.5 Risk associated with the scheme

a) Final salary risk (linked to inflation risk)

The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

b) Demographic risks

Mortality risk

The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

Withdrawal risk

The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

	2022 RUPEES	2021 RUPEES
7. TRADE AND OTHER PAYABLES		
Creditors (Note 7.1)	9,680,166	9,816,840
Accrued liabilities	781,186	887,660
Income tax deducted at source	47,406	154,330
Sales tax payable	-	192,751
	<u>10,508,758</u>	<u>11,051,581</u>

- 7.1** These include Rupees 9.680 million (2021: Rupees 9.716 million) due to associated companies / undertaking.

8. SHORT TERM BORROWINGS

Unsecured

From directors (Note 8.1)	<u>-</u>	<u>66,360,000</u>
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- 8.1** These represented interest free loans obtained from directors of the Company to meet the Company's working capital requirements. These loans have been fully repaid during the year.

9. CONTINGENCIES AND COMMITMENTS

There was no contingent liability and commitment as at 30 June 2022 (2021: Rupees Nil).

10. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings on freehold land	Plant and machinery	Factory equipment	Electric Installations	Office equipment	Computers	Electric appliances	Furniture and fittings	Vehicles	Total
RUPEES											
At 30 June 2020											
Cost / revalued amount	33,536,250	59,305,957	337,364,868	248,147	6,540,882	227,030	273,280	635,821	352,873	899,814	439,384,922
Accumulated depreciation	-	(38,355,672)	(240,197,990)	(230,362)	(6,044,796)	(206,486)	(263,576)	(554,511)	(319,713)	(899,218)	(287,072,324)
Impairment loss	-	-	(8,866,878)	-	-	-	-	-	-	-	(8,866,878)
Net book value	33,536,250	20,950,285	88,300,000	17,785	496,086	20,544	9,704	81,310	33,160	596	143,445,720
Year ended 30 June 2021											
Opening net book value	33,536,250	20,950,285	88,300,000	17,785	496,086	20,544	9,704	81,310	33,160	596	143,445,720
Effect of surplus on revaluation	19,308,750	117,969	(110,913)	-	-	-	-	-	-	-	19,315,806
Depreciation charge	-	(1,047,514)	(4,415,000)	(1,779)	(49,609)	(2,054)	(2,911)	(8,131)	(3,316)	(119)	(5,530,433)
Impairment loss	-	-	(10,454,087)	-	-	-	-	-	-	-	(10,454,087)
Closing net book value	52,845,000	20,020,740	73,320,000	16,006	446,477	18,490	6,793	73,179	29,844	477	146,777,006
At 30 June 2021											
Cost / revalued amount	52,845,000	59,423,926	337,253,955	248,147	6,540,882	227,030	273,280	635,821	352,873	899,814	458,700,728
Accumulated depreciation	-	(39,403,186)	(244,612,990)	(232,141)	(6,094,405)	(208,540)	(266,487)	(562,642)	(323,029)	(899,337)	(292,602,757)
Impairment loss	-	-	(19,320,965)	-	-	-	-	-	-	-	(19,320,965)
Net book value	52,845,000	20,020,740	73,320,000	16,006	446,477	18,490	6,793	73,179	29,844	477	146,777,006
Year ended 30 June 2022											
Opening net book value	52,845,000	20,020,740	73,320,000	16,006	446,477	18,490	6,793	73,179	29,844	477	146,777,006
Effect of surplus on revaluation	-	932,779	-	-	-	-	-	-	-	-	932,779
Disposals:											
Cost / revalued amount	(52,845,000)	(60,356,705)	(337,253,955)	(248,147)	(6,540,882)	(227,030)	(273,280)	(635,821)	(352,873)	(899,814)	(459,633,507)
Accumulated depreciation	-	39,903,705	246,445,990	232,941	6,116,729	209,464	267,505	566,301	324,521	899,385	294,966,541
Impairment loss	-	-	19,320,965	-	-	-	-	-	-	-	19,320,965
Depreciation charge	(52,845,000)	(20,453,000)	(71,487,000)	(15,206)	(424,153)	(17,566)	(5,775)	(69,520)	(28,352)	(429)	(145,346,001)
Closing net book value	-	(500,519)	(1,833,000)	(800)	(22,324)	(924)	(1,018)	(3,659)	(1,492)	(48)	(2,363,784)
At 30 June 2022											
Cost	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-
Impairment loss	-	-	-	-	-	-	-	-	-	-	-
Net book value	-	-	-	-	-	-	-	-	-	-	-
Annual rate of depreciation (%)	-	5	5	10	10	10	30	10	10	20	

Nash

10.1

Detail of operating fixed assets, exceeding the book value of Rupees 500,000, disposed of during the year is as follows:

Description	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchasers
Freehold land							
30 kanals land located at 35-Kilometers, Sheikhpura Road, Tehsil Jaranwala, District Faisalabad	39,000,000	-	39,000,000	40,500,000	1,500,000	Negotiation	Arshad Textile Mills Limited, a related party
10 kanals 3 marlas land located at 35-Kilometers, Sheikhpura Road, Tehsil Jaranwala, District Faisalabad	13,845,000	-	13,845,000	14,377,500	532,500	Negotiation	Arshad Corporation (Private) Limited, a related party
	52,845,000	-	52,845,000	54,877,500	2,032,500		
Building on freehold land (26 362 Square feet)							
	60,356,705	39,903,705	20,453,000	21,000,000	547,000	Negotiation	Arshad Textile Mills Limited, a related party
Plant and machinery							
03 Nos Nigata engines (4MW each) alongwith ancillary equipment	337,253,955	265,766,955	71,487,000	71,000,000	(487,000)	Negotiation	Arshad Textile Mills Limited, a related party
	450,455,660	305,670,660	144,785,000	146,877,500	2,092,500		
	9,177,847	8,616,846	561,001	680,000	118,999		
Aggregate value of assets having individual book values not exceeding Rupees 500,000	459,633,507	314,287,506	145,346,001	147,557,500	2,211,499		

	2022 RUPEES	2021 RUPEES
10.2 Depreciation charge for the year has been allocated as follows:		
Cost of generation (Note 17)	2,360,302	5,522,033
Administrative expenses (Note 18)	3,482	8,400
	<u>2,363,784</u>	<u>5,530,433</u>
10.2.1 Depreciation on property, plant and equipment was charged uptill December 2021 due to the decision of the BOD of the Company on 27 January 2022 to dispose of the property, plant and equipment of the Company. This decision was subsequently approved by the members of the Company in EOGM on 24 February 2022 as disclosed in Note 1.1.		
11. STORES, SPARE PARTS AND LOOSE TOOLS		
Stores	-	747,987
Spare parts	-	18,995,789
Loose tools	-	14,286
	<u>-</u>	<u>19,758,063</u>
Less: Provision for slow moving and obsolete stores, spare parts and loose tools (Note 11.1)	-	14,118,063
	<u>-</u>	<u>5,640,000</u>
11.1 Provision for slow moving and obsolete stores, spare parts and loose tools		
Balance as on 01 July	14,118,063	8,838,280
Provision during the year	-	5,279,783
	<u>14,118,063</u>	<u>14,118,063</u>
Less: Reversal during the year	(14,118,063)	-
Balance as on 30 June	<u>-</u>	<u>14,118,063</u>
11.2 Entire stores, spare parts and loose tools have been disposed of during the year against consideration of Rupees 3.419 million. The provision for slow moving stores, spare parts and loose tools has been adjusted with book value of stores, spares and loose tools and net amount of Rupees 2.221 million is shown as loss on disposal of stores, spare parts and loose tools.		
12. STOCK OF OIL AND LUBRICANTS		
Lube oils	<u>-</u>	<u>22,843</u>
13. ADVANCE INCOME TAX		
Advance income tax	2,292,151	2,292,151
Provision for doubtful advance income tax:		
As at 01 July	2,267,551	369,030
Add: Provision made during the year (Note 19)	24,600	1,898,521
	<u>2,292,151</u>	<u>2,267,551</u>
As at 30 June	<u>-</u>	<u>24,600</u>
14. LOANS AND ADVANCES		
Considered good:		
Employees - interest free		
against salary	-	5,500
against expenses	-	55,505
	-	61,005
Advances to suppliers / service provider	-	17,485
	<u>-</u>	<u>78,490</u>

	2022 RUPEES	2021 RUPEES
15. OTHER RECEIVABLES		
Considered good:		
Sales tax refundable	5,228,882	5,931,080
Due from related parties (Note 15.1)	75,419,081	-
Receivable against sale of oil and lubricants	30,000	3,360,000
Receivable against disposal of property, plant and equipment	696,000	-
	81,373,963	9,291,080
Less: Provision for doubtful other receivables	(1,047,042)	(1,047,042)
	<u>80,326,921</u>	<u>8,244,038</u>
15.1 These include amounts receivable from following related parties:		
Arshad Textile Mills Limited, a related party	75,319,081	-
Mr. Bakhtiar Naseem, Executive	100,000	-
	<u>75,419,081</u>	<u>-</u>
15.2 The amounts due from the related parties are past due but not impaired. The ageing analysis of these balances as follows:		
Upto 1 month	<u>75,419,081</u>	<u>-</u>
15.3 The maximum aggregate amounts receivable from related parties at the end of any month during the year was as follows:		
Arshad Textile Mills Limited, a related party	<u>75,319,081</u>	<u>-</u>
Mr. Bakhtiar Naseem, Executive	<u>100,000</u>	<u>-</u>
16. CASH AND BANK BALANCES		
at banks:		
On current accounts	2,096,802	902,033
Cash in hand	88,129	36,355
	<u>2,184,931</u>	<u>938,388</u>
17. COST OF GENERATION		
Oil and lubricants consumed	-	3,433,790
Electricity duty	-	28,981
Salaries and other benefits	4,026,672	3,243,618
Staff retirement benefit	377,989	599,296
Stores, spare parts and loose tools consumed	-	607,549
Impairment loss on plant and machinery	-	10,454,087
Depreciation (Note 10.2)	2,360,302	5,522,033
	<u>6,764,963</u>	<u>23,889,354</u>

		2022 RUPEES	2021 RUPEES
18.	ADMINISTRATIVE EXPENSES		
	Salaries and other benefits	3,510,364	2,863,304
	Staff retirement benefit	496,995	787,977
	Postage and telephone	20,502	23,637
	Vehicles' running	925,970	657,688
	Traveling and conveyance	231,960	217,361
	Printing and stationery	23,330	15,986
	Repair and maintenance	-	2,500
	Entertainment	44,258	20,826
	Legal and professional	166,296	239,900
	Fee and subscription	1,150,782	893,231
	Auditor's remuneration (Note 18.1)	225,000	225,000
	Insurance	34,340	23,220
	Depreciation (Note 10.2)	3,482	8,400
	Utilities	645,219	2,067,092
	Others	-	2,559
		<u>7,478,498</u>	<u>8,048,681</u>
18.1	Auditor's remuneration		
	Audit fee	150,000	150,000
	Half yearly review	25,000	25,000
	Other certifications	50,000	50,000
		<u>225,000</u>	<u>225,000</u>
19.	OTHER EXPENSES		
	Provision for slow moving and obsolete stores, spare parts and loose tools	-	5,279,783
	Loans and advances written off	38,489	74,009
	Security deposit written off	10,550	-
	Provision for doubtful advance income tax (Note 13)	24,600	1,898,521
	Loss on disposal of stock of oil and lubricants	-	4,322,926
	Loss on disposal of stores, spare parts and loose tools	2,221,197	66,668
		<u>2,294,836</u>	<u>11,641,907</u>
20.	OTHER INCOME		
	Income from non-financial assets		
	Credit balances written back	432,263	296,794
	Gain on disposal of property, plant and equipment	2,211,499	-
	Gain on disposal of stock of oil and lubricants	2,157	-
		<u>2,645,919</u>	<u>296,794</u>
21.	FINANCE COST		
	Bank charges and commission	<u>1,625</u>	<u>923</u>

22. TAXATION

No provision for taxation is made keeping in view the related accounting policy as given in Note 2.4.

23. LOSS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic loss per share which is based on:

		2022	2021
Loss for the year	(Rupees)	<u>(13,894,003)</u>	<u>(40,356,942)</u>
Weighted average number of ordinary shares	(Numbers)	<u>8 000 000</u>	<u>8 000 000</u>
Loss per share	(Rupees)	<u>(1.74)</u>	<u>(5.04)</u>

24. CASH USED IN OPERATIONS

	2022 RUPEES	2021 RUPEES
Loss before taxation	(13,894,003)	(40,356,942)

Adjustments for non-cash charges and other items:

Depreciation	2,363,784	5,530,433
Impairment loss on plant and machinery	-	10,454,087
Provision for staff retirement gratuity	874,984	1,387,273
Provision for slow moving and obsolete stores, spare parts and loose tools	-	5,279,783
Credit balances written back	(432,263)	(296,794)
Gain on disposal of property, plant and equipment	(2,211,499)	-
Security deposit written off	10,550	-
Loans and advances written off	38,489	74,009
Provision for doubtful advance income tax	24,600	1,898,521
Working capital changes (Note 24.1)	8,928,482	9,036,586
	<u>(4,296,876)</u>	<u>(6,993,044)</u>

24.1 Working capital changes

Decrease / (increase) in current assets:

Stores, spare parts and loose tools	5,640,000	720,217
Stock of oil and lubricants	22,843	11,180,724
Loans and advances	40,001	(31,077)
Other receivables	3,336,198	(2,381,238)
	<u>9,039,042</u>	<u>9,488,626</u>

Increase / (decrease) in trade and other payables	(110,560)	(452,040)
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	<u>8,928,482</u>	<u>9,036,586</u>
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24.2 Reconciliation of movement of liability to cash flows from financing activity:

	Short term borrowings	
	2022	2021
	RUPEES	RUPEES
Opening balance	66,360,000	58,010,000
Borrowings (repaid) / obtained-net	(66,360,000)	8,350,000
Closing balance	-	66,360,000

25. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the year for remuneration including all benefits to directors and executives of the Company is as follows:

	Executives	
	2022	2021
	RUPEES	RUPEES
Managerial remuneration	4,580,000	3,855,220
Allowances		
House rent	1,899,000	1,734,000
Utilities	268,504	190,780
	6,747,504	5,780,000
Number of persons	2	2

25.1 Aggregate amount charged in the financial statements for meeting fee to two directors was Rupees 180,000 (2021: Rupees Nil).

25.2 Apart from meeting fee, no remuneration, fee or any other expenses were paid to Chief Executive Officer or any Director of the Company.

25.3 The executives are provided with Company maintained vehicles and are entitled to reimbursement of travelling expenses and other utilities.

Nil

26. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise of associated companies / undertaking, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties other than those disclosed elsewhere in the financial statements are as follows:

Name	Basis of relationship	Nature of transactions	2022 RUPEES	2021 RUPEES
Associated companies				
Arshad Textile Mills Limited	Common directorship	Sale of energy	-	2,927,129
		Sharing of costs	715,711	2,040,811
		Sale of property, plant, equipment and inventories	135,918,803	289,761
Arshad Corporation (Private) Limited	Common directorship	Sale of goods	-	380,248
		Sale of freehold land	14,377,500	-
Other related parties				
Directors	Members of board of directors of the Company	Loans (repaid) / obtained from directors-net	(66,360,000)	8,350,000
Key Management Personnel	Executive	Sale of Vehicle	100,000	-

26.1 Detail of compensation to key management personnel comprising directors and executives is disclosed in Note 25.

	2022	2021
27. NUMBER OF EMPLOYEES		
Number of employees as at 30 June	3	4
Average number of employees during the year	5	6

28. FINANCIAL RISK MANAGEMENT

28.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, investment of excess liquidity and use of non-derivative financial instruments.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company, at present is not exposed to currency risk as its all transactions are carried out in Pak Rupees.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Company is not exposed to commodity price risk.

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no interest-bearing assets and liabilities.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2022 RUPEES	2021 RUPEES
Loans and advances	-	5,500
Deposit	-	10,550
Other receivables	76,145,081	3,360,000
Bank balances	2,096,802	902,033
	<u>78,241,883</u>	<u>4,278,083</u>

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating			2022	2021
	Short Term	Long term	Agency	RUPEES	RUPEES
Banks					
Habib Bank Limited	A-1+	AAA	VIS	113,403	113,404
National Bank of Pakistan	A1+	AAA	PACRA	299,284	299,330
Bank Al-Habib Limited	A1+	AAA	PACRA	42,056	184,286
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	1,620,226	283,180
United Bank Limited	A-1+	AAA	VIS	5,284	5,284
AlBaraka Bank (Pakistan) Limited	A-1	A+	VIS	16,549	16,549
				<u>2,096,802</u>	<u>902,033</u>

Due to the Company's long standing business relationships with these counterparties, the management does not expect non-performance by these counterparties on their obligations to the Company. Accordingly, the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash. At 30 June 2022, the Company had Rupees 2,184,931 (2021: Rupees 938,388) cash and bank balances. The management believes liquidity risk to be high. Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2022

	Carrying Amount	Contractual Cash Flows	6 months or less
		RUPEES	
Non-derivative financial liabilities:			
Unclaimed dividend	31,348	31,348	31,348
Trade and other payables	10,461,352	10,461,352	10,461,352
	<u>10,492,700</u>	<u>10,492,700</u>	<u>10,492,700</u>

Contractual maturities of financial liabilities as at 30 June 2021

Non-derivative financial liabilities:			
Short term borrowings	66,360,000	66,360,000	66,360,000
Unclaimed dividend	31,348	31,348	31,348
Trade and other payables	10,704,500	10,704,500	10,704,500
	<u>77,095,848</u>	<u>77,095,848</u>	<u>77,095,848</u>

		2022 RUPEES	2021 RUPEES
		At amortized cost	
28.2	Financial instruments by categories		
	Financial assets as per statement of financial position		
	Loans and advances	-	5,500
	Deposit	-	10,550
	Other receivables	76,145,081	3,360,000
	Cash and bank balances	2,184,931	938,388
		78,330,012	4,314,438
	Financial liabilities as per statement of financial position		
	Short term borrowings	-	66,360,000
	Unclaimed dividend	31,348	31,348
	Trade and other payables	10,461,352	10,704,500
		10,492,700	77,095,848

28.3 Reconciliation of financial assets and financial liabilities to the line items presented in the statement of financial position is as follows:

2022			2021		
Financial assets	Other than financial assets	Total as per statement of financial position	Financial assets	Other than financial assets	Total as per statement of financial position
Assets as per statement of financial position					
Loans and advances	-	-	5,500	72,990	78,490
Deposit	-	-	10,550	-	10,550
Other receivables	76,145,081	4,181,840	3,360,000	4,884,038	8,244,038
Cash and bank balances	2,184,931	-	938,388	-	938,388
	<u>78,330,012</u>	<u>4,181,840</u>	<u>4,314,438</u>	<u>4,957,028</u>	<u>9,271,466</u>
2022			2021		
Financial liabilities	Other than financial liabilities	Total as per statement of financial position	Financial liabilities	Other than financial liabilities	Total as per statement of financial position
Liabilities as per statement of financial position					
Trade and other payables	10,461,352	47,406	10,704,500	347,081	11,051,581
Unclaimed dividend	31,348	-	31,348	-	31,348
Short term borrowings	-	-	66,360,000	-	66,360,000
	<u>10,492,700</u>	<u>47,406</u>	<u>77,095,848</u>	<u>347,081</u>	<u>77,442,929</u>

28.4 Offsetting financial assets and liabilities

As on reporting date, recognized financial instruments are not subject to offsetting as there are no enforceable master netting arrangements and similar agreements.

28.5 Capital risk management

Due to factors stated in Note 1.1 to these financial statements, the management concludes that the Company is not a going concern. Therefore, there is no need to maintain and adjust the capital structure and monitor the issues pertaining to the capital risk management of the Company.

29. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

Fair value hierarchy

Certain financial assets and financial liabilities are not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to the short-term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. Judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into following three levels. However as at the reporting date, the Company has no such type of financial instruments which are required to be grouped into these levels. These levels are

Level 1: The fair value measurements of instruments using quoted prices in active markets at the end of reporting period are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If, all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: Fair value measurements of instruments using inputs for the asset or liability which are not based on observable market data are included in level 3.

30. **DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on October 05, 2022 by the Board of Directors of the Company.

31. **CORRESPONDING FIGURES**

Corresponding figures have been rearranged, where necessary, for the purpose of comparison. However, no significant rearrangements have been made,.

32. **GENERAL**

Figures have been rounded off to the nearest Rupee unless otherwise stated.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER



PATTERN OF SHAREHOLDING
Pattern of Holding of Shares held by the Shareholders
As at June 30,2022

Type of Share		Numner of Share Holders	Total Share Held
1	100	102	1695
101	500	27	11341
501	1000	30	28500
1001	5000	21	76401
5001	10000	10	88000
10001	15000	3	39000
15001	20000	3	54500
40001	45000	1	44000
45001	50000	1	47625
55001	60000	1	56800
130001	135000	1	135000
135001	140000	2	277375
140001	145000	1	142875
190001	195000	1	194000
195001	200000	1	200000
205001	210000	1	207000
265001	270000	3	807820
295001	300000	1	300000
330001	335000	1	331180
370001	375000	1	373750
485001	490000	2	978438
500001	505000	1	501500
755001	760000	1	760000
1135001	1140000	1	1139500
1200001	1205000	1	1203700
TOTAL		218	8000000

Categories of Shareholding
As at June 30,2022

Categories of Shareholding	Numbers	Shares held	Percentage (%)
Associated companies,			
ARSHAD TEXTILE MILLS LTD	1	373750	4.67
Directors,Chief Executive & their Spouse and Children			
Mr.Muhammad Arshad	3	1347200	16.84
Spouse	2	832680	10.41
Mr.Nisar Ahmed	3	1187750	14.85
Spouse	1	135000	1.69
Mr.Shahzad Ahmed Sheikh	1	760000	9.50
Spouse	1	56800	0.71
Mr.Shehryar Arshad	2	757945	9.47
Resham Shahzad	2	626313	7.83
Mr.Waseem Ashfaq	1	500	0.00
Mr.Zeeshan Ahmed	1	100	0.00
Financial Institution	2	300499	3.76
Joint Stock Companies	3	11001	0.14
Others	1	9500	0.12
Individuals	194	1600962	20.01
TOTAL	218	8000000	100.00

SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST IN THE COMPANY

Name of Shareholder	No of Sharrs held	Percentage
Mr.Muhammad Arshad	1347200	16.84
Mr.Nisar Ahmed	1187750	14.85
Mrs.Shahida Arshad	832680	10.41
Mr.Shehryar Arshad	757945	9.47
Mr.Shahzad Ahmed Sheikh	760000	9.50
Miss.Resham Shahzad	626313	7.83

AEL TEXTILES LIMITED
FORM OF PROXY
28TH A ANNUAL GENERAL MEETING

I/We _____ S/o/D/o/W/o _____
of _____ being a member
of **AEL TEXTILES LIMITED** and holder of _____ Ordinary Shares as per Share Register
Folio No. _____ and/or CDC Participant ID No. _____ and Account / Sub-account _____
No _____ do hereby appoint Mr./Mrs./Miss _____
_____ Folio No./CDC No. of _____ failing him/her .
Mr./Mrs./Miss _____ Folio No./CDC No. _____ of
_____ as my. our proxy to attend, act and vote for me/us on my/our behalf at Annual General
Meeting of the Company to be held on Friday, October 28, 2022 at 10.00 am at Room no.404/5, 4th Floor
Business Centre Mumtaz Hasan Road Karachi. and at any adjournment thereof in the same manner as
I/we myself/ourselves would vote if personally present at such meeting.

Signature of Shareholder
Folio / CDC A/C NO.

Signature of Proxy

Five Rupees
Revenue Stamp

Signed this _____ day of _____ 2022

WITNESS:

1. Signature -----
Name -----
Address -----
CNIC No. -----
or Passport No.-----

2. Signature -----
Name -----
Address -----
CNIC No.-----
or Passport No.-----

Notes:

1. A member entitled to attend and vote at the meeting may appoint a proxy in writing to attend the meeting and vote on member's behalf.
 2. If a member is unable to attend the meeting. He/She may complete and sign this form and send it to the Company's Share Registrar M/s. F.D. Registrar Service (PVT) Limited 1705 17th Floor Saima Trade Tower A, I.I. Chundrigar Road Karachi so as to reach not less than 48 hours before the time appointed for holding the Meeting.
 3. For CDC Account Holders / Corporate Entities; in addition to the above the following Requirements have to be met:
 - (a) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers be stated on the form.
 - (b) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
- © The proxy shall produce his original CNIC or original passport at the time of the meeting. In case of a corporate entity, the Board of Directors resolution/ power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

AEL ٹیکسٹائلز لمیٹڈ
28 واں سالانہ اجلاس عام
پراکسی فارم

میں / ہم _____ بطور ممبر
AEL ٹیکسٹائلز لمیٹڈ حامل _____ عمومی شیئر ہڈر لیمٹڈ
جناب / مسز / محترمہ _____ کو _____ فوئیو نمبر / سی ڈی سی آئی ڈی اور اکاؤنٹ نمبر
_____ یا جناب / مسز / محترمہ _____ کو _____ فوئیو
نمبر / سی ڈی سی آئی ڈی اور اکاؤنٹ نمبر _____ کو جو کہ ارشد انرجی لمیٹڈ کے ممبر بھی ہیں پراکسی بروز جمعہ
12 اکتوبر 2022 بوقت 10:00 بجے صبح بمقام کمرہ نمبر 404-405 چوتھی منزل برنس سینٹر ممتاز حسن روڈ، کراچی 74000 کمپنی کے منعقد ہونے والے غیر
معمولی اجلاس عام اور اس کے کسی التواء تک میری / ہماری جانب سے ووٹ دینا اور اجلاس میں شرکت کرنے کا حق دیتا ہوں / دیتے ہیں۔
دستخط _____ بتاریخ _____ 2022

ریونیو اسٹامپ
5/- روپے

دستخط شیئر ہولڈر

_____ فوئیو / سی ڈی سی آئی ڈی اور اکاؤنٹ نمبر _____

گواہان _____ دستخط	گواہان _____ دستخط
نام _____	نام _____
ایڈریس _____	ایڈریس _____
شناختی کارڈ _____	شناختی کارڈ _____
پاسپورٹ _____	پاسپورٹ _____

نوٹس:

- (1) ایک رکن جو اجلاس عام میں شرکت کرنے اور ووٹ دینے کا اہل ہے اس کو حق حاصل ہے کہ وہ کسی دوسرے فرد کو بطور پراکسی اپنی جانب سے شرکت کرنے اور ووٹ دینے کیلئے مقرر کرے۔
- (2) اگر کوئی رکن اجلاس میں شرکت کرنے کے قابل نہیں ہے تو وہ یہ فارم مکمل اور تصدیق شدہ کمپنی کے شیئر رجسٹر اری میسرز ایف۔ ڈی رجسٹر اری سروس (SNC-PVT) لمیٹڈ 1705، 17 فلور صائمہ ٹریڈ ٹاور A، آئی آئی چندریگر روڈ کراچی کو اجلاس کے منعقد ہونے سے 48 گھنٹے قبل بھجوائیں۔
- (3) CDC اکاؤنٹ ہولڈرز / کارپوریٹ انٹیس مندرجہ بالا کے علاوہ مذکورہ شقوں پر عمل کریں۔
 - (a) پراکسی فارم میں دو گواہان کے دستخط نیز ان کے پتے اور شناختی کارڈ نمبر کا اندراج بھی لازمی ہے۔
 - (b) رکن اور پراکسی کی تصدیق شدہ قومی شناختی کارڈ یا پاسپورٹ کی نقول پراکسی فارم کے ساتھ فراہمی۔
 - (c) پراکسی کیلئے لازم ہے کہ وہ اجلاس کے وقت اصل قومی شناختی کارڈ یا اصل پاسپورٹ تصدیق کیلئے فراہم کرے۔ Corporate Entity کی صورت میں بورڈ آف ڈائریکٹرز کی تصدیق شدہ قرارداد کی نقل بشمول Power of Attorney دستخط کیساتھ (بجرا اگر پہلے ہی جمع کروادی گئی ہے) پراکسی فارم کے ہمراہ کمپنی کو جمع کروائے۔

M/S F.D.Registrar Services (SMC-Pvt) Ltd.,
1705, 17th Floor Saima Trade Tower-A
I.I.Chundrigar Road Karachi-74000

Dear Sir

The Share Registrar AEL Textiles Limited
Request for E-Transmission of Annual Report

Pursuant to S.R.O.787(1)/2014 dated September 08,2014 issued by the Securities and Exchange Commission of Pakistan (SECP), kindly note requisite information for electronic transmission of annual balance sheet and profit and loss account, auditor's report and directors report etc. (Audited Financial Statements) along with notice of annual general meeting (Notice) {collectively referred to as 'Annual Report'} of **AEL Textiles Limited (AEL)**. The email address provided hereunder may please be recorded in the members' register of the Company being maintained under Section 473 of the Companies Act 2017.

Particulars	
Name of shareholder	
Folio No./ CDC ID No.	
CNIC No.	
Passport No.(for Foreign shareholder	
E-mail address	
Land line Telephone No.	
Cell No.	

It is stated that the above-mentioned information is correct and I hereby agree and give my consent for future transmission of the Company's Annual Report via email address provided above.

It is further stated that being the shareholder of Company, it my responsibility to communicate any change in the registered email address in a timely manner.

Yours Truly,

Shareholder's Signature

Complete Address -----

Copy to -----

The Company Secretary
AEL Textiles Limited
404/05, Business Centre, Mumtaz Hasan Road
Karachi