



Masood Textile Mills Ltd.

Stronger, Resilient
&
Sustainable

2022

ANNUAL REPORT

www.masoodtextile.com

CONTENTS

	Page
COMPANY INFORMATION	2
NOTICE OF ANNUAL GENERAL MEETING	3-4
CHAIRMAN'S REVIEW	5-6
DIRECTORS' REPORT TO THE MEMBERS	7-21
SIX YEARS FINANCIAL RESULTS	22
VISION / MISSION STATEMENT	23
STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE	24-27
INDEPENDENT AUDITOR'S REVIEW REPORT	28
SHARIAH COMPLIANCE CERTIFICATE OF SUKUK	29
STATEMENT OF COMPLIANCE WITH THE ISSUE OF SUKUK (PRIVATELY PLACED) REGULATIONS, 2017 AND SHARIAH GOVERNANCE REGULATIONS, 2018	30
INDEPENDENT ASSURANCE REPORT ON SHARIAH COMPLIANCE OF PRIVATELY PLACED SUKUK	31-32
INDEPENDENT AUDITOR'S REPORT	33-39
STATEMENT OF FINANCIAL POSITION	40-41
STATEMENT OF PROFIT OR LOSS	42
STATEMENT OF COMPREHENSIVE INCOME	43
STATEMENT OF CHANGES IN EQUITY	44
STATEMENT OF CASH FLOWS	45
NOTES TO THE FINANCIAL STATEMENTS	46-83
PATTERN OF SHAREHOLDING	84-85
NAMEWISE CATEGORIES OF SHAREHOLDERS	86-87
FORM OF PROXY	

COMPANY INFORMATION

CHAIRMAN	MR. NASEER AHMAD SHAH
CHIEF EXECUTIVE OFFICER	MR. SHAHID NAZIR AHMAD
DIRECTORS	MR. SHABIR AHMAD ABID (Independent Director) MR. SHAHID IQBAL (Independent Director) MR. SHOAIB AHMAD KHAN (NIT-Nominee) MS. CHEN YAN (Nominee-Shanghai Challenge Textile Co. Ltd.) MR. SHIBIN YANG (Nominee-Shanghai Challenge Textile Co. Ltd.)
COMPANY SECRETARY	MR. NISAR AHMAD ALVI
CHIEF FINANCIAL OFFICER	MR. MUHAMMAD SHAHID NAVEED
AUDIT COMMITTEE	MR. SHABIR AHMAD ABID (Chairman) MR. NASEER AHMAD SHAH MR. SHAHID IQBAL
HR & REMUNERATION COMMITTEE	MR. SHAHID IQBAL (Chairman) MR. SHAHID NAZIR AHMAD MR. SHABIR AHMAD ABID
RISK MANAGEMENT COMMITTEE	MR. SHAHID NAZIR AHMAD (Chairman) MR. NASEER AHMAD SHAH MR. SHAHID IQBAL
NOMINATION COMMITTEE	MR. NASEER AHMAD SHAH (Chairman) MR. SHABIR AHMAD ABID MR. SHAHID IQBAL
AUDITORS	M/S RIAZ AHMAD & COMPANY CHARTERED ACCOUNTANTS
SHARE REGISTRAR	CorpTec Associates (Pvt.) Limited 503-E, Johar Town, Lahore, Tel:042-35170336-7 Fax: 042-35170338, Web: www.corptec.com.pk
REGISTERED OFFICE	Universal House, 17/1, New Civil Lines, Bilal Road, Faisalabad. Phone: 041-2600176-276 Fax: 041-2600976
MILLS	32-K.M., SHEIKHUPURA ROAD, FAISALABAD.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 38th Annual General Meeting of the members, holding Ordinary Shares of Masood Textile Mills Limited, will be held at its Registered Office, Universal House, 17/1 New Civil Lines, Bilal Road, Faisalabad on Friday, 28th October, 2022 at 11.00 A.M. to transact the following business:

1. To confirm the minutes of the last Extraordinary General Meeting held on 31st March, 2022.
2. To receive, consider and adopt the Chairman's Review Report, Reports of Directors and Auditors together with Audited Annual Financial Statements of the Company for the year ended 30th June, 2022.
3. To appoint Auditors and to fix their remuneration for the financial year ending 30th June, 2023. M/s Riaz Ahmad & Company, Chartered Accountants, retire and being eligible offer themselves for their re-appointment.
4. To consider any other business that may be placed before the meeting with the permission of the chair.

FOR AND ON BEHALF OF THE BOARD


(Company Secretary)

Faisalabad: 05th October, 2022

NOTES:

1. Share Transfer Books for Ordinary Shares of the Company will remain closed from 21st to 28th October, 2022 (both days inclusive). Physical transfers / CDS Transactions IDs, received in order at Registered Office of the Company or our Share Registrar, by the close of business on 20th October, 2022 will be treated in time.
2. Share Transfer Books for Preference Shares of the Company will remain closed from 21st to 28th October, 2022 (both days inclusive) for determining the entitlement of Preferred Dividend calculated at average six months KIBOR+200 bps p.a. Rs. 1.16 per share and Rs. 0.08 on preference shares redeemed during the year. Physical transfers / CDS Transactions IDs, received in order at Registered Office of the Company or our Share Registrar, by the close of business on 20th October, 2022 will be treated in time.
3. A shareholder entitled to attend and vote at this meeting may appoint another shareholder as his/her proxy to attend and vote on his/her behalf. The instrument appointing a Proxy and Power of Attorney or other authority under which it is signed or notarially certified copy of the Power of Attorney must be received at the Registered Office of the Company, duly stamped, signed and witnessed not later than 48 hours before the meeting. An instrument of Proxy applicable for meeting is attached herewith. However, Preference Shareholders are not entitled to attend the meeting, since Preference Shares carry no voting rights.
4. Shareholders whose shares are deposited with Central Depository System (CDS) are requested to bring their Computerized National Identity Card (CNIC) along with their Account Number in CDS for verification. In case of corporate entity, the Board of Directors'

Resolution/Power of Attorney with specimen signatures of the nominee shall be produced (unless provided earlier) at the time of the meeting.

5. Pursuant to Finance Act, 2021, the Company is liable to withhold Income Tax @ 15 % from the Filers and 30 % from the Non-Filers under the provisions of Section 150 of the Income Tax Ordinance, 2001. Kindly ensure your status from Active Tax Payer's List, available at FBR's website, before disbursement of Dividend by the Company. Individuals without CNIC(s) will be treated Non-Filers, since their status cannot be verified from FBR.
6. The members of the Company are required to submit Declaration for Zakat exemption in terms of Zakat and Ushr Ordinance, 1980. Moreover, the shareholders who have not yet submitted their Computerized National Identity Cards to the Company are requested once again to send attested copies thereof at their earliest. Otherwise, their Dividend will be withheld for lack of complete information.
7. The provisions of Section 242 of the Companies Act, 2017 require the listed companies that any dividend payable in cash shall only be paid through electronic mode directly into the bank account of designated by the entitled shareholders. Accordingly, the shareholders holding physical shares are requested to provide the Company's Share Registrar at the address given herein above, electronic dividend mandate on E-Dividend Form provided on website of the Company. In the case of shares held in CDC, the same information should be provided to the CDS participants for updating and forwarding to the Company. In case of non-submission, all future dividend payments may be withheld.
8. Shareholders who have not collected their Dividend/Physical shares so far are advised contact our Share Registrar to collect/enquire about their Unclaimed Dividend or Share, if any.
9. As per Section 72 of The Companies Act, 2017 every existing company shall replace its physical shares with book-entry form in a manner as may be specified and from the date notified by The SECP, within a period not exceeding four years from the commencement of the Companies Act, 2017 i.e. May 31, 2017. The shareholders holding shares in physical form are requested to please convert their shares in the book entry form. For this purpose, the shareholders may open CDC Sub-account with any of the brokers or investor account directly with the CDC to place their physical shares into scrip-less form. This will facilitate them in many ways including safe custody and sale of shares at any time they want as the trading of physical shares is not permitted as per existing Regulations of the Pakistan Stock Exchange Limited.
10. Pursuant to the provisions of the Companies Act, 2017, the shareholders residing in a city and holding at least 10% of the total paid up share capital may demand the Company to provide the facility of video-link for participating in the AGM. The demand for video-link facility shall be received by the Share Registrar at the address given hereinabove at least (7) days prior to the date of the meeting on the Standard Form available on the Company's website: www.masoodtextile.com
11. Pursuant to the provision of Section 223(6) of the Companies Act, 2017, the Companies are permitted to circulate their annual financial statements, along with the Auditor's report, director review report etc. ("Annual Report") and the notice of Annual General Meeting ("Notice") to its shareholders by email. Shareholders of the Company who wish to receive the Company's Annual Report and Notice of Annual General Meeting by E-mail are requested to provide the complete Electronic Communication Consent Form (available at the Company's Website) to the Company's Share Registrar.

Chairman's Review

Dear Shareholders

I am pleased to express my views in the "Chairman Review Report" for the year ended June 30, 2022. This review report is required under the provisions of section 192(4) of Companies Act, 2017 on overall performance and effectiveness of the board in achieving the Company objectives.

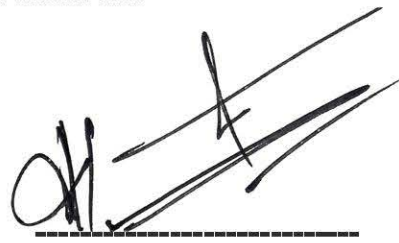
Financial year ended June 30, 2022, remained exposed to factors such as Russia-Ukraine war and higher international commodity prices that affect growth significantly. Our economy also affected very badly by these events. The ongoing political instability has further worsened the situation. In order to reduce the current account deficit, SBP is taking stringent measures such as increase in interest rates that is further slowing down the economy.

The Board of Directors kept a careful watch on various domestic and international developments and continued to guide the management. Resultantly the Company is steered towards the right direction. The Board Committees stayed aligned with the rapidly changing requirements and assisted the Board to perform to the best possible level. Therefore, the performance of the Board members and its Committees remained satisfactory.

Despite challenging business environment, your Company's manage to achieve highest ever sales and profit after tax.

I would like to take opportunity to extend my appreciation to the Customers, Suppliers, Bankers, Management, Shareholders and the Board members.

FAISALABAD
05th October, 2022



CHAIRMAN

چیرمین کا جائزہ:-

محترم حصص یافتگان:-

مجھے 30 جون 2022 کو ختم ہونے والے سال کے لئے چیرمین کا جائزہ رپورٹ میں اپنے خیالات کا اظہار کرتے ہوئے خوشی محسوس ہو رہی ہے۔ یہ جائزہ رپورٹ کمپنی ایکٹ 2017 کے سیکشن (4) 192 کے دفعات کے تحت کمپنی کے مقاصد کے حصول میں بورڈ کی مجموعی کارکردگی اور تاثیر پر درکار ہے۔

30 جون 2022 کو ختم ہونے والا مالی سال روس اور یوکرین جنگ اور اشیاء کی بین الاقوامی قیمتوں میں اضافے جیسے عوامل سے متاثر رہا۔ جو نمونہ نمایاں طور پر متاثر کرتے ہیں۔ ان عوامل سے ہماری معیشت بھی بہت بری طرح متاثر ہوئی ہے۔ جاری سیاسی عدم استحکام نے حالات مزید خراب کر دیے ہیں۔ کرنٹ اکاؤنٹ خسارے کو کم کرنے کے لئے اسٹیٹ بینک سخت اقدامات کر رہا ہے۔ جیسے شرح سود میں اضافہ، جس سے معیشت مزید سست ہو رہی ہے۔

بورڈ آف ڈائریکٹرز نے مختلف ملکی اور بین الاقوامی پیش رفتوں پر گہری نظر رکھی اور انتظامیہ کی رہنمائی کرتے رہے۔ جسکے نتیجے میں کمپنی صحیح سمت کی طرف گامزن ہے۔ بورڈ کمیٹیاں تیزی سے بدلتے ہوئے تقاضوں کے ساتھ منسلک رہیں۔ اور بورڈ کو بہترین سطح پر کارکردگی دکھانے میں مدد فراہم کی۔ اس لئے بورڈ ممبران اور اس کی کمیٹیوں کی کارکردگی تسلی بخش رہی۔

کاروبار میں درپیش مشکلات کے باوجود، آپ کی کمپنی نے تاریخ کی سب سے بڑی فروخت اور بعد از ٹیکس منافع حاصل کیا ہے۔

میں صابر فین، سپلائرز، بینکرز، منجمنٹ، حصص یافتگان اور بورڈ کے اراکین کی تعریف کرنے کا موقع لینا چاہوں گا۔

چیرمین
فیصل آباد

05 اکتوبر 2022

DIRECTORS' REPORT TO THE MEMBERS

We are pleased to present the 38th Annual Report depicting the business and operations of the Company together with the Audited Financial Statements for the year ended June 30, 2022 along with other required information prescribed under the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Companies Act, 2017.

Market Overview

Economic Outlook

Pakistan exported textile products worth \$19.33 Billion during fiscal year 2021-2022, recording an increase of 25.52 per cent when compared with \$15.4 Billion in the preceding fiscal year and contributed around 61 per cent to the total exports of \$31.8 Billion. Textile sector plays a significant role in supporting the economy of Pakistan and continue to be in the spotlight owing to country's dependence on foreign exchange. Moreover, Pakistani Rupee (PKR) devaluation against the US dollar gave textile exporters a competitive advantage over its competitors in terms of pricing. However, certain analysts said that some factors are posing threat to the textile industry for the current fiscal year such as increase in export refinance rate.

The export value of knitwear recorded an increase of 34.38 per cent to \$5.12 Billion during the fiscal year 2021-2022 as compared with \$3.81 Billion in the preceding fiscal year.

The government is looking to increase textile exports of \$25 Billion for the fiscal year 2022-2023. However, domestic and global challenges are dampening the outlook.

International commodity prices, especially oil and food prices are the main external drivers of inflation in Pakistan. Furthermore, domestic supply chain and market expectations also play an important role to determine inflation.

Withdrawal of subsidies on fuel and energy products by Government resulted sharp increase in prices of all oil products. Moreover, the recent rise in international commodity prices especially energy and food, will also be translated into domestic prices. Increase in gas and electricity tariff, raise in raw material and other input prices and global economic slowdown due to surging inflation may result in lower textile demand in international market.

Company's Performance

The Company recorded revenue of Rs. 54.147 Billion for the year ended 30 June 2022, 45.99% higher compared to Rs. 37.089 Billion during the last year. Gross profit for the year also grew to Rs. 6.542 Billion from Rs. 5.307 Billion last year due to increase in the revenue. Profit before tax for the year amounted to Rs. 3.011 Billion as compared to Rs. 1.038 Billion for the year ended 30 June 2021. Profit after tax increased from Rs. 640.535 Million last year to Rs. 2.276 Billion in current year. Earnings per share of the Company for the year ended 30 June 2022 stood at Rs. 33.24 against Rs. 9.06 from the last year.

Higher revenue was driven by increase in selling prices which was necessitated by an exorbitant increase in the input costs and also including of fashioned articles. The comparative financial results of the Company are reproduced hereunder:

Financial Highlights

	2022	2021
	(RUPEES IN THOUSAND)	
REVENUE	54,146,811	37,089,359
COST OF SALES	<u>(47,605,201)</u>	<u>(31,782,449)</u>
GROSS PROFIT	6,541,610	5,306,910
DISTRIBUTION COST	(3,349,959)	(2,262,880)
ADMINISTRATION EXPENSES	(997,696)	(854,396)
OTHER EXPENSES	(115,099)	(313,068)
OTHER INCOME	2,405,460	443,433
FINANCE COST	<u>(1,473,334)</u>	<u>(1,281,812)</u>
PROFIT BEFORE TAXATION	3,010,982	1,038,187
TAXATION	<u>(734,942)</u>	<u>(397,652)</u>
PROFIT AFTER TAXATION	<u>2,276,040</u>	<u>640,535</u>
EARNINGS PER SHARE - BASIC (RUPEES)	<u>33.24</u>	<u>9.06</u>
- DILUTED (RUPEES)	<u>30.22</u>	<u>8.24</u>

Future Outlook:

Economic growth in Pakistan is facing challenging situation due to wider macroeconomic imbalances. The current account deficit may remain high during the next financial year 2022-23. The delayed pass-through of international oil prices into domestic energy products may increase inflation. Inflationary pressure may ease once international commodity prices start decline and stabilize.

Economy of Pakistan is mainly impacted by the surge in global commodity prices, current account deficit, depleting foreign exchange reserves and hyper-inflationary environment. The damage caused by recent floods further reduced the hope for economic recovery. The resumption of the IMF loan programme provided a short term relief. However, the year ahead will be full of challenges for the economy including textile industry due to increase in energy prices, raw material and other inputs.

Going forward, Pakistan's growth prospects are expected to remain satisfactory. But the number of potential risks may diverge it from optimal path. The demand management policy of SBP may not be very effective as the current waves of inflation are largely caused by supply constraints and increasing international prices, especially commodity prices. Exchange rate depreciation is also a source of concern as it makes the imported raw material more expensive. Moreover, the persistent rise in domestic consumer prices is eroding real incomes, limiting the spending power of consumers and investors.

Pakistan's economy would tend back to potential output in the long runs. Sound policy responses may lay the basis for a sustainable long run growth trajectory. It should be accompanied by measures that aim to strengthen the growth of Pakistan's potential output. Corrective measures include, the creation of a beneficial investment climate, confidence promotion and stimulus for promising economic initiatives with high growth potential.

Dividend Preference and Ordinary

The Company had issued 60.000 Million Preference Shares of the value of Rupees 600.000 Million, redemption of these preference shares after the expiry of their maturity is at the option of the Company. Preference dividend is payable on the basis of the average six months KIBOR+200 bps per annum. Board of Directors of the Company has proposed preference dividend on the outstanding preference shareholders of the Company for the year ended 30 June 2022 of Rupees 1.16 (2021: Rupee 0.93) per share, and Rupees 0.08 on preference shares redeemed during the year.

Keeping in view liquidity position of the Company and high interest rate scenario management has not proposed dividend to ordinary shareholders.

Corporate Governance

The board of directors and management are aware of their responsibilities under the Listed Companies (Code of Corporate Governance) Regulation 2019 and Rule Book of Pakistan Stock Exchange. The company remains committed to the principles of good corporate management practices with emphasis on transparency and disclosures. Your Company is cognizant to monitor its operations and performance to enhance the accuracy, comprehensiveness and transparency of financial and non-financial information.

In compliance of corporate laws, the Board Member / Directors are pleased to confirm the followings:

- a) The financial statement prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and change in equity.
- b) Proper books of accounts have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of the financial statement and accounting estimates are based on reasonable and prudent judgment.
- d) International Financial Reporting Standard, as applicable in Pakistan, have been followed in the preparation of financial statements.
- e) The system of internal controls is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts upon the company's ability to continue as going concern.
- g) Statement of pattern of Shareholding has been included as part of this annual report.

Key Operating and Financial Data

The key operating and financial data for last six years is given in this report.

Composition of the Board

In line with the requirements of the Code of Corporate Governance, the company encourages representation of independent and non-executive directors, as well gender diversity on its Board.

The composition of the Board is as follows:

Total Number of Directors: 7 including

(a) Male	06
(b) Female	01

Composition of the Board:

(a) Independent Directors	02
(b) Non-Executive Directors	04
(c) Executive Director	01

Board of Directors Meetings

Six meetings of the Board of Directors were held during the financial year, with the following attendance:

Sr. No.	Name of Directors	Designation	No.of Meetings Attended
1-	Mr. Naseer Ahmad Shah	Chairman	6
2-	Mr. Shahid Nazir Ahmad	Chief Executive Officer	3
3-	Mr. Shabir Ahmad Abid	Independent Director	6
4-	Mr. Shahid Iqbal	Independent Director	6
5-	Mr. Shoaib Ahmad Khan (Nominee- NIT)	Director	6
6-	Ms Chen Yan (Nominee- Shanghai Challenge Tex.Co.Ltd.)	Director	6
7-	Mr.Shibin Yang (Nominee- Shanghai Challenge Tex.Co.Ltd.)	Director	6

Audit Committee Meetings

Five meetings of the Audit Committee were held during the financial year, with the following attendance:

Sr. No.	Name of Members	Designation	No. of Meetings Attended
1-	Mr. Shabir Ahmad Abid	Chairman	5
2-	Mr. Naseer Ahmad Shah	Member	5
3-	Mr. Shahid Iqbal	Member	5

Human Resource & Remuneration Committee

One meeting of the Human Resource & Remuneration Committee was held during the financial year, with the following attendance:

Sr. No.	Name of Members	Designation	No. of Meeting Attended
1-	Mr. Shahid Iqbal	Chairman	1
2-	Mr. Shahid Nazir Ahmad	Member	0
3-	Mr. Shabir Ahmad Abid	Member	1

Risk Management Committee

One meeting of the Risk Management Committee was held during the financial year, with the following attendance:

Sr. No	Name of Members	Designation	No. of Meeting Attended
1-	Mr. Shahid Nazir Ahmad	Chairman	1
2-	Mr. Naseer Ahmad Shah	Member	1
3-	Mr. Shahid Iqbal	Member	1

Nomination Committee

One meeting of the Nomination Committee was held during the financial year, with the following attendance:

Sr. No.	Name of Members	Designation	No. of Meetings Attended
1-	Mr. Naseer Ahmad Shah	Chairman	1
2-	Mr. Shabir Ahmad Abid	Member	1
3-	Mr. Shahid Iqbal	Member	1

The Board is responsible for making decision with respect to important management matters, including the execution of important business activities and other matters as prescribed by law. These decisions are made after deliberating such matter according to the established criteria, assessing risks and giving such matters due consideration. The Board is also responsible for supervising and monitoring the conduct of duties.

Director's Remuneration

The Board of Directors has devised the policy for the determination of remuneration. Following are its salient features.

The Company will not pay any remuneration to its Non-Executive Directors except as meeting fee for attending the Board and its committee meetings.

The remuneration of directors and meeting fee shall be determined and approved by the Board of Directors. Remuneration package is designed to attract suitable candidate and talent on the Board.

A Director is provided or reimbursed for all travelling, boarding, lodging and other expenses incurred by him for attending meetings of the Board, its committees.

Adequacy of Internal and Financial Controls

The Board of Directors has established an effective system of Internal and Financial Controls that ensure:

Effective and efficient conduct of operations

Safeguarding company assets

Compliance with applicable Laws and Regulations

Reliable Financial Reporting

Internal audit function of the Company regularly appraises and monitors the implementation of Standard Operating Procedures and respective financial controls.

Internal audit reports are presented to the Audit Committee, as per internal audit plan. Accordingly, the Audit Committee reviews the effectiveness of the internal control framework and financial statement in its meetings.

External Auditors

The present Auditors M/s Riaz Ahmad & Company Chartered Accountants retired and offered themselves for re-appointment. They have confirmed achieving satisfactory QCR rating from Institute of Chartered Accountants of Pakistan (ICAP) and compliance with the Guidelines on the Code of Ethics of International Federation of Accountants (IFAC) as adopted by ICAP. The Board of Directors has recommended their re-appointment as auditors of the company for the year ending June 30, 2023, at a fee to be mutually agreed.

Health, Safety, Environment and CSR

Health, Safety & Environment is our core value and the Company regularly takes initiatives towards the improvement of environment and well-being of society. We carry out regular health and safety awareness programs. The Company has also provided firefighting equipment and vehicles at all of its manufacturing facilities. A dedicated clinic/dispensary is managed by the qualified team where 24/7 emergency services are provided. Furthermore, in an effort to combat the COVID-19's impact on society, the Company is fully compliant with all SOPs. Vaccination drive was arranged for the employees in order to ensure health and safety of the employees. We also ensure the compliance of our production facility with all the environmental standards.

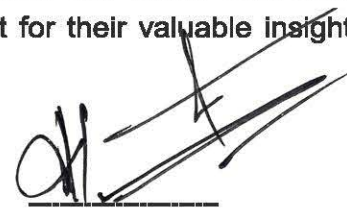
CSR is strategic, building long term relationships with neighboring communities and stakeholders. Relationships that are mutually beneficial enhance corporate reputation and respect for the Company's business and products, and provide a sustainable competitive advantage.

Acknowledgement

The Directors wish to place on record their appreciation for the continued support, contribution and confidence demonstrated in the Company by its shareholders, members of staff, customers, suppliers and our Bankers. We would also take this opportunity to express my gratitude to the Management for their valuable insight and guidance.

FAISALABAD
05th October, 2022



CHIEF EXECUTIVE OFFICER

DIRECTOR

ڈائریکٹر رپورٹ برائے حصص یافتگان

آپ کی کمپنی کے ڈائریکٹرز 30 جون 2022ء کو اختتام پذیر ہونے والے مالی سال کی 38 ویں سالانہ رپورٹ کے ساتھ آڈٹ شدہ مالیاتی گوشوارے، کمپنی کے کاروبار اور آپریشنز کی عکاسی کرنے کے ساتھ کوڈ آف کارپوریٹ گورنس (ریگولیشن) اوپنیز ایکٹ 2017 کے تحت دیگر مطلوبہ معلومات فراہم کرتے ہوئے خوشی محسوس کر رہے ہیں۔

مارکیٹ کا جائزہ۔

اقتصادی نظہور:-

پاکستان نے مالی سال 2021-22 کے دوران 19.33 ارب ڈالر مالیت کی ٹیکسٹائل مصنوعات برآمد کی۔ جو پچھلے مالی سال 15.4 ارب ڈالر کے مقابلے میں 25.52 فی صد زیادہ ہیں اور پاکستان کی کل 31.8 ارب ڈالر برآمدات میں ٹیکسٹائل برآمدات نے تقریباً 61 فی صد حصہ ڈالا۔ ٹیکسٹائل سیکٹر پاکستان کی معیشت کو سہارا دینے میں اہم کردار ادا کرتا ہے۔ اور ملک کے زرمبادلہ پر انحصار کی وجہ سے مسلسل توجہ کا مرکز بنا رہتا ہے۔ مزید برآں، امریکی ڈالر کے مقابلے پاکستانی روپے کی قدر میں کمی نے ٹیکسٹائل کے برآمد کنندگان کو قیمتوں کے لحاظ سے اپنے حریفوں کے مقابلے میں مسابقتی فائدہ دیا ہے۔ تاہم بعض تجزیہ کاروں نے کہا کہ کچھ عوامل ٹیکسٹائل انڈسٹری کے لئے خطرہ بن رہے ہیں جیسا کہ برآمدی ری فنانس کی شرح میں اضافہ۔

مالی سال 2021-22 کے دوران نیٹ ویئر کی برآمدی قدر 34.23 فی صد اضافے سے 5.12 ارب ڈالر تک پہنچ گئی۔ جو پچھلے مالی سال میں 3.81 ارب ڈالر تھی۔

حکومت مالی سال 2022-23 کے لئے ٹیکسٹائل کی برآمدات 25 ارب ڈالر تک بڑھانے کے لئے کوشاں ہے۔ تاہم ملکی اور عالمی مشکلات نقطہ نظر ٹارگٹ کو اثر انداز کر رہے ہیں۔

بین الاقوامی اجناس کی قیمتیں، خاص طور پر تیل اور خوراک کی قیمتیں پاکستان میں مہنگائی کے بنیادی بیرونی محرک ہیں۔ مزید برآں، گھریلو سپلائی چین اور مارکیٹ کی توقعات بھی افراط زر کا تعین کرنے میں اہم کردار ادا کرتی ہیں۔

حکومت کی طرف سے ایندھن اور توانائی کی مصنوعات پر سبسڈی واپس لینے کے نتیجے میں تمام تیل کی مصنوعات کی قیمتوں میں زبردست اضافہ ہوا ہے۔ مزید برآں، بین الاقوامی اجناس کی قیمتوں میں حالیہ اضافہ خاص طور پر توانائی اور خوراک کو بھی مقامی قیمتوں پر منتقل کیا جائے گا، گیس اور بجلی کے نرخوں میں اضافہ، خام مال اور دیگر ان پٹ کی قیمتوں میں اضافہ اور بڑھتی ہوئی مہنگائی کی وجہ سے عالمی اقتصادی سست روی کا شکار ہے۔ جس کے نتیجے میں بین الاقوامی منڈی میں ٹیکسٹائل کی مانگ کم ہو سکتی ہے۔

کمپنی کی کارکردگی :-

کمپنی نے 30 جون 2022 ختم ہونے والے مالی سال میں ریکارڈ 54.147 ارب روپے کمائے ہیں۔ جو 45.99 فی صد گزشتہ سال کے دوران 37.089 ارب روپے کے مقابلے میں زیادہ ہیں۔ سال کا مجموعی منافع جو کہ 6.542 ارب ہو گیا ہے۔ جو پچھلے سال 5.307 ارب روپے تھا۔ یہ اضافہ آمدن کے بڑھنے کی وجہ سے ہے۔ قبل از ٹیکس منافع اس سال 3.011 ارب روپے رہا جو 30 جون 2021 کو ختم ہونے والے سال میں 1.038 ارب روپے تھا۔ بعد از ٹیکس منافع 640.535 ملین روپے سے بڑھ کر 2.276 ارب روپے موجودہ سال میں ہو گیا ہے۔ 30 جون 2022 کو ختم ہونے والے سال کے لئے فی حصص آمدنی 33.24 روپے پر کھڑی ہے۔ جو پچھلے سال فی حصص آمدنی 9.06 روپے تھی۔

زیادہ آمدنی فروخت کی قیمتوں میں اضافے کی وجہ سے ہوئی جو ان پٹ لاگت میں بے تحاشہ اضافے اور فیشن آرٹیکلز شامل ضروری تھی، کمپنی کے مالی نتائج کا موازنہ درج ذیل ہے۔

مالی سرخیاں :-

تفصیل	2022	2021
روپے ہزاروں میں	روپے ہزاروں میں	
آمدنی	54,146,811	37,089,359
لاگت سبز	(47,605,201)	(31,782,449)
مجموعی نفع	6,541,610	5,306,910
ڈسٹری بیوٹن خرچہ	(3,349,959)	(2,262,880)
کاروبار کے انتظامی اخراجات	(997,696)	(854,396)
دیگر اخراجات	(115,099)	(313,068)
دیگر آمدن	2,405,460	443,433
مالی لاگت	(1,473,334)	(1,281,812)
نفع ٹیکس سے پہلے	3,010,982	1,038,187
ادا کردہ ٹیکسز	(734,942)	(397,652)
نفع ٹیکس کی ادائیگی کے بعد	2,276,040	640,535
آمدنی فی حصص بنیادی (روپیہ)	33.24	9.06
آمدنی فی حصص ڈائلیوٹ کی کر کے (روپیہ)	30.22	8.24

مستقبل کا جائزہ :-

وسیع ترمیم و اکنا مک عدم توازن کی وجہ سے پاکستان میں اقتصادی ترقی کو مشکلات صورتحال کا سامنا ہے۔ کرنٹ اکاؤنٹ خسارہ اگلے مالی سال 2022-23 کے دوران زیادہ رہ سکتا ہے تیل کی بین الاقوامی قیمتوں کو ملکی توانائی کی مصنوعات میں منتقل کرنے میں تاخیر سے افراط زر میں اضافہ ہو سکتا ہے۔ بین الاقوامی اجناس کی قیمتوں میں کمی اور مستحکم ہونے کے بعد افراط زر کا دباؤ کم ہو سکتا ہے۔

پاکستان کی معیشت بنیادی طور پر اشیاء کی عالمی قیمتوں میں اضافے، کرنٹ اکاؤنٹ خسارے، زرمبادلہ کے ذخائر میں کمی اور افراط زر کے ماحول سے متاثر ہے۔ حالیہ سیلاب سے ہونے والے نقصان نے معاشی بحالی کی امید کو مزید کم کر دیا ہے۔ آئی ایم ایف کا قرضہ پروگرام دوبارہ شروع ہونے سے قلیل مدتی ریلیف ملا ہے۔ تاہم اگلا سال ٹیکسٹائل انڈسٹری سمیت معیشت کے لئے توانائی کی قیمتوں، خام مال اور دیگر ان پٹ میں اضافے کی وجہ سے چیلنجوں سے بھرا ہوگا۔

آگے بڑھتے ہوئے، توقع ہے کہ پاکستان کی ترقی کے امکانات تسلی بخش رہیں گے۔ لیکن ممکنہ خطرات کی تعداد اسے زیادہ سے زیادہ راستے سے ہٹا سکتی ہے۔ ایس بی پی (SBP) کی ڈیماڈ مینجمنٹ پالیسی زیادہ کارگر نہیں ہو سکتی ہے۔ کیونکہ افراط زر کی موجودہ لہریں زیادہ تر سپلائی کی رکاوٹوں میں اور بین الاقوامی قیمتوں میں اضافہ بالخصوص اشیاء کی قیمتوں میں اضافے کی وجہ سے ہے۔ شرح مبادلہ میں کمی بھی تشویش کا باعث ہے۔ کیونکہ اس سے درآمد شدہ خام مال مزید مہنگا ہو جاتا ہے۔ مزید برآں، گھریلو صارفین کی قیمتوں میں مسلسل اضافہ حقیقی آمدنی کو کم کر رہا ہے اور صارفین اور سرمایہ کاروں کی خرچ کرنے کی طاقت کو محدود کر رہا ہے۔

پاکستان کی معیشت طویل عرصے میں ممکنہ پیداوار کی طرف مائل ہو جائے گی۔ درست پالیسی کے نتائج پائیدار طویل مدتی ترقی کی رفتار کی بنیاد رکھ سکتے ہیں۔ اس کے ساتھ ایسے اقدامات ہونے چاہیں جن کا مقصد پاکستان کی ممکنہ پیداوار کی نمو کو تقویت دینا ہے۔ اصلاحی اقدامات میں سرمایہ کاری کے لئے فائدہ مند ماحول کی تشکیل، اعتماد کو فروغ دینا اور اعلیٰ ترقی کی صلاحیت کے حامل امید افزا، اقتصادی اقدامات کے لئے محرکات شامل ہیں۔

حصہ / منافع :-

کمپنی نے 600.000 ملین روپے کی مالیت کے 60.000 ملین ترجیحی حصص جاری کیے تھے ان ترجیحی حصص کی مدت پوری ہونے کے بعد ان کی واپسی کمپنی کے اختیار میں ہے۔ ترجیحی منافع سالانہ اوسط چھ ماہ کے KIBOR+200BPS کی بنیاد پر قابل ادائیگی ہے کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2022 کو ختم ہونے والے سال کے لئے بقایا ترجیحی حصص یا فٹنگان کو 1.16 روپے فی حصص (0.93:2021 روپے) فی حصص اور سال کے دوران واپس لئے گئے ترجیحی حصص پر 0.08 روپے منافع تجویز کیا۔

کمپنی، لیکویڈیٹی پوزیشن اور شرح سود کے اضافے کو مد نظر رکھتے ہوئے عام حصص یافتگان کو منافع کے لئے تجویز نہیں کیا گیا۔

کارپوریٹ گورنس:-

بورڈ آف ڈائریکٹرز اور انتظامیہ، لسٹڈ کمپنیوں (کوڈ آف کارپوریٹ گورنس) ریگولیشن 2019 اور رول بک آف پاکستان اسٹاک ایکسچینج کے تحت اپنی ذمہ داریوں سے آگاہ ہیں۔ کمپنی شفافیت اور انکشافات پر زور دینے کے ساتھ کارپوریٹ انتظامیہ کی اچھی پریکٹس کے اصولوں کی پابند ہے آپ کی کمپنی مالی اور غیر مالی معاملات کی درستگی، جامعیت اور شفافیت کو بڑھانے کے لئے اپنے کاموں اور کارکردگی کی نگرانی کرنے میں سنجیدہ ہے

کارپوریٹ قوانین کی تعمیل میں بورڈ ممبر ڈائریکٹرز نیچے بیان کیے گئے بیانات پر عمل پیرا رہتی ہے۔

1- کمپنی کی انتظامیہ کے پیش کردہ مالیاتی بیانات کی صورتحال، کاروباری سرگرمیوں کے نتائج، کیش فلوز اور ایکویٹی میں بدلاؤ کے بارے میں ایک عمدہ نظریہ پیش کرتے ہیں۔

2- اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔

3- مالیاتی بیانات کی تیاری میں اکاؤنٹنگ کی پالیسیاں مستقل طور لاگو ہوتی ہیں۔ اور محاسبہ کا تخمینہ معقول اور محتاط فیصلے پر مبنی ہوتا ہے۔

4- مالیاتی بیانات کی تیاری کے سلسلے میں بین الاقوامی مالیاتی رپوٹنگ کے معیارات جو پاکستان میں قابل اطلاق ہیں، عمل کیا گیا ہے۔

5- انٹرنل کنٹرول کا نافذ نظام، بہترین انداز سے بنایا گیا ہے اور اسے موثر انداز میں لاگو کیا گیا ہے۔

6- کمپنی کے کاروبار کے رواں دواں رکھنے کی صلاحیت شکوک و شبہات سے بالاتر ہے۔

7- حصص یافتگان کا طریقہ کار کو بھی اس سالانہ رپورٹ میں شامل کیا گیا ہے۔

کلیدی آپریٹنگ اور مالیاتی اعداد شمار:-

اس رپورٹ میں پچھلے 6 سالوں کے اہم آپریٹنگ اور مالی اعداد شمار دیے گئے ہیں۔

بورڈ کی تشکیل:-

کوڈ آف کارپوریٹ گورنس کی ضروریات کے مطابق کمپنی اپنے بورڈ میں آزاد اور نان ایگزیکٹو ڈائریکٹرز کی نمائندگی کے ساتھ ساتھ صنفی تنوع کی بھی حوصلہ افزائی کرتی ہے۔

بورڈ کی تشکیل کی پیروی:-

07 کل ڈائریکٹرز کی تعداد۔

06 (الف) مرد

01 (ب) عورت

بورڈ کی تشکیل:-

02 آزاد ڈائریکٹرز

04 نان ایگزیکٹو ڈائریکٹرز

01 ایگزیکٹو ڈائریکٹرز

ڈائریکٹرز کا اجلاس:-

ڈائریکٹرز کی چار میٹنگز مالی سال کیلئے منعقد ہوئی جو درج ذیل ہیں۔

نمبر شمار	ڈائریکٹر کا نام	عہدہ	اجلاس حاضری کی تعداد
1	جناب نصیر احمد شاہ	چیرمین	6
2	جناب شاہد نذیر احمد	چیف اکیٹو آفیسر	3
3	جناب شبیر احمد عابد	آزاد ڈائریکٹرز	6
4	جناب شاہد اقبال	آزاد ڈائریکٹرز	6
5	جناب شعیب احمد خان (منتخب NIT)	ڈائریکٹرز	6
6	مس چن یان (منتخب شگھائی چیلنج ٹیکسٹائل کمپنی لمیٹڈ)	ڈائریکٹرز	6
7	جناب شیامن یاگ (منتخب شگھائی چیلنج ٹیکسٹائل کمپنی لمیٹڈ)	ڈائریکٹرز	6

آڈٹ کمیٹی کا اجلاس:-

مالی سال کے دوران آڈٹ کمیٹی کے پانچ اجلاس منعقد ہوئے جس کی حاضری مندرجہ ذیل ہے۔

نمبر شمار	ممبرز کے نام	عہدہ	اجلاس حاضری کی تعداد
1	جناب شیر احمد عابد	چیئر مین	5
2	جناب نصیر احمد شاہ	ممبر	5
3	جناب شاہد اقبال	ممبر	5

انسانی وسائل اور معاوضے کی کمیٹی:-

مالی سال کے دوران انسانی وسائل اور معاوضے کی کمیٹی کا ایک اجلاس منعقد ہوا جس کی حاضری مندرجہ ذیل ہے۔

نمبر شمار	ممبرز کے نام	عہدہ	اجلاس حاضری کی تعداد
1	جناب شاہد اقبال	چیئر مین	1
2	جناب شاہد نذیر احمد	ممبر	0
3	جناب شیر احمد عابد	ممبر	1

ریسک مینجمنٹ کمیٹی:-

کمیٹی کی تشکیل مندرجہ ذیل ہے۔

نمبر شمار	ممبرز کے نام	عہدہ	اجلاس حاضری کی تعداد
1	جناب شاہد نذیر احمد	چیئر مین	1
2	جناب نصیر احمد شاہ	ممبر	1
3	جناب شاہد اقبال	ممبر	1

نامزدگی کمیٹی :-

کمیٹی کی تشکیل مندرجہ ذیل ہے۔

نمبر شمار	ممبرز کے نام	عہدہ	اجلاس حاضری کی تعداد
1	جناب نصیر احمد شاہ	چیرمین	1
2	جناب شبیر احمد عابد	ممبر	1
3	جناب شاہد اقبال	ممبر	1

بورڈ انتظامیہ کے اہم امور کے حوالے سے فیصلہ کرنے کا ذمہ دار ہے۔ بشمول اہم کاروباری سرگرمیوں پر عمل درآمد اور دیگر معاملات جو قانون کے ذریعہ تجویز کردہ ہیں یہ فیصلے طے شدہ معیارات کے مطابق اس طرح کے معاملے پر غور و فکر، خطرات کا جائزہ لینے اور اس طرح کے معاملات پر مناسب غور کرنے کے بعد کیے جاتے ہیں۔ بورڈ فرائض کی انجام دہی کے لئے بھی نگرانی کرنے کا ذمہ دار ہے۔

ڈائریکٹرز کا معاوضہ :-

بورڈ آف ڈائریکٹرز نے معاوضے کے عزم کے لیے پالیسی مرتب کی ہے۔ اس کی نمایاں خصوصیات مندرجہ ذیل ہیں۔ کمپنی اپنے نان ایگزیکٹو ڈائریکٹرز کو ماسوائے بورڈ اور اس کی کمیٹی کے اجلاس کی فیس کے علاوہ کوئی معاوضہ ادا نہیں کرے گی۔ ڈائریکٹرز کے معاوضے اور اجلاسوں کی فیس کا تعین بورڈ آف ڈائریکٹرز کی منظوری کے ذریعے دی جائے گی۔ معاوضہ ہیکچ بورڈ میں مناسب امیدوار اور صلاحیتوں کو راغب کرنے کے لیے ڈیزائن کیا گیا ہے۔

ایک ڈائریکٹرز کو سفر کے اخراجات، بورڈنگ، رہائش اور دیگر اخراجات بورڈ کے اجلاس میں شرکت کے لئے ادا کیے جاتے ہیں۔

داخلی اور مالیاتی کنٹرول کی قابلیت :-

بورڈ آف ڈائریکٹرز نے اندرونی اور مالیاتی کنٹرول کا ایک موثر نظام قائم کیا ہے جس کو اس طرح یقینی بنایا جاتا ہے۔

موثر اور پائیدار طرز عمل کو بروئے کار لانا

کمپنی کے اثاثوں کی حفاظت

قابل اطلاق قوانین اور ضوابط کی تعمیل

قابل اعتماد مالیاتی جائزے

کمپنی کا اندرونی آڈٹ فنکشن باقاعدہ طور پر معیاری آپریٹنگ طریقہ کار اور اس سے متعلقہ مالی کنٹرولوں کے نفاذ کی نگرانی کرتا ہے۔
داخلی آڈٹ کی رپورٹ داخلی آڈٹ پلان کے مطابق، آڈٹ کمیٹی اپنے اجلاسوں میں اندرونی کنٹرول فریم ورک تاثیر اور مالی بیان کا جائزہ لیتی ہے۔
آڈیٹرز:-

موجودہ آڈیٹرز مسیز ریاض احمد اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے اور خود کو دوبارہ تقرری کے لئے پیش کیا۔ انہوں نے انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) سے قابل اطمینان QCR ریٹنگ حاصل کرنے اور ICAP کی طرف سے اپنائے گئے کوڈ آف ایٹھکس آف انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس (IFAC) کے رہنماء خطوط کی تعمیل کی تصدیق کی ہے۔ بورڈ آف ڈائریکٹرز نے 30 جون 2023 کو ختم ہونے والے سال کے لئے کمپنی کے آڈیٹرز کے طور پر ان کا دوبارہ تقرری کی سفارش کی ہے۔ ایک فیس پر جو کہ باہمی رضامندی سے ہو۔

صحت، حفاظتی اور ماحولیاتی ذمہ داری:-

صحت، حفاظتی اور ماحولیاتی ذمہ داری ہماری بنیادی قدر ہے اور کمپنی معاشرے کی فلاح و بہبود اور ماحول کی بہتری کے لئے باقاعدگی سے اقدامات کرتی رہی ہے۔ ہم صحت اور حفاظت سے متعلق آگاہی کے باقاعدہ پروگرام چلاتے رہتے ہیں۔ کمپنی نے اپنی تمام مینوفیکچرنگ سہولیات پر فائر فائٹنگ کا سامان اور گاڑیاں بھی فراہم کی ہیں، تعلیم یافتہ ٹیم کے ذریعہ ایک مرتب، کلینک / ڈسپنسری کا انتظام ہے۔ جہاں 24/7 ہنگامی خدمات کی جاتی ہیں۔ مزید یہ کہ معاشرے پر کوویڈ-19 کے اثرات کا مقابلہ کرنے کی کوشش میں کمپنی نے تمام SOPs کے ساتھ مکمل طور پر عملدرآمد کیا ہے۔ ملازمین کے لئے ویکسینیشن مہم کا اہتمام کیا گیا تاکہ ملازمین کی صحت اور حفاظت کو یقینی بنایا جاسکے۔ ہم تمام ماحولیاتی معیارات کے ساتھ اپنی پیداواری سہولت کی تعمیل کو بھی یقینی بناتے ہیں۔ CRS حکمت عملی ہے، ہمسایہ معاشروں اور اسٹیک ہولڈرز کے ساتھ طویل مدتی تعلقات استوار کرتا ہے۔ باہمی فائدہ مند ہونے والے تعلقات کارپوریٹ ساکھ میں اضافہ کے ساتھ ساتھ کمپنی کے کاروبار اور مصنوعات کے احترام میں اضافہ کرتے ہیں اور ایک مستقل مسابقتی فائدہ مہیا کرتے ہیں۔

اعتراف:-

ڈائریکٹرز کمپنی میں اس کے حصص یافتگان، عملے کے اراکین، صارفین سپلائرز اور ہمارے بینکرز کی جانب سے مسلسل تعاون، شراکت اور اعتماد کے لئے اپنی تعریف ریکارڈ پر رکھنا چاہتے ہیں۔ ہم اس موقع پر انتظامیہ کا ان کی قیمتی بصیرت اور رہنمائی کیلئے ان کا شکریہ ادا کرنے کا بھی توقع کروں گا۔

چیف ایگزیکٹو آفیسر

ڈائریکٹر

فیصل آباد 5- اکتوبر 2022

SIX YEARS FINANCIAL RESULTS

	2022	2021	2020	2019	2018	2017
	(RUPEES IN THOUSAND).....					
REVENUE	54,146,811	37,089,359	28,668,642	34,211,379	30,842,159	23,393,876
COST OF SALES	(47,605,201)	(31,782,449)	(27,302,890)	(30,417,532)	(26,990,855)	(20,008,592)
GROSS PROFIT	6,541,610	5,306,910	1,365,752	3,793,847	3,851,304	3,385,284
DISTRIBUTION COST	(3,349,959)	(2,262,880)	(2,149,418)	(2,449,678)	(2,063,381)	(1,478,067)
ADMINISTRATIVE EXPENSES	(997,696)	(854,396)	(716,404)	(697,674)	(549,235)	(480,722)
OTHER EXPENSES	(115,099)	(313,068)	(972,665)	(48,649)	(108,238)	(10,675)
OTHER INCOME	2,405,460	443,433	420,371	2,353,372	1,070,524	218,041
FINANCE COST	(1,473,334)	(1,281,812)	(1,699,286)	(1,203,112)	(896,395)	(640,673)
PROFIT / (LOSS) BEFORE TAXATION	3,010,982	1,038,187	(3,751,650)	1,748,106	1,304,579	993,188

VISION STATEMENT

- A leading producer of textile products by providing the highest quality of products and services to its customers.
- To strive excellence through commitment, integrity, honesty and team work.
- Highly ethical company and be respected corporate citizen to continue playing due role in the social and environmental sectors of the company.
- To develop and extremely motivated and professional trained work force, which would drive growth through innovation and renovation.
- Sustained growth in earning in real terms.

MISSION STATEMENT

Our mission is to be a dynamic, profitable and growth oriented company by providing good return on investment to its shareholders and investors, quality products to its customers, a secured and friendly environment place of work to its employees and to project Pakistan's image in the international market.

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

Name of Company **Masood Textile Mills Limited**

Year Ending **30th June, 2022**

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

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

- a. Six (6) Male
- b. One (1) Female

2. The composition of board is as follows:

- | | |
|---------------------------|------------------------|
| 1) Mr. Shabir Ahmad Abid | Independent Director |
| 2) Mr. Shahid Iqbal | Independent Director |
| 3) Mr. Naseer Ahmad Shah | Non-executive Director |
| 4) Mr. Shubin Yang | Non-executive Director |
| 5) Mr. Shoaib Ahmad Khan | Non-executive Director |
| 6) Mr. Shahid Nazir Ahmad | Executive Director |
| 7) Ms. Chen Yan | Female Director |

3. The directors have confirmed that none of them is serving as a director on more than Seven listed companies, including this company.

4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company.

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

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

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

9. Following six Board members have already completed Directors' Training Program:

- Mr. Shabir Ahmad Abid
- Mr. Shahid Iqbal
- Mr. Naseer Ahmad Shah
- Mr. Shibin Yang
- Ms. Chen Yan
- Mr. Shoaib Ahmad Khan

Moreover one Board member, Mr. Shahid Nazir Ahmad is exempted from Directors' Training Program complying with the criteria of minimum of 14 years of education and 15 years of experience on the Boards of listed companies.

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

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

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

a) Audit Committee

- | | |
|---------------------------|------------|
| i) Mr. Shabir Ahmad Abid | (Chairman) |
| ii) Mr. Naseer Ahmad Shah | (Member) |
| iii) Mr. Shahid Iqbal | (Member) |

b) HR and Remuneration Committee

- | | |
|-----------------------------|------------|
| i) Mr. Shahid Iqbal | (Chairman) |
| ii) Mr. Shahid Nazir Ahmad | (Member) |
| iii) Mr. Shahbir Ahmad Abid | (Member) |

c) Nomination Committee

- | | |
|---------------------------|------------|
| i) Mr. Naseer Ahmad Shah | (Chairman) |
| ii) Mr. Shabir Ahmad Abid | (Member) |
| iii) Mr. Shahid Iqbal | (Member) |

d) Risk Management Committee

- | | |
|---------------------------|------------|
| i) Mr. Shahid Nazir Ahmad | (Chairman) |
| ii) Mr. Naseer Ahmad Shah | (Member) |
| iii) Mr. Shahid Iqbal | (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 committee were as per following:

a) Audit Committee:

Five meetings of Audit Committee were held during the financial year ended June 30, 2022.

b) HR and Remuneration Committee:

One meeting of HR and Remuneration Committee was held during the financial year ended June 30, 2022.

c) Nomination Committee:

One meeting of Nomination Committee was held during the financial year ended June 30, 2022.

d) Risk Management Committee:

One meeting of Risk Management Committee was held 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 and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief finance 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 other requirements of the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the regulations have been complied with, except for the Independent directors in which fraction is not rounded up as one because the fraction (0.33) was less than 0.5.

Faisalabad
05th October, 2022



Chief Executive Officer



Director

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Masood Textile Mills Limited

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Masood Textile Mills Limited (the Company) for the year ended 30 June 2022 in accordance with the requirements of Regulation 36 of the Regulations.

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

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

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

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


RIAZ AHMAD & COMPANY
Chartered Accountants

Faisalabad

Date: 05 October, 2022

UDIN: CR202210184zv3inh4Rt



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

August 24, 2022

The purpose of this report is to provide an opinion on the Shariah Compliance of the Secured Privately Placed Sukuk of PKR 2,500 million (Sukuk) issued by Masood Textile Mills Limited (Company).

It is the core responsibility of Masood Textile Mills Limited (Company) to Manage the Sukuk in such a manner which is in compliance with the Shariah principles as laid out in the Shariah guidelines. In the capacity of the Shariah Advisor, our responsibility lies in providing Shariah guidelines and ensuring compliance with the same by review of activities of the Sukuk. We express our opinion based on the review of the information, provided by the issuer, to an extent where compliance with the Shariah guidelines can be objectively verified.

Keeping in view the above; we certify that:

We have reviewed all the transactions, documents, procedures adopted by the issuer as well as the operational activities of the Sukuk which included the review of all transactions and source of earning. We have found them to be in compliance with the Shariah Guidelines.

On the basis of Information provided by the company, all operations and affairs have been carried out in accordance with the rules and principles of Shariah for the sukuk year ended June 2022. The Sukuk is in compliance with the provided Shariah guidelines and there is no need to provide for any charity to purify the income. Therefore, it is resolved those investments in Secured Privately Placed Sukuk of PKR 2,500 million issued by Masood Textile Mills Limited is in accordance with Shariah principles as per the Shariah guidelines provided by the Shariah supervisory council.

May Allah (SWT) bless us and forgive our mistakes and accept our sincere efforts in accomplishment of cherished tasks and keep us away from sinful acts.

For and on behalf of Shariah Supervisory Council of Al-Hilal Shariah Advisors (Pvt.) Limited.

Mufti Irshad Ahmad Aijaz
Member Shariah Council



Faraz Younus Bandukda, CFA
Chief Executive

STATEMENT OF COMPLIANCE WITH THE SUKUK (PRIVATELY PLACED) REGULATIONS, 2017 AND SHARIAH GOVERNANCE REGULATIONS, 2018

This statement is being presented to comply with the requirements under "Sukuk (Privately Placed) Regulations, 2017" (the Regulations) and Shariah Governance Regulations, 2018 issued by the Securities and Exchange Commission of Pakistan (SECP). This Statement of Compliance is for the year ended 30 June 2022.

Masood Textile Mills Limited entered into an arrangement for issue of Sukuk amounting to Rs. 2,500 Million inclusive of Green Shoe Option of PKR 1,000 Million, on December 09, 2019 for a period of 5 years including a grace period of 18 months. We state that the company is in compliance with the sukuk Features and Shariah Requirements in accordance with the Regulations.

We specifically confirm that:

The Company has established policies and procedures for all Sukuk related transactions to comply with Sukuk Features and Shariah Requirements.

The Company has implemented and maintained such internal control and risk management systems that are necessary to mitigate the risk of non-compliances of the Sukuk Features and Shariah Requirements, whether due to fraud or error;

The Company has a process to ensure that the management and where appropriate the Board of Directors, and personnel responsible to ensure the Company's compliance with the Sukuk Feature and Shariah Requirements are properly trained and systems are properly updated.

The Sukuk Feature and Shariah Requirements in accordance with issue of the Regulations comprises of the following:

- a. Requirements of Shariah Structure and Transaction Documents to issuance of Sukuk:
 - Trust Deed
 - Musharka Agreements
 - Payment Agreements
 - Purchase Undertaking
 - Asset Purchase Agreement
 - Investment Agency Agreement
 - Collection arrangement Agreement
 - Security Documents
- b. Guideline of the relevant Shariah Standards, issued by the Accounting and Auditing Organization of the Islamic Financial Institutions, as notified by the SECP;
- c. Requirements of the relevant Islamic Financial Accounting Standard as notified by the SECP; and
- d. Other compliance specified in the Regulations as issued by the SECP; and
- e. Payments were made on time and there was no delay.

The above Statement has been duly endorsed by the Board of Directors of the Company.

INDEPENDENT AUDITOR'S ASSURANCE REPORT

To the Board of Directors of Masood Textile Mills Limited

On the Statement of Compliance with Privately Placed Sukuk Features and Shariah Requirements

Introduction

We were engaged by the Board of Directors (the Board) of Masood Textile Mills Limited (the Company) to express an opinion on the annexed Statement of Compliance (Statement) prepared by the management for the year ended 30 June 2022, with Sukuk (Privately Placed) Regulations, 2017 (the Regulations), Shariah Governance Regulations, 2018 and Shariah Opinion (Fatwa) as issued by the Shariah Advisor and to the extent applicable, the guidelines of Shariah Standards issued by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), in all material respects.

Applicable Criteria

The criteria against which the subject matter information (the statement) is assessed comprises of the provisions of the Regulations and Shariah Opinion (Fatwa) as issued by the Shariah Advisor.

Company's Responsibilities for Shariah Compliance

The Board and management of the Company are responsible for the preparation of the annexed Statement and to ensure that it is free from material misstatement. It is the responsibility of the Company's Board and management to ensure that all Sukuk related financial arrangements, contracts and transactions are in substance and in their legal form, in compliance with the Sukuk Features and Shariah Requirements as specified above. The Company's Board and management are also responsible for prevention and detection of fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its Sukuk related activities and also for designing, implementation and maintenance of appropriate internal control procedures with respect to such compliance and maintenance of relevant records and such risk management system as the management determines is necessary to mitigate the risk of non-compliance of Sukuk Features and Shariah requirements whether due to fraud or error. They are also responsible for ensuring that personnel involved with the compliance with the Sukuk Features and Shariah Requirements are properly trained and systems are properly updated.

Our Independence and Quality Control

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. The firm applies International standard on Quality Control (ISQC) 1, "Quality Control for Firms That Perform Audits and Reviews of Historical Financial Statements, and Other Assurance and Related Service Engagements" and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibilities

Our responsibility is to examine the annexed Statement prepared by management and to report thereon in the form of independent assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standards on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants. This Standards requires that we plan and perform the engagement to obtain reasonable assurance regarding the subject matter i.e. about whether the annexed Statement presents fairly the status of compliance with Sukuk Features and Shariah Requirements as required under the Regulation and Shariah Opinion (Fatwa) issued by Shariah Advisor and to the extent applicable, the guidelines of Shariah Standards issued by AAOIFI, in all material respects.

The procedures selected depend on our professional judgement including the assessment of the risk of the Company's non-compliance with the Sukuk Features and Shariah Requirements, whether due to fraud or error. In making those risk assessment, we have considered internal control relevant to ensure compliance with Sukuk Features and Shariah Requirements, in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion as to the effectiveness of the Company's internal control over ensuring compliance with Sukuk Features and Shariah Requirements.

A system of internal control, because of its nature, may not prevent or detect all instances of non-compliance with Sukuk Features and Shariah Requirements, and consequently cannot provide absolute assurance that the objective of compliance with Sukuk Features and Shariah Requirement will be met.

The procedures performed included;

- Evaluation of the systems, procedures and practices in place with respect to compliance of Sukuk related transactions with the Features and Shariah Requirements;
- Verification that payments were made on time and there was no delay;
- Test for a sample of transactions to help ensure that these are carried out in accordance with the laid down procedures and practices; and
- Review of the Statement based on our procedures performed and conclusion reached.

Conclusion

Our conclusion has been formed on the basis of, and subject to, the matters outlined in the report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis of our conclusion.

In our opinion, the annexed Statement prepared by management, for the year ended 30 June 2022, presents fairly in all material respects, the status of compliance with Sukuk Features and Shariah Requirements as required under the Regulation and Shariah Opinion (Fatwa) issued by Shariah Advisor, and to the extent applicable, the guidelines of Shariah Standards issued by AAOIFI.

Riaz Ahmad & Co.
RIAZ AHMAD & COMPANY
Chartered Accountants

Faisalabad

Date: 05 October, 2022

INDEPENDENT AUDITOR'S REPORT

To the members of Masood Textile Mills limited

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Sr. No.	Key audit matters	How the matters were addressed in our audit
1.	Capital expenditure The Company is investing significant amounts in its operations and there are a number of areas where management judgement impacts the carrying value of property, plant and equipment and its respective depreciation profile. These include among other the decision to capitalize or expense costs; and review of useful life of the assets. We focused on this area since the amounts have a significant impact on the financial position of the Company and there is significant management judgment required that has significant impact on the reporting of the financial position for the Company. Therefore, considered as one of the key audit matters. For further information, refer to the following: - Summary of significant accounting policies, property, plant and equipment (Note 2.5 to the financial statements). - Property, plant and equipment (Note 14) to the financial statements).	Our procedures included, but were not limited to: • We tested operating effectiveness of controls in place over the property, plant and equipment cycle including the controls over whether costs incurred on activities is capital or operating in nature. • We evaluated the appropriateness of capitalization policies and depreciation rates. • We performed tests of details on costs capitalized. • We verified the accuracy of management's calculation used for the impairment testing.

Sr. No.	Key audit matters	How the matters were addressed in our audit
2.	Inventory existence and valuation Inventories as at 30 June 2022 amounting to Rupees 16,122.062 million, break up of which is as follows: - Stores, spare parts and loose tools of Rupees 2,870.433 million - Stock in trade of Rupees 13,251.629 million Inventories are stated at lower of cost and net realizable value. We identified existence and valuation of inventories as a key audit matter due to its size, representing 33.27% of total assets of the Company as at 30 June 2022, and the judgment involved in valuation. For further information on inventories, refer to the following: - Summary of significant accounting policies, Inventories (Note 2.8 to the financial statements). - Stores, spare parts and loose tools (Note 17) and Stock in trade (Note 18) to the financial statements.	Our procedures over existence and valuation of inventories included, but were not limited to: • To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management. • For a sample of inventory items, re-performed the cost calculation and compared the moving / annual average cost appearing on valuation sheets. • On a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write down, if any. • In the context of our testing of the calculation, we analyzed individual cost components and traced them back to the corresponding underlying documents. • We also made inquiries from management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required. • We also assessed the adequacy of the disclosures made in respect of the accounting policies and related notes to the financial statements.

Sr. No.	Key audit matters	How the matters were addressed in our audit
3.	Revenue recognition The Company recognized revenue of Rupees 54,146.811 million for the year ended 30 June 2022. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets. For further information on revenue recognition, refer to the following: - Summary of significant accounting policies, Revenue from contracts with customers (Note 2.12 to the financial statements). - Revenue (Note 25 to the financial statements).	Our procedures included, but were not limited to: • We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue. • We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents. • We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period. • We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'. • We also considered the appropriateness of disclosures in the financial statements.

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:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, 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).

The engagement partner on the audit resulting in this independent auditor's report is Liaquat Ali Panwar.

Riaz Ahmad & Co.
RIAZ AHMAD & COMPANY
Chartered Accountants

Faisalabad

Date: 05 October, 2022

UDIN: AR202210184yzfEPXiQ2

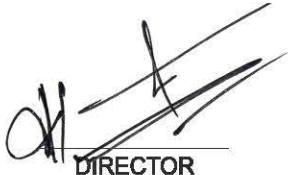
STATEMENT OF FINANCIAL

	NOTE	2022 (RUPEES IN THOUSAND)	2021
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
125 000 000 (2021: 125 000 000) ordinary shares of Rupees 10 each		1,250,000	1,250,000
60 000 000 (2021: 60 000 000) preference shares of Rupees 10 each		600,000	600,000
		<u>1,850,000</u>	<u>1,850,000</u>
Issued, subscribed and paid up share capital	3	950,000	986,666
Reserves			
Capital reserves			
Share premium	4.1	1,375,000	1,375,000
Redemption fund	4.2	128,333	128,333
Capital contribution	4.3	2,000,000	1,500,000
Surplus on revaluation of freehold land		<u>2,447,552</u>	<u>2,447,552</u>
		5,950,885	5,450,885
Revenue reserves	5	<u>6,596,089</u>	<u>4,467,730</u>
Total reserves		<u>12,546,974</u>	<u>9,918,615</u>
Total equity		<u>13,496,974</u>	<u>10,905,281</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	6	4,006,065	5,007,611
Lease liabilities	7	44,718	94,777
Deferred liabilities	8	<u>1,395,252</u>	<u>1,087,926</u>
		5,446,035	6,190,314
CURRENT LIABILITIES			
Trade and other payables	9	8,660,234	4,958,142
Unclaimed dividend		10,900	11,146
Unpaid dividend		-	47,682
Accrued mark-up	10	222,858	160,164
Short term borrowings	11	17,821,275	15,011,000
Current portion of non-current liabilities	12	2,061,764	2,733,292
Provision for taxation		<u>732,897</u>	<u>390,384</u>
		29,509,928	23,311,810
TOTAL LIABILITIES		<u>34,955,963</u>	<u>29,502,124</u>
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		<u>48,452,937</u>	<u>40,407,405</u>

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

POSITION AS AT 30 JUNE 2022

	NOTE	2022 (RUPEES IN THOUSAND)	2021
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	14	13,997,802	13,589,405
Right-of-use assets	15	128,998	204,109
Long term advances	16	13,744	7,469
Long term security deposits		105,601	97,881
		<u>14,246,145</u>	<u>13,898,864</u>
CURRENT ASSETS			
Stores, spare parts and loose tools	17	2,870,433	2,244,531
Stock in trade	18	13,251,629	11,283,501
Trade debts	19	12,424,837	7,435,280
Loans and advances	20	782,884	634,462
Income tax		1,003,167	883,994
Short term deposits and prepayments	21	254,007	226,054
Other receivables	22	2,903,378	3,163,017
Short term investments	23	7,572	106,771
Cash and bank balances	24	708,885	530,931
		<u>34,206,792</u>	<u>26,508,541</u>
TOTAL ASSETS		<u><u>48,452,937</u></u>	<u><u>40,407,405</u></u>



CHIEF FINANCIAL OFFICER

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

	NOTE	2022 (RUPEES IN THOUSAND)	2021 (RUPEES IN THOUSAND)
REVENUE	25	54,146,811	37,089,359
COST OF SALES	26	(47,605,201)	(31,782,449)
GROSS PROFIT		<u>6,541,610</u>	<u>5,306,910</u>
DISTRIBUTION COST	27	(3,349,959)	(2,262,880)
ADMINISTRATIVE EXPENSES	28	(997,696)	(854,396)
OTHER EXPENSES	29	(115,099)	(313,068)
OTHER INCOME	30	2,405,460	443,433
FINANCE COST	31	<u>(1,473,334)</u>	<u>(1,281,812)</u>
PROFIT BEFORE TAXATION		3,010,982	1,038,187
TAXATION	32	<u>(734,942)</u>	<u>(397,652)</u>
PROFIT AFTER TAXATION		<u><u>2,276,040</u></u>	<u><u>640,535</u></u>
EARNINGS PER SHARE - BASIC (RUPEES)	33	<u><u>33.24</u></u>	<u><u>9.06</u></u>
- DILUTED (RUPEES)	33	<u><u>30.22</u></u>	<u><u>8.24</u></u>

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	2022 (RUPEES IN THOUSAND)	2021
PROFIT AFTER TAXATION	2,276,040	640,535
OTHER COMPREHENSIVE (LOSS) / INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements arising on defined benefit obligation	(118,713)	2,263
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive (loss) / income for the year	(118,713)	2,263
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>2,157,327</u>	<u>642,798</u>

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


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

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

SHARE CAPITAL	RESERVES									TOTAL EQUITY
	CAPITAL					REVENUE			TOTAL	
	Share premium	Redemption fund	Capital contribution	Surplus on revaluation of freehold land	Sub total	General	Unappropriated profit	Sub total		
(RUPEES IN THOUSAND)										

(RUPEES IN THOUSAND)

Balance as at 01 July 2020	986,666	1,375,000	128,333	-	2,447,552	3,950,885	714,500	3,158,114	3,872,614	7,823,499	8,810,165
----------------------------	---------	-----------	---------	---	-----------	-----------	---------	-----------	-----------	-----------	-----------

Transactions with owners:

Contribution from director / shareholders	-	-	-	1,500,000	-	1,500,000	-	-	-	1,500,000	1,500,000
Dividend at the rate of Rupees 1.53 per share (Preference shares)	-	-	-	-	-	-	-	(47,682)	(47,682)	(47,682)	(47,682)

Profit for the year	-	-	-	-	-	-	-	640,535	640,535	640,535	640,535
Other comprehensive income for the year	-	-	-	-	-	-	-	2,263	2,263	2,263	2,263

Total comprehensive income for the year	-	-	-	-	-	-	-	642,798	642,798	642,798	642,798
---	---	---	---	---	---	---	---	---------	---------	---------	---------

Balance as at 30 June 2021	986,666	1,375,000	128,333	1,500,000	2,447,552	5,450,885	714,500	3,753,230	4,467,730	9,918,615	10,905,281
----------------------------	---------	-----------	---------	-----------	-----------	-----------	---------	-----------	-----------	-----------	------------

Transactions with owners:

Contribution from director / shareholders	-	-	-	500,000	-	500,000	-	-	-	500,000	500,000
Redemption of preference shares	(36,666)	-	-	-	-	-	-	-	-	-	(36,666)
Transfer from capital redemption reserve fund	-	-	(36,666)	-	-	(36,666)	-	36,666	36,666	-	-
Transfer to capital redemption reserve fund	-	-	36,666	-	-	36,666	-	(36,666)	(36,666)	-	-
Dividend at the rate of Rupees 0.93 per share (Preference shares)	-	-	-	-	-	-	-	(28,968)	(28,968)	(28,968)	(28,968)

Profit for the year	-	-	-	-	-	-	-	2,276,040	2,276,040	2,276,040	2,276,040
Other comprehensive loss for the year	-	-	-	-	-	-	-	(118,713)	(118,713)	(118,713)	(118,713)

Total comprehensive income for the year	-	-	-	-	-	-	-	2,157,327	2,157,327	2,157,327	2,157,327
---	---	---	---	---	---	---	---	-----------	-----------	-----------	-----------

Balance as at 30 June 2022	950,000	1,375,000	128,333	2,000,000	2,447,552	5,950,885	714,500	5,881,589	8,596,089	12,546,974	13,498,974
----------------------------	---------	-----------	---------	-----------	-----------	-----------	---------	-----------	-----------	------------	------------

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


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 (RUPEES IN THOUSAND)	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	34	2,107,110	1,903,605
Finance cost paid		(1,350,516)	(1,451,528)
Mark-up paid against lease liabilities		(15,836)	(18,646)
Income tax paid		(511,602)	(326,875)
Dividend paid to ordinary shareholders		(246)	(54,116)
Dividend paid to preference shareholders		(76,650)	-
Staff retirement gratuity paid		(175,974)	(219,742)
Net (increase) / decrease in long term advances		(6,275)	591
Net (increase) / decrease in long term security deposits		(7,720)	894
Net cash used in operating activities		(37,709)	(165,817)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		69,302	27,468
Capital expenditure on property, plant and equipment		(1,425,310)	(942,946)
Proceeds from disposal of investments - net		92,199	96,447
Net cash used in investing activities		(1,263,809)	(819,031)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		2,106,695	1,003,674
Repayment of long term financing		(3,748,698)	(1,161,892)
Capital contribution		500,000	1,500,000
Repayment of preference shares		(36,666)	-
Repayment of lease liabilities		(152,134)	(174,157)
Short term borrowings - net		2,810,275	(824,860)
Net cash from financing activities		1,479,472	342,765
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		177,954	(642,083)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		530,931	1,173,014
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 24)		708,885	530,931

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1. THE COMPANY AND ITS OPERATIONS

Masood Textile Mills Limited is a public limited company incorporated under the Companies Act, 1913 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited (PSX). Its registered office is situated at Universal House, P-17/1, New Civil Lines, Bilal Road, Faisalabad. The main objects of the Company are manufacturing and sale of cotton / synthetic fiber yarn, knitted / dyed fabrics and garments.

Geographical locations and addresses of all business units (except for the registered office) of the Company are as follows:

Manufacturing units and offices	Address
Spinning, Knitting and Dyeing units	32 Kilometers, Sheikhpura Road, Faisalabad
Spinning Unit	Satyana Road, Faisalabad
Spinning and Knitting units	30 Kilometers, Sheikhpura Road, Faisalabad
Spinning Unit	3 Kilometers, Shorkot Road, Toba Tek Singh
Stitching Unit	Sargodha Road, Faisalabad
Stitching Units	Nishatabad, Faisalabad
Stitching Unit	Chak Jhumra Road, Nishatabad, Faisalabad
Stitching Units	Hajiabad, Sheikhpura Road, Faisalabad
Liaison office	13 Kilometers, Bhubatian Chowk, Defence Road, Lahore
Liaison office	Office No. 306 - 307, Gul Tower, I.I. Chundrigar Road, Karachi

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) and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan (ICAP), 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 and IFASs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

b) Accounting convention

These financial statements have been prepared under the historical cost convention, except as otherwise stated in respective accounting policies.

c) Critical accounting estimates and judgments

The preparation of these financial statements in conformity with the approved accounting and reporting standards, as applicable in Pakistan requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Information about the judgements made by the management in the application of accounting policies, that have the most significant affect on the amounts recognized in these financial statements, assumptions and estimation uncertainties with significant risk of material adjustment to the carrying amount of assets and liabilities in the next year are as follows:

Staff retirement gratuity

Certain actuarial assumptions have been adopted as disclosed in Note 8.1 to the financial statements for determination of present value of staff retirement gratuity. Any change in these assumptions in future years might affect the current and remeasurement gains and losses in those years.

Provisions

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognized provision is recognized in the statement of profit or loss unless the provision was originally recognized as part of cost of an asset.

Contingencies

The Company reviews the status of all pending litigations and claims against the Company. Based on the judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the statement of financial position date.

Income tax

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

Useful lives, patterns of economic benefits and impairments

The estimate for revalued amount of freehold land is based on valuation performed by external professional valuer and recommendation of technical teams of the Company. The said recommendations also include estimates with respect to residual values and depreciable lives. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Any change in the estimates in future might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

Inventories

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales. Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgment. It is based on the lifetime expected credit loss, based on the Company's experience of actual credit loss in past years.

Revenue from contracts with customers involving sale of goods

When recognizing revenue in relation to the sale of goods to customers, the key performance obligation of the Company is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

d) Amendments to published approved accounting standards that are effective in current year and are relevant to the Company

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2021:

- IFRS 16 (Amendments) 'Leases'
- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures' and IFRS 16 'Leases'.

The above-mentioned amendments to approved accounting standards did not have any impact on the amounts recognized in prior period and are not expected to significantly affect the current or future periods.

e) 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.

f) 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 non-current 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.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16 'Property, Plant and Equipment') effective for the annual period beginning on or after 01 January 2022, clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable standards. The entity measures the cost of those items applying the measurement requirements of IAS 2 'Inventories'. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall 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 beginning of that earliest period presented.

Following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 01 January 2022:

IFRS 9 'Financial Instruments' – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to de-recognize a financial liability.

IFRS 16 'Leases' – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 'Leases' by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

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.

g) 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 an unfunded gratuity scheme for its permanent employees who have completed the minimum qualifying period of service as defined under the scheme. The Company's obligation under this scheme is determined through actuarial valuation carried under Projected Unit Credit Method. Latest actuarial valuation has been carried on 30 June 2022. The method involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long term nature of the benefit, such estimates are subject to certain uncertainties. Significant assumptions used to carry out the actuarial valuation have been disclosed in Note 8.1.4 to these financial statements.

Remeasurements changes which comprise actuarial gains and losses are recognized immediately in other comprehensive income.

2.3 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.

2.4 Taxation

Current

The Company falls in the ambit of presumptive tax regime under section 169 of the Income Tax Ordinance, 2001. Provision for income tax is made in the financial statements accordingly. However, provision for tax on other income is based on taxable income at the current rates after considering the rebates and tax credits available, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

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 Property, plant and equipment

a) Operating fixed assets

Property, plant and equipment are stated at cost less accumulated depreciation and any identified impairment loss, except freehold land which is stated at cost / revalued amount less any identified impairment loss. Capital work-in-progress is stated at cost less any identified impairment loss, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use. Cost of property, plant and equipment signifies historical cost, revalued amount, borrowing cost pertaining to erection / construction period as referred in Note 2.9 and directly attributable cost of bringing the assets to working condition.

Increases in the carrying amounts arising on revaluation of freehold land 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.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

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. Maintenance and normal repairs are charged to the statement of profit or loss during the period they are incurred.

b) Depreciation

Depreciation on property, plant and equipment is charged to the statement of profit or loss applying the reducing balance method at the rates given in Note 14.1 to write off the cost over their expected useful life. The Company charges depreciation on additions from the date when the asset is available for use and on deletions up to the date when 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.

c) 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 determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of profit or loss.

2.6 Leases

Right-of-use assets

A right-of-use asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is charged over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Company has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are charged to income as incurred.

Lease liabilities

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortized cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of-use asset, or to statement of profit or loss if the carrying amount of the right-of-use asset is fully written down.

2.7 Ijarah contracts

Under the Ijarah contracts, the Company obtains usufruct of an asset for an agreed period and consideration. The Company accounts for its Ijarah contracts in accordance with the requirements of IFAS 2 'Ijarah'. Accordingly, the Company as a Musta'ir (lesser) in the Ijarah contract recognizes the Ujrah (lease) payments as an expense in the statement of profit or loss on straight line basis over the Ijarah term.

2.8 Inventories

Inventories, except for stock in transit and waste stock / rags, are stated at lower of cost and net realizable value. Cost is determined as follows:

Stores, spare parts and loose tools

Usable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. In transit stores, spare parts and loose tools are valued at cost comprising invoice value plus other charges paid thereon.

Stock in trade

Cost of raw materials, work-in-process and finished goods is determined as follows:

- | | | |
|---|---|---|
| (i) For raw materials | - | Annual average basis. |
| (ii) For work-in-process and finished goods | - | Average manufacturing cost including a portion of production overheads. |

Materials in transit are valued at cost comprising invoice value plus other charges paid thereon. Waste stock / rags are valued at net realizable value.

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.

2.9 Borrowing cost

Interest, mark-up and other charges on long term financing are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such long term financing. All other interests, mark-up and other charges are recognized in statement of profit or loss.

2.10 Provisions

Provisions are recognized when the Company has a 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 obligation and a reliable estimate of the obligation can be made.

2.11 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value in use and fair value less cost to sell, is estimated. An impairment loss is recognized whenever, the carrying amount of an asset exceeds its recoverable amount. Impairment loss is charged to the statement of profit or loss. Reversal 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 loss had not been recognized. Reversal of impairment loss is also recognized in the statement of profit or loss.

2.12 Revenue from contracts with customers

i) Revenue recognition

Sale of goods

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. Related Government grant is recognized when there is reasonable assurance that Company will comply with the conditions attached to it and grant will be received.

Rendering of services

The Company provides dyeing and knitting services to local customers. These services are sold separately and the Company's contract with the customers for services constitutes a single performance obligation. Revenue from a contract to provide services is recognized at point in time, generally at the time of dispatch.

Interest

Interest income is recognized as interest accrues using the effective interest method. This is a method of calculating the amortized cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividend

Dividend on investments is recognized when right to receive the dividend is established.

Other revenue

Other revenue is recognized when it is received or when the right to receive payment is established.

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) Right of return assets

Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.

iv) 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.

2.13 Share capital

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

2.14 Financial Instruments

i) Recognition of financial instruments

The Company initially recognizes financial assets on the date when they are originated. Financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

ii) Classification and measurement of financial instruments

Investments and other financial assets

a) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at the fair value through profit or loss; and
- those to be measured at amortized cost.

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

For assets measured at fair value, gain and losses are recognized in statement of profit or loss. For investments in debt instruments, this will depend on the business model in which the investment is held. The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

b) Measurement

At initial recognition, the Company measures a financial asset at its fair value, in the case of a financial asset at its fair value plus transaction plus, in the case of a financial asset not at fair value through profit or loss, transaction cost that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt Instruments

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 into following measurement category:

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. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on de-recognition is recognized directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses.

Equity instruments

The Company subsequently measures all equity instruments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price.

At fair value through profit or loss

Changes in the fair value of equity instruments at fair value through profit or loss are recognized in other income / (other expenses). Dividends from such investments are recognized in profit or loss as other income when the Company's right to receive payments is established.

Financial liabilities

Classification and measurement

Financial liabilities are classified at amortized cost. These are also subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

iii) Impairment of financial assets

The Company recognizes loss allowances for ECLs on financial assets measured at amortized cost. The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- bank balances and debt securities for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

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

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise; or
- it is probable that the debtor will enter bankruptcy or other financial reorganization.

iv) 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. Any interest in such de-recognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

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. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

v) Offsetting of financial assets and financial liabilities

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.

2.15 Trade and other receivables

Trade receivables 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.

2.16 Borrowings

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method.

2.17 Trade and other payables

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

2.18 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit 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.

2.19 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized in the period in which it is declared and other appropriations are recognized in the period in which these are approved by the board of directors.

2.20 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components. Operating segments are reported in a manner consistent with the internal reporting structure. Management monitors the operating results of its segments separately for the purpose of making decisions regarding resource allocation and performance assessment.

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

The Company has three reportable operating segments: i) Spinning (Producing different qualities of yarn), ii) Knitting (Producing knitted fabric from yarn), iii) Processing and Garments (Processing of greige fabric for production of dyed and white fabric and manufacturing of variety of garments from processed fabric).

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

2.21 Earnings per share

The Company presents basic and diluted Earnings per Share (EPS). Basic EPS is calculated by dividing profit attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting profit attributable to shareholders and the weighted average number of ordinary shares outstanding with the effects of all dilutive potential ordinary shares.

2.22 Contingent assets

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

2.23 Contingent liabilities

Contingent liability is disclosed when the Company has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the financial statements.

2.24 Government grants

The benefit of lower interest rate than market rate on borrowings obtained under State Bank of Pakistan (SBP) refinance scheme for payment of salaries and wages to the employees and workers of the Company, is accounted for as government grant which is the difference between loan received and the fair value of the loan. The differential amount is recognized and presented as deferred government grant.

In subsequent periods, the grant shall be amortized over the period of loan and amortization shall be recognized in the profit or loss.

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2022 (NUMBER OF SHARES)			2022 (RUPEES IN THOUSAND)		2021
67 500 000	67 500 000	Ordinary shares of Rupees 10 each fully paid in cash	675,000		675,000
27 500 000	31 166 668	Cumulative preference shares (non-voting) of Rupees 10	275,000		311,666
		each fully paid in cash (Note 3.1 and Note 3.2)			
<u>95 000 000</u>	<u>98 666 668</u>		<u>950,000</u>		<u>986,666</u>

3.1 Movement during the year

31 166 668	31 166 668	Opening balance	311,666		311,666
3 666 668	-	Redemption of cumulative preference shares (non-voting) at Rupees 10 each	36,666		-
<u>27 500 000</u>	<u>31 166 668</u>	Closing balance	<u>275,000</u>		<u>311,666</u>

- 3.2** The Company issued cumulative preference shares as at 30 June 2005, which are listed on Pakistan Stock Exchange Limited, to finance the working capital requirements and fixed capital expenditure.

Terms of redemption

a) Conversion option

Preference shareholders have the option to serve a notice to the Company to convert one third of the preference shares along with accumulated dividend into ordinary shares of the Company after the expiry of four years from the date of issuance in any conversion year at a discount of 15 percent to immediately preceding 30 calendar days' average market value. Upon receiving the conversion notice, the Company will have the option to repay the preference shares along with the accumulated dividend for which conversion notice has been issued within one month of receiving thereof or issue ordinary shares to preference shareholders.

b) Call option

The Company has the option to redeem the preference shares after four years of the issuance in part in multiples of 10 percent upto 100 percent from the preference shareholders. The call price would be Rupees 10 per share plus the entire accumulated preference share dividend, if any.

c) Rate of dividend

The preference dividend is payable at the average rate of six months KIBOR plus 2 percent per annum on cumulative basis. According to the terms of issuance, dividend to ordinary shareholders could only be paid after the payment of preference dividend to preference shareholders.

d) Sinking fund reserve

The Company has created a sinking fund reserve (capital redemption reserve fund) from the profits of the Company to make payments against any call option. The Company has built-up this sinking fund reserve to ensure that at the end of the fourth year from the issuance date, the reserve is equal to one third of the total amount of preference shares. This reserve account will subsequently be replenished to ensure that one third of the outstanding preference shares amount is available in the reserve account.

- 3.3** 17 396 833 ordinary shares (2021: 17 396 833) of the Company are held by Shanghai Challenge Textile Company Limited, an associate.

	2022	2021
	(RUPEES IN THOUSAND)	
4. CAPITAL RESERVES		
Share premium (Note 4.1)	1,375,000	1,375,000
Capital redemption reserve fund (Note 4.2)	128,333	128,333
Capital contribution (Note 4.3)	2,000,000	1,500,000
Surplus on revaluation of freehold land	2,447,552	2,447,552
	<u>5,950,885</u>	<u>5,450,885</u>

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

- 4.2** The Company has created this reserve from its profits to make payments against any call option of preference shares.

2022 **2021**
(RUPEES IN THOUSAND)

4.3 Capital contribution

Balance as on 1 July	1,500,000	-
Add: Contributions made during the year	500,000	1,500,000
Balance as on 30 June	<u>2,000,000</u>	<u>1,500,000</u>

4.3.1 These represent unsecured interest free loans from director / shareholders of the Company as required by the banks in their sanction advices. These are repayable on Company's discretion. These loans are treated as capital contribution in accordance with the guidelines provided by The Institute of Chartered Accountants of Pakistan (ICAP) vide Technical Release-32.

5. REVENUE RESERVES

General	714,500	714,500
Unappropriated profit	5,881,589	3,753,230
	<u>6,596,089</u>	<u>4,467,730</u>

6. LONG TERM FINANCING

From banking companies - secured

Long term loans (Note 6.1)	2,171,183	4,712,033
Syndicate term finance (Note 6.2)	1,650,000	-
Diminishing musharika / Sukuk (Note 6.3)	2,127,714	2,841,579
	<u>5,948,897</u>	<u>7,553,612</u>
Less: Current portion shown under current liabilities (Note 12)	1,942,832	2,546,001
	<u>4,006,065</u>	<u>5,007,611</u>

6.1

Long term loans

LENDER	2022	2021	RATE OF INTEREST / PROFIT PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST / PROFIT REPAYING	INTEREST / PROFIT PAYABLE	SECURITY
(RUPEES IN THOUSAND)							
National Bank of Pakistan	-	1,500,000	3 Month KIBOR+0.50%	This facility was completely repaid on 05 May 2022	Quarterly	Quarterly	First joint pari passu charge over fixed assets of the Company and personal guarantee of Chief Executive Officer of the Company
National Bank of Pakistan	-	224,540	3 Month KIBOR+0.75%	This facility was completely repaid on 08 March 2022	Quarterly	Quarterly	First joint pari passu charge over fixed assets of the Company
Standard Chartered Bank (Pakistan) Limited (Note 6.1.1)	87,353	281,900	2.00%	Eight quarterly installments starting from 01 January 2021 and ending on 01 October 2022	Quarterly	Quarterly	Joint pari passu charge on fixed assets and personal guarantee of Chief Executive Officer of the Company
Habib Bank Limited (Note 6.1.1)	121,245	349,411	1.00%	Eight quarterly installments starting from 01 January 2021 and ending on 01 October 2022	Quarterly	Quarterly	Joint pari passu charge over fixed assets of the Company and personal guarantee of some of the directors of the Company
United Bank Limited	175,403	277,278	4.50%	These are different loans repayable in sixteen quarterly installments starting from 31 December 2017 and ending on 08 January 2023	-	Quarterly	First charge on specific machinery
The Bank of Punjab	115,328	217,404	4.50%	These are different loans repayable in seventeen to twenty quarterly installments starting from 28 November 2017 and ending on 08 March 2024	-	Quarterly	First charge on specific machinery
Akshar Bank Limited	105,547	195,977	4.50%	These are different loans repayable in sixteen to eighteen quarterly installments starting from 01 October 2017 and ending on 21 March 2025	-	Quarterly	First charge on specific machinery and personal guarantee of certain directors of the Company
National Bank of Pakistan	761,375	1,075,108	4.50%	These are different loans repayable in sixteen, eighteen, nineteen and twenty quarterly installments starting from 28 March 2018 and ending on 30 August 2025	-	Quarterly	First charge on specific machinery
Habib Metropolitan Bank Limited	219,914	271,980	4.50%	These are different loans repayable in sixteen and twenty quarterly installments starting from 12 May 2020 and ending on 07 April 2023	-	Quarterly	First charge on specific machinery and personal guarantee of all directors of the Company
Bank Alfalah Limited	122,775	158,859	5.00%	These are different loans repayable in twenty quarterly installments starting from 04 December 2019 and ending on 18 November 2025	-	Quarterly	First exclusive charge on fixed assets of the Company and personal guarantee of Chief Executive Officer of the Company
Pakistan Kuwait Investment Company (Private) Limited	416,836	150,000	5.00%	These are different loans repayable in sixteen and eighteen quarterly installments starting from 03 August 2021 and ending on 01 April 2027	-	Quarterly	First charge on specific machinery
Pakistan Kuwait Investment Company (Private) Limited	35,807	-	7.00%	Eighteen installments starting 08 March 2023 and ending on 06 June 2027	-	Quarterly	First charge on plant and machinery
	<u>2,171,183</u>	<u>4,712,033</u>					

6.1.1 These term finance facilities were obtained by the Company under SGP Refinance Scheme for payment of wages and salaries to workers and employees of business concerns. These loans are recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment is recognized at discount rate of 8.25% per annum.

6.2

Synthetic term finance

Pakistan Kuwait Investment Company (Private) Limited	850,000	-	3 Month KIBOR+2%	Nine semi annual installments starting from 31 March 2023 and ending on 23 April 2027	Quarterly	Quarterly	Joint pari passu charge on fixed assets and personal guarantee of some directors of the Company
Pak Ujya Holding Company Limited	200,000	-					
Pak Oran Investment Company Limited	300,000	-					
PAIR Investment Company Limited	300,000	-					
	<u>1,650,000</u>	<u>-</u>					

6.3

Diminishing musharaka / Sukuk

OLP Modaraba (formerly Oris Modaraba)	-	66,579	Base Rate+2.95%	This facility was completely repaid on 24 June 2022	Semi annually	Monthly	First charge on specific machinery and personal guarantee of some directors of the Company
OLP Modaraba (formerly Oris Modaraba)	117,000	-	Base Rate+3.25%	Thirty six monthly installments starting from 28 April 2023 and ending on 28 March 2026	Semi annually	Monthly	First charge on specific machinery and personal guarantee of some directors of the Company
Meezan Bank Limited	225,000	285,000	3 Month KIBOR+1%	Twenty quarterly installments starting from 25 June 2021 and ending on 25 March 2026	Quarterly	Quarterly	First equitable charge over specific property
Shariah Compliant Sukuk (Note 6.3.1)	1,786,714	2,500,000	3 Month KIBOR+2.00%	Fourteen quarterly installments starting from 17 September 2021 and ending on 17 December 2024	Quarterly	Quarterly	First pari passu charge over all present and future fixed assets of the Company and equitable mortgage over the mortgaged properties

6.3.1

These represent redeemable capital in terms of 2,500 Shariah Compliant Sukuk Certificate issued to various institutions and other investors by way of private placement in accordance with the provisions of section 66 of the Companies Act, 2017. These are issued to repay existing conventional debts and for meeting working capital requirement of the Company. Pakistan Kuwait Investment Company (Private) Limited was the lead financial advisor and arranger while AH-Hilal Sharikat Advisors (Private) Limited is acting as Shariah structuring advisor for the Sukuk.

	2022 (RUPEES IN THOUSAND)	2021
7. LEASE LIABILITIES		
Total lease liabilities (Note 7.1.1 and Note 7.1.2)	146,153	226,065
Less: Current portion shown under current liabilities (Note 12)	(101,435)	(131,288)
	<u>44,718</u>	<u>94,777</u>
7.1 Reconciliation of lease liabilities		
Opening balance	226,065	340,576
Add:		
Additions during the year	72,222	210,522
Interest accrued on lease liabilities (Note 31)	15,836	18,646
	<u>314,123</u>	<u>569,744</u>
Less:		
Termination of lease during the year	-	150,876
Payments during the year	<u>167,970</u>	<u>192,803</u>
	167,970	343,679
Closing balance	<u>146,153</u>	<u>226,065</u>
7.1.1 The value of minimum lease payments of lease amounting to Rupees 16.642 million (2021: Rupees 20.669 million) has been discounted using implicit interest rate of 8.85% to 12.96% (2021: 8.74% to 14.99%) per annum. Balance rentals are payable in monthly installments. Taxes, repairs and insurance costs are to be borne by the Company. In case of termination of the agreement, the Company shall pay entire amount of rentals for unexpired period of lease agreement. Lease agreement is renewable at the option of the lessor on such terms as may be agreed upon. Liabilities are secured against deposits of Rupees 6.778 million (2021: Rupees 6.778 million) included in long term security deposits.		
7.1.2 The value of minimum lease payments of lease amounting to Rupees 129.511 million (2021: Rupees 205.396 million) has been discounted using incremental borrowing rate of 8.30% to 9.78% (2021: 8.30% and 9.78%) per annum. Balance rentals are payable in monthly installments. Repairs and insurance costs are to be borne by the Company. In case of termination of the agreement, three months notice is to be given. Lease agreement is renewable at the mutual consent of both parties on such terms as may be agreed upon. Liabilities are secured against deposits of Rupees 21.769 million (2021: Rupees 17.033 million) included in long term security deposits.		
7.2 Maturity analysis of lease liabilities is as follows:		
Upto 12 months	109,002	143,442
01 to 02 years	38,913	70,999
02 to 03 years	6,809	22,994
03 to 04 years	-	6,073
	<u>154,724</u>	<u>243,508</u>
Less: Un-amortized finance cost	8,571	17,443
Present value of future minimum lease payments	<u>146,153</u>	<u>226,065</u>
8. DEFERRED LIABILITIES		
Staff retirement gratuity (Note 8.1)	1,395,252	1,078,919
Deferred income - government grant (Note 8.2)	-	6,401
Gas Infrastructure Development Cess (GIDC) (Note 8.3)	-	2,606
	<u>1,395,252</u>	<u>1,087,926</u>

	2022 (RUPEES IN THOUSAND)	2021
8.1 STAFF RETIREMENT GRATUITY		
Opening balance	1,078,919	964,354
Add:		
Provision for the year (Note 8.1.1)	406,469	338,243
Remeasurements recognized in other comprehensive income (Note 8.1.2)	118,713	(2,263)
Closing balance	1,604,101	1,300,334
Less:		
Payments made during the year	(175,974)	(219,742)
Increase in current liability - net	(32,875)	(1,673)
	(208,849)	(221,415)
	1,395,252	1,078,919
8.1.1 Provision for the year		
Current service cost	309,019	265,683
Interest cost	97,450	72,560
	406,469	338,243
8.1.2 Remeasurements recognized in other comprehensive income		
Actuarial gain from changes in financial assumptions	(8,739)	(3,231)
Experience adjustments	127,452	968
	118,713	(2,263)
8.1.3 Reconciliation of present value of defined benefit obligation as at 30 June is given below:		
Present value of defined benefit obligation as at 01 July	1,078,919	964,354
Current service cost	309,019	265,683
Interest cost	97,450	72,560
Benefits paid during the year	(175,974)	(219,742)
Increase in current liability - net	(32,875)	(1,673)
Remeasurements:		
Actuarial gain from changes in financial assumptions	(8,739)	(3,231)
Experience adjustment	127,452	968
	118,713	(2,263)
Present value of defined benefit obligation as at 30 June	1,395,252	1,078,919
8.1.4 Principal actuarial assumptions used	2022	2021
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)	8	8
Mortality rates	SLIC 2001-05 set back 1 year	SLIC 2001-05 set back 1 year
Withdrawal rate	Age based	Age based
Retirement assumption	Age 60	Age 60

	2022	2021
8.1.5 Sensitivity analysis for actuarial assumptions:		
The sensitivity of the defined benefit obligation as at reporting date to changes in the weighted principal assumption is:		
Discount rate	1.00%	1.00%
Increase in assumption (Rupees in thousand)	(97,497)	(77,667)
Decrease in assumption (Rupees in thousand)	112,188	89,844
Future salary increase	1.00%	1.00%
Increase in assumption (Rupees in thousand)	108,491	86,836
Decrease in assumption (Rupees in thousand)	(95,678)	(76,203)

8.1.6 Expected maturity profile

Followings are the expected distribution and timing of benefit payments at year end:

Description	2022 (RUPEES IN THOUSAND)	2021
2022	-	181,981
2023	236,979	205,181
2024	257,422	188,916
2025 to 2029	1,321,443	931,365
2030 and onwards	29,223,288	12,372,295

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit plan to significant actuarial assumptions, the same method (present value of the defined benefit plan calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognized within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year except for certain changes as given in Note 8.1.4

8.1.7 The estimated expenses to be charged to profit and loss account for the year ending on 30 June 2023 is Rupees 555.364 million.

8.1.8 Risks associated with the scheme

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.

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.

8.2 Deferred income - Government grant

Balance as on 1 July	43,689	89,947
Amortized during the year (Note 30)	(37,288)	(46,258)
	<u>6,401</u>	<u>43,689</u>
Less: Current portion shown under current liabilities (Note 12)	6,401	37,288
	<u>-</u>	<u>6,401</u>

8.2.1 This represents deferred government grant in respect of long term loans obtained under SBP Refinance Scheme for payment of wages and salaries as disclosed in Note 6.1.1 to these financial statements.

	2022	2021
	(RUPEES IN THOUSAND)	
8.3 Gas Infrastructure Development Cess (GIDC) payable		
Balance as on 1 July	21,321	31,616
Less: Gain on remeasurement of GIDC	-	(2,740)
Add: Unwinding of discount on GIDC payable (Note 31)	954	1,758
	22,275	30,634
Less: Payments made during the year	11,179	9,313
	11,096	21,321
Less: Current portion shown under current liabilities (Note 12)	11,096	18,715
	-	2,606

8.3.1 This represents Gas Infrastructure Development Cess (GIDC) which was levied through GIDC Act, 2015. Supreme Court of Pakistan vide judgement dated 13 August 2020 has upheld the GIDC Act, 2015 to be constitutional and intra vires. This liability has been recognized at fair value using discount rate of 9.23% per annum.

9. TRADE AND OTHER PAYABLES

Creditors	5,157,894	3,204,387
Contract liabilities - unsecured	730,285	130,948
Accrued liabilities	2,554,585	1,476,574
Income tax deducted at source	62,091	19,393
Sales tax deducted at source	25,166	105,651
Workers' profit participation fund (Note 29)	106,302	-
Workers' welfare fund (Note 9.1)	23,911	21,189
	8,660,234	4,958,142

9.1 Workers' welfare fund

Balance as on 01 July	21,189	-
Add: Provision for the year (Note 29)	2,722	21,189
Balance as on 30 June	23,911	21,189

10. ACCRUED MARK-UP

Long term financing	57,217	76,599
Short term borrowings	165,641	83,565
	222,858	160,164

11. SHORT TERM BORROWINGS - SECURED

These represent the finances obtained from banking companies which are secured by way of first joint pari passu charge over current assets of the Company, pledge and personal guarantee of directors. Mark-up is paid at the rate of 2.50% per annum to 16.65% per annum (2021: 2.50% per annum to 13.95% per annum). The sanctioned credit facilities are Rupees 19,415 million (2021: Rupees 17,075 million).

12. CURRENT PORTION OF NON-CURRENT LIABILITIES	2022 (RUPEES IN THOUSAND)	2021
Long term financing (Note 6)	1,942,832	2,546,001
Lease liabilities (Note 7)	101,435	131,288
Deferred income - Government grant (Note 8.2)	6,401	37,288
GIDC payable (Note 8.3)	11,096	18,715
	<u>2,061,764</u>	<u>2,733,292</u>
13. CONTINGENCIES AND COMMITMENTS		
a) Contingencies		
i) Guarantees of Rupees 278.495 million (2021: Rupees 244.995 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited (SNGPL) against gas connections and to Total Parco Pakistan Limited and Gas and Oil Pakistan Limited against fuel cards.		
ii) On 13 August 2020, the Supreme Court of Pakistan upheld the Gas Infrastructure Development Cess (GIDC) Act, 2015 to be constitutional and intra vires. In connection with this decision, the Company filed a writ petition in Lahore High Court, Lahore on 14 September 2020 against the charge of GIDC at the rate of captive power consumer instead of industrial consumer. Lahore High Court, Lahore suspended the payment of Rupees 23.625 million (2021: Rupees 23.625 million) related to this difference, subject to furnishing of post dated cheques which are being submitted by the Company. Keeping in view the opinion of the legal counsel of the Company, the related provision is not made in these financial statements as there are strong grounds of favourable outcome of the petition.		
iii) The Company has filed a writ petition in the Lahore High Court, Lahore against the recovery of fifty percent increase on social security contribution as penalty having an amount of Rupees 137.713 million by Punjab Employees Social Security Institution. Keeping in view of the opinion of the legal counsel of the Company, the related provision is not made in these financial statements as there are strong grounds of favorable outcome of the petition.		
b) Commitments		
i) Contracts for capital expenditure are amounting to Rupees 45.578 million (2021: Rupees 27.462 million) and other than capital expenditure are of Rupees 2,666.001 million (2021: Rupees 2,020.522 million).		
ii) Ijarah commitments - Company as lessee		
The Company obtained vehicles under ijarah agreement. The lease terms are three to five years. The Company has given undertaking to purchase the leased vehicles on agreed purchase price at maturity.		
The future aggregate minimum lease payments under ijarah are as follows:		
Not later than one year	61,677	44,784
Later than one year and not later than five years	88,606	71,937
	<u>150,283</u>	<u>116,721</u>
14. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 14.1)	13,704,433	13,231,142
Capital work-in-progress (Note 14.2)	293,369	358,263
	<u>13,997,802</u>	<u>13,589,405</u>

14.1 OPERATING FIXED ASSETS

	Freehold land	Buildings on freehold land	Plant and machinery	Electric and gas installations	Factory equipment	Telephone installations	Furniture and fixtures	Office equipment	Computer equipment	Vehicles	Total
(RUPEES IN THOUSAND)											
At 30 June 2020											
Cost / revalued amount	3,605,679	2,442,089	11,136,454	986,306	132,680	26,082	339,321	13,030	404,722	292,139	19,378,002
Accumulated depreciation	-	(704,309)	(4,408,576)	(375,075)	(73,436)	(19,370)	(175,262)	(7,234)	(262,596)	(191,882)	(6,217,729)
Net book value	3,605,679	1,737,780	6,727,879	611,231	59,244	6,712	164,059	5,796	142,126	100,257	13,161,273
Year ended 30 June 2021											
Operating net book value	3,605,679	1,737,780	6,727,879	611,231	59,244	6,712	164,059	5,796	142,126	100,257	13,161,273
Additions	-	43,953	810,880	81,362	7,222	1,199	42,270	1,664	23,560	23,351	1,085,441
Disposals:											
Cost	-	-	-	-	-	-	-	-	-	(23,468)	(23,468)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	9,955	9,955
Depreciation charge	-	(87,801)	(713,635)	(64,806)	(6,325)	(1,067)	(28,185)	(892)	(30,283)	(13,513)	(13,513)
Closing net book value	3,605,679	1,693,932	6,825,124	627,777	60,141	6,844	178,654	6,468	135,393	91,130	13,231,142
At 30 June 2021											
Cost / revalued amount	3,605,679	2,486,042	11,947,334	1,067,558	139,902	27,281	382,091	14,694	428,272	292,022	20,390,975
Accumulated depreciation	-	(792,110)	(5,122,210)	(439,881)	(79,761)	(20,437)	(203,437)	(8,226)	(292,879)	(200,892)	(7,159,833)
Net book value	3,605,679	1,693,932	6,825,124	627,777	60,141	6,844	178,654	6,468	135,393	91,130	13,231,142
Year ended 30 June 2022											
Operating net book value	3,605,679	1,693,932	6,825,124	627,777	60,141	6,844	178,654	6,468	135,393	91,130	13,231,142
Additions	22,952	57,958	919,143	218,139	38,243	1,185	43,574	285	28,902	159,823	1,490,204
Disposals:											
Cost	-	-	(162,983)	-	-	-	-	-	-	(37,272)	(200,255)
Accumulated depreciation	-	-	124,386	-	-	-	-	-	-	14,539	139,035
Depreciation charge	-	(85,917)	(704,003)	(74,837)	(7,440)	(1,115)	(30,392)	(885)	(29,707)	(21,297)	(955,693)
Closing net book value	3,628,631	1,665,973	7,001,677	771,079	90,944	6,914	191,836	5,768	134,588	207,023	13,704,433
At 30 June 2022											
Cost / revalued amount	3,628,631	2,544,000	12,703,494	1,285,797	178,145	28,466	425,665	14,979	457,174	414,573	21,680,924
Accumulated depreciation	-	(878,027)	(5,701,817)	(514,718)	(87,201)	(21,552)	(233,829)	(9,211)	(322,596)	(207,550)	(7,976,491)
Net book value	3,628,631	1,665,973	7,001,677	771,079	90,944	6,914	191,836	5,768	134,588	207,023	13,704,433
Annual rate of depreciation (%)	-	5	10	10	10	15	15	15	20	20	

14.1.1 Value of freehold land of the Company has been determined by an independent valuer on 30 June 2020 using market value method. Previously, it was revalued by an independent valuer as at 30 June 2016, 28 June 2013, 30 June 2007 and 30 September 1995. Had there been no revaluation, the value of freehold land would have been lower by Rupees 2,447,552 million (2021: Rupees 2,447,552 million). The book value of freehold land on cost basis is Rupees 1,161,079 million (2021: Rupees 1,158,127 million).

14.1.2 Depreciation charge for the year has been allocated as follows:

	2022 (RUPEES IN THOUSAND)	2021 (RUPEES IN THOUSAND)
Cost of sales (Note 26)	872,197	872,567
Distribution cost (Note 27)	965	980
Administrative expenses (Note 28)	82,531	78,512
	<u>955,693</u>	<u>952,059</u>

14.1.3 Particulars of Immovable properties (i.e. land and buildings) in the name of the Company are as follows:

Particulars	Location	Area Acres	Covered Area Sq. ft.
Apparel Unit	Sargodha Road, Faisalabad	2.56	175 936 *
Spinning, Knitting and Dyeing Units	32- KM, Sheikhpura Road, Faisalabad	120.54	1 758 039
Freehold Land	194-R.B., Lathianwala, Sheikhpura Road, Faisalabad	37.23	- **
Freehold Land	193-R.B., Sherianwala, Sheikhpura Road, Faisalabad	9.57	- **
Spinning Unit	Satyana Road, Faisalabad	1.50	35 114
Office	New Civil Lines, Bilal Road, Faisalabad	0.225	52 484 *
Office	Regency Plaza, Mall Road, Faisalabad	-	3 654 ***

* Covered area at these locations consists of multi-storey buildings.

** No construction on this land.

*** Covered area at this location consists of building only, because of multi-storey plaza.

14.1.4 Forced sales value of freehold land given by the independent valuer as per last revaluation on 30 June 2020 was Rupees 3,064.828 million.

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

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	(Loss) / gain	Mode of disposal	Particulars of purchasers
..... RUPEES IN THOUSAND							
Plant and machinery							
Compactor Machine (Santex)	4,307	3,077	1,230	1,197	(33)	Negotiation	A.M. Merchandising (Private) Limited, Karachi
Dyeing Machines (4 Nos)	55,770	47,160	8,610	7,843	(767)	Negotiation	AR Trading 23 Km, Ferozpur Road, Gajju Matta, Lahore
Compactor Machine (Santex)	4,659	3,674	985	1,026	41	Negotiation	AR Trading 23 Km, Ferozpur Road, Gajju Matta, Lahore
Luft Roto Thies Dyeing Machine	21,155	15,223	5,932	5,983	51	Negotiation	AR Trading 23 Km, Ferozpur Road, Gajju Matta, Lahore
Santex Stenter Machine 8 Chamber	45,752	31,561	14,191	14,250	59	Negotiation	AR Trading 23 Km, Ferozpur Road, Gajju Matta, Lahore
Tsi Dyeing Machine	7,178	5,469	1,709	1,345	(364)	Negotiation	Mr. Nadeem Qasim, Hajwairi Town, Faisalabad
Santa Lucia Type Ramosa Stentor	20,186	15,086	5,100	5,128	28	Negotiation	Rauf Industries, Ferozpur Road, Lahore
Vehicles							
Toyota - Land Cruiser FY-786	22,650	9,591	13,059	15,000	1,941	Negotiation	Mr. Mubeen Ashraf Gondal, Allama Iqbal Town, Ravi Block, Lahore
MG - HS DCT Lux	5,490	223	5,267	5,490	223	Negotiation	Muhammad Latif, Khurrianwala, Tehsil Jaranwala, District Faisalabad
Toyota - Vitz AGV-676	1,737	930	807	810	3	Company Policy	Mr. Ahmed, Shallimar Park, Faisalabad (Company's employee)
Toyota - Corolla Xli Ltv ALY-198	1,162	48	1,114	1,801	687	Company Policy	Muhammad Idrees Sabir, Ittehad Colony, Multan (Company's employee)
Toyota - Corolla GLI ALY-455	1,284	44	1,240	1,864	624	Company Policy	Muhammad Junaid Iftikhar, Sarshaar Town, Thokar Niaz Baig, Lahore (Company's employee)

14.2 Capital work-in-progress

	Buildings on freehold land	Plant and machinery	Advances against purchase of machinery	Total
-----RUPEES IN THOUSAND-----				
As at 01 July 2020	19,857	79,792	351,109	450,758
Add: Additions during the year	17,396	49,605	233,819	300,820
Less: Transferred to operating fixed assets during the year	(1,062)	(68,456)	(323,797)	(393,315)
As at 30 June 2021	36,191	60,941	261,131	358,263
Add: Additions during the year	55,160	51,350	86,989	193,499
Less: Transferred to operating fixed assets during the year	-	(17,362)	(241,031)	(258,393)
As at 30 June 2022	91,351	94,929	107,089	293,369

14.3 Borrowing cost of Rupees 8.652 million (2021: Rupees 0.605 million) was capitalized during the year using with the capitalization rate of 5.00 % to 17.49 % per annum (2021: 9.18% to 9.21% per annum).

15. RIGHT-OF-USE ASSETS

	Buildings	Vehicles	Total
-----RUPEES IN THOUSAND-----			
As at 01 July 2020	301,620	18,885	320,505
Additions	210,522	-	210,522
Disposals	(140,488)	-	(140,488)
Depreciation charge	(182,924)	(3,506)	(186,430)
As at 30 June 2021	188,730	15,379	204,109
Additions	72,222	-	72,222
Depreciation charge	(144,528)	(2,805)	(147,333)
As at 30 June 2022	116,424	12,574	128,998

Lease of buildings

The Company obtained buildings on lease for its office and business operations. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease periods are maximum of five years.

Lease of vehicles

The Company obtained vehicles on lease for employees. The average contract duration is five years.

There is no impairment against right-of-use assets.

15.1 Depreciation charge for the year has been allocated as follows:

	2022 (RUPEES IN THOUSAND)	2021 (RUPEES IN THOUSAND)
Cost of sales (Note 26)	144,528	180,226
Distribution cost (Note 27)	1,031	1,308
Administrative expenses (Note 28)	1,774	4,896
	<u>147,333</u>	<u>186,430</u>

16. LONG TERM ADVANCES

Considered good - secured

Executives (Note 16.1)	25,300	11,425
Other employees	460	136
	<u>25,760</u>	<u>11,561</u>
Less: Current portion shown under current assets (Note 20)	12,016	4,092
	<u>13,744</u>	<u>7,469</u>

- 16.1** Maximum aggregate balance due from executives at the end of any month during the year was Rupees 25.300 million (2021: Rupees 12.077 million).
- 16.2** These include the interest free advances given to Company's executives and other employees for meeting their personal expenditure and are recoverable in equal monthly installments. These are secured against the gratuity payable of these employees.
- 16.3** The fair value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' arising in respect of advances to employees is not considered material and hence not recognized.

	2022 (RUPEES IN THOUSAND)	2021
17. STORES, SPARE PARTS AND LOOSE TOOLS		
Stores (Note 17.1)	1,967,525	1,509,135
Spare parts	894,874	729,078
Loose tools	8,034	6,318
	<u>2,870,433</u>	<u>2,244,531</u>

- 17.1** These include stores in transit of Rupees 319.610 million (2021: Rupees 106.070 million).

18. STOCK IN TRADE

Raw materials (Note 18.1 and Note 18.2)	4,542,088	4,549,503
Work-in-process (Note 18.3)	2,974,898	2,277,664
Finished goods (Note 18.4)	5,734,643	4,456,334
	<u>13,251,629</u>	<u>11,283,501</u>

- 18.1** These include stock in transit of Rupees 43.103 million (2021: Rupees 258.086 million).
- 18.2** These include stock of Rupees 490.395 million (2021: Rupees 720.342 million) sent to third parties for conversion.
- 18.3** These include stock of Rupees 363.651 million (2021: Rupees 179.312 million) sent to third parties for processing.
- 18.4** These include stock of Rupees 430.487 million (2021: Rupees 333.686 million) sent to third parties for processing.
- 18.5** Stock in trade includes stocks amounting to Rupees 489.364 million (2021: Rupees 832.644 million) valued at net realizable value.
- 18.6** The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 269.068 million (2021: Rupees 253.850 million).

19. TRADE DEBTS

Considered good:

Secured (against letters of credit)	602,707	80,354
Unsecured:		
Related party (Note 19.2)	327,454	340,358
Others - against contract	12,168,777	7,685,164
	<u>12,496,231</u>	<u>8,025,522</u>
	13,098,938	8,105,876
Less: Allowance for expected credit losses (Note 19.4)	674,101	670,596
	<u>12,424,837</u>	<u>7,435,280</u>

19.1 Foreign jurisdiction of trade debts

Trade debts in respect of foreign and local jurisdictions is given below:

America and Canada	8,506,370	5,054,278
Europe	1,446,245	873,594
Asia, Africa and Australia	1,035,341	244,664
Pakistan	1,436,881	1,262,744
	<u>12,424,837</u>	<u>7,435,280</u>

19.2 Trade debts due from the related party were from Challenge Apparels Limited.

19.3 The maximum aggregate amount due from the related party, Challenge Apparels Limited at the end of any month during the year was Rupees 340.358 million (2021: Rupees 851.228 million).

	2022 (RUPEES IN THOUSAND)	2021 (RUPEES IN THOUSAND)
19.4 Allowance for expected credit losses		
Opening balance	670,596	863,132
Add: Recognized during the year (Note 29)	6,075	4,484
	<u>676,671</u>	<u>867,616</u>
Less: Recovered during the year (Note 30)	2,570	197,020
Closing balance	<u>674,101</u>	<u>670,596</u>

19.5 Revenue from the sale of goods is recognized at the time of delivery, while payment is generally due within 25 to 90 days from delivery in case of local sales, and 15 to 120 days in case of export sales.

20. LOANS AND ADVANCES

Considered good - interest free

Against salary

- Executives

2,160 3,986

- Other employees

63,448 56,912

Against expenses

- Other employees

113,380 20,418

178,988 81,316

Current portion of long term advances (Note 16)

12,016 4,092

Advances to suppliers

591,880 549,054

782,884 634,462

21. SHORT TERM DEPOSITS AND PREPAYMENTS

Letters of credit

30,092 11,573

Prepayments

28,643 56,435

Margin deposits

163,428 133,428

Security deposits including current portion

31,844 24,618

254,007 226,054

22. OTHER RECEIVABLES

Considered good:

Sales tax refundable

2,088,865 1,581,167

Export rebate

220,355 199,406

Duty drawback claims

573,474 1,357,805

Others

20,684 24,639

2,903,378 3,163,017

23. SHORT TERM INVESTMENTS

At amortized cost

Habib Bank Limited (Note 23.1)

- 100,000

At fair value through profit or loss

Al Meezan Investment Management Limited

7,572 6,771

7,572 106,771

23.1 This represented investment in Term Finance Certificates (TFCs) issued by Habib Bank Limited at the profit rate of 3 Month KIBOR+1.60% (2021: 3 Month KIBOR+1.60%) per annum.

	2022 (RUPEES IN THOUSAND)	2021
24. CASH AND BANK BALANCES		
With banks:		
On current accounts including US\$ 16,105 (2021: US\$ 1,044)	495,977	99,224
On saving accounts including US\$ Nil (2021: US\$ 60,478) (Note 24.1)	211,404	429,864
	<u>707,381</u>	<u>529,088</u>
Cash in hand	1,504	1,843
	<u>708,885</u>	<u>530,931</u>
24.1 Rate of profit on saving accounts ranges from 2.75% to 13.25% (2021: 2.75% to 11.25%) per annum.		
25. REVENUE		
Revenue from contracts with customers:		
Export sales	46,775,108	32,785,259
Local sales (Note 25.1)	7,371,703	4,304,100
	<u>54,146,811</u>	<u>37,089,359</u>
25.1 Local sales		
Yarn / finished fabric / garments	5,434,331	2,618,460
Waste	1,339,290	759,463
Knitting / dyeing income	1,835,515	1,654,970
	<u>8,609,136</u>	<u>5,032,893</u>
Less: Sales tax	1,237,433	728,793
	<u>7,371,703</u>	<u>4,304,100</u>
25.2 The amount of Rupees 118.548 million included in contract liabilities (Note 9) at 30 June 2021 has been recognized as revenue in 2022 (2021: Rupees 72.429 million).		
26. COST OF SALES		
Raw materials consumed	23,862,684	15,084,333
Salaries, wages and other benefits	8,048,242	5,735,826
Staff retirement benefit	296,405	246,737
Fuel and power	3,899,686	2,365,809
Dyes and chemicals consumed	3,682,020	2,661,035
Stores, spare parts and loose tools consumed	1,677,510	1,071,090
Packing materials and other charges	2,022,342	2,084,376
Outside knitting, dyeing and CMT charges	2,781,740	1,317,692
Repair and maintenance	992,122	670,687
Insurance	164,884	126,293
Other factory overheads (Note 26.1)	1,136,384	871,429
Depreciation on property, plant and equipment (Note 14.1.2)	872,197	872,567
Depreciation on right-of-use assets (Note 15.1)	144,528	180,226
	<u>49,580,744</u>	<u>33,288,100</u>
Work-in-process:		
Opening stock	2,277,664	1,596,125
Closing stock	(2,974,898)	(2,277,664)
	<u>(697,234)</u>	<u>(681,539)</u>
Cost of goods manufactured	48,883,510	32,606,561
Finished goods:		
Opening stock	4,456,334	3,632,222
Closing stock	(5,734,643)	(4,456,334)
	<u>(1,278,309)</u>	<u>(824,112)</u>
	<u>47,605,201</u>	<u>31,782,449</u>

26.1 These include ljarah rentals amounting to Rupees 40.627 million (2021: Rupees 27.693 million) of vehicles.

	2022	2021
	(RUPEES IN THOUSAND)	
27. DISTRIBUTION COST		
Salaries and other benefits	505,138	447,018
Staff retirement benefit	33,730	30,649
Commission to selling agents	879,492	758,592
Export development surcharge	112,759	78,323
Insurance	10,389	10,020
Travelling and conveyance	48,344	42,324
Vehicles' running	13,890	10,935
Printing and stationery	6,118	1,511
Communication	35,212	31,269
Outward freight and distribution	1,702,891	849,951
Depreciation on property, plant and equipment (Note 14.1.2)	965	980
Depreciation on right-of-use assets (Note 15.1)	1,031	1,308
	<u>3,349,959</u>	<u>2,262,880</u>
28. ADMINISTRATIVE EXPENSES		
Salaries and other benefits	599,474	532,777
Staff retirement benefit	76,334	60,857
Rent, rates and taxes (Note 28.1)	57,401	39,143
Travelling and conveyance	19,868	15,743
Entertainment	12,817	7,582
Repair and maintenance	18,580	8,788
Vehicles' running	31,372	26,136
Printing and stationery	9,539	9,730
Communication	25,699	17,195
Legal and professional	2,300	1,952
Newspapers and periodicals	41	40
Electricity and sui gas	21,395	17,169
Auditor's remuneration (Note 28.2)	5,515	4,915
Subscription and fee	7,044	5,538
Advertisement	960	1,543
Insurance	14,452	13,612
Miscellaneous	10,600	8,268
Depreciation on property, plant and equipment (Note 14.1.2)	82,531	78,512
Depreciation on right-of-use assets (Note 15.1)	1,774	4,896
	<u>997,696</u>	<u>854,396</u>
28.1 These include ljarah rentals amounting to Rupees 14.016 million (2021: Rupees 8.993 million) of vehicles.		
28.2 Auditor's remuneration		
Annual audit fee	4,300	3,800
Half yearly review fee	600	550
Other certifications	500	450
Reimbursable expenses	115	115
	<u>5,515</u>	<u>4,915</u>
29. OTHER EXPENSES		
Allowance for expected credit losses (Note 19.4)	6,075	4,484
Workers' profit participation fund (Note 9)	106,302	-
Workers' welfare fund (Note 9.1)	2,722	21,189
Net exchange loss	-	287,395
	<u>115,099</u>	<u>313,068</u>

		2022	2021
		(RUPEES IN THOUSAND)	
30.	OTHER INCOME		
	Income from financial assets		
	Profit on deposits with banks and TFCs	47,668	96,544
	Dividend income	942	4,180
	Reversal of allowance for expected credit losses (Note 19.4)	2,570	197,020
	Net exchange gain	2,229,518	-
		<u>2,280,698</u>	<u>297,744</u>
	Income from non-financial assets		
	Sale of stores and scrap	27,213	24,402
	Gain on sale of property, plant and equipment	8,082	13,955
	Amortization of deferred income - Government grant (Note 8.2)	37,288	46,258
	Gain on remeasurement of GIDC	-	2,740
	Gain on termination of lease liability	-	10,388
	Others	52,179	47,946
		<u>124,762</u>	<u>145,689</u>
		<u>2,405,460</u>	<u>443,433</u>
31.	FINANCE COST		
	Mark-up on:		
	Long term financing	587,250	614,580
	Short term borrowings	625,998	502,499
	Lease liabilities (Note 7.1)	15,836	18,646
	Unwinding of discount on GIDC payable (Note 8.3)	954	1,758
	Bank charges, commission and other charges	243,296	144,329
		<u>1,473,334</u>	<u>1,281,812</u>
32.	TAXATION		
	Current (Note 32.1)	732,897	390,384
	Prior year	2,045	7,268
		<u>734,942</u>	<u>397,652</u>
32.1	The Company falls in the ambit of final tax regime under section 169 of the Income Tax Ordinance, 2001 (the Ordinance). Provision for income tax is made accordingly. Provision for super tax on income is calculated as per section 4C of the Ordinance. Further, provision for tax on other income is made under relevant provisions of the Ordinance. No provision for deferred taxation is required as the Company is chargeable to tax under section 169 of the Ordinance and no temporary differences are expected to arise in the foreseeable future. Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate is not given in view of presumptive tax regime.		
33.	EARNINGS PER SHARE		
	Basic earnings per share		
	Profit attributable to ordinary shareholders (Rupees in thousand)	2,276,040	640,535
	Dividend on preference shares (Rupees in thousand)	(32,081)	(28,968)
		<u>2,243,959</u>	<u>611,567</u>
	Weighted average number of ordinary shares (Numbers)	<u>67 500 000</u>	<u>67 500 000</u>
	Earnings per share - Basic (Rupees)	<u>33.24</u>	<u>9.06</u>
	Diluted earnings per share		
	Profit attributable to ordinary shareholders (Rupees in thousand)	2,276,040	640,535
	Dividend on preference shares (Rupees in thousand)	(32,081)	(28,968)
		<u>2,243,959</u>	<u>611,567</u>
	Weighted average number of ordinary shares (Numbers)	<u>74 242 423</u>	<u>74 203 230</u>
	Earnings per share - Diluted (Rupees)	<u>30.22</u>	<u>8.24</u>

2022 **2021**
(RUPEES IN THOUSAND)

34. CASH GENERATED FROM OPERATIONS

Profit before taxation	3,010,982	1,038,187
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	955,693	952,059
Depreciation on right-of-use assets	147,333	186,430
Provision for gratuity	406,469	338,243
Allowance for expected credit losses	6,075	4,484
Reversal of allowance for expected credit losses	(2,570)	(197,020)
Gain on sale of property, plant and equipment	(8,082)	(13,955)
Amortization of deferred income - Government grant	(37,288)	(46,258)
Gain on remeasurement of GIDC	-	(2,740)
Gain on termination of lease liability	-	(10,388)
Finance cost	1,473,334	1,281,812
Working capital changes (Note 34.1)	(3,844,836)	(1,627,249)
	<u>2,107,110</u>	<u>1,903,605</u>

34.1 Working capital changes

(Increase) / decrease in current assets

Stores, spare parts and loose tools	(625,902)	3,143
Stock in trade	(1,968,128)	(3,158,335)
Trade debts	(4,993,062)	521,107
Loans and advances	(148,422)	(96,576)
Short term deposits and prepayments	(27,953)	(86,327)
Other receivables	259,639	(1,328,831)
	(7,503,828)	(4,145,819)
 Increase in trade and other payables	 3,658,992	 2,518,570
	<u>(3,844,836)</u>	<u>(1,627,249)</u>

34.2 Reconciliation of movements of liabilities to cash flows from financing activities:

	2022					2021				
	Long term financing	Short term borrowings	Lease liabilities	Capital contribution	Total	Long term financing	Short term borrowings	Lease liabilities	Capital contribution	Total
(RUPEES IN THOUSAND)										
Balance as at 01 July	7,553,612	15,011,000	226,065	1,500,000	24,290,677	7,755,519	15,835,860	340,576	-	23,931,955
Lease liabilities obtained	-	-	72,222	-	72,222	-	-	210,522	-	210,522
Termination of lease liability	-	-	-	-	-	-	-	(150,876)	-	(150,876)
Proceeds from long term financing	2,106,695	-	-	-	2,106,695	1,003,674	-	-	-	1,003,674
Contribution from director / shareholders	-	-	-	500,000	500,000	-	-	-	1,500,000	1,500,000
Short term borrowings obtained - net	-	2,810,275	-	-	2,810,275	-	(824,860)	-	-	(824,860)
Repayment of long term financing	(3,748,698)	-	-	-	(3,748,698)	(1,161,892)	-	-	-	(1,161,892)
Other charges - non-cash movement	37,288	-	-	-	37,288	(43,689)	-	-	-	(43,689)
Repayment of lease liabilities	-	-	(152,134)	-	(152,134)	-	-	(174,157)	-	(174,157)
Balance as at 30 June	5,948,897	17,821,275	146,153	2,000,000	25,916,325	7,553,612	15,011,000	226,065	1,500,000	24,290,677

35. EVENT AFTER THE REPORTING PERIOD

- 35.1** Board of Directors of the Company has proposed preference dividend to the outstanding preference shareholders of the Company for the year ended 30 June 2022 of Rupees 1.16 (2021: Rupee 0.93) per share and Rupees 0.08 on preference shares redeemed during the year, declared at its meeting held on 05 October 2022. However, this event has been considered as non-adjusting event under IAS-10 'Events after the Reporting Period' and has not been recognized in these financial statements.

36. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

Aggregate amount charged in these financial statements for remuneration including all benefits to the Chief Executive Officer, directors and executives of the Company are as follows:

DESCRIPTION	2022		2021	
	Chief Executive Officer	Executives	Chief Executive Officer	Executives
(RUPEES IN THOUSAND)				
Managerial remuneration	9,000	239,619	8,000	158,446
Allowances				
House rent	3,600	95,848	3,200	63,378
Other allowances	900	23,962	800	15,845
Payment of staff retirement gratuity	-	5,626	-	1,623
	13,500	365,055	12,000	239,292
Number of persons	1	111	1	79

- 36.1** The Chief Executive Officer and some of the executives are provided free use of Company maintained vehicles.
- 36.2** Meeting fee amounting to Rupees 0.150 million (2021: Rupees 0.120 million) has been paid to three non-executive directors (2021: three non-executive directors).
- 36.3** Apart from meeting fee, no remuneration was paid to any director of the Company.

37. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associate, associated company, other related parties and key management personnel. Detail of transactions with related parties, other than those which have been disclosed elsewhere in these financial statements are as follows:

2022 **2021**
(RUPEES IN THOUSAND)

Associate

Shanghai Challenge Textile Company Limited

Dividend paid	-	44,362
---------------	---	--------

Associated company

Challenge Apparels Limited

Sale of goods and services	-	68,324
Purchase of goods	12,904	-
Purchase of operating fixed assets	-	26,860

Other related parties

Capital contribution from director / spouse	-	200,000
---	---	---------

37.1 Detail of compensation to key management personnel comprising of Chief Executive Officer, directors and executives is disclosed in Note 36.

37.2 Shanghai Challenge Textile Company Limited (SCTCL) is the associate due to 25.77% shareholding in the Company. SCTCL is incorporated in China.

37.3 Challenge Apparels Limited is the associated company by way of common directorship.

38. NUMBER OF EMPLOYEES

2022 **2021**

Number of employees as on 30 June	19 946	18 800
Average number of employees during the year	20 397	16 489

2022 **2021**
(FIGURES IN THOUSAND)

39. PLANT CAPACITY AND ACTUAL PRODUCTION

SPINNING

Production at normal capacity converted to 20s count based on three shifts per day	(Kgs.)	5 742	5 742
--	--------	-------	-------

Actual production converted to 20s count based on three shifts per day	(Kgs.)	5 163	5 133
--	--------	-------	-------

KNITTING

Production at normal capacity based on three shifts per day	(Kgs.)	48 545	42 880
---	--------	--------	--------

Actual production based on three shifts per day	(Kgs.)	28 928	22 774
---	--------	--------	--------

DYEING / FINISHING

Production at normal capacity on reactive dyeing basis at three shifts per day	(Kgs.)	46 834	50 041
--	--------	--------	--------

Actual production converted on reactive dyeing basis at three shifts per day	(Kgs.)	30 429	26 439
--	--------	--------	--------

GARMENTS

Production at normal capacity of normal / average garments capacity based on single shift per day	(Dzn.)	4 689	5 174
---	--------	-------	-------

Actual production of normal / average garments capacity basis on single shift per day	(Dzn.)	2 662	2 987
---	--------	-------	-------

39.1 REASONS FOR LOW PRODUCTION

Under utilization of available capacity is due to normal maintenance. Knitting machines are available for different types of fabric for which orders are based on seasonal basis resulting under utilization of actual knitting capacity.

40. SEGMENT INFORMATION

	Spinning		Knitting		Processing & Garments		Elimination of Inter-segment transactions		Total-Company	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
(RUPEES IN THOUSAND)										
Revenue										
External	4,533,182	1,681,168	537,623	282,561	49,076,006	35,125,630	-	-	54,146,811	37,089,359
Intersegment	5,944,160	3,536,315	20,976,662	15,195,390	17,644	26,334	(26,938,466)	(18,758,039)	-	-
	10,477,342	5,217,483	21,514,285	15,477,951	49,093,650	35,151,964	(26,938,466)	(18,758,039)	54,146,811	37,089,359
Cost of sales	(10,159,066)	(5,051,017)	(21,085,848)	(15,106,806)	(43,298,753)	(30,382,665)	26,938,466	18,758,039	(47,605,201)	(31,782,449)
Gross profit	318,276	166,466	428,437	371,145	5,794,897	4,769,299	-	-	6,541,610	5,306,910
Distribution cost	(129,980)	(64,065)	(168,274)	(148,386)	(3,051,705)	(2,050,429)	-	-	(3,349,959)	(2,262,880)
Administrative expenses	(93,060)	(51,317)	(155,850)	(135,658)	(748,786)	(667,421)	-	-	(997,696)	(854,396)
	(223,040)	(115,382)	(324,124)	(284,044)	(3,800,491)	(2,717,850)	-	-	(4,347,655)	(3,117,276)
Profit before taxation and unallocated income and expenses	95,236	51,084	104,313	87,101	1,994,406	2,051,449	-	-	2,193,955	2,189,634
Unallocated income and expenses:										
Other expenses									(115,099)	(313,068)
Other Income									2,405,460	443,433
Finance cost									(1,473,334)	(1,281,812)
Taxation									(734,942)	(397,652)
Profit after taxation									2,276,040	640,535

40.1 Reconciliation of reportable segment assets and liabilities

	Spinning		Knitting		Processing & Garments		Total-Company	
	2022	2021	2022	2021	2022	2021	2022	2021
(RUPEES IN THOUSAND)								
Segment assets	4,141,834	3,539,512	3,486,660	3,276,100	22,475,103	20,505,934	30,103,597	27,321,546
Unallocated assets							18,349,340	13,085,859
Total assets as per statement of financial position							48,452,937	40,407,405
Segment liabilities	675,726	316,272	2,702,018	1,470,266	6,900,801	4,437,180	10,278,345	6,223,718
Unallocated liabilities							24,677,618	23,278,406
Total liabilities as per statement of financial position							34,955,963	29,502,124

40.2 Geographical information

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

	Spinning		Knitting		Processing & Garments		Total-Company	
	2022	2021	2022	2021	2022	2021	2022	2021
(RUPEES IN THOUSAND)								
America and Canada	-	-	-	-	35,242,507	22,926,613	35,242,507	22,926,613
Europe	-	-	-	-	5,750,395	5,625,412	5,750,395	5,625,412
Asia, Africa and Australia	793,047	263,383	-	-	4,969,159	3,969,851	5,782,206	4,233,234
Pakistan	3,740,135	1,417,785	537,623	282,561	3,093,945	2,603,754	7,371,703	4,304,100
	4,533,182	1,681,168	537,623	282,561	49,076,006	35,125,630	54,146,811	37,089,359

40.3 The Company's revenue from external customers in respect of product is detailed below:

	2022	2021	2022	2021	2022	2021	2022	2021
Yarn	4,468,225	1,639,128	177,238	147,901	-	-	4,645,463	1,787,029
Knitting / dyeing income	-	-	360,385	134,660	1,208,431	1,279,845	1,568,816	1,414,505
Finished fabric / garments	-	-	-	-	46,787,840	33,266,505	46,787,840	33,266,505
Waste	64,957	42,040	-	-	1,079,735	579,280	1,144,692	621,320
	4,533,182	1,681,168	537,623	282,561	49,076,006	35,125,630	54,146,811	37,089,359

40.4 All non-current assets of the Company as at reporting date are located and operating in Pakistan.

40.5 Revenue is recognized at the point of time as per terms and conditions of underlying contract with customers.

40.6 Revenue from major customers

Revenue from major customers of the Company's Processing and Garments segment includes two customers (2021: two) representing Rupees 17,293 million (2021: Rupees 14,398 million). Revenue from other segments of the Company does not include any major customer.

41. FINANCIAL RISK MANAGEMENT

41.1 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 programme 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 by the Company's finance department 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

A market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market price. Market risk comprises currency risk, other price risk and interest rate risk.

(i) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD), Euro and Great Britain Pound (GBP). Currently, the Company's foreign exchange risk exposure is restricted to bank balances and the amounts receivable / payable from / to the foreign entities. The Company's exposure to currency risk was as follows:

	2022	2021
Cash at banks - USD	16,105	61,522
Trade debts - USD	56,864,305	42,666,032
Trade debts - Euro	472,328	262,268
Trade debts - GBP	3,752	21,046
Trade and other payables - USD	(2,003,586)	(1,540,164)
Trade and other payables - Euro	-	(2,556)
Net exposure - USD	54,876,824	41,187,390
Net exposure - Euro	472,326	259,712
Net exposure - GBP	3,752	21,046

Following significant exchange rates were applied during the year:

Rupees per US Dollar

Average rate	177.59	160.18
Reporting date rate	205.50	157.80

Rupees per Euro

Average rate	200.05	191.09
Reporting date rate	215.23	188.12

Rupees per GBP

Average rate	235.80	215.52
Reporting date rate	249.31	218.58

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, Euro and GBP with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 468.081 million (2021: Rupees 314.645 million), Rupees 4.277 million (2021: Rupees 2.369 million) and Rupees 0.039 million (2021: Rupees 0.223 million) higher / lower, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(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), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. At the year end, 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's interest rate risk arises from long term financing, lease liabilities, short term borrowings and bank balances in saving accounts. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments fixed rate expose the Company to fair value interest rate risk.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was:

	2022 (RUPEES IN THOUSAND)	2021
Fixed rate Instruments		
Financial liabilities		
Long term financing	2,171,183	2,977,393
Lease liabilities	129,511	205,396
Short term borrowings	15,817,731	13,941,500
Floating rate Instruments		
Financial assets		
Bank balances - saving accounts	211,404	429,864
Term finance certificates	-	100,000
Financial liabilities		
Long term financing	3,777,714	4,576,219
Lease liabilities	16,642	20,669
Short term borrowings	2,003,544	1,069,500

Fair value sensitivity analysis for fixed rate Instruments

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

Cash flow sensitivity analysis for variable rate Instruments

If interest rates, at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 47.287 million (2021: Rupees 49.835 million) lower / higher, mainly as a result of higher / lower interest expense / income on floating rate financial instruments. This analysis is prepared assuming that amounts of liabilities outstanding at reporting date were outstanding for the whole year.

(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:

Investments	7,572	106,771
Trade debts	12,424,837	7,435,280
Loans and advances	91,368	72,459
Deposits	273,352	235,565
Other receivables	20,684	24,639
Bank balances	707,381	529,088
	<u>13,525,194</u>	<u>8,403,802</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. The external credit rating of Company's bankers is given below:

	Rating			2022	2021
	Short term	Long term	Agency	(RUPEES IN THOUSAND)	
Banks					
National Bank of Pakistan	A1+	AAA	PACRA	190,476	42,657
Allied Bank Limited	A1+	AAA	PACRA	22	472
Askari Bank Limited	A1+	AA+	PACRA	55,256	21,972
Bank Alfalah Limited	A1+	AA+	PACRA	82,122	7,681
First Women Bank Limited	A2	A-	PACRA	25,154	26,472
Habib Bank Limited	A-1+	AAA	VIS	13,804	68,242
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	36,000	-
Bank Al-Habib Limited	A1+	AAA	PACRA	23,654	3,565
MCB Bank Limited	A1+	AAA	PACRA	-	14,695
The Bank of Punjab	A1+	AA+	PACRA	72,139	80,062
Dubai Islamic Bank Pakistan Limited	A-1+	AA	VIS	3,832	10,904
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	4,621	81,920
United Bank Limited	A-1+	AAA	VIS	55,696	54,654
AlBaraka Bank (Pakistan) Limited	A-1	A	PACRA	24,575	12,835
Sonari Bank Limited	A1+	AA-	PACRA	3,424	22,997
Samba Bank Limited	A-1	AA	VIS	50,696	55,790
Industrial and Commercial Bank of China	P-1	A1	Moody's	1,415	14,104
Meezan Bank Limited	A-1+	AAA	VIS	11,871	8,320
The Bank of Khyber	A1	A	PACRA	52,556	1,709
Khushhali Microfinance Bank Limited	A-1	A+	VIS	41	12
FINCA Microfinance Bank limited	A-1	A	VIS	27	25
				707,381	529,088

The Company applies the IFRS 9 simplified approach to measure expected credit loss allowance for its trade debts. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Company has concluded that the expected loss rates for trade debts against local sales are different from the expected loss rates for trade debts against export sales.

As at 30 June 2022, trade debts of Rupees 1,188.722 million (2021: Rupees 948.961 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of these trade debts is as follows:

	2022	2021
	(RUPEES IN THOUSAND)	
Related party		
1 to 6 months	-	66,714
More than 6 months	327,454	273,644
	327,454	340,358
Others		
Upto 1 month	607,550	373,685
1 to 6 months	233,289	174,330
More than 6 months	20,429	60,588
	861,268	608,603
	1,188,722	948,961

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, 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 and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2022, the Company had Rupees 1,594 million (2021: Rupees 2,064 million) available borrowing limits from financial institutions and Rupees 708.885 million (2021: Rupees 530.931 million) cash and bank balances. Management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the table are undiscounted cash flows.

Following are the contractual maturities of financial liabilities as at 30 June 2022:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
(RUPEES IN THOUSAND)						
Non-derivative financial liabilities:						
Long term financing	5,948,897	7,452,888	1,358,715	1,258,684	2,276,739	2,558,750
Lease liabilities	146,153	147,946	57,690	51,312	36,982	1,962
Unclaimed dividend	10,900	10,900	10,900	-	-	-
Short term borrowings	17,821,275	17,984,379	15,416,879	2,567,500	-	-
Trade and other payables	7,712,479	7,712,479	7,658,840	53,639	-	-
Accrued mark-up	222,858	222,858	222,858	-	-	-
	31,862,562	33,531,450	24,725,882	3,931,135	2,313,721	2,560,712

Following are the contractual maturities of financial liabilities as at 30 June 2021:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
(RUPEES IN THOUSAND)						
Non-derivative financial liabilities:						
Long term financing	7,553,612	8,563,559	1,555,816	1,490,908	2,569,862	2,946,973
Lease liabilities	226,065	242,990	92,983	50,254	70,687	29,066
Unclaimed dividend	11,146	11,146	11,146	-	-	-
Unpaid dividend	47,682	47,682	47,682	-	-	-
Short term borrowings	15,011,000	15,094,447	13,555,947	1,538,500	-	-
Trade and other payables	4,680,961	4,680,961	4,634,539	46,422	-	-
Accrued mark-up	160,164	160,164	160,164	-	-	-
	27,690,630	28,800,949	20,058,277	3,126,084	2,640,549	2,976,039

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up / profit rates effective as at 30 June. The rates of mark-up / profit have been disclosed in Note 6, Note 7 and Note 11 of these financial statements.

(d) Capital risk management

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders or issue new shares.

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

41.2 Financial instruments by categories

2022			2021		
At fair value through profit or loss	At amortized cost	Total	At fair value through profit or loss	At amortized cost	Total

(RUPEES IN THOUSAND)

As at 30 June

Financial assets as per statement of financial position

Investments	7,572	-	7,572	6,771	100,000	106,771
Trade debts	-	12,424,837	12,424,837	-	7,435,280	7,435,280
Loans and advances	-	91,368	91,368	-	72,459	72,459
Deposits	-	273,352	273,352	-	235,565	235,565
Other receivables	-	20,684	20,684	-	24,639	24,639
Cash and bank balances	-	708,885	708,885	-	530,931	530,931
	7,572	13,519,126	13,526,698	6,771	8,398,874	8,405,645

	At amortized cost	
	2022	2021
	(RUPEES IN THOUSAND)	
Financial liabilities as per statement of financial position		
Long term financing	5,948,897	7,553,612
Lease liabilities	146,153	226,065
Unclaimed dividend	10,900	11,146
Unpaid dividend	-	47,682
Short term borrowings	17,821,275	15,011,000
Trade and other payables	7,712,479	4,680,961
Accrued mark-up	222,858	160,164
	31,862,562	27,690,630

Reconciliation 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	
----- RUPEES IN THOUSAND -----						
Assets as per statement of financial position						
Investments	7,572	-	7,572	106,771	-	106,771
Trade debts	12,424,837	-	12,424,837	7,435,280	-	7,435,280
Loans and advances	91,368	705,260	796,628	72,459	569,472	641,931
Deposits and prepayments	273,352	86,256	359,608	235,565	88,370	323,935
Other receivables	20,684	2,882,694	2,903,378	24,639	3,138,378	3,163,017
Cash and bank balances	708,885	-	708,885	530,931	-	530,931
	13,526,698	3,674,210	17,200,908	8,405,645	3,796,220	12,201,865

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	
----- RUPEES IN THOUSAND -----						
Liabilities as per statement of financial position						
Long term financing	5,948,897	-	5,948,897	7,553,612	-	7,553,612
Lease liabilities	146,153	-	146,153	226,065	-	226,065
Unclaimed dividend	10,900	-	10,900	11,146	-	11,146
Unpaid dividend	-	-	-	47,682	-	47,682
Short term borrowings	17,821,275	-	17,821,275	15,011,000	-	15,011,000
Trade and other payables	7,712,479	947,755	8,660,234	4,680,961	277,181	4,958,142
Accrued mark-up	222,858	-	222,858	160,164	-	160,164
	31,862,562	947,755	32,810,317	27,690,630	277,181	27,967,811

41.3 Offsetting financial assets and financial liabilities

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

42. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Judgements 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. An explanation of each level follows underneath the table:

	Level 1	Level 2	Level 3	Total
	(RUPEES IN THOUSAND)			
Financial assets - recurring fair value measurement				
At fair value through profit or loss	7,572	-	-	7,572
At 30 June 2022	<u>7,572</u>	<u>-</u>	<u>-</u>	<u>7,572</u>
At 30 June 2021	<u>6,771</u>	<u>-</u>	<u>-</u>	<u>6,771</u>

The above table does not include fair value information for financial assets and financial liabilities 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. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further there was no transfer out of level 3 measurements.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments 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: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(II) **Valuation technique used to determine fair values**

Specific valuation technique used to value financial instruments include the use of market prices.

43. RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) **Fair value hierarchy**

The judgements and estimates made in determining the fair values of the non-financial assets that are recognized and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels.

	Level 1	Level 2	Level 3	Total
	(RUPEES IN THOUSAND)			
At 30 June 2022				
Freehold land	-	3,628,631	-	3,628,631
At 30 June 2021				
Freehold land	-	3,605,679	-	3,605,679

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfer between level 1 and 2 for recurring fair value measurement during the year. Further, there was no transfer in and out of level 3.

(ii) **Valuation techniques used to determine level 2 fair values**

The Company obtains the independent valuation for its freehold land (classified as property, plant and equipment) at least in every three years. The management updates the assessment of the fair value of freehold land, taking into account the most recent independent valuation. The management determines freehold land's value within a range of reasonable fair value estimates. The best evidence of fair value is current prices in an active market for similar lands.

Valuation processes

The Company engages external, independent and qualified valuer to determine the fair value of the Company's freehold land.

Changes in fair values are analyzed during the valuation discussion between the Chief Financial Officer and the valuer. As part of this discussion the team presents a report that explains the reason for the fair value movements.

44. DATE OF AUTHORIZATION FOR ISSUE

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

45. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant re-arrangements have been made.

46. GENERAL

Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

FORM 34
THE COMPANIES ACT, 2017
THE COMPANIES (GENERAL PROVISIONS AND FORMS) REGULATIONS, 2018
[Section 227 (2)(f)]

PATTERN OF SHAREHOLDING AS ON 30 JUNE, 2022

PART - 1

1. Incorporation Number

0012223

1.1 Name of the Company

MASOOD TEXTILE MILLS LIMITED

PART - 11

2.1 Pattern of holding of the shares held by the shareholders as at 30 06 2022

2.2 No. of shareholders	Shareholdings	Total shares held
596	Shareholding from 1 to 100 Shares	40,994
470	Shareholding from 101 to 500 Shares	111,690
96	Shareholding from 501 to 1000 Shares	76,033
123	Shareholding from 1001 to 5000 Shares	297,657
29	Shareholding from 5001 to 10000 Shares	215,273
10	Shareholding from 10001 to 15000 Shares	118,474
3	Shareholding from 15001 to 20000 Shares	56,625
4	Shareholding from 20001 to 25000 Shares	94,587
1	Shareholding from 25001 to 30000 Shares	30,000
1	Shareholding from 30001 to 35000 Shares	33,750
1	Shareholding from 35001 to 40000 Shares	40,000
1	Shareholding from 40001 to 45000 Shares	42,187
3	Shareholding from 45001 to 50000 Shares	146,600
1	Shareholding from 50001 to 55000 Shares	55,000
1	Shareholding from 55001 to 60000 Shares	55,350
2	Shareholding from 60001 to 65000 Shares	125,501
1	Shareholding from 75001 to 80000 Shares	77,500
1	Shareholding from 85001 to 90000 Shares	86,637
1	Shareholding from 90001 to 95000 Shares	92,605
1	Shareholding from 100001 to 105000 Shares	104,962
1	Shareholding from 120001 to 125000 Shares	121,374
1	Shareholding from 265001 to 270000 Shares	267,000
1	Shareholding from 390001 to 395000 Shares	392,750
1	Shareholding from 415001 to 420000 Shares	419,625
1	Shareholding from 635001 to 640000 Shares	639,000
1	Shareholding from 690001 to 695000 Shares	692,050
1	Shareholding from 785001 to 790000 Shares	785,100
1	Shareholding from 790001 to 795000 Shares	791,000
1	Shareholding from 1555001 to 1560000 Shares	1,556,718
1	Shareholding from 1670001 to 1675000 Shares	1,673,987
1	Shareholding from 1725001 to 1730000 Shares	1,726,400
1	Shareholding from 2210001 to 2215000 Shares	2,214,169
1	Shareholding from 4385001 to 4390000 Shares	4,387,500
1	Shareholding from 4535001 to 4540000 Shares	4,536,019
1	Shareholding from 7635001 to 7640000 Shares	7,636,550
1	Shareholding from 17395001 to 17400000 Shares	17,396,833
1	Shareholding from 20360001 to 20365000 Shares	20,362,500
1363	Total	67,500,000

PREFERENCE SHARES:

1	Shareholding from 245001 to 250000 Shares	250,000
1	Shareholding from 2495001 to 2500000 Shares	2,500,000
1	Shareholding from 4435001 to 4440000 Shares	4,440,000
3	Shareholding from 4995001 to 5000000 Shares	15,000,000
1	Shareholding from 5305001 to 5310000 Shares	5,310,000
7	Total	27,500,000

2.3 Categories of shareholders

shares held

Percentage

ORDINARY SHARES:

2.3.1 Directors, Chief Executive Officer, and their spouse and minor children.

21,972,405

32.55

2.3.2 Associated Companies, undertakings and related parties.

17,396,833

25.77

2.3.3 NIT and ICP

2,218,269

3.29

2.3.4 Banks, Development Financial Institutions, Non Banking Financial Institutions.

4,536,588

6.72

2.3.5 Insurance Companies

400,444

0.59

2.3.6 Modarabas and Mutual Funds

4,100

0.01

2.3.7 Share holders holding 10% or more

45,395,883

67.25

2.3.8 General Public

a. Local

6,093,855

9.03

b. Foreign

-

-

2.3.9 Others - Joint Stock Companies / Co-operative Societies.

7,240,956

10.73

3- PREFERENCE SHARES:

3.1 Banks.

16,940,000

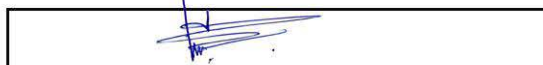
61.60

3.2 Investment Companies.

10,560,000

38.40

Signature of Chief Executive/ Secretary



Name of Signatory

NISAR AHMAD ALVI

Designation

COMPANY SECRETARY

CNIC Number

3 3 1 0 4 - 2 6 9 3 4 6 0 - 9

Date

Day: 0 5 Month: 1 0 Year: 2 0 2 2

MASOOD TEXTILE MILLS LIMITED
NAMEWISE CATEGORIES OF SHAREHOLDERS SUMMARY AS AT: 30-06-2022

Categories of shareholders	Shares Held	Total Shares	Percentage
<u>ORDINARY SHARES:</u>			
<u>2.3.1 Directors:</u>			
MR. SHAHID NAZIR AHMAD Chief Executive Officer	1,556,718		
MR. NASEER AHMAD SHAH Chairman	42,187		
MR. SHABIR AHMAD ABID Director	6,000		
MR. SHAHID IQBAL Director	5,000		
MR. SHOAIB AHMAD KHAN Director	-		
(NIT Nominee)			
MR. SHIBIN YANG Director	-		
(Shanghai Challenge - Nominee)			
MS. CHEN YAN Director	-		
(Shanghai Challenge - Nominee)			
SPOUSE:	20,362,500	21,972,405	32.55
<u>2.3.2 Associated Undertakings:</u>			
SHANGHAI CHALLENGE TEXTILE CO., LIMITED	-	17,396,833	25.77
<u>2.3.3 NIT And ICP:</u>			
INVESTMENT CORPORATION OF PAKISTAN	850		
IDBL (ICP UNIT)	3,250		
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	2,214,169	2,218,269	3.29
<u>2.3.4 Financial Institutions:</u>			
<u>Banks:</u>			
NATIONAL BANK OF PAKISTAN	-	4,536,588	6.72
<u>2.3.5 Insurance Companies:</u>			
AGRO GENERAL INSURANCE COMPANY LIMITED	7,594		
DELTA INSURANCE COMPANY LTD.	100		
STATE LIFE INSURANCE CORPORATION OF PAKISTAN	392,750	400,444	0.59
<u>2.3.6 Modarabas And Mutual Fund:</u>			
THIRD PRUDENTIAL MODARABA	2,900		
UNICAP MODARABA	200		
CDC - TRUSTEE AKD OPPORTUNITY FUND	1,000	4,100	0.01
<u>2.3.7 Shareholders Holding 10% or More:</u>			
MRS. NAZIA NAZIR	20,362,500		
ZHEJIANG XINAO INDUSTRY COMPANY LIMITED	7,636,550		
SHANGHAI CHALLENGE TEXTILE CO., LIMITED	17,396,833	45,395,883	67.25

Categories of shareholders	Shares Held	Total Shares	Percentage
2.3.8 General Public:		6,093,855	9.03

2.3.9 Joint Stock Companies And Others:

FORTRESS TEXTILES (PVT) LIMITED	2,616,462		
H M INVESTMENTS (PVT) LIMITED	4,900		
KOHISTAN CORPORATION (PVT) LTD.	4,387,500		
MAPLE LEAF CAPITAL LIMITED	1		
NH SECURITIES (PVT) LIMITED.	5		
ORIENTAL SECURITIES (PRIVATE) LIMITED - MF	7,500		
PASHA SECURITIES (PVT) LTD.	100		
PRUDENTIAL CAP.MANAGEMENT LTD.	1,600		
PAKISTAN KUWAIT INVST.(PVT) LTD	2,600		
SHAFFI SECURITIES (PVT) LIMITED	2,000		
SAVARI (Pvt) LIMITED	900		
SOFTWARE CREATIONS (PVT) LIMITED	121,374		
TRUSTEE NBP EMP Benevolent Fund Trust	3,249		
TRUSTEE NBP Employees Pension Fund	92,605		
Y.S. SECURITIES & SERVICES (PVT) LTD.	160	7,240,956	10.73

3. PREFERENCE SHARES:
3.1 Banks:

ASKARI BANK LIMITED	-	2,500,000	
HABIB BANK LIMITED	-	4,440,000	
MCB BANK LIMITED	-	5,000,000	
NATIONAL BANK OF PAKISTAN	-	5,000,000	
		16,940,000	61.60

3.2 Investment Companies:

FORTRESS TEXTILES (PVT) LIMITED	-	5,000,000	
KOHISTAN CORPORATION (PVT) LTD.	-	250,000	
SUNDAR IMPEX (PVT) LIMITED	-	5,310,000	
		10,560,000	38.40

FORM OF PROXY

No. of Ordinary Shares Held. _____ Folio No. _____ CDC A/c No. _____

I/We, _____

of _____

being a member of MASOOD TEXTILE MILLS LIMITED hereby appoint _____

_____ (NAME)

of _____ (ADDRESS)

(being a member of the Company) as my/our proxy to vote for me/us and on my/our behalf at the 38th Annual General Meeting of the Company to be held at its Registered Office at Universal House, 17/1, New Civil Lines, Bilal Road, Faisalabad, on Friday, the 28th day of October, 2022 at 11.00 A.M. or any adjournment thereof.

As witnessed my hands this _____ day of _____ 2022

Signed by me in the presence of witness: _____

(Signature of witness)

CNIC. _____

(Member's Signature)

CNIC. _____

(Signature of witness)

CNIC. _____

*Five Rupees
Revenue
Stamp*

Note: Proxies, in order to be effective, must be received at the Company's Registered Office not later than forty-eight hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

پراکسی فارم

حصص کی تعداد _____ فوئیو نمبر _____ سی ڈی سی کھاتہ نمبر _____

میں / ہم مسمی / مسماة _____ ساکن _____
مذہبیت ممبر مسعود ٹیکسٹائل ملز لمیٹڈ، مسمی / مسماة _____ ساکن _____
کمپنی ممبر کو بطور (پراکسی) مقرر کرتا / کرتی ہوں تاکہ وہ میری / ہماری جگہ اور میری / ہماری طرف سے کمپنی کا 38 واں سالانہ اجلاس عام منعقدہ بروز جمعہ بتاریخ 28 اکتوبر 2022 بوقت صبح 11:00 بجے بشمول التوا سالانہ اجلاس عام بابت مسعود ٹیکسٹائل ملز لمیٹڈ یونیورسل ہاؤس 1/1، نیوسول لائین بلال روڈ فیصل آباد میں ووٹ ڈال سکے۔

دستخط بتاریخ _____ دن _____ 2022۔

مجودگی گواہ مسمی / مسماة _____
نام _____
ولدیت / زوجیت _____
ساکن / سکنتہ _____

دستخط گواہ _____
قومی شناختی کارڈ نمبر _____
دستخط گواہ _____
قومی شناختی کارڈ نمبر _____

دستخط _____
گواہ کی موجودگی میں دستخط شدہ
(دستخط کمپنی میں موجود رجسٹرڈ کے مطابق ہونے چاہیں)

پانچ روپے کی ریونیو سٹپ
چسپاں کریں

اہم نوٹ:

پراکسی فارم رجسٹرڈ آفس مسعود ٹیکسٹائل ملز لمیٹڈ یونیورسل ہاؤس، 1/1، نیوسول لائین بلال روڈ، فیصل آباد میں اجلاس کے انعقاد سے کم از کم ۴۸ گھنٹے پہلے جمع کرنا لازمی ہے۔
بشمول رسیدی ٹکٹ، دستخط شدہ ممبر اور گواہ شدہ۔ بصورت دیگر وہ قابل قبول نہ ہوگا۔