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VISION AND MISSION STATEMENT

THE VISION

To be the leader in interlining industry by building companies image through Quality improvement, Customer satisfaction and by maintaining a high level of ethical and professional standards through Optimum use of resources.

MISSION STATEMENT

1. Endeavoring to be the Market leader and international player by enhancing market share and to conduct business in the best possible manner by using high level of ethical professionalism.
2. Seeking long term and good trading relation with customers and suppliers with fair, honest and mutually profitable dealings.
3. Building an excellent reput e of our organization and to maintain high professional and ethical standards with eyes on the future.
4. Offering high quality products according to the highest international standards.
5. Continuous enhancement in shareholders' value through team work and constant improvement in performance in all operating areas in competitive business
6. Providing congenial work environment, where employees are treated with respect and dignity and work as a team of common goals.
7. Contributing to the national economy by uplifting and skills diversification of the people through fulfillment of our social responsibility

COMPANY PROFILE

BOARD OF DIRECTORS

1. Mr. Ali Maqsood Butt	:	Chair Person
2. Mr. Faisal Khan	:	Chief Executive
3. Mr. SH. Ghulam Mustafa	:	Director
4. Mrs. Durray Zara Butt	:	Director
5. Dr. Aruj Butt	:	Director
6. Mr. Muhammad Saeed Akhtar	:	Director
7. Mr. Muhammad Sajjad Hussain	:	Director

CHIEF FINANCIAL OFFICER

Mrs. Durray Zara Butt

COMPANY SECRETARY

Mr. Muhammad Sajjad Hussain

SHARE REGISTRARS

M/s. Corplink (Pvt.) Ltd.
Wings Arcade, 1-K , Commercial
Model Town Lahore.
Tel: 35839182, 35869037

LEGAL ADVISOR

Mr. Mian Waheed Akhtar,
Advocate High Court/ Supreme Court
Lahore.

AUDITORS

M/s. Qadeer & Co.
Chartered Accountants,
32-A Lawrence Road,
Lahore.

REGISTERED OFFICE

2-KM Off Raiwind-Manga Road,
Raiwind, Lahore.
Tel: (92 - 42) 35393125-6, 38102800
Fax: (92 - 42) 35393127
E-mail: info@aruj.com
Website: www.aruj.com

AUDIT COMMITTEE

Muhammad Saeed Akhtar	Chairman
Mr. Maqsood Ahmad Butt FCA	Member
Mr. Ali Maqsood Butt	Member

REGISTERED OFFICE

2-KM Off Raiwind-Manga Road,
Raiwind, Lahore.
Tel: (92 - 42) 35393125-6, 38102800
Fax: (92 - 42) 35393127
E-mail: info@aruj.com
Website: www.aruj.com

HR & REMUNERATION COMMITTEE

Muhammad Saeed Akhtar	Chairman
Mrs. Naseem Maqsood Butt	Member
Dr. Aruj Butt	Member

BANKERS

Bank Alfalah Limited.
Habib Bank Limited.
Bank of Punjab.
JS Bank Limited.
Habib Metropolitan Bank Ltd.
Faysal Bank Limited.
Meezan Bank
Standard Chartered Bank (Pakistan) Ltd.

NOTICE OF 30th ANNUAL GENERAL MEETING.

Notice is hereby given that 30th Annual General Meeting of Aruj Industries Limited will be held on Monday, December 19, 2022 at 9:00 AM at the Registered Office of the Company at 2-KM, Off: Raiwind Manga Road, Raiwind, Lahore to transact the following business:-

ORDINARY BUSINESS:

1. To Confirm the Minutes of last Annual General Meeting held on 27th November, 2021.
2. To receive and adopt the Annual Audited Accounts for the year ended June 30, 2022 along with Directors and Auditors report thereon.
3. To appoint Auditors of the Company to hold office till the conclusion of next Annual General Meeting and to fix their remuneration.

Any Other Business

4. To transact any other business with the permission of the Chair.

By order of the Board

Lahore.
November 28, 2022

Muhammad Sajjad Hussain
Company Secretary

NOTES:

1) Share Transfer Books of the Company will remain closed from December 13, 2022 to December 19, 2022 (both days inclusive). Transfers received in order at company's Shares Registrar Office at the close of business on December 12, 2022 will be treated as in time.

2) Members who have not yet submitted photocopies of Computerized National Identity Card (CNIC) are requested to send the same at the earliest.

3) A member eligible to attend and vote at this meeting may appoint another member as his / her proxy to attend and vote instead of him / her. Proxies in order to be effective must be received at the Company's Registered Office, not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

4) Members can also avail video conference facility. In this regard, please fill the following and submit to registered address of the Company 10 days before the general meeting. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at geographical location, to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

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

6) Shareholders are requested to immediately notify the change in address, if any to Company Shares Registrar i.e. M/s Corplink (Pvt.) Limited Wings Arcade, 1-K, Commercial, Model Town, Lahore Tel: 042-35916714-35916719

عروج انڈسٹریز لمیٹڈ اطلاع برائے 30 واں سالانہ اجلاس عام

نوٹ کیا جاتا ہے کہ عروج انڈسٹریز لمیٹڈ کا 30 واں سالانہ جنرل اجلاس پیر 19 دسمبر 2022ء کو صبح 9:00 بجے کمپنی کے رجسٹرڈ آفس 2 کلومیٹر رائے ونڈ مانگا روڈ، رائے ونڈ، لاہور میں منعقد ہوگا جس میں درج ذیل کاروبار کا لین دین کیا جائے گا:

عام کاروباری معاملات:

1. 27 نومبر 2021 کو منعقد ہونے والی آخری سالانہ عام میٹنگ کے منٹس کی تصدیق کرنا۔
 2. 30 جون 2022 کو ختم ہونے والے سال کے لئے سالانہ آڈٹ شدہ اکاؤنٹس کو حاصل کرنے اور اپنانے کے لئے ڈائریکٹرز اور آڈیٹرز کو رپورٹ پیش کرنا۔
 3. کمپنی کے آڈیٹرز کو اگلے سالانہ عام اجلاس کے اختتام تک عہدے پر فائز کرنے اور ان کے معاوضے کا تعین کرنے کے لئے مقرر کرنے کے لئے۔
- اور معاملات
4. چیئرمین کی اجازت کے ساتھ کسی بھی دوسرے کاروبار کا لین دین کرنے کے اہل ہوں گے۔

حسب الحکم بورڈ
(محمد سجاد حسین)
کمپنی سیکرٹری

لاہور

28 نومبر 2022ء

نوٹ:

1. کمپنی کی شیئر ٹرانسفر بکس 13 دسمبر 2022 سے 19 دسمبر 2022 (دونوں دن سمیت) تک بند رہیں گی۔ 12 دسمبر 2022 کو کاروبار کے اختتام پر کمپنی کے شیئر رجسٹر آفس میں آرڈر میں موصول ہونے والی ٹرانسفرز کو وقت کے مطابق سمجھا جائے گا۔
2. جن ممبران نے ابھی تک کمپیوٹرائزڈ قومی شناختی کارڈ (سی این آئی سی) کی فوٹو کاپیاں جمع نہیں کرائی ہیں ان سے درخواست ہے کہ وہ اسے جلد از جلد ارسال کریں۔
3. اس اجلاس میں شرکت اور ووٹ دینے کا اہل رکن کسی دوسرے رکن کو اس کے بجائے شرکت اور ووٹ ڈالنے کے لئے اپنے پر کسی کے طور پر مقرر کر سکتا ہے۔ مؤثر ہونے کے لئے پراکسیز کو کمپنی کے رجسٹرڈ آفس میں موصول ہونا ضروری ہے، میٹنگ کے انعقاد کے وقت سے کم از کم 48 گھنٹے پہلے نہیں اور مناسب طریقے سے مہر، دستخط اور گواہی دی جانی چاہئے۔
4. ممبران ویڈیو کانفرنس کی سہولت سے بھی فائدہ اٹھا سکتے ہیں۔ اس سلسلے میں، براہ کرم مندرجہ ذیل کو بھریں اور عام اجلاس سے 10 دن پہلے کمپنی کے رجسٹرڈ ایڈریس پر جمع کروائیں، اگر کمپنی جغرافیائی محل وقوع پر رہنے والے مجموعی طور پر 10% یا اس سے زیادہ شیئر ہولڈنگ رکھنے والے ممبروں سے رضامندی حاصل کرتی ہے تو، میٹنگ کی تاریخ سے کم از کم 10 دن پہلے ویڈیو کانفرنس کے ذریعے اجلاس میں شرکت کرنے کے لئے، کمپنی اس شہر میں ویڈیو کانفرنس کی سہولت کا انتظام کرے گی جو اس شہر میں اس طرح کی سہولت کی دستیابی سے مشروط ہے۔
5. کمپنیز ایکٹ، 2017 کی دفعہ 72 کے مطابق، ہر موجودہ لسٹڈ کمپنی کو اپنے فزیکل شیئرز کو بک انٹری فارم کے ساتھ اس انداز میں تبدیل کرنے کی ضرورت ہوگی جس کی وضاحت کمیشن کو مقرر کردہ تاریخ پر دی جائے۔
6. شیئر ہولڈرز سے گزارش ہے کہ ایڈریس میں تبدیلی کے بارے میں کمپنی شیئر رجسٹر یعنی میسرز کارپلنک (پرائیویٹ) لمیٹڈ ونگز آرکیڈ، 1-کے، کمرشل، ماڈل ٹاؤن، لاہور ٹیلی فون: 042-35916714-35916719 کو فوری طور پر مطلع کریں۔

CHAIRPERSON'S REVIEW

As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of **ARUJ INDUSTRIES LIMITED** is carried out. The objective of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of goals set for the Company.

For the financial year ended June 30, 2022, the Board's overall performance and effectiveness has been assessed as satisfactory. The Board also identifies areas of improvement in line with the best practices.

The Board received wide-ranging agendas and supporting papers in a timely manner for its meetings. The Board was fully involved in the strategic planning process and in developing the vision for the Company. All Directors, including Independent Director, fully took part in and made contributions to the decision-making process of the Board. The Board has in place comprehensive policies for all relevant areas of the Company's operation and these policies are reviewed and updated from time to time.

The Audit Committee and Human Resources & Remuneration Committee met regularly to fortify the functions of the board.

The company has an independent Internal Audit department, which leads the Internal Audit function and follows a risk based Audit methodology. Audit reports are presented to the Board for review and actions where necessary.

In the closing, on behalf of the Board I wish to acknowledge the contribution of all our employees in the success of the Company. I would like to thank our shareholders, bankers, customers, suppliers and other business partners for their confidence and support.

Ali Maqsood Butt
Chairperson
Dated: November 25, 2022

چیرمین کا جائزہ

جیسا کہ کارپوریٹ گورننس کے تحت ضروری ہے، عروج انڈسٹریز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی سالانہ کارکردگی کا جائزہ لیا جاتا ہے۔ اس جائزے کا مقصد اس بات کو یقینی بنانا ہے کہ بورڈ کی مجموعی کارکردگی اور اثر کو کمپنی کے لئے مقرر کردہ مقاصد کے تناظر میں پرکھا جائے۔

30 جون، 2022 کو ختم ہونے والے مالی سال کے لئے، بورڈ کی مجموعی کارکردگی اور اثر تسلی بخش رہی ہے۔ بورڈ بہترین طریقوں کے تناظر کے ساتھ بہتری کیلئے بھی نشاندہی کرتا ہے۔

بورڈ نے اپنی میٹنگ کے لئے بروقت انداز میں وسیع ایجنڈا اور متعلقہ کاغذات وصول کیے ہیں۔ بورڈ اسٹریٹجک منصوبہ بندی کے عمل میں اور کمپنی کے نقطہ نظر کو فروغ دینے میں مکمل طور پر شریک تھا۔ تمام ڈائریکٹرز، بشمول آزاد ڈائریکٹرز نے مکمل طور پر بورڈ کے فیصلے سازی کے عمل میں حصہ لیا۔ بورڈ کمپنی کے آپریشن کے تمام متعلقہ شعبوں کے لئے جامع پالیسیاں بناتا ہے اور ان پالیسیوں کا وقفوں سے جائزہ لیا جاتا ہے اور اپ ڈیٹ کیا جاتا ہے۔ آڈٹ کمیٹی اور انسانی وسائل اور معاوضہ کمیٹی نے باقاعدگی سے بورڈ کے افعال کو مضبوط بنانے کے لئے میٹنگز کی تھیں۔

کمپنی میں ایک اندرونی آڈیٹ ڈیپارٹمنٹ ہے، جو اندرونی آڈیٹ کی قیادت کرتا ہے اور خطرے کی بنیاد پر آڈٹ کے طریقہ کار کی پیروی کرتا ہے۔ آڈٹ کی رپورٹوں کو جائزہ لینے اور اقدامات کے لئے بورڈ کو پیش کیا جاتا ہے۔

آخر میں بورڈ کی طرف سے اپنے تمام ملازموں کے تعاون کو تسلیم کرنا چاہتا ہوں۔ میں اپنے حصص داروں، بینکوں، گاہکوں، سپلائرز اور دیگر کاروباری شراکت داروں کو ان کے اعتماد اور حمایت کے لئے شکریہ ادا کرنا چاہتا ہوں۔

علی مقصود بٹ

چیرمین

تاریخ: 25 نومبر، 2022

DIRECTOR'S REPORT

The Directors of your Company would like to present to you the 30th Annual General Meeting of Aruj Industries Ltd. and would like to present their report along with the audited accounts for the year ended 30th June, 2022.

OPERATING RESULTS:

	For the year ended June 30, 2022	For the year ended June 30, 2021
	Rupees	Rupees
Sales	1,298,732,954	1,391,626,358
Gross Profit	86,029,869	141,119,029
Profit/(Loss) Before Taxation	(4,490,604)	34,610,171
Taxation	16,304,194	21,280,584
Profit/(Loss) After Taxation	(2 0,794,798)	13,329,587
Earnings per Share	(1.99)	1.27

SALIENT FEATURES:

Your company posted sales of Rs 1,298,732,954 for the current financial year. However, your company struggled with higher cost of doing business in the last quarter of the financial year, like much of the industry did.

The textile industry was hit with the same inflation that has gripped the economy. The Pakistani Rupee started a sudden devaluation since April 2022, which has put pressure on prices of good across the board. This has had two pronged effect, not only cutting into the gross profit as cost of dyes and chemicals imported raised dramatically, but also raising the overall cost of business after accounting for COGS.

The coming 2 quarters of the new financial year are working out to be some of the financially hardest the industry has witnessed. While the government has maintained the price of electricity close to the old rates, the price and availability of gas and coal is proving to cause disruptions especially close to the calendar year. We are also seeing an overall depression of demand from our importing countries, citing energy prices and an overall economic slowdown.

Your company is making changes according to this dynamic scenario. We are switching focus to our processing side, which remains steady and liquid. We are hopeful that these corrections taken within shall bear fruit in the 3rd Quarter of the next financial year.

STATEMENT OF COMPLIANCE ON CORPORATE AND FINANCIAL FRAME WORK:

The management is fully aware of the compliance with code of corporate governance as incorporated in the additional listings regulations of the stock exchanges and necessary steps have been taken for their effective implementations which are as follows:

PRESENTATION OF FINANCIAL STATEMENTS:

The financial statements prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.

BOOKS OF ACCOUNTS:

Proper books of account of the Company have been maintained.

ACCOUNTING POLICIES:

Appropriate accounting policies have been consistently applied in preparation of financial and accounting estimate are based on reasonable and prudent judgment.

COMPLIANCE WITH INTERNATIONAL ACCOUNTING STANDARDS:

Accounting and Reporting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed.

INTERNAL CONTROL SYSTEM:

The system of internal control of the Company is sound and has been effectively implemented and is being monitored by the qualified internal auditors.

GOING CONCERN:

There are no significant doubts upon the Company's ability to continue as a going concern.

BEST PRACTICES OF CORPORATE GOVERNANCE:

There has been no material departure from the best practices of corporate governance, as described in the listing regulations of the stock exchanges.

FINANCIAL DATA OF LAST SIX YEARS:

Key operating and financial data of last six years is annexed.

OUTSTANDING STATUTORY DUES:

The Company is regular payer of all Government dues and previous record is quite evident and clear in this regard.

SIGNIFICANT PLANS AND DECISIONS:

As part of its balancing modernization and replacement plan, the Company has added certain machinery to increase the quality of its products.

MEETINGS OF BOARD OF DIRECTORS:		
During the year Seven meetings of the board of Directors of the Company were held. Attendance by each Director in the meeting is as follows:		
Name of Directors		Meeting Attended
1.	Mr. Maqsood Ahmad Butt (Resigned 29-06-22)	5
2.	Sheikh Ghulam Mustafa	6
3.	Mr. Ali Maqsood Butt	6
4.	Mr. Faisal Khan	6
5.	Mr. Durray Zara Butt	6
6.	Dr. Aruj Butt	2
7.	Mr. Muhammad Saeed Akhtar)	6
8.	Mr. Muhammad Sajjad Hussain (New Joining 29-06-22)	-

Leave of absence was granted to the directors who could not attend the meeting of the board.

AUDIT COMMITTEE:

The Board of Directors in compliance to the code of corporate governance has established an audit committee and the following directors are its members.

1.	Muhammad Saeed Akhtar	Chairman
2.	Mr. Muhammad Sajjad Hussain	Member
3.	Mr. Ali Maqsood Butt	Member

EARNING PER SHARES:

Earnings per share for the period ended 30th June 2022 works out to Rs. (1.99) as compared to Rs. 1.27 per share of the last year.

AUDITORS:

The auditors, M/s Qadeer & Company, Chartered Accountants have retired and being eligible, have offered themselves for re-appointment.

The audit committee of the board has recommended to the board their appointment as auditors of the Company for the year 2022-23.

PATTERN OF SHAREHOLDING:

Statements showing the Pattern of Shareholding as at 30 June, 2022 required under the Company Act, 2017 and the code of corporate governance are annexed.

TRADING IN COMPANY'S SHARES:

The Directors, CEO, traded in the shares of the Company during the year have been disclosed in form 34 attached in this annual report.

ACKNOWLEDGEMENT:

We would like to take this opportunity to express our appreciation to the management and employees of the Company for their hard work and dedication. We would also like to express our gratitude to our valued shareholders, customers, suppliers and financial institutions for their cooperation, constant support and trust reposed in your Company

FOR AND ON BEHALF OF THE BOARD

Ali Maqsood Butt
(Chairman)

MR.FAISAL KHAN
(Chief Executive)

Lahore
Dated: November 25, 2022

آڈیٹرز:

میسرز قدیر اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے ہیں اور اہل ہونے کے ساتھ دوبارہ تعیناتی کیلئے اپنے آپ کو پیش کر رہے ہیں۔
بورڈ کی آڈٹ کمیٹی نے سال 2022-23 کے لیے میسرز قدیر اینڈ کمپنی کی تقرری کیلئے بورڈ کو تجویز کیا ہے۔

شیئر ہولڈنگ کا پیٹرن:

کمپنی ایکٹ 2017 کے تحت 30 جون 2022 کو شیئر ہولڈنگ کے پیٹرن کو ظاہر کرنے والے بیانات اور کارپوریٹ گورننس کے ضابطہ کے ساتھ منسلک ہیں۔

کمپنی کے حصص میں تجارت:

سال کے دوران کمپنی کے حصص کی تجارت کرنے والے ڈائریکٹرز، سی ای او کا انکشاف اس سالانہ رپورٹ میں منسلک فارم 34 میں کیا گیا ہے۔

اعتراف:

کمپنی کی انتظامیہ، ملازمین کی محنت اور لگن سے کام کرنے کیلئے تعریف کے مستحق ہیں ہم اپنے قابل قدر حصص یافتگان، گاہکوں، سپلائرز اور مالیاتی اداروں کے تعاون، مدد، مسلسل حمایت اور اعتماد کے شکر گزار ہیں۔

علی مقصود بٹ
(چئیرمین)

فیصل خان
چیف ایگزیکٹو

لاہور

تاریخ: 25 نومبر 2022ء

گزشتہ چھ سالوں کا مالیاتی ڈیٹا:

پچھلے چھ سالوں کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا منسلک ہے۔

بقایا قانونی واجبات:

کمپنی تمام سرکاری واجبات کی باقاعدہ ادائیگی کرنے والی ہے اور اس سلسلے میں سابقہ ریکارڈ بالکل واضح اور واضح ہے۔

اہم منصوبے اور فیصلے:

کمپنی کے پیداواری عمل کو جدید، متوازن اور متبادل بنانے کے لیے کمپنی نے کچھ مشینری شامل کی ہے۔

بورڈ آف ڈائریکٹرز کے اجلاس:

سال کے دوران کمپنی کے بورڈ آف ڈائریکٹرز کے سات اجلاس منعقد کئے گئے تھے، ہر ایک کی طرف سے حاضری کی تفصیل یہ ہے۔

1. جناب مقصود احمد بٹ 5 (استغفی 29-06-22)

2. شیخ غلام مصطفیٰ 6

3. جناب علی مقصود بٹ 6

4. جناب فیصل خان 6

5. مسز درے زار ابٹ 6

6. ڈاکٹر عروج بٹ 2

7. محمد سعید اختر 6

8. محمد سجاد حسین - (نئی شمولیت 29-06-22)

جوڈائریکٹرز بورڈ کے اجلاس میں شرکت نہیں کر سکتے تھے، ان کی رخصت دی گئی تھی۔

آڈٹ کمیٹی:

کارپورٹ گورننس کے کوڈ پر عمل پیرا ہوتے ہوئے بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی قائم کیا ہے اور مندرجہ ذیل ڈائریکٹرز اس کے

اراکین ہیں۔

1. محمد سعید اختر چیئر پرسن

2. محمد سجاد حسین رکن

3. علی مقصود بٹ رکن

ایک حصص کمائی:

30 جون 2022 کو ختم ہونے والے سال کیلئے ہر 10 روپے کے حصص پر (1.99) روپے فی حصص نقصان ہوا جبکہ 30 جون

2021 کو ختم ہونے والے سال کیلئے ہر حصص پر آمدنی 1.27 روپے تھی۔

کا باعث بن رہی ہے۔ ہم توانائی کی قیمتوں اور مجموعی اقتصادی سست روی کا حوالہ دیتے ہوئے اپنے درآمد کرنے والے ممالک کی طلب میں مجموعی کمی بھی دیکھ رہے ہیں۔

آپ کی کمپنی اس متحرک منظر نامے کے مطابق تبدیلیاں کر رہی ہے۔ ہم اپنی پروسیسنگ سائیکل پر توجہ مرکوز کر رہے ہیں، جو مستحکم اور مانع ہے۔ ہمیں امید ہے کہ اندر کی گئی یہ اصلاحات اگلے مالی سال کی تیسری سہ ماہی میں نتیجہ خیز ہوں گی۔

Corporate and Financial فریم ورک پر تعمیل کا بیان:

انتظامیہ کارپوریٹ اور فنانشل فریم ورک پر عمل درآمد کے بارے میں بخوبی آگاہ ہے بشمول اسٹاک ایکسچینج کی اضافی لسٹنگ کے ضابطے کے جن کی تعمیل کے لیے اقدام کیے گئے ہیں۔

مالی بیانات کی پریزنٹیشن:

کمپنی کی انتظامیہ کی طرف سے تیار کیے گئے مالی بیانات، کمپنی کی کاروباری امور، اس کے آپریشنز، اور ایکویٹی کی تبدیلی کے بارے میں مناسب طور پر پیش کرتے ہیں۔

اکاؤنٹس کی کتب:

حساب کتاب کی کتابوں کو صحیح طریقے سے رکھا گیا ہے۔

اکاؤنٹنگ پالیسیاں:

مالی بیانات اور اکاؤنٹنگ تخمینہ کی تیاری میں اکاؤنٹنگ پالیسیوں کے تسلسل کو لاگو کیا گیا ہے۔ جو کہ دانشمندانہ فیصلے پر مبنی ہیں۔

بین الاقوامی اکاؤنٹنگ معیار کے ساتھ تعمیل:

انٹرنیشنل اکاؤنٹنگ سٹینڈرڈز جو کہ پاکستان میں لاگو ہیں، ان کی پیروی کرتے ہوئے مالی بیانات بنائے گئے ہیں اور جہاں پیروی نہیں کی گئی، ان کا انکشاف کر دیا گیا ہے۔

اندرونی کنٹرول کا نظام:

کمپنی کی اندرونی کنٹرول کا نظام مضبوط ہے اور موثر طریقے سے لاگو کیا گیا ہے، اور قابلیت رکھنے والے اندرونی آڈیٹرز کی نگرانی میں ہیں۔

حالیہ تشویش:

ایک جاری تشویش کے طور پر جاری رکھنے کی کمپنی کی صلاحیت پر کوئی خاص شک نہیں ہے۔

کارپوریٹ گورننس کے بہترین طرز عمل:

کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی رخصتی نہیں ہوئی، جیسا کہ اسٹاک ایکسچینج کے ضوابط میں بیان کیا گیا ہے۔

ڈائریکٹرز رپورٹ

آپ کی کمپنی عروج انڈسٹریز لمیٹڈ کے ڈائریکٹرز کمپنی کے 30 ویں سالانہ عام اجلاس کے سامنے 30 جون 2022 میں ختم ہونے والے سال کے لیے آڈٹ شدہ اکاؤنٹس کے ساتھ ساتھ اپنی رپورٹ پیش کرنا چاہیں گے۔

سال 30 جون 2022	سال 30 جون 2021	
کے اختتام پر	کے اختتام پر	سیلز
1,298,732,954	1,391,626,358	کل منافع
86,029,869	141,119,029	منافع / (نقصان) ٹیکسیشن سے پہلے
(4,490,604)	34,610,171	ٹیکسیشن
16,304,194	21,280,584	منافع / (نقصان) ٹیکسیشن سے بعد
(20,794,798)	13,329,587	فی شیئر آمدنی
(1.99)	1.27	

نمایاں خصوصیات:

آپ کی کمپنی نے موجودہ مالی سال کے لیے 1,298,732,954 روپے کی فروخت پوسٹ کی ہے۔ تاہم، آپ کی کمپنی نے مالی سال کی آخری سہ ماہی میں کاروبار کرنے کی زیادہ لاگت کے ساتھ جدوجہد کی، جیسا کہ زیادہ تر صنعت نے کیا تھا۔

ٹیکسٹائل کی صنعت اسی مہنگائی سے متاثر ہوئی جس نے معیشت کو اپنی لپیٹ میں لے رکھا ہے۔ پاکستانی روپے نے اپریل 2022 سے اچانک قدر میں کمی کا آغاز کیا، جس نے تمام اشیاء کی قیمتوں پر دباؤ ڈالا۔ اس کا دو جہتی اثر ہوا ہے، نہ صرف مجموعی منافع میں کمی آئی ہے کیونکہ درآمد شدہ رنگوں اور کیمیکلز کی لاگت میں ڈرامائی طور پر اضافہ ہوا ہے، بلکہ COGS کے حساب کتاب کے بعد کاروبار کی مجموعی لاگت میں بھی اضافہ ہوا ہے۔

نئے مالی سال کی آنے والی 2 سہ ماہی صنعت کے لیے مالی طور پر سب سے مشکل ہونے کے لیے کام کر رہی ہے۔ اگرچہ حکومت نے بجلی کی قیمت کو پرانے نرخوں کے قریب برقرار رکھا ہے، لیکن گیس اور کولے کی قیمتیں اور دستیابی خاص طور پر کیلنڈر سال کے قریب رکاوٹوں

KEY OPERATING & FINANCIAL DATA FROM 2017 TO 2022

	2017	2018	2019	2020	2021	2022
Net Sales Revenue	1,380,753,165	1,162,366,244	1,433,016,290	1,171,354,766	1,391,626,358	1,298,732,594
Cost of Goods Sold	1,221,130,325	1,053,087,323	1,318,726,514	1,021,509,142	1,250,507,329	1,212,703,085
Gross Profit	159,622,840	109,278,921	114,289,776	149,845,624	141,119,029	86,029,269
Operating Profit/ (Loss)	67,811,308	46,260,375	55,818,562	75,879,091	71,415,072	34,160,851
Profit (Loss) Before Tax	44,465,114	11,278,442	15,057,026	23,062,847	34,610,171	(12,608,755)
Profit (Loss) After Tax	31,462,159	6,570,286	13,124,928	10,507,364	13,329,587	(20,794,798)
Paid up Capital	104,578,900	104,578,900	104,578,900	104,578,900	104,578,900	104,578,900
Current Assets	717,764,147	777,259,38	862,540,980	802,155,539	792,098,666	944,121,326
Current Liabilities	648,855,757	755,144,99	878,545,761	795,702,015	771,802,550	915,454,221

STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (Code of Corporate Governance) Regulations, 2019

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

1. The total number of directors are 7 as per the following:
 - a. MALE : 05
 - b. FEMALE : 02
2. The composition of board is as follow:

Category	Names
Independent Director	<ul style="list-style-type: none">○ Mr. Muhammad Saeed Akhtar○ Sheikh Ghulam Mustafa
Executive Directors*	<ul style="list-style-type: none">○ Mr. Faisal Khan○ Mrs. Durray Zara Butt○ Mr. Ali Maqsood Butt
Non-Executive Directors	<ul style="list-style-type: none">○ Mr. Muhammad Sajjad Hussain○ Dr. Aruj Butt

*Further, the Company has not complied with the requirement that executive directors, including the chief executive officer, shall not be more than one third of the Board. The Board is also in the process to comply with the requirement at their earliest.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. The meetings of the board were presided over by the chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations..
9. No director have attended director's training program during the year.
10. No appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit have been made during the year.

11. Chief Financial Officer (CFO) and Chief Executive Officer (CEO) duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:
 - a) **Audit Committee**
 - Mr. Muhammad Saeed Akhtar - Chairman/ member
 - Mr. Muhammad Sajjad Hussain - member
 - Mr. Ali Maqsood Butt - member
 - b) **HR and Remuneration Committee**
 - Mr. Muhammad Saeed Akhtar - Chairman/ member
 - Mrs. Sheikh Ghulam Mustafa
 - Dr. Aruj Butt - member
13. The terms of references of the aforesaid committee have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committees were as per following:

a) Audit Committee	(5)
b) HR and Remuneration Committee	(1)
15. The Board has set up an effective internal audit function supervised by a qualified Accountant, who is being assisted by in house executives to carry out the Internal Control functions. The Head of Internal Audit is suitably qualified and experienced for the purpose and is 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 ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirements the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements (except of non-compliances stated in serial # 3 above) of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and.
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below (if applicable):

STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES
(Code of Corporate Governance) Regulations, 2019

Non-Mandatory Requirement	Reg. No.	Explanation
Regulations are partially complied. Nomination Committee: The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	29(1)	Currently, the board has not constituted a separate Nomination Committee and the functions are being performed by the Human Resource & Remuneration Committee.
Risk Management Committee: The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	30(1)	The Board has not constituted a separate risk management committee however the risk is managed at respective department level which is also supervised by the departmental head.

(Mr. Ali Maqsood Butt)
(Chairman)

Lahore

Dated: November 25, 2022

(Mr. Faisal Khan)
(Chief Executive)

Lahore

Dated: November 25, 2022

Independent Auditor's Review Report to the Members Of ARUJ INDUSTRIES 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 Aruj Industries Limited (the Company) for the year ended June 30, 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

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

Further, we highlight below instance(s) of non-compliance with the requirement(s) of the Codes as reflected in the note/ paragraph reference where it/these is/are stated in the Statement of Compliance:

Paragraph Reference	Description
2	*Further, the Company has not complied with the requirement that executive directors, including the chief executive officer, shall not be more than one third of the Board. The Board is also in the process to comply with the requirement at their earliest.

Lahore
November 25, 2022

UDIN: [CR202210090yZ2qhAbGO](https://www.mca21.org/UDIN/CR202210090yZ2qhAbGO)

QADEER AND COMPANY
CHARTERED ACCOUNTANTS
ENGAGEMENT PARTNER
ABDUL RAHMAN

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the members of ARUJ INDUSTRIES LIMITED

Report on the Audit of the Financial Statements

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of the loss and 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 year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

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 concluded 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 and 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 Usher Ordinance, 1980 (XVIII of 1980).

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

Lahore,
Dated: November 25, 2022
UDIN: AR202210090j21bIxOwC

Qadeer and Company,
Chartered Accountants

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2022

	Note	2022	2021
		Rupees	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
12,500,000 ordinary shares of Rs. 10/- each		125,000,000	125,000,000
Issued, subscribed and paid up capital	5	104,578,900	104,578,900
Capital reserve	6	100,000,000	100,000,000
Directors' Loan	7	93,168,538	90,398,538
Unappropriated profit		89,198,025	110,256,213
		386,945,463	405,233,651
Non-current liabilities			
Long term loan	8	-	12,012,982
Lease liabilities	9	11,865,101	113,877
Deferred liabilities	10	71,510,165	62,861,264
		83,375,266	74,988,124
Current liabilities			
Trade and other payables	11	217,892,041	226,073,132
Unclaimed dividend		2,290,218	2,290,218
Accrued markup	12	7,718,171	4,071,310
Short term borrowings	13	657,199,060	491,291,568
Current portion of long term loan		12,012,983	24,025,772
Current portion of lease liabilities		3,485,889	7,027,380
Provision for taxation	14	14,855,859	17,023,170
		915,454,221	771,802,550
Contingencies and commitments	15	-	-
Total equity and liabilities		1,385,774,950	1,252,024,325
ASSETS			
Non-current assets			
Property, plant and equipment	16	432,092,734	368,764,987
Capital work in progress	17	6,548,799	84,898,140
		438,641,533	453,663,127
Long term deposits	18	3,012,091	6,262,532
		441,653,624	459,925,659
Current assets			
Stores, spares and loose tools	19	24,156,201	19,740,909
Stock in trade	20	415,615,399	251,827,225
Trade debts	21	251,834,703	278,755,276
Loans, advances and other receivables	22	164,982,888	162,420,472
Trade deposits and short term prepayments	23	-	145,236
Tax refunds due from the Government	24	72,581,897	57,861,791
Cash and bank balances	25	14,950,238	21,347,757
		944,121,326	792,098,666
Total assets		1,385,774,950	1,252,024,325

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

FAISAL KHAN
CHIEF EXECUTIVE

ALI MAQSOOD BUTT
DIRECTOR

MRS. DURRAY ZARA BUTT
CHIEF FINANCIAL OFFICER

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2022

		2022	2021
	Note	Rupees	
Sales - net	26	1,298,732,954	1,391,626,358
Less: Cost of sales	27	1,212,703,085	1,250,507,329
Gross Profit		86,029,869	141,119,029
Less: Selling and Distribution cost	28	12,968,979	27,195,628
Less: Administrative expenses	29	38,900,039	42,508,329
Operating Profit		34,160,851	71,415,072
Less: Finance cost	30	46,321,273	35,194,405
Less: Other expenses	31	448,333	2,565,093
		(12,608,755)	33,655,574
Add: Other Income	32	8,118,151	954,597
Profit/(loss) before taxation		(4,490,604)	34,610,171
Taxation	33	16,304,194	21,280,584
Profit/(loss) for the year		(20,794,798)	13,329,587
Earnings per share - basic and diluted	34	(1.99)	1.27

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

FAISAL KHAN
CHIEF EXECUTIVE

ALI MAQSOOD BUTT
DIRECTOR

MRS. DURRAY ZARA BUTT
CHIEF FINANCIAL OFFICER

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2022

		2022	2021
	Note	Rupees	
Profit/(loss) for the year		(20,794,798)	13,329,587
Other comprehensive (loss) / Income			
Items that will not be subsequently reclassified to profit or loss:			
Remeasurement of staff retirement benefit	10.08	(263,390)	(1,967,935)
Total comprehensive income/(loss) for the year		(21,058,188)	11,361,652

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

FAISAL KHAN
CHIEF EXECUTIVE

ALI MAQSOOD BUTT
DIRECTOR

MRS. DURRAY ZARA BUTT
CHIEF FINANCIAL OFFICER

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2022

		2022	2021
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES	Note		
Profit/(loss) before taxation		(4,490,604)	34,610,171
Adjustment for:			
Depreciation	16	36,043,385	33,239,707
Financial Charges		46,321,273	35,194,405
Gain on Disposal	16.03	(8,118,151)	-
Provision for staff retirement benefits		10,904,760	9,512,307
Worker's welfare fund		-	706,330
Worker's profit participation fund		-	1,858,763
		85,151,267	80,511,512
Profit before working capital changes		80,660,663	115,121,683
(Increase)/decrease in current assets:			
Stores, spare parts and loose tools		(4,415,292)	(6,212,659)
Stock in trade		(163,788,174)	34,272,876
Trade debts		26,920,573	47,360,123
Loans, advances and other receivable		(15,714,644)	(67,831,760)
Trade deposits and short term prepayments		145,236	28,845
Tax refunds due from the Government		(14,720,106)	(83,850)
Increase/(decrease) in current liabilities:			
Trade and other payables		(6,229,529)	(8,337,344)
		(177,801,936)	(803,769)
Cash generated from operations		(97,141,273)	114,317,914
Financial charges paid		(42,674,412)	(42,220,457)
Staff retirement benefits paid	10.06	-	(8,354,250)
Workers' welfare fund paid		(92,800)	-
Workers' profit participation fund paid	11.01	(1,858,763)	(1,238,633)
Income taxes paid		(7,838,526)	(11,484,115)
Net cash inflow from operating activities		(149,605,774)	51,020,459
CASH FLOWS FROM INVESTING ACTIVITIES			
Long-term security deposits		(148,152)	29,402
Fixed capital expenditure	16	(839,990)	(1,840,292)
Capital work in progress		(1,332,770)	(48,646,226)
Disposal proceeds	16.03	10,670,000	-
Net cash used in investing activities		8,349,088	(50,457,116)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds / (Repayment) from/(to) directors' loans - Net	38	2,770,000	2,950,000
(Repayment) of lease liabilities		(9,792,554)	(22,449,593)
Proceeds / (Repayment) from Long term loan - Net	8.10	(24,025,771)	36,038,755
Proceeds / (Repayment) from short term borrowings - Net		165,907,492	(17,335,226)
Net cash used in financing activities		134,859,167	(796,064)
Net (decrease) / increase in cash and cash equivalents		(6,397,519)	(232,721)
Cash and cash equivalents at the beginning of the year		21,347,757	21,580,478
Cash and cash equivalents at the end of the year	25	14,950,238	21,347,757

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

FAISAL KHAN
CHIEF EXECUTIVE

ALI MAQSOOD BUTT
DIRECTOR

MRS. DURRAY ZARA BUTT
CHIEF FINANCIAL OFFICER

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2022

	SHARE CAPITAL	CAPITAL RESERVE	DIRECTORS' LOAN	UNAPPROPRIATED PROFIT	TOTAL
	(RUPEES)				
BALANCE AS AT JUNE 30, 2020	104,578,900	100,000,000	87,448,538	98,894,561	390,921,999
Loan From Directors	-	-	2,950,000	-	2,950,000
Transaction with owners	-	-	2,950,000	-	2,950,000
Profit for the year	-	-	-	13,329,587	13,329,587
Other comprehensive income / (loss)	-	-	-	(1,967,935)	(1,967,935)
Total comprehensive income for the year:	-	-	-	11,361,652	11,361,652
BALANCE AS AT JUNE 30, 2021	104,578,900	100,000,000	90,398,538	110,256,213	405,233,651
Loan from directors	-	-	2,770,000	-	2,770,000
Transaction with owners	-	-	2,770,000	-	2,770,000
Profit/(loss) for the year	-	-	-	(20,794,798)	(20,794,798)
Other comprehensive income / (loss)	-	-	-	(263,390)	(263,390)
Total comprehensive income/(loss) for the year:	-	-	-	(21,058,188)	(21,058,188)
BALANCE AS AT JUNE 30, 2022	104,578,900	100,000,000	93,168,538	89,198,025	386,945,463

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

FAISAL KHAN
CHIEF EXECUTIVE

ALI MAQSOOD BUTT
DIRECTOR

MRS. DURRAY ZARA BUTT
CHIEF FINANCIAL OFFICER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

1 LEGAL STATUS AND OPERATIONS

- 1.1** Aruj Industries Limited ("the Company") was incorporated in Pakistan on December 31, 1992 under the Companies Ordinance, 1984 (now the Companies Act 2017), as a Public Company, limited by shares and quoted on Pakistan Stock Exchange Limited. The company is principally engaged in manufacturing of Fusible Interlining and Dying / Bleaching / Stitching of Fabric. The Company commenced its commercial operations on May 15, 1995.

The geographical location and address of the Company's business units, including mills/plant is as under:

Geographical location	Business Units
2--KM, Off Raiwind Manga Road, Raiwind, Lahore.	Head office and Plant
1-KM, Raiwind Road, Thokar Niaz Baig, Lahore.	Branch Office and shop

2 STATEMENT OF COMPLIANCE

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

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

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

2.01 Initial application of a standard, amendment or an interpretation to an existing standard**Amendments to published accounting and reporting standards which are effective for the year ended June 30, 2022**

There were certain amendments to accounting and reporting standards which became effective for the Company for the current year. However, these are considered not to be relevant or to have any significant impact on the Company's financial reporting and, therefore, have not been disclosed in these financial statements.

There is a standard and certain other amendments to accounting and reporting standards that are not yet effective and are considered either not to be relevant or to have any significant impact on the Company's financial statements and operations and, therefore, have not been disclosed in these financial statements.

3 BASIS OF PREPARATION**3.02 Functional and presentation currency**

Items included in the financial statements are prepared using the currency of the primary economic environment in which the Company operates i.e. Pakistan Rupees which is the Company's functional and presentation currency.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set-out below. These policies have been consistently applied to all the years presented.

4.01 Foreign currency translation

Transactions in foreign currencies are translated in Pakistan rupees (functional and presentation currency) at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistan rupees at the rates of exchange approximating those prevalent at the statement of financial position date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss.

4.02 Staff retirement benefits

The Company operates an unfunded gratuity scheme covering its permanent employees. Employees are eligible for benefits under this scheme after the completion of a prescribed qualifying period of service. The latest actuarial valuation was carried out as at June 30, 2022. Charge for the current year is based on estimates provided by the actuary as at June 30, 2022.

All actuarial gains and losses (i.e. remeasurements) are recognized in 'other comprehensive income' as they occur.

4.03 Trade debts

Trade debts originated by the Company are recognized and carried at original invoice amount less an expected credit losses. Subsequently these are valued at amortized cost. An estimated provision for doubtful debt is made when collection of the amount is no longer probable based on expected credit loss.

4.04 Trade and other payables

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

4.05 Long Term Deposits

These are stated at cost or amortized cost which represents the fair value of consideration given.

4.06 Contingent liabilities

Contingent liability is disclosed when:

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

4.07 Cash and cash equivalents

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

4.08 Contingent assets

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

4.09 Taxation

a Current

Provision for current taxation is the amount computed on taxable income at the current rates of taxation or alternative corporate tax computed on accounting income or minimum tax on turnover, whichever is higher, and taxes paid / payable on final tax basis, after taking into account tax credit available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from the assessment made / finalized during the year.

Taxes paid during the year or withheld at source are shown as advance payments and are adjusted at the time of filing of Income Tax Return. Amount of tax paid in excess of tax payable as per Income Tax Return is booked as refundable.

b Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all major 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 major taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax assets and liabilities are calculated at the rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the income.

4.10 Property, plant and equipment

Property, plant and equipment except freehold land are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Freehold land is stated at cost less any identified impairment loss. Cost in relation to certain property, plant and equipment signifies historical cost, applicable exchange differences on foreign currency loans and directly attributable cost of bringing the asset to working condition. Borrowing cost pertaining to the construction/ erection period is also capitalized as part of historical cost.

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

Depreciation on property, plant and equipment except for the freehold land is charged to the statement of profit or loss applying the reducing balance method so as to write off the depreciable amount of the assets over their estimated useful lives at the rates specified in the respective note to the financial statements. The Company charges the depreciation on additions from the date when the asset is available for use and to the preceding day when the asset is de-recognized.

The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each statement of financial position date.

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

4.11 Capital work in progress

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

4.12 Impairment of non-financial assets

Carrying amounts of the Company's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and impairment loss is recognized in the statement of profit or loss.

4.13 Right of use assets and related liabilities

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

Lease liabilities are initially measured at the present value of the lease payments discounted using the interest rate implicit in the lease. If the implicit rate cannot be readily determined, the Company's incremental borrowing rate is used. Subsequently these are increased by interest, reduced by lease payments and remeasured for lease modifications, if any.

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

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less.

4.14 Stores, spares and loose tools

Usable stores and spares are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus incidental charges paid thereon.

Provision for obsolete and slow moving stores and spares is based on management's estimate.

4.15 Stock-in-trade

These are valued at lower of cost or net realizable while the cost is calculated using the following basis:

- Raw materials - At weighted average cost.
- Work in process - At average manufacturing cost.
- Finished goods - At average manufacturing cost.
- Wastes - At net realizable value.

Raw material is stated at weighted average except items in transit which are valued at cost accumulated up to the balance sheet date.

Cost of work in process and finished goods comprises of cost of direct materials, labour and appropriate manufacturing overheads.

Net realizable value of finished goods and waste represents estimated selling prices in the ordinary course of business less incidental selling expenses.

4.16 Revenue recognition

Revenue from local sale of goods be recognized at the point in time when control of goods is transferred to the customer, which is when the goods are dispatched to the customer and invoices are generated.

Local sale

The revenue from sale of goods is recognized at the point in time when control of the goods is transferred to the customer, generally on dispatch of products from the mill.

Export sale

The revenue from sale of goods is recognized at the point in time when control of the goods is transferred to the customer, dependent on the related inco-terms generally on date of bill of lading or delivery of the product to the port of destination.

Export rebate and Duty Drawbacks are accrued on the basis of actual export proceeds realized.

4.17 Rendering of services

Revenue from garments stitching and fabric processing services to local customers is recognized at the point in time, generally on dispatch of the processed fabric from the factory.

4.18 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

The Company classifies its financial assets in the following categories: at fair value through statement of profit or loss, fair value through other comprehensive income and amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. All the financial assets of the Company as at statement of financial position date are carried at amortized cost.

A financial asset is measured at amortized cost if it meets both the following conditions and is not designated as at fair value through statement of profit or loss:

- (i) it is held with in a business model whose objective is to hold assets to collect contractual cash flows; and
- (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company recognizes loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost and contract assets. The Company measures loss allowance at an amount equal to lifetime ECLs.

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

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

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. 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.

Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortized costs are initially measured at fair value minus transaction costs. Financial liabilities at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit or loss. Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortized cost using the effective yield method. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where 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 and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit or loss.

4.19 Offsetting of financial assets and liabilities

A financial asset and a financial liability is offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognized amount and the Company intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.20 Loans and receivables

These are initially measured at the fair value of the consideration receivable. Subsequently these are valued at amortized cost. These assets are written off when there is no reasonable expectation of recovery, based on the expected credit loss.

4.21 Related party transactions

All transactions with related parties are carried out by the Company at arms' length. Nature of the related party relationship as well as information about the transactions and outstanding balances are disclosed in the relevant notes to the financial statements.

4.22 Impairment

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income currently. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

4.23 Borrowings and their costs

Borrowings are recognized initially at fair value, net of transaction costs incurred, and subsequently at amortized cost.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are charged to statement of profit or loss in the period in which these are incurred.

4.24 Dividend and other appropriations

Dividend is recognized as a liability in the period in which it is declared. Appropriations of profits are reflected in the statement of changes in equity in the period in which such appropriations are approved.

4.25 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer has been identified as the 'chief operating decision-maker', who is responsible for allocating resources and assessing performance of the operating segments.

4.26 Share capital

Ordinary shares are classified as equity and recognized at their face value.

4.27 Provisions

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

4.28 Fair values of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

As at June 30, 2022, all financial assets and financial liabilities are carried at amortized cost.

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred.

The Company's policy for determining when transfers between levels in the hierarchy have occurred includes monitoring of the following factors:

- changes in market and trading activity (e.g. significant increases / decreases in activity)
- changes in inputs used in valuation techniques (e.g. inputs becoming / ceasing to be observable in the market)

There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year.

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

4.29 Government grants

Government grants are recognized when there is reasonable assurance that the grant will be received and all attached conditions shall be complied with. When the grant relates to an expense item, it is recognized as income on systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

4.30 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the reporting date. Foreign exchange gains and losses on translation are recognized in the statement of profit or loss.

5 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

7,058,190 (2021: 7,058,190) ordinary shares of Rs. 10/- each fully paid in cash **70,581,900** 70,581,900

3,399,700 (2021: 3,399,700) ordinary shares of Rs. 10/- each issued for consideration other than cash **5.1** **33,997,000** 33,997,000
104,578,900 **104,578,900**

5.1 These include shares issued against acquisition of assets.

5.2 The Shareholders' rights and privileges are governed through The Companies Act, 2017 and the rules and regulations made thereunder; the Company's Memorandum and Articles of Association and there is no specific shareholder's agreement executed for voting rights, board selection, right of first refusal and block voting.

6 CAPITAL RESERVE

These reserves represents the amount set aside from unappropriated profits and utilized for the purpose of capital expenditures in factory building and plant and machinery.

7 DIRECTOR'S LOAN

Loan from directors - unsecured **7.2** **93,168,538** 90,398,538

7.1 These loans are accounted for under Technical Release - 32 "Accounting Director's Loan" issued by the Institute of Chartered Accountants of Pakistan effective for the financial statements for the period beginning on or after January 01, 2016 with earlier application permitted.

7.2 This loan has been obtained from Directors of the Company, and is interest free. There is no fixed tenor or schedule for repayment of this loan. According to the loan agreement, the lenders shall not demand repayment and the same is entirely at the Company's option. This loan is for the purpose of capital expenditure or otherwise as the Board deem fit. Directors include Mr. Maqsood Ahmed butt (15.9 % shareholding) and Mr. Ali Maqsood butt (22.08 % shareholding).

8 LONG TERM LOAN

Banking companies :

Bank Alfalah Limited

Less: Current portion of long term loan

		2022	2021
Note		Rupees	
8.1	12,012,983	36,038,754	
	(12,012,983)	(24,025,772)	
	-	12,012,982	
8.1	24,025,869	48,051,640	
	(12,012,886)	(12,012,886)	
	12,012,983	36,038,754	

8.1 Bank Alfalah Limited

Loan received during the year

Less: repaid during the year

8.2 This represent TF-Refinance facility having limit of Rs. 48.052 million. The loan is repayable in eight quarterly instalments with one quarter grace period starting from 1st october 2020. The expiry date of the facility is 1st October 2022. It carries mark-up at the rate of SBP rate + 3% p.a. The base rate will be 3 month KIBOR at the disbursement date. These facilities are secured as follows:
1st PariPassu charge of Rs.474 Million on all present and future current assets of the Company.
1st PariPassu charge of Rs.300 Million over present and future fixed assets of the Company.
Equitable mortgage along with TRM of Rs. 0.100 Million over a property owned by the Chairman of the Company having a market value of Rs. 147.119 million valued by Materials & Designs services pvt. Limited on 27-12-2019. and Personal Guarantees of all sponsor directors of the Company.

9 LEASE LIABILITIES

	Note	2022	2021
		Rupees	
Present value of minimum lease payments		15,350,990	7,141,257
Less: current portion shown under current liabilities		(3,485,889)	(7,027,380)
		<u>11,865,101</u>	<u>113,877</u>

	2022			2021		
	Future Minimum Lease Payments	Finance Cost	Present Value	Future Minimum Lease Payments	Finance Cost	Present Value
	RUPEES					
Not later than one year	5,831,100	2,345,211	3,485,889	7,210,349	182,969	7,027,380
Later than one year but not later than five years	15,091,008	3,225,907	11,865,101	114,883	1,006	113,877
Total future minimum lease payments	<u>20,922,108</u>	<u>5,571,118</u>	<u>15,350,990</u>	<u>7,325,232</u>	<u>183,975</u>	<u>7,141,257</u>

This represents vehicles acquired under lease arrangements. The leases are secured by insurance in lessor's favor and post dated cheques in favor of lessor for entire principal along with markup amount. Rentals are payable monthly. The leases are priced at six month KIBOR plus 2.75% to 3% per annum (2021: six month KIBOR plus 2.75% to 3% per annum). Under the terms of agreement, taxes, repairs, replacements and insurance costs in respect of assets subject to lease are borne by the Company. The Company also has the option to acquire these assets at the end of the respective lease terms and intends to exercise the option.

10 DEFERRED LIABILITIES

	Note	2022	2021
		Rupees	
Deferred tax - net	10.01	19,184,606	21,703,855
Employees retirement benefits	10.04	52,325,559	41,157,409
		<u>71,510,165</u>	<u>62,861,264</u>

10.01 DEFERRED TAX - NET

Taxable temporary differences / (deductible temporary differences) arising in respect of:

Accelerated depreciation	26,242,050	22,415,802
Employees retirement benefits	(7,745,028)	(5,728,127)
Finance lease and others	687,584	5,016,180
	<u>19,184,606</u>	<u>21,703,855</u>

10.02 The movement in temporary differences are as follows :

	Balance as at July 01, 2020	Recognized in profit & loss	Balance as at July 01, 2021	Recognized in profit & loss	Balance as at June 30, 2022
(RUPEES)					
Deferred tax Debits:					
Employees retirement benefits	(4,726,396)	(1,001,730)	(5,728,126)	(2,016,901)	(7,745,028)
	<u>(4,726,396)</u>	<u>(1,001,730)</u>	<u>(5,728,126)</u>	<u>(2,016,901)</u>	<u>(7,745,028)</u>
Deferred tax Credits:					
Accelerated depreciation	17,953,087	4,462,715	22,415,802	3,826,248	26,242,050
Finance lease and Others	5,139,637	(123,457)	5,016,180	(4,328,596)	687,584
	<u>18,366,328</u>	<u>3,337,528</u>	<u>21,703,856</u>	<u>(2,519,249)</u>	<u>19,184,606</u>

10.03 Deferred tax asset of Rs. 15.17 million (2021: 11.92 million) on minimum tax and carry forward of tax losses has not been recognized due to uncertainty of adjustments in foreseeable futures.

		2022	2021
	Note	Rupees	
10.04 EMPLOYEES RETIREMENT BENEFITS			
<i>Statement of financial position :</i>			
Present value of defined benefit obligation	10.06	52,325,559	41,157,409
Benefits payable as at end of the year		-	-
<i>SOFP liability</i>		52,325,559	41,157,409
10.05 Statement of financial position for the previous year			
Present value of defined benefit obligations as at 30th June BoY		41,157,409	38,031,417
Less Fair Value of Plan Assets		-	-
Net Define Benefit Liability as at 30th June BoY		41,157,409	38,031,417
10.06 Reconciliation of Present Value of Defined Benefit Obligations			
Present Value of Defined Benefit Obligations as at 30th June BoY		41,157,409	38,031,417
Service Cost (Current service cost + Past service cost + gain/losses on settlement)		6,789,019	6,685,559
Interest on Defined Benefit Liability		4,115,741	2,826,748
Benefits paid		-	(8,354,250)
Actuarial (gain)/losses		263,390	1,967,935
Present Value of Defined Benefit Obligations as at 30th June EoY		52,325,559	41,157,409
10.07 Amount Chargeable to Profit & Loss for the current year			
Service Cost (Current service cost + Past service cost + Gain/losses on settlement)		6,789,019	6,685,559
Net Interest on Defined Benefit Liability (Asset)		4,115,741	2,826,748
Total Amount Chargeable to P&L Account		10,904,760	9,512,307
Head office		1,856,084	1,619,076
Other Staff		9,048,676	7,893,231
Total Amount Chargeable To P&L Account		10,904,760	9,512,307
10.08 Measurement of Net Defined Benefit Liability			
Actuarial (gain)/losses due to changes in Demographic Assumptions			
Actuarial (gain)/losses due to changes in Financial Assumptions			
Actuarial (gain)/losses due to experience adjustments		263,390	1,967,935
Return on Plane Assets			
Effect of Changes in Asset Ceiling			
Amount chargeable to Other Comprehensive Income (OCI)		263,390	1,967,935
10.09 Statement of Financial Position as at 30th June End of the Year (EoY)			
Present Value of Defined Benefit Obligation as at 30th June EoY		52,325,559	41,157,409
Plus Payables		-	-
Less Fair Value of Plan Assets		-	-
Net Defined Benefit Liability as at 30th June EoY		52,325,559	41,157,409
10.10 Estimated Expense Chargeable to Profit & Loss for the Next Year			
Service Cost		7,368,633	6,789,019
Net Interest Cost on Net Defined Benefit Liability		6,933,137	4,115,741
Total Amount Chargeable to P & L Account		14,301,770	10,904,760
10.11 Reconciliation of Net Defined Benefit Liability			
Defined Benefit Liability as at 30th June BoY		41,157,409	38,031,417
Cost Chargeable to P&L		10,904,760	9,512,307
Cost Chargeable to OCI		263,390	1,967,935
Benefit Paid during the Year		-	(8,354,250)
Net Defined Benefit Liability as at 30th June EoY		52,325,559	41,157,409
10.12 Sensitivity Analysis as at 30.06.2022			
	Change in assumptions	PVDBO in Rs.	
	Discount Rate+1%	47,842,755	
	Discount Rate-1%	57,226,990	
	Salary income+1%	57,228,396	
	Salary income-1%	47,843,342	

10.13 Method and Assumptions

Valuation Method Used

IAS-19 mandates projected units credit (PUC) Method (which is an Actuarial Technique) to determine the present value of defined benefit obligation, current service cost and past service cost. The same method is used in the underlying valuation.

Assumptions

The economic and demographic assumptions used in the valuation are unbiased, mutually compatible and best estimates as per the requirements of IAS-19. Financial assumptions are based on market expectations as at the valuation date. These assumptions are as follows:

Discount Rate

The market of high quality corporate bonds is not deep enough in Pakistan. Therefore, discount rate is based on market yields on Government bonds as at the valuation date. The discount rate used for the valuation is 13.25% per annum.

Rate of Growth in Salary

The Gratuity benefits are calculated using the Gross Salary. In view of the market expectations and long-term monetary policy of the State Bank regarding inflation, it has been assumed that the average rate of long-term future salary increase will be 12.25% per annum.

Mortality, Withdrawal, Disability Retirement Rates

The mortality rates used for active employees are based on SLIC (2001-05) Mortality Table.

The rates for withdrawal from service and retirement on ill-health grounds are based on industry / country experience.

	2022	2021
Comparison of Assumption with previous valuation		
Discount rate	13.25%	10.00%
Expected rate of salary increase in future years	12.25%	9.00%
Average Expected Remaining Working Lifetime of employees	10 Years	10 Years
Average Duration of Liability	9 Years	9 Years
Normal Retirement Age	60 Years	60 Years

The critical gap between the discount rate and salary growth rates is one percentage point (1%). This difference is consistent with previous year's assumptions. Therefore, no significant gain/loss would arise due to change in economic assumptions.

Risk associated with the scheme

Interest Rate Risk

The present value of the defined benefit liability is calculated using the discount rate by the reference to the market yields at the end of the reporting period on high quality corporate bonds, or where there is no Deep market in such bonds, by reference to market yields on government bonds. Currencies and terms of bond yields used must be consistent with the currency and estimated term of the post-employment benefit obligation being discontinued. A decrease in bond interest rates will increase the liability, and vice versa.

Salary Risk

The present value of defined benefit liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of plan participants will increase the liability and vice versa.

Withdrawal Rate Risk

The present value of defined benefit liability is calculated by reference to the best estimate of the withdrawal rate / attrition rate of plan participants. As such, an increase in the withdrawal rate may increase/decrease the liability and vice versa depending on the age-service distribution of existing employees.

Mortality Rate Risk

The present value of defined benefit liability is calculated by reference to the best estimate of the mortality of plan participants during the employment. An improvement in mortality rates of the participants may increase/decrease the liability and vice versa depending on the age-service distribution of existing employees.

Actuarial Gain/Loss Recognition

The amount of gains/losses has been charged immediately to Other Comprehensive Income as per the provisions of IAS-19.

		2022	2021
	Note	Rupees	
11 TRADE AND OTHER PAYABLES			
Creditors		163,262,841	154,948,420
Advances from customers - Unsecured		21,845,220	37,693,984
Accrued expenses		12,754,124	13,516,813
Workers' welfare fund		4,524,546	4,617,346
Workers' profit participation fund	11.01	-	1,858,763
Other payables		15,505,310	13,437,806
		<u>217,892,041</u>	<u>226,073,132</u>
11.01 WORKERS' PROFIT PARTICIPATION FUND			
Opening Balance		1,858,763	1,238,633
Allocation for the year		-	1,858,763
		<u>1,858,763</u>	<u>3,097,396</u>
Less: Paid during the year		<u>(1,858,763)</u>	<u>(1,238,633)</u>
		<u>-</u>	<u>1,858,763</u>
12 ACCRUED MARKUP			
Accrued markup		<u>7,718,171</u>	<u>4,071,310</u>
13 SHORT TERM BORROWINGS			
From banking companies-secured			
Habib Bank Limited	13.01	97,160,000	97,160,000
The Bank of Punjab	13.02	150,000,000	100,000,000
Bank Alfalah Limited	13.03	322,389,865	288,097,807
Meezan Bank Limited	13.04	79,900,887	-
Banking Overdrafts			
Bank Al-Falah	13.05	<u>7,748,308</u>	<u>6,033,761</u>
		<u>657,199,060</u>	<u>491,291,568</u>

13.01 This represent facility of Finance against packing credit facility (including its sublimits of ERF Part II, Running Finance Facility, FBP facility, FAFB and Letter of Guarantee) having total limit of Rs. 100 million. The expiry date of the facility is 31st July 2022. It carries mark-up at the rate of 3 months KIBOR + 2.5% p.a to 3 months KIBOR + 2.75% p.a and SBP rate + 1% p.a.

The Facility from HBL is secured against 1st pari passu charge over all present and future current assets of PKR 133.333 million, registered with SECP. Lien over Proceeds of export bills sent under LC / collection. 1st pari passu charge over all present and future fixed assets of PKR 100 million registered with SECP and personal Guarantees of all Directors.

13.02 This represents export refinance facility having limit of Rs. 100 million and carries markup at the rate of SBP + 1%; and FAFB facility having limit of Rs. 50 million having markup at the rate of matching KIBOR + 2.5% p.a.

Securities for facilities from The Bank of Punjab are as follows:

- 1st PariPassu charge of Rs. 134 Million and 67 Million over present and future current assets of the company with 25% margin.
- 1st PariPassu charge of Rs. 100 Million over present and future fixed assets of the company.
- Personal Guarantees of Mr. Maqsood Butt, Mr. Ali Maqsood Butt and Mr. Faisal Khan (Directors of the Company) along with their personal net worth statements.
- Token legal mortgage of Rs. 0.1 million along with equitable mortgage over residential property measuring 2 Kanals 14 Marlas owned by director of the Company.
- The expiry date of the facilities from Bank of Punjab was 30th June 2022.

- 13.03** This represent facilities of CF-Hypo, FAPC Own Source, FBP Disc., SLC and LG having limits of Rs. 60 million, Rs. 125 million, Rs. 35 million, Rs. 142.5 million and Rs. 22.5 million respectively. The expiry date of the facilities are 30th November 2022. It carries mark-up at the rate of 1 months KIBOR + 2.5% and SBP rate + 1% p.a. These facilities are secured as follows:
- 1st Paripassu charge of Rs.474 Million on all present and future current assets of the Company (Shared with HBL :133.333 million & BOP:201 million) to be registered with SECP.
 - Equitable mortgage with TRM over a property owned by the the Company having a market value of Rs. 575.117 million.
 - Equitable mortgage over a property owned by the Chairman of the Company having a market value of Rs. 147.119 million.
 - Lien on the import and local documents. and
 - Personal Guarantees of all sponsor directors of the Company.
- 13.04** This represents Musawamah (Local/Import) facility having limits of Rs. 100 million, for purchase of raw material and retirement of Sight LC's. It carries mark-up at rate of matching KIBOR + 2.5% p.a. Expiry of the facility is July 31, 2022. These facilities are secured as follows:
- Pari Passu/Joint Passu charge over all present and future current assets of the customer with 25% margin.
 - Token registered Mortgaged of Rs. 0.1 Million and rest of EM over Commercial property owned by Mrs. Naseem maqsood (Director).
 - Personal Guarantees of all sponsoring directors of the Company.
- 13.05** These represent overdrafts in current accounts of the Company due to unpresented cheques outstanding at the reporting date.

Note	2022	2021
	Rupees	
14 PROVISION FOR TAXATION		
Opening balance	17,023,170	12,854,806
Add: Current and prior year tax	18,823,443	17,943,056
Less: Adjustments during the year	(20,990,754)	(13,774,692)
	14,855,859	17,023,170

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

15 CONTINGENCIES AND COMMITMENTS

Contingencies

- 15.01** On behalf of the Company, Bank Alfalah Limited (2021: Standard Chartered Bank (Pakistan) Limited) has issued guarantee amounted to Rs. 20.306 million (2021: Rs. 20.302 million) in favour of SNGPL.
- 15.02** The Company has challenged the recovery of Gas Infrastructure Development Cess and filed petition challenging the demand of GIDC in the High Court of Sindh at Karachi. The High Court of Sindh granted stay against charging of GIDC. Since, the issue is being faced by the industry at large, therefore management is of the view that there is no need to maintain any provision against the liability. The management is confident that the final decision of the case shall be in its favor.
- Furthermore, it is difficult to determine the exact monetary estimate as the applicability of the Gas Infrastructure Development Cess is in litigation. However the amount may approximate Rs. 17.97 Million.

Commitments

- 15.03** Letters of credit issued by different banks as on June 30, 2022 are Rs. 29.98 million (2021: Nil)

16

PARTICULARS	COST			Rate %	DEPRECIATION				Written down value as at June 30, 2022
	As at July 01, 2021	Addition / Transfer	(Deletion)		As at July 01, 2021	Adjustment	For the year	As at June 30, 2022	
	Rupees	Rupees	Rupees		Rupees	Rupees	Rupees	Rupees	Rupees
OWNED ASSETS:									
Freehold land	7,544,681	-	-	-	-	-	-	-	7,544,681
Building on freehold land	221,336,791	-	-	5	53,403,236	-	12,708,244	66,111,480	234,907,422
-Transferred from CWIP		79,682,111							
Plant & Machinery	348,209,337			10	219,320,535	-	16,415,458	250,878,254	147,739,119
-Transferred from ROUA		50,408,036				15,142,261			
furniture & fixture	1,686,164	79,500		10	995,161	-	72,953	1,068,115	697,549
Motor Vehicles	55,380,113		(9,806,000)	20	41,284,397	(7,254,151)	4,761,783	44,057,776	14,699,530
-Transferred from ROUA		13,183,193				5,265,746			
Office Equipment	5,769,892	760,490	-	10	1,853,621	-	429,215	2,282,835	4,247,547
Loose Tools	145,757		-	10	114,842	-	3,092	117,934	27,824
Laboratory Equipment	366,921		-	10	320,800	-	4,612	325,412	41,509
Electric Installation	4,282,897		-	10	2,225,742	-	205,716	2,431,457	1,851,440
Fire Fighting Equipment	556,587		-	10	454,240	-	10,235	464,475	92,112
Telephone Installation	113,775		-	10	106,028	-	775	106,803	6,972
Gas Installation	1,310,000		-	10	1,042,548	-	26,745	1,069,293	240,707
Subtotal	646,702,915	144,113,330	(9,806,000)		321,121,150	13,153,856	34,638,827	368,913,832	412,096,412
RIGHT-OF-USE ASSETS:									
Motor Vehicles	13,183,193	21,400,880		20	5,265,746		1,404,558	1,404,558	19,996,322
-Transferred from ROUA		(13,183,193)				(5,265,746)			
Plant & Machinery	50,408,036			10	15,142,261	-	-	-	-
-Transferred from ROUA		(50,408,036)				(15,142,261)			
Subtotal	63,591,229	(42,190,349)	-		20,408,007	(20,408,007)	1,404,558	1,404,558	19,996,322
TOTAL 2022	710,294,144	101,922,981	(9,806,000)		341,529,156	(7,254,151)	36,043,385	370,318,390	432,092,734

16.01 Depreciation is allocated as under:

	2021	2022
Cost of Sales	27,417,821	29,447,829
Administrative Expenses	5,821,886	6,595,556
	<u>33,239,707</u>	<u>36,043,385</u>

16.02 Land - freehold and building on freehold land

Particulars	Area	Location
Freehold land	112 Kanals and 12 Marlas	2 Km, Off Raiwind Manga Road, Raiwind, Lahore.
Building on freehold land is located in above mentioned freehold land.		

16 PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	COST			Rate %	DEPRECIATION				Written down value as at June 30, 2021
	As at July 01, 2020	Addition / Transfer	(Deletion)		As at June 30, 2021	Adjustment	For the year	As at June 30, 2021	
	Rupees	Rupees	Rupees		Rupees	Rupees	Rupees	Rupees	Rupees
OWNED ASSETS									
Freehold land	7,544,681	-	-	-	7,544,681	-	-	-	7,544,681
Building on freehold land	221,336,791	-	-	5	221,336,791	-	8,838,608	53,403,236	167,933,555
Plant & Machinery	319,638,930	85,050	-	10	348,209,337	-	12,350,441	219,320,535	128,888,802
-Transferred from ROUA		28,485,357				10,783,980			
Furniture and Fixture	1,481,364	204,800	-	10	1,686,164	-	64,450	995,161	691,003
Motor Vehicles	45,742,707	-	-	20	55,380,113	-	2,380,049	41,284,397	14,095,716
-Transferred from ROUA		9,637,406				5,061,888			
Office Equipment	4,219,450	1,550,442	-	10	5,769,892	-	318,596	1,853,621	3,916,271
Loose Tools	145,757	-	-	10	145,757	-	3,435	114,842	30,915
Laboratory Equipment	366,921	-	-	10	366,921	-	5,125	320,800	46,121
Electric Installation	4,282,897	-	-	10	4,282,897	-	228,573	2,225,742	2,057,155
Fire Fighting Equipment	556,587	-	-	10	556,587	-	11,372	454,240	102,347
Telephone Installation	113,775	-	-	10	113,775	-	861	106,028	7,747
Gas Installation	1,310,000	-	-	10	1,310,000	-	29,717	1,042,548	267,452
Subtotal	606,739,860	39,963,055	-		646,702,915	15,845,868	24,231,226	321,121,150	325,581,765
LEASED ASSETS									
Motor Vehicles	22,820,599	-	-	20	13,183,193	-	3,123,241	5,265,746	7,917,447
-Transferred from ROUA		(9,637,406)				(5,061,888)			
Plant & Machinery	78,893,393	-	-	10	50,408,036	-	5,885,239	15,142,261	35,265,775
-Transferred from ROUA		(28,485,357)				(10,783,980)			
Subtotal	101,713,992	(38,122,763)	-		63,591,229	(15,845,868)	9,008,480	20,408,007	43,183,222
TOTAL 2021	708,453,852	1,840,292	-		710,294,144	-	33,239,707	341,529,156	368,764,987

16.03 Disposal of Property, plant and equipment

Particulars	Mode of disposal	Cost	Net book value	Sale proceeds	Gain/ (loss)	Particulars of buyers	Relationship buyer
		Rupees	Rupees	Rupees	Rupees		
Motor Vehicles	As per Company policy	1,090,000	48,195	1,950,000	1,901,805	Third party - individual	No
--do--	--do--	1,661,000	724,551	1,140,000	415,449	--do--	No
--do--	--do--	2,578,000	629,886	2,570,000	1,940,114	--do--	No
--do--	--do--	2,494,000	388,985	2,110,000	1,721,015	--do--	No
--do--	--do--	1,983,000	760,232	2,900,000	2,139,768	--do--	No
		9,806,000	2,551,849	10,670,000	8,118,151		

	Note	2022	2021
		Rupees	
17 CAPITAL WORK IN PROGRESS			
Building on freehold land:			
As at 01st July		84,898,140	36,251,914
Additions during the year		1,332,770	48,646,226
Transferred to Property Plant & Equipment		(79,682,111)	-
As at 30th June		6,548,799	84,898,140
18 LONG TERM DEPOSITS			
Advance lease deposit-non interest bearing		-	3,398,593
Sui northern gas pipeline ltd.-non interest bearing		1,351,071	1,351,071
Others - non interest bearing		1,661,020	1,512,868
		3,012,091	6,262,532
19 STORES, SPARES AND LOOSE TOOLS		24,156,201	19,740,909
19.01 No identifiable store and spare are held for specific capitalization.			
20 STOCK IN TRADE			
Finished goods		242,780,804	138,677,301
Raw materials			
- Fabric and accessories		100,092,331	40,843,293
- Chemicals		71,948,039	67,441,082
- Packing material		794,225	866,849
- Rice Husk, Diesel & Coal		-	3,998,700
		415,615,399	251,827,225
20.01 No stock in trade has been pledged by any institution / party.			
21 TRADE DEBTS			
Considered good:			
Export - secured		53,038,790	82,148,426
Local - un-secured		198,795,913	196,606,850
		251,834,703	278,755,276
22 LOANS, ADVANCES AND OTHER RECEIVABLES			
Loans and advances - considered good	22.01	134,174,732	101,725,751
Rebate and DLT Receivable		4,140,615	20,874,952
Advance income tax - net of adjustment		26,667,541	39,819,769
		164,982,888	162,420,472
22.01 LOANS AND ADVANCES - CONSIDERED GOOD			
Unsecured:			
To suppliers for goods and services		128,532,732	97,082,751
To Employees - Interest free		5,582,000	4,583,000
For local guarantee		60,000	60,000
		134,174,732	101,725,751
23 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Prepaid insurance		-	145,236
		-	145,236
24 TAX REFUNDS DUE FROM THE GOVERNMENT			
Sales tax -Refundable		72,581,897	57,861,791
25 CASH AND BANK BALANCES			
Cash in hand		7,755,188	11,392,223
Cash at banks - in current accounts		7,195,050	9,955,534
		14,950,238	21,347,757

		2022	2021
	Note	Rupees	
26 SALES - NET			
Sales:			
- Local	26.01	48,416,984	163,814,560
- Export		497,775,064	667,911,485
Local: Processing and coating	26.01	741,831,669	544,262,667
Rebate and DLT on export		10,709,237	15,637,646
		<u>1,298,732,954</u>	<u>1,391,626,358</u>
26.01 It is net off of sales tax and further sales tax amounting to Rs. 131,267,296/- (2021: Rs. 115,570,160/-) and 3,006/- (2021: Rs. 1,845,762/-) respectively.			
27 COST OF SALES			
Fabric and accessories consumed	27.01	395,874,382	477,935,533
Chemicals consumed	27.02	523,623,811	383,816,744
Packing material consumed	27.03	33,094,216	49,021,602
Rice Husk, diesel and coal consumed	27.04	39,688,192	57,170,063
Stores and spares consumed	27.05	656,991	3,248,000
Salaries and other benefits	27.06	117,055,610	107,517,588
Fuel and power		143,961,664	118,214,749
Postage, telephone and telegram		2,857,271	1,678,444
Printing and stationary		557,975	-
Laboratory expenses		767,788	4,296,928
Insurance		4,917,370	5,061,505
Import expenses		7,711,507	15,730,464
Freight and octroi		3,092,092	4,373,389
Repair and maintenance - machinery/building		12,285,991	28,529,292
Processing Charges (CMT)		1,213,899	2,270,728
Depreciation	16.01	29,447,829	27,417,821
		<u>1,316,806,588</u>	<u>1,286,282,850</u>
Finished goods:			
Opening stock		138,677,301	102,901,780
Closing stock		(242,780,804)	(138,677,301)
		<u>(104,103,503)</u>	<u>(35,775,521)</u>
		<u>1,212,703,085</u>	<u>1,250,507,329</u>
27.01 Fabric and accessories consumed			
Opening stock		40,843,293	108,050,832
Add: Purchases		455,123,420	410,727,994
		<u>495,966,713</u>	<u>518,778,826</u>
Less: Closing stock		(100,092,331)	(40,843,293)
		<u>395,874,382</u>	<u>477,935,533</u>
27.02 Chemicals consumed			
Opening stock		67,441,082	69,124,903
Add: Purchases		528,130,768	382,132,923
		<u>595,571,850</u>	<u>451,257,826</u>
Less: Closing stock		(71,948,039)	(67,441,082)
		<u>523,623,811</u>	<u>383,816,744</u>
27.03 Packing material consumed			
Opening stock		866,849	3,492,394
Add: Purchases		33,021,592	46,396,057
		<u>33,888,441</u>	<u>49,888,451</u>
Less: Closing stock		(794,225)	(866,849)
		<u>33,094,216</u>	<u>49,021,602</u>
27.04 Rice Husk, diesel and coal consumed			
Opening stock		3,998,700	2,530,192
Add: Purchases		35,689,492	58,638,571
		<u>39,688,192</u>	<u>61,168,763</u>
Less: Closing stock		-	(3,998,700)
		<u>39,688,192</u>	<u>57,170,063</u>

		2022	2021
	Note	Rupees	
27.05 Stores and spares consumed			
Opening stock		19,740,909	13,528,250
Add: Purchases		5,072,283	9,460,659
		24,813,192	22,988,909
Less: Closing stock		(24,156,201)	(19,740,909)
		656,991	3,248,000

27.06 Salaries and other benefits include staff retirement benefits amounting to Rs. 9,048,676/- (2021: Rs. 7,893,231/-).

28 SELLING AND DISTRIBUTION COST

Export expenses	12,968,979	27,195,628
-----------------	------------	------------

29 ADMINISTRATIVE EXPENSES

Director's remuneration		7,164,000	7,164,000
Salaries and other benefits	29.01	14,730,910	12,505,336
Postage and telegram		385,479	1,289,610
Printing and stationary		161,535	1,612,194
Vehicle running and maintenance		4,581,325	9,375,834
Insurance		17,695	152,575
Fee and subscription		2,837,515	848,460
Entertainment		561,952	953,580
Auditor's remuneration	29.02	820,000	820,000
Utilities		-	177,325
Misc Expenses		290,072	1,152,929
Legal and professional		754,000	634,600
Depreciation	16.01	6,595,556	5,821,886
		38,900,039	42,508,329

29.01 Salaries and other benefits include staff retirement benefits amounting to Rs.1,856,084/- (2021: Rs. 1,619,976/-).

29.02 AUDITOR'S REMUNERATION

Audit fee	700,000	700,000
Half yearly review	50,000	50,000
Other certification charges	50,000	50,000
Out of pocket expenses	20,000	20,000
	820,000	820,000

30 FINANCE COST

Interest / mark-up on:			
Short-term borrowings		39,423,660	28,356,669
Long term loan		835,079	476,212
Finance lease		2,006,925	1,912,707
Workers' Profit Participation Fund	11.01	-	-
Bank charges		4,055,609	4,448,817
		46,321,273	35,194,405

31 OTHER EXPENSES

Workers' profit participation fund	11.01	-	1,858,763
Workers' welfare fund		-	706,330
Exchange loss		448,333	-
		448,333	2,565,093

32 OTHER INCOME

Gain on Disposal of Fixed Assets		8,118,151	-
Exchange gain		-	954,597
		8,118,151	954,597

	Note	2022	2021
		Rupees	
33 TAXATION			
Current tax - for the year		14,855,859	17,023,170
- prior years		3,967,584	919,886
Deferred tax		(2,519,249)	3,337,528
		<u>16,304,194</u>	<u>21,280,584</u>

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

33.02 Numerical reconciliation between the average effective tax rate and the applicable tax rate is not given due to application of minimum tax @ 1.25% (2021: 1.50%) on local sales and final tax @ 1% (2021: 1%) on export sales realizations for the calculation of provision of tax for the year and application of tax credits.

	2022	2021
34 EARNINGS PER SHARE - BASIC AND DILUTED		
Net profit for the year / Profit attributable to ordinary shareholders - Rupees	<u>(20,794,798)</u>	<u>13,329,587</u>
Weighted average number of ordinary shares outstanding during the year - Numbers	<u>10,457,890</u>	<u>10,457,890</u>
Earnings per share - basic - Rupees	<u>(1.99)</u>	<u>1.27</u>

There is no dilutive effect on the basic earnings per share of the company .

	2022	2021
	Rupees	
35 FINANCIAL INSTRUMENTS BY CATEGORY		
Financial assets as per Balance Sheet - at amortized cost		
Long term deposits	3,012,091	6,262,532
Trade debts	251,834,703	278,755,276
Loans and advances	5,642,000	4,643,000
Trade deposits	-	-
Cash and bank balances	14,950,238	21,347,757
	<u>275,439,032</u>	<u>311,008,565</u>
Financial liabilities as per Balance Sheet - at amortized cost		
Long term loan	12,012,983	36,038,754
Liability against assets subject to finance lease	15,350,990	7,141,257
Trade and other payables	191,522,275	183,761,802
Accrued interest / mark-up	7,718,171	4,071,310
Short term finance	657,199,060	491,291,568
	<u>883,803,479</u>	<u>722,304,691</u>

36 FINANCIAL INSTRUMENTS

36.01 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on having cost effective funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors.

(a) **Market risk**

(i) **Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company imports some items of garment accessories and chemicals such as HDP and also exports goods that are exposed to currency risk, primarily with respect to liabilities and foreign currency debts denominated in US Dollars. In current year under report, the Company has imported some raw material denominated in Dollars. The Company's exposure to foreign currency risk in US Dollars is as follows:

	2022	2021
	Rupees	
Foreign trade debts	53,038,790	82,148,426
Foreign payables	-	-
Net exposure	53,038,790	82,148,426

The following significant exchange rates have been applied at the reporting dates:

USD to PKR	204.85	157.75
------------	--------	--------

The Company manages its currency risk by close monitoring of currency markets. However, the Company does not hedge its currency risk exposure.

At June 30, 2022, if the Rupee had weakened / strengthened by 1% against the US dollar with all other variables held constant, pre-tax profit for the year would have been Rs. 530,388/- (2021: Rs. 821,484/-) lower / higher, mainly as a result of foreign exchange losses / gains on translation of US dollar-denominated financial assets and liabilities.

(ii) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company has no significant interest-bearing assets, the Company's income and operating cash inflows are substantially independent of changes in market interest rates.

At the reporting date, the interest rate profile of the company's significant interest bearing financial instruments was as follows:

	2022	2021
	Rupees	
Financial liabilities - variable rate instruments:		
Finance lease	15,350,990	7,141,257
Long term loan	12,012,983	36,038,755
Short term borrowings	657,199,060	491,291,568
	684,563,033	534,471,580
Financial assets	-	-
	684,563,033	534,471,580

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 and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments:

A change of 1% in interest rates at the reporting date would have decreased / (increased) profit for the year by the amount shown below. This analysis assumes that all other variables, in particular foreign currency rates, remains constants. This analysis is performed on the same basis as for 2021.

	Profit and Loss 1% rate	
	Increase	Decrease
As at June 30, 2022		
Cash flow sensitivity - variable rate financial liabilities	6,845,630	(6,845,630)
As at June 30, 2021		
Cash flow sensitivity - variable rate financial liabilities	5,344,716	(5,344,716)

(iii) Other price risk

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

(b) Credit risk

Credit risk represents the risk of financial loss being caused if counter parties fail to discharge an obligation.

Credit risk arises from deposits with banks, trade debts, loans and advances, deposits and other receivables. The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities, where applicable. Where considered necessary, advance payments are obtained from certain parties. Out of the total financial assets of Rs 275,439,032/- (2021: Rs 311,008,565/-), the financial assets that are subject to credit risk aggregated Rs 267,683,844/- (2021: Rs 299,616,342/-).

The maximum exposure to credit risk for trade debts at the balance sheet date by geographic region is as follows:

	2022	2021
	Rupees	
Local debts	198,795,913	196,606,850
Foreign debts	53,038,790	82,148,426
	<u>251,834,703</u>	<u>278,755,276</u>

The majority of foreign debtors of the company are situated in Europe.

The aging of loans and receivables at the reporting date was:

Past due upto 12 months	232,279,748	259,200,321
More than one year	19,554,955	19,554,955
	<u>251,834,703</u>	<u>278,755,276</u>

For trade debts, management determines the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are fixed by the management based on internal or external ratings. The utilisation of credit limits is regularly monitored. Accordingly the credit risk is minimal and the Company also believes that it is not exposed to major concentration of credit risk. The carrying values of financial assets which are neither past due nor impaired are as under:

	2022	2021
	Rupees	
Long term deposits	3,012,091	6,262,532
Trade debts	251,834,703	278,755,276
Loans and advances	5,642,000	4,643,000
Cash and bank balances	7,195,050	9,955,534
	<u>267,683,844</u>	<u>299,616,342</u>

The credit quality of receivables can be assessed with reference to their historical performance with no or some defaults in recent history, however, no losses. The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

Banks	Rating Agency	Rating	
		Long term	Short term
Bank Al-Habib Limited	PACRA	AAA	A-1+
The Bank of Punjab	PACRA	AA+	A-1+
Meezan Bank	JCR-VIS	AAA	A-1+
Habib Bank Limited	JCR-VIS	AAA	A-1+
JS Bank Limited	PACRA	AA-	A-1+
Bank Al-Falah Limited	PACRA	AA+	A-1+
Faysal Bank Limited	PACRA	AA	A-1+
Standard Chartered Bank (Pakistan) Limited	PACRA	AAA	A-1+

(c) Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to growing nature of the business the Company maintains flexibility in funding by maintaining committed credit lines available.

Financial Liabilities in accordance with their contractual maturities are presented as follows:

FINANCIAL LIABILITIES	Interest / mark up bearing		Non interest bearing			Total
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	
RUPEES						
June 30, 2022:						
Long term loan	12,012,983	-	12,012,983	-	-	12,012,983
Lease liabilities	3,485,889	11,865,101	15,350,990	-	-	15,350,990
Trade and other payables	-	-	-	191,522,275	-	191,522,275
Accrued mark up	-	-	-	7,718,171	-	7,718,171
Unclaimed dividend	-	-	-	2,290,218	-	2,290,218
Short-term finance	657,199,060	-	657,199,060	-	-	657,199,060
	672,697,932	11,865,101	684,563,033	201,530,664	-	886,093,697
June 30, 2021:						
Long term loan	24,025,772	12,012,982	36,038,754	-	-	36,038,754
Lease liabilities	7,027,380	113,877	7,141,257	-	-	7,141,257
Trade and other payables	-	-	-	183,761,802	-	183,761,802
Accrued mark up	-	-	-	4,071,310	-	4,071,310
Unclaimed dividend	-	-	-	2,290,218	-	2,290,218
Short-term finance	491,291,568	-	491,291,568	-	-	491,291,568
	522,344,720	12,126,859	534,471,579	190,123,330	-	724,594,909

36.02 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is not subject to any externally imposed Capital requirements.

The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

During the year, the Company's strategy was to maintain leveraged gearing. The gearing ratios as at June 30, 2022 and 2021 were as follows:

During the year, the Company's strategy was to maintain leveraged gearing. The gearing ratios as at June 30, 2022 and 2021 were as follows:

	Note	2022	2021
		Rupees	
Long term financing		27,363,973	43,180,011
Short term finance		657,199,060	491,291,568
Total debt		684,563,033	534,471,579
Total Equity		386,945,463	405,233,651
Total Capital		1,071,508,496	939,705,230
Gearing Ratio		63.89%	56.88%

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

37 REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors	
	2022	2021	2022	2021
	RUPEES		RUPEES	
Remuneration	3,924,000	3,924,000	3,240,000	3,240,000
Allowances:				
House Rent Allowances	-	-	-	-
Utilities	-	-	-	-
Total Rupees	3,924,000	3,924,000	3,240,000	3,240,000
Number of Persons	1	1	1	1

37.01 The Chief Executive and Directors are also provided with free use of the Company maintained cars and residential phones.

37.02 No meeting fee has been paid to any director of the Company.

37.03 Person qualified as executive of the company in accordance with the Companies Act, 2017 are eight (2021: eight), drawing average monthly gross salary in aggregate, amounting to Rs. 1,961,110/- (2021: Rs.1,744,760/-).

38 AGGREGATE TRANSACTIONS WITH RELATED PARTIES

The Company may in the normal course of business carry out transactions with related parties. Amounts due from related parties, transaction with related parties and relationship with related parties are shown under respective notes, if any. Remuneration of Chief Executive Officer, Directors and Executive is disclosed in note # 37 and loan from directors is disclosed in note # 7 of the Financial Statements and Statement of Cash Flows.

	2022	2021
	Rupees	
Loans received during the year	6,370,000	2,950,000
Loans paid during the year	3,600,000	-

39 PLANT CAPACITY AND ACTUAL PRODUCTION

	Meters	
39.1 Processing capacity		
Annual capacity	24,540,000	24,540,000
Actual production	8,227,320	8,071,317
39.2 Garments capacity		
Annual capacity	1,650,000	1,650,000
Actual production	1,355,036	699,394

39.3 The difference between annual capacity and actual production is mainly due to supply demand situation in domestic and international markets. Further, exact comparison of the plant capacity and actual production of these divisions are indeterminable due to multi product plants involving varying processes of manufacturing and run length of order lots.

40 ACCOUNTING ESTIMATES AND JUDGMENTS

Income taxes:

The company takes into account the current income tax law and decisions taken by the appellate authorities. Instances where the company's view differs from the view taken by the income tax departments at the assessments stage and where the company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

Property, plant and equipment:

The company reviews the value of assets for possible impairment on an annual basis. Any changes in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

Staff retirement benefit - gratuity:

Certain actuarial assumptions have been adopted as disclosed in the financial statements for valuation of present value of defined benefit obligation.

Stock in trade and stores and spares:

The Company reviews the net realizable value of stock in trade and stores and spares to assess any diminution in the respective carrying values. Net realizable value is determined with reference to estimated selling price less estimated cost to complete and estimated expenditure to make sales.

41 ENTITY-WIDE INFORMATION

The Company constitutes of a single reportable segment, the principal classes of products are Fusible Interlining, Dying / Bleaching / Processing, Stitching of Fabric and other related products.

Information about geographical areas

The Company does not hold non-current assets in any foreign country.

Information about major customers

The Company have transactions with one (2021: eight) external customers each of which amounts to 10 percent or more of its revenues.

42 NUMBER OF EMPLOYEES

Average during the year
As at June 30

2022	2021
No of employees	
269	304
269	269

43 GENERAL

Figure have been rounded off to the nearest Pakistani rupee.

Corresponding figures have been rearranged / reclassified, wherever necessary to facilitate comparison and/or compliance.

44 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the board of directors in their meeting held on November 25, 2022.

FAISAL KHAN
CHIEF EXECUTIVE

ALI MAQSOOD BUTT
DIRECTOR

MRS. DURRAY ZARA BUTT
CHIEF FINANCIAL OFFICER

FORM 34

**THE COMPANIES ACT, 2017
(Section 227(2)(f))
PATTERN OF SHAREHOLDING**

1.1 Name of the Company **ARUJ INDUSTRIES LIMITED**

2.1. Pattern of holding of the shares held by the shareholders as at

30-06-2022

-----Shareholdings-----			
2.2 No. of Shareholders	From	To	Total Shares Held
74	1	100	3,265
372	101	500	176,633
69	501	1,000	63,880
64	1,001	5,000	165,776
7	5,001	10,000	49,347
6	10,001	15,000	70,055
3	15,001	20,000	48,500
2	20,001	25,000	43,350
1	25,001	30,000	30,000
1	30,001	35,000	34,000
2	35,001	40,000	78,000
2	40,001	45,000	86,500
1	45,001	50,000	47,000
1	50,001	55,000	52,500
1	130,001	135,000	132,800
1	135,001	140,000	138,000
1	185,001	190,000	187,700
1	415,001	420,000	419,994
1	455,001	460,000	458,010
1	1,660,001	1,665,000	1,664,011
1	1,885,001	1,890,000	1,889,527
2	2,305,001	2,310,000	4,619,042
614			10,457,890

2.3 Categories of Shareholders	Shares Held	Percentage
2.3.1 Directors, Chief Executive Officer, and their spouse and minor children	6,929,563	66.2616%
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	187,700	1.7948%
2.3.3 NIT and ICP	0	0.0000%
2.3.4 Banks Development	38	0.0004%
Financial Institutions, Non Banking Financial Institutions.		
2.3.5 Insurance Companies	0	0.0000%
2.3.6 Modarabas and Mutual Funds	0	0.0000%
2.3.7 Shareholders holding 10% or more	8,172,580	78.1475%
2.3.8 General Public		
a. Local	3,318,674	31.7337%
b. Foreign	0	0.0000%
2.3.9 Others (to be specified)		
Joint Stock Companies	15,501	0.1482%
Pension Funds	6,197	0.0593%
Others	217	0.0021%

ARUJ INDUSTRIES LIMITED
Categories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2022

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):			
1	ARUJ ENTERPRISES (PVT) LTD.	187,700	1.7948%
Mutual Funds (Name Wise Detail)			
		-	-
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	MRS. DURRAY ZARA BUTT	1,889,527	18.0680%
2	MR. MUHAMMAD SAEED AKHTAR	1,000	0.0096%
3	MR. ALI MAQSOOD BUTT	2,309,521	22.0840%
4	MISS ARUJ BUTT	2,309,521	22.0840%
5	MR. FAISAL KHAN	419,994	4.0160%
6	MR. MUHAMMAD SAJJAD HUSSAIN	-	0.0000%
7	SH. GHULAM MUSTAFA	-	0.0000%
Executives:			
		-	-
Public Sector Companies & Corporations:			
		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		6,235	0.0596%
Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)			
1	MR. ALI MAQSOOD BUTT	2,309,521	22.0840%
2	MISS ARUJ BUTT	2,309,521	22.0840%
3	MRS. DURRAY ZARA BUTT	1,889,527	18.0680%
4	MR. MAQSOOD AHMAD BUTT	1,664,011	15.9115%

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S. No.	NAME	SALE	PURCHASE
	<u>NIL</u>		



PROXY FORM

(30th ANNUAL GENERAL MEETING)

I/We _____ son/daughter/wife

of _____ of _____ being member (s)

of **ARUJ INDUSTRIES LIMITED**, holder of _____

ordinary shares of the Company, under Folio No. / Participant's ID/CDC sub account No. _____

hereby appoint _____ of _____ failing him/her _____

of _____ who is/are member(s) of **ARUJ INDUSTRIES LIMITED**,

under Folio No. / Participant's ID/CDC sub-account No. _____ respectively, as my/our proxy

in my/our absence to attend and vote for me/us and on my/our behalf at the 30th Annual General Meeting of the Company to be held on Dec, 19, 2022 and/or any adjournment thereof.

As witness my/our hand this _____ day of December, 2022

Signed in the presence of.

Witness _____

Name _____

Occupation _____

Address _____

Signature of
shareholder (s) on
revenue stamp
worth Rupees 5/-

The signature should agree with the
specimen registered with the Company.

IMPORTANT:

1. Proxies, in order to be affective, must be received at the Company's Registered Office not less than 48 hours before the time of holding the meeting and must be signed and witnessed.
2. No person shall act as proxy unless he/she is a member of the Company.
3. Shareholders are requested to notify change in their address, if any.