



# ANNUAL REPORT 2022



**Ellicot Spinning Mills Limited**

An ISO 9001:2015 Certified Company

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## COMPANY INFORMATION

<b>BOARD OF DIRECTORS</b>	Mr. Shahzada Ellahi Shaikh Mr. Mohammad Babar Monnoo Mr. Imran Motiwala Mrs. Faaria Rehman Salahuddin Mr. Jamal Nasim (NIT) Mr. Shaukat Ellahi Shaikh Mr. Raza Ellahi Shaikh Mr. Amin Ellahi Shaikh Mr. Shafqat Ellahi Shaikh Mr. Haroon Shahzada Ellahi Shaikh	Non-Executive Director / Chairman Independent Non-Executive Director Independent Non-Executive Director Independent Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Executive Director Executive Director
<b>MANAGING DIRECTOR (Chief Executive)</b>	Mr. Haroon Shahzada Ellahi Shaikh	
<b>AUDIT COMMITTEE</b>	Mr. Mohammad Babar Monnoo Mr. Shaukat Ellahi Shaikh Mr. Raza Ellahi Shaikh Mr. Syed Mohsin Gilani	Chairman Member Member Secretary
<b>HUMAN RESOURCE &amp; REMUNERATION (HR &amp; R) COMMITTEE</b>	Mr. Mohammad Babar Monnoo Mr. Raza Ellahi Shaikh Mr. Haroon Shahzada Ellahi Shaikh Mr. Muhammad Azam	Chairman Member Member Secretary
<b>EXECUTIVE COMMITTEE</b>	Mr. Haroon Shahzada Ellahi Shaikh Mr. Shafqat Ellahi Shaikh Mr. Raza Ellahi Shaikh Mr. Amin Ellahi Shaikh Mr. Muhammad Azam	Chairman Member Member Member Secretary
<b>CORPORATE SECRETARY</b>	Mr. Syed Mohsin Gilani	
<b>CHIEF FINANCIAL OFFICER (CFO)</b>	Mr. Muhammad Ahmad	
<b>HEAD OF INTERNAL AUDIT</b>	Mr. Kashif Saleem	
<b>AUDITORS</b>	Messrs Rahman Sarfraz Rahim Iqbal Rafiq Chartered Accountants	
<b>LEGAL ADVISOR</b>	Bandial & Associates	
<b>LEAD BANKERS</b>	Allied Bank Ltd. Askari Bank Ltd. Bank Alfalah Ltd. Faysal Bank Ltd. Habib Bank Ltd. Meezan Bank Ltd. MCB Bank Ltd. National Bank of Pakistan United Bank Ltd.	
<b>REGISTERED OFFICE</b>	Nagina House 91-B-1, M.M. Alam Road Gulberg-III, Lahore-54660	
<b>REGIONAL OFFICE</b>	2nd Floor, Sheikh Sultan Trust Bldg. No. 2, 26 - Civil Lines, Beaumont Road, Karachi-75530	
<b>WEB REFERENCE</b>	<a href="http://www.nagina.com">www.nagina.com</a>	
<b>SHARE REGISTRAR</b>	M/s Hameed Majeed Associates (Pvt.) Ltd. 1 <sup>st</sup> Floor, H.M. House 7-Bank Square, Lahore Phone # 042-37235081-2 Fax # 042-37358817	
<b>MILLS</b>	6.3 K.M, Manga Mandi, Raiwind Road Mouza Rossa, Tehsil & District Kasur	

## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 34th Annual General Meeting of members of ELLCOT SPINNING MILLS LTD. will be held at the Registered Office of the Company situated at Nagina House, 91-B-1, M.M. Alam Road, Gulberg-III, Lahore-54660 on Thursday, October 27, 2022 at 11:30 a.m to transact the following business:-

### **ORDINARY BUSINESS**

- 1) To confirm minutes of the Annual General Meeting held on October 28, 2021.
- 2) To receive, consider and adopt Audited Financial statement of the Company together with the Chairman's Review Report, Directors' and Auditors' reports thereon for the year ended June 30, 2022.
- 3) To approve and declare final cash dividend at Rs. 10/- per share i.e. 100% for the year ended June 30, 2022, as recommended by the Board of Directors.
- 4) To appoint Auditors for the year ending on June 30, 2023 and fix their remuneration.

### **SPECIAL BUSINESS**

- 5) To ratify and approve transactions conducted with Related Parties for the year ended June 30, 2022 and authorize the Board of Directors of the Company to approve transactions with related parties by passing the following special resolutions with or without modifications:
  - a) **"RESOLVED** that the transactions conducted with Related Parties as disclosed in Note 38 & 38.1 of the financial statements for the year ended June 30, 2022 be and are hereby ratified, approved and confirmed"
  - b) **"FURTHER RESOLVED** that the Board of Directors of the Company be and is authorized to approve all related party transactions to be carried out during the financial year 2023. These transactions shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next AGM for their formal ratification/approval."
- 6) To transact any other ordinary business with the permission of the Chair.

Statements under Section 134 (3) pertaining to the special business of the Companies Act, 2017 and under the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 are annexed.

By Order of the Board



**Syed Mohsin Gilani**  
Corporate Secretary

Lahore : September 28, 2022

**NOTES:**

- 1) The share transfer books for ordinary shares of the Company will remain closed from Friday, October 21, 2022 to Thursday, October 27, 2022 (both days inclusive). Valid transfer(s) received in order by Company's Share Registrar, M/s Hameed Majeed Associates (Pvt.) Limited, 1st Floor, H.M. House, 7-Bank Square, Lahore by the close of business on Thursday, October 20, 2022 will be considered in time to entitle the transferees to attend the AGM and for payment of dividend to the transferee(s).
- 2) A member entitled to attend and vote at the General Meeting is entitled to appoint another member as proxy. Proxies, in order to be effective, must be received at the Company's registered office not less than forty-eight (48) hours before the time of meeting. Members through CDC appointing proxies must attach attested copy of their Computerized National Identity Card (CNIC) with the proxy form.
- 3) The shareholders through CDC, who wish to attend the Annual General Meeting are requested to please bring, original CNIC with copy thereof duly attested by their bankers, account number and participant I.D number for identification purpose.
- 4) In case of corporate entity, certified copy of the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form of the Company.
- 5) Shareholders interested in attending the AGM either physically or through Zoom application are hereby requested to get themselves registered with the Company Secretary office by providing the following details at the earliest but not later than 48 hours before the time of AGM through following means:

- a) Mobile/WhatsApp: 0333-4524559
- b) E-mail: [ellcot-agm22@nagina.com](mailto:ellcot-agm22@nagina.com)

Shareholders are advised to mention Name, CNIC Number, Folio/CDC Account Number, cell number and email ID for identification. Member wishing to attend in person must also provide a copy of their vaccination certificates at the above e-mail address. Upon receipt of the above information from the interested shareholders, the Company will send the login credentials at their e-mail address. On the date of AGM, shareholders will be able to login and participate in the AGM proceedings through their smartphone/computer devices. In view of the above, the Shareholders can also provide their comments/suggestions for the proposed agenda items of the AGM by using the aforesaid means.

The Company reserves the right to refuse entry to any member who has not pre-registered for physical attendance or is not carrying their vaccination card with them. These measures are necessary to ensure the safety and the health of all present.

- 6) In accordance with the provisions of Section 242 of the Companies Act, 2017 and Companies (Distribution of Dividends) Regulation 2017, it is mandatory for a listed company to pay cash dividend to its shareholders only through electronic mode directly into their bank account designated by the entitled shareholders instead of issuing physical dividend warrants. Therefore, shareholders are requested to provide the particulars relating to name, folio number, bank account number, IBAN Number, title of account and complete mailing address of the bank directly to the Company's Share Registrar in case of physical shareholders and directly to the relevant Participant / CDC Investor Account Service in case of maintaining shareholding under Central Depository System (CDS).

In case of non-receipt of above information, the dividend shall be withheld.

- 7) The rates of deduction of income tax from dividend payments under Section 150 of the Income Tax Ordinance, 2001 shall be as follows:
  - i) Rate of Withholding Income Tax deduction for the persons whose names are appearing on ATL. 15%

- ii) Rate of Withholding Income Tax deduction for the persons whose names are not appearing on ATL. 30%

To enable the company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, shareholders whose names are not appearing on Active Taxpayers' List (ATL) available on the website of FBR are advised to immediately make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

Further, according to clarification received from Federal Board of Revenue (FBR), withholding tax will be determined separately on "Filer/ Non-Filer" status of principal shareholder as well as joint-holders (s) based on their shareholding proportions, in case of joint accounts. In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of principal shareholder and joint-holder(s) in respect of shares held by them to our Share Registrar, in writing, within 10 days of this notice, otherwise it will be assumed that the shares are equally held by principal shareholder and joint-holder(s).

- 8) Individual Members who have not yet submitted a copy of their valid Computerized Identity Card (CNIC) to the Company are once again requested to send a copy of their valid CNIC at the earliest directly to the office of Share Registrar of the Company, M/s Hameed Majeed Associates (Pvt.) Limited, 1st Floor, H.M. House, 7-Bank Square, Lahore. Corporate Members are requested to provide their National Tax Number (NTN) and folio number thereon while sending the copies to the Share Registrar of the Company. In case of non-receipt of the copy of a valid CNIC or NTN (as the case may be), the Company would be unable to comply with the requirements of the Companies Act, 2017 and SROs issued there under.
- 9) Shareholders are requested to contact the Registered Office of the Company or the Share Registrar, M/s Hameed Majeed Associates (Pvt.) Limited, 1st Floor, H.M. House, 7-Bank Square, Lahore for collection of their unclaimed shares / unpaid dividend which they have not received due to any reasons.
- 10) The financial statements for the year ended June 30, 2022 shall be uploaded on the Company's website [www.nagina.com](http://www.nagina.com) twenty-one days prior to the date of holding of annual general meeting.
- 11) Pursuant to SECP Notification S.R.O. 787(I)/ 2014 dated September 8, 2014, members may inform the Company to receive the Audited Financial Statements and notices through e-mail by submitting Standard Request Form available on Company's website.
- 12) Members can exercise their right to demand a poll subject to meeting requirements of Section 143 -145 of Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations 2018.
- 13) If the Company receives consent from the members holding at least 10% shareholding residing in a city, to participate in the meeting through video-link at least 07 days prior to date of the meeting, the Company will arrange facility of video-link in that city subject to availability of such facility in that city.
- 14) 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, within a period not exceeding four years from the commencement of this Act, i.e. May 30, 2017.

The shareholders having physical shareholding are encouraged to open CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into scrip less form, this will facilitate them in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange Ltd.

- 15) Members are requested to promptly notify the Company of any change in their registered address.

## STATEMENT U/S 134 (3) OF THE COMPANIES ACT, 2017

This statement sets out the material facts pertaining to the special businesses to be transacted at the Annual General Meeting (AGM) of Ellcot Spinning Mills Limited, (the “Company” or “ESML”) to be held on Thursday, October 27, 2022 at 11:30 a.m at registered office of the Company.

### 1. Agenda item No. 5 (a) - Ratification and Approval of Related Party Transactions

All the transactions carried out by the Company with related parties during the financial year ended June 30, 2022 given in the related party note 38 & 38.1 of the Annual Financial Statements of the Company for the year ended June 30, 2022,

The Company carried out transactions with Related Parties on arm's length basis as per the approved Related Party Transactions Policy in the normal course of business and periodically reviewed by the Board Audit Committee pursuant to Clause 15 of Listed Companies (Code of Corporate Governance) Regulations, 2019.

The transactions with related parties have been approved by the Board in the quarterly / annual financial statements during the fiscal year 2021-22, however, the Board decided to place above related party transaction concluded during the fiscal year 2021-22 before the shareholders in AGM for ratification and approval due to the interests/concerns of some of the directors due to common directorship.

### 2. Agenda item No. 5 (b) - Authorization for the Board of Directors to approve related party transactions during the financial year ending June 30, 2023

The Company shall be conducting transactions with the related parties during the year ending June 30, 2023 in the ordinary course of business and at arm's length basis under the policy of the Company for related party transactions. All transactions entered into or to be entered into with related parties require the approval of the Audit Committee of the Board. Upon recommendation of the Audit Committee, such transactions shall be placed before the Board of Directors for approval. In order to promote transparent business practices, the shareholders are recommended to authorize the Board of Directors of the Company to approve transactions with the related parties for the year ending June 30, 2023, which transactions shall be deemed to be approved by the shareholders. These transactions shall be placed before the shareholders in the next AGM for their formal ratification/approval. The Directors are interested in the resolutions only to the extent of their common directorship in such related parties.

## STATEMENT UNDER RULE 4(2) OF THE COMPANIES (INVESTMENT IN ASSOCIATED COMPANIES OR ASSOCIATED UNDERTAKINGS) REGULATIONS, 2017

a. Total investment approved.	Rs.100,000,000/= (Rupees one hundred million only) to each of the following associated company: i) Prosperity Weaving Mills Ltd. (PWML) ii) Nagina Cotton Mills Ltd. (NCML)
b. Amount of investment made to date:	Nil
c. Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time; and	Due to better cash flows, the associated companies did not need funds envisaged u/s 199 of the Companies Act, 2017. Therefore, no investment transaction took place during the year 2021-22.

<p>d. Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment.</p>	<b>Present Financial Position as on June 30, 2022</b>		Financial Position at the time of approval as on June 30, 2020		
	<b>PWML</b>	<b>NCML</b>	PWML	NCML	
	Rupees in Millions				
	Net sales	<b>12,860.619</b>	<b>11,235.579</b>	6,018.541	7,070.172
	Gross profit	<b>1,095.646</b>	<b>2,507.668</b>	529.557	593.821
	Profit before tax	<b>624.550</b>	<b>1,826.779</b>	247.969	100.274
Profit after tax	<b>349.904</b>	<b>1,812.562</b>	154.755	7.629	



## **Vision:**

*To be a dynamic, profitable and growth oriented company.*

## **Mission:**

*To be the leading producer of cotton and blended yarn for knitting and weaving for local and international customers manufacturing well-known textile brands.*

*To strive for excellence and sustain position as a preferred supplier for yarn with a customer focused strategy.*

*Continuous enhancement the quality objectives for customer satisfaction and operational efficiencies.*

*To achieve the comparative advantage by employing latest technologies for enhancing the efficiency and productivity.*

*To build enduring relationship with our suppliers by giving them fair return on their products and services.*

*To provide a professional, open and participative environment to our dedicated employees for developing their potential and team performance.*

*To give consistent financial returns to the shareholders on their investments.*

*To be responsible to the society, employees and communities in which we operate by initiating health care, education and social welfare activities.*

## REVIEW REPORT BY THE CHAIRMAN ON THE OVERALL PERFORMANCE OF BOARD AND EFFECTIVENESS OF THE ROLE PLAYED BY THE BOARD IN ACHIEVING THE COMPANY'S OBJECTIVES

The Board of Directors (the Board) of Ellicot Spinning Mills Limited (ESML) has performed their duties diligently in upholding the best interest of shareholders of the Company and has managed the affairs of the Company effectively and efficiently. The Board has exercised its powers and has performed its duties in compliance with Companies Act 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Code). During the financial year 2021-22 the Board achieved its objectives by performing the following functions:

- Actively participated in the strategic planning process, enterprise risk management system, policy development, and financial structure, monitoring and approval;
- All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process and particularly all the related party transactions executed by the Company were approved by the Board on the recommendation of the Audit Committee. In case the majority of the Directors either directly, or indirectly becomes interested in related party transactions due to Group's structure; accordingly, additional approval from shareholders in respect of transactions with a related party shall be obtained in the Annual General Meeting so that the Company can carry its business smoothly;
- Reviewed the effectiveness of internal control system through self-assessment mechanism and / or internal audit activities;
- Approved the director's report, quarterly and annual financial statements and ensured that the content of the directors' report are in accordance with the requirement of applicable laws and regulations;
- Ensured the hiring, evaluation and compensation of quality professionals with focus on creating a work environment with equal opportunity for all
- Ensured the timely dissemination of information among its members and that the Board members are kept abreast of developments between meetings;
- Exercised its powers in light of the power assigned to the Board as per the relevant laws and regulations applicable on the Company and the Board has always prioritized the Compliance with all the applicable laws and regulations in terms of their conduct as directors and exercising their powers and decision making; and
- Necessary Board agenda and related supporting documents were duly made available to the board in sufficient time before the Board and its Committee Meetings. The non-executive and independent directors are equally involved in important decisions of the board.

The annual evaluation of the Board's performance is assessed based on the key areas where the Board requires clarity to provide high level oversight, including the strategic process; key business drivers and performing milestones, the global economic environment and competitive context in which the Company operates; the risks faced by the Company's business; Board dynamics; capability and information flows. Based on the aforementioned, it can reasonably be stated that the Board of ESML has played a key role in ensuring that the Company objectives are not only achieved but also exceeded expectations through a joint effort with the management team and guidance and oversight by the Board and its members.



**Shahzada Ellahi Shaikh**  
Chairman

Lahore: September 28, 2022

## ایلیکٹریٹیٹی سٹریٹجی

### بورڈ کی مجموعی کارکردگی اور کمپنی کے مقاصد کے حصول میں بورڈ کے موثر کردار پر چیئر مین کی جائزہ رپورٹ

ایلیکٹریٹیٹی سٹریٹجی (ESML) کے بورڈ آف ڈائریکٹرز (بورڈ) نے کمپنی کے حصہ داروں کے بہترین مفاد کو برقرار رکھنے میں اپنی ذمہ داریاں تہذیبی سے انجام دیئے ہیں اور کمپنی کے امور کو موثر اور بروقت انداز سے منظم کیا ہے۔ بورڈ نے کیپٹل ایکٹ 2017 اور سٹریٹجی (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 (کوڈ) کی تعمیل میں اپنے فرائض سرانجام دیئے ہیں۔ مالی سال 2021-22 کے دوران بورڈ نے درج ذیل کام سرانجام دے کر اپنے مقاصد حاصل کئے:

- اسٹریٹجی منصوبہ بندی کے عمل، ادارے کو لاحق خطرات کا انتظامی نظام، پالیسی ڈویلپمنٹ، اور مالیاتی ساخت کی نگرانی اور منظوری میں فعال طور پر حصہ لیا ہے۔
  - سال بھر میں تمام اہم مسائل بورڈ یا اس کی کمیٹیوں کے روبرو کاروباری فیصلہ سازی کے عمل کو مضبوط بنانے کے لئے پیش کئے گئے اور خاص طور پر کمپنی کی طرف سے کئے گئے تمام متعلقہ پارٹی کے ساتھ لین دین کو آڈٹ کمیٹی کی سفارشات پر بورڈ نے منظوری دی۔ اگر ڈائریکٹرز کی اکثریت براہ راست یا بالواسطہ طور پر گروپ کے سٹرکچر کی وجہ سے متعلقہ فریق کے لین دین میں دلچسپی رکھتی ہے، اس کے مطابق، متعلقہ فریق کے ساتھ لین دین کے سلسلے میں حصص یافتگان سے اضافی منظوری سالانہ اجلاس عام میں حاصل کی جائے گی تاکہ کمپنی اپنے کاروبار کو آسانی سے چلا سکے۔
  - اس بات کو یقینی بنایا ہے کہ اندرونی کنٹرول کا مناسب نظام موجود ہے اور خود تشخیصی طریقہ کار اور/یا انٹرنل آڈٹ سرگرمیوں کے ذریعے اس کی باقاعدگی سے جانچ پڑتال کی جاتی ہے۔
  - ڈائریکٹرز کی رپورٹ، سہ ماہی اور سالانہ مالیاتی گوشواروں کی منظوری دی اور اس بات کو یقینی بنایا کہ ڈائریکٹرز کی رپورٹ کا مواد قابل اطلاق قوانین اور ضوابط کے تقاضوں کے مطابق ہے۔
  - سب کے لیے یکساں مواقع کے ساتھ کام کا ماحول بنانے پر توجہ کے ساتھ پیشہ ورانہ افراد کی معیاری خدمات حاصل کرنے، تشخیص اور معاوضے کو یقینی بنایا۔
  - اپنے اراکین کے درمیان بروقت طریقے سے تسلی بخش معلومات کے تبادلے کو یقینی بنایا اور بورڈ کے ممبران کو اجلاس کے درمیان ڈویلپمنٹ بارے میں لمحہ بلمحہ باخبر رکھا گیا ہے۔
  - کمپنی پر قابل اطلاق متعلقہ قوانین اور قواعد و ضوابط کی روشنی میں دئے گئے اختیارات کے مطابق اپنے اختیارات کا استعمال کیا ہے اور بورڈ نے ہمیشہ بحیثیت ڈائریکٹرز اپنے اختیارات کے استعمال اور فیصلہ سازی کرنے کے برتاؤ میں تمام قابل اطلاق قوانین اور قواعد و ضوابط کی تعمیل کو ترجیح دی ہے اور
  - بورڈ اور اس کی ذیلی کمیٹی کی میٹنگ سے مناسب قبل از وقت، ضروری ایجنڈا اور اس سے متعلق دستاویزات مہیا کیے گئے۔ نان ایگزیکٹو اور آزاد ڈائریکٹرز بورڈ کے اہم فیصلوں میں برابر کے شریک ہیں۔
- بورڈ کی سالانہ کارکردگی اہم شعبوں پر مبنی ہے جہاں بورڈ کو اعلیٰ درجے کی نگرانی مہیا کرنے بشمول اسٹریٹجی عمل، کلیدی کاروباری امور، سٹاک میلبز کی تکمیل، عالمی معاشی ماحول اور مسابقتی سیاق و سباق میں کمپنی کام کرتی ہے، کمپنی کے کاروبار کو روک کر پیش خطرات، بورڈ کے محرکات، صلاحیت اور معلومات مہیا کرنے کے لئے وضاحت دینے کی ضرورت ہوتی ہے۔ مذکورہ بالا کی بنیاد پر، یہ مناسب طور پر کہا جاسکتا ہے کہ ESML کے بورڈ نے اس بات کو یقینی بنانے میں اہم کردار ادا کیا ہے کہ کمپنی کے مقاصد کو نہ صرف حاصل کیا جاسکتا ہے، بلکہ بورڈ اور اس کے اراکان کی راہنمائی اور نگرانی کے ذریعہ انتظامیہ ٹیم کی مشن کے کوششوں کے ساتھ توقعات سے بھی آگے بڑھایا جاسکتا ہے۔



شہزادہ الہی شیخ

چیئر مین

لاہور: 28 ستمبر 2022

## DIRECTORS' REPORT TO THE MEMBERS

The Directors have the honor to present 34th Annual Report of your Company together with Audited Financial Statements and Auditors' Report thereon for the year ended June 30, 2022. Figures for the previous year ended June 30, 2021 are included for comparison.

### Company Performance

Alhamdulillah, despite many economic challenges your company has earned handsome profits. The excellent financial performance was largely due to healthy increase in selling prices of yarn coupled with timely purchase of raw cotton and polyester fibre at reasonable prices. Installation of most modern spinning machinery also helped in better quality yarn which translated into better selling rates. Your Company earned after tax profit of Rs. 1,231,300,289 or 11.32% of sales compared to Rs. 813,596,998 or 10.54% of sales during same period last year (SPLY). Earning per share (EPS) for the year is Rs. 112.45 compared to Rs. 74.30 during SPLY.

Robust demand for yarn resulted in an increase in sales revenue by 40.93% over the SPLY and stood at Rs. 10,873,425,199 compared to Rs. 7,715,508,868 during the SPLY. Raw material costs also rose but this increase was absorbed in yarn selling prices. Resultantly, cost of sales decreased from 81.87% of sales during SPLY to 80.24% of sales during year under review. Overall Gross Profit (GP) increased and stood at 19.76% of sales compare to 18.13% of sales during SPLY.

Sea freights were abnormally high because of global port disruptions and resulted in increase in distribution costs from 1.12% of sales during SPLY to 1.17% of sales this year. Administrative expenses increased due to inflationary impact. However, as percentage to sales, administration costs decreased from 1.92% of sales during SPLY to 1.61% of sales during the year under review. Other expenses increased from 1% of sales during SPLY to 1.01% during the period under review. The increase is mainly due to higher provisions of WPPF and WWF because of higher profitability.

The Company has been able to generate stable cash flows and made timely discharge of its operating and financial liabilities. Due to strong operational cash flows, short-term borrowings decreased. Finance costs remained at similar level of 1.50% of sales in the year under review and SPLY.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2022-23, Kapas, (seed cotton) arrivals up to September 01, 2022, at the Ginneries totaled 1.540 million bales compared to 1.791 million bales for the year 2021-22 showing decrease in arrival of 14.04%.

### Capital Assets Investment

In line with strategic plans for enhancing spinning productivity, quality and efficiency, your Company has installed 25,200 spindles along with related machinery all of which has started production. Another 16,800 spindles will be added in current financial year 2022-23. After the current BMR/Expansion plan is fully implemented in the current financial year, the total installed capacity will be approximately 79,200 spindles. We have further automated the plant by adding link conners. This will help in reduction of labor cost. During the year under review, your company has invested Rs. 1,817,315,155 (2021: Rs. 687,970,221) in BMR/Expansion.

### Future Outlook

Your company has performed remarkably well during the year under review despite the substantial rise in raw cotton and polyester prices and inflation in costs especially wages, energy, interest, stores and spares and logistics. The excellent financial performance was largely due to healthy increase in selling prices of yarn coupled with timely purchase of raw cotton and polyester fiber at reasonable prices. The favorable market conditions, value added yarns and cost controls has resulted in another excellent financial year in terms of profitability.

On the other hand, value added exporters of Pakistan are complaining of exorbitant rise in container freight and shortage of shipping space for export of textiles. There are reports of finished goods stocks building up. Value added textile sectors like home furnishings and denim are also reporting difficulty in getting new orders as well as passing on price increases.

Rupee depreciation against the USD has assumed alarming proportions. Raw cotton shortage in Pakistan has triggered imports at very high costs. The State Bank of Pakistan (SBP) policy rate of 15% will significantly raise the financial costs. Long-term borrowing costs have also been raised by the SBP on the long-term financing facility (LTFF). Disbursements of LTFF loans are delayed causing further rise in financial costs. Company is also facing difficulty in establishing letter of credit for import of essential spare parts. Shortages of spare parts may cause disruption in production. Minimum wages have been increased which will raise the labour costs significantly. Devaluation of the rupee is exerting huge inflationary pressures and continues unabated having adverse impact on the price of gas, electricity, spare parts and other inputs.

Heavy rainfall has caused colossal damage to the country. The cotton crop is severely damaged and will be substantially short of Pakistan's needs. Expensive imported cotton will surely raise the raw material costs and damage margins for the spinning industry. Demand for textiles in the local market is likely to fall.

The outlook for the 1st quarter of financial year 2022-23 is reasonably due to timely purchase of raw cotton. Beyond the first quarter, we may see a drop in profitability because of rising cotton costs, flattening yarn prices, high labour, energy, stores and spares, packing material and freight costs.

Energy policy of the Government lacks clarity. Frequent shutdown of gas supply is disrupting production and negatively affecting profitability. It is feared that government may be forced to increase the price of fuels, electricity and gas. In addition, the impact of the IMF program is likely to increase other costs further and may also result in higher taxation. Therefore, Profit margins in the textile value chain are likely to be negatively impacted by the increasing raw material, energy, interest rates and shipping costs. Political uncertainty may also become a factor in Textile sector profits.

It is hoped that the Government would bring in business friendly policies such as uninterrupted energy supplies in cost effective manner, refund of outstanding sales tax and income tax, controlling the inflation rate and reducing the financial costs. Government policies should encourage the completion of the value chain in the textile sector so that the country can export finished products.

### **Dividend**

The Board of Directors has recommended final cash dividend @ 100% i.e., Rs. 10/- per ordinary share for the year ended June 30, 2022. The dividend will amount to Rs. 109,500,000.

### **Principal Activity**

The principal activity of the Company is manufacturing and sale of yarn.

### **Principal Risks and Uncertainties**

The Board of Directors are responsible to oversee the Company's operations and to devise an effective strategy to mitigate any potential adverse impact of risks.

The Company's principal financial liabilities, comprise long term finances, trade and other payables and short-term borrowings. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company's principal financial assets comprise of trade debts, advances, short-term deposits, other receivables and cash and bank balances that arise directly from its operations.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

## Material Changes and Commitments

No adverse material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which this balance sheet relates and the date of the Director's Report.

## ISO 9001: 2015 Certification

The Company continues to operate at high standards of quality and had obtained latest version of certification valid until July 10, 2023. The quality control certification helps to build up trust of new and old customers.

## Corporate Social Responsibility

The Company strongly believes in the integration of Corporate Social Responsibility into its business, and consistently endeavors to uplift communities that are influenced directly or indirectly by our business.

**Environment, Health and Safety:** The Company maintains safe working conditions avoiding the risk to the health of employees and public at large. The management has maintained safe environment in all its operations throughout the year and is constantly upgrading their safety and living facilities.

Safety is a matter of concern for machinery as well as the employees working at plant. Fire extinguishers and other fire safety equipments have been placed at sites as well as registered and head office of the Company. Regular drills are performed to ensure efficiency of fire safety equipments.

## Internal Financial Controls

A system of sound internal control is established and implemented at all levels of the Company by the Board of Directors. The system of internal control is sound in design for ensuring achievement of Company's objectives and operational effectiveness and efficiency, reliable financial reporting and compliance with laws, regulations and policies.

## Related Parties

All related party transactions were on an arm's length basis which were in line with transfer pricing methods and the policy for related parties approved by the Board. All related party transactions were duly approved by the internal audit followed by the approval of the audit committee and placed before the Board for their consideration and approval. However, the Board of Directors in their meeting decided that the related party transactions approved by the Board shall also be placed before the general meeting of the company for member's approval.

Furthermore, the Board of Directors also decided to avail the approval of members in the general meeting of the company for the transactions to be carried out during the fiscal year ending June 30, 2023 and same shall be placed before the shareholders in the next general meeting for their formal ratification/approval.

## Shareholding Pattern

The shareholding pattern as at June 30, 2022 for ordinary shares is annexed.

## Appointment of Auditors

The present External Auditors Messrs Rahman Sarfraz Rahim Iqbal Rafiq, Chartered Accountants, Lahore are due to retire and being eligible, have offered themselves for re-appointment as Auditors for the financial year 2022-23. As proposed by the Audit Committee, the Board recommends their appointment as auditors of the Company for the year ending June 30, 2023.

## Financial Statements Audit

Financial statements of the Company have been audited without any qualification by Messrs Rahman Sarfraz Rahim Iqbal Rafiq, Chartered Accountants, the statutory external auditors of the Company.

## Corporate Governance & Financial Reporting Framework

Further, Directors are pleased to report that:

- a) The financial statements prepared by the management of the Company present fair state of Company's operations, cash flows and changes in equity.
- b) Proper books of account of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based upon reasonable and prudent judgment.
- d) International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in the preparation of financial statements any departures therefrom have been adequately disclosed and explained.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no doubts upon the Company's ability to continue as a going concern.
- g) Key operating and financial data for the last six years is annexed.
- h) There are no statutory payments on account of taxes, duties, levies and charges that are outstanding as on June 30, 2022 except for those disclosed in the financial statements.

## Composition of Board

The Board of Directors as at June 30, 2022 consist of:

### Total number of Directors:

- a) Male: 9 (Nine)
- b) Female: 1 (One)

### Composition:

- (i) Independent Directors: 3 (Three)
- (ii) Other Non-executive Directors 5 (Five)
- (iii) Executive Director 2 (Two)

Mr. Shahzada Ellahi Shaikh	Chairman
Mr. Mohammad Babar Monnoo	
Mr. Imran Motiwala	
Mrs. Faaria Rehman Salahuddin	
Mr. Jamal Nasim	
Mr. Shaukat Ellahi Shaikh	
Mr. Raza Ellahi Shaikh	
Mr. Amin Ellahi Shaikh	
Mr. Shafqat Ellahi Shaikh	
Mr. Haroon Shahzada Ellahi Shaikh	Director / Chief Executive Officer

## Committees of the Board:

The Board has made following sub-committees:

**Audit Committee**

Sr. No.	Name of Directors	Designation
1.	Mr. Mohammad Babar Monnoo	Chairman
2.	Mr. Shaukat Ellahi Shaikh	Member
3.	Mr. Raza Ellahi Shaikh	Member

**Human Resource and Remuneration (HR&R) Committee**

Sr. No.	Name of Directors	Designation
1.	Mr. Mohammad Babar Monnoo	Chairman
2.	Mr. Raza Ellahi Shaikh	Member
3.	Mr. Haroon Shahzada Ellahi Shaikh	Member

**Executive Committee**

Sr. No.	Name of Directors	Designation
1.	Mr. Haroon Shahzada Ellahi Shaikh	Chairman
2.	Mr. Shafqat Ellahi Shaikh	Member
3.	Mr. Raza Ellahi Shaikh	Member
4.	Mr. Amin Ellahi Shaikh	Member

**Significant Features of Directors' Remuneration**

The Board of Directors has approved a formal policy for remuneration of executive and non-executive directors depending upon their responsibility in affairs of the Company. The remuneration is commensurate with their level of responsibility and expertise needed to govern the Company successfully and to encourage value addition from them.

Non-executive directors including the independent director are entitled only for fee for attending the Board and its committees' meetings. Remuneration of executive and non-executive directors shall be approved by the Board, as recommended by the Human Resource and Remuneration Committee. For information on remuneration of Directors and CEO in 2021-22, please refer notes to the Financial Statements.

**Acknowledgment**

Continued diligence and devotion of the staff and workers of the Company and good human relations at all levels deserve acknowledgement. The Directors also wish to place on record their thanks to the bankers and other stakeholders for their continued support to the Company.

On behalf of the Board



**Raza Ellahi Shaikh**  
Director



**Amin Ellahi Shaikh**  
Director

Lahore: September 28, 2022



## ممبران کے لئے ڈائریکٹرز کی رپورٹ

مجلس نظامہ 30 جون 2022ء کو تختہ سال کے لئے کمپنی کی 34 ویں سالانہ رپورٹ مع نظر ثانی شدہ مالیاتی حسابات اور اس پر محاسب کی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہی ہے۔ 30 جون 2021ء کو ختم ہونے والے گزشتہ سال کے اعداد و شمار بھی موازنہ کے لئے شامل کئے گئے ہیں۔

### کمپنی کی کارکردگی

الحمد للہ، کمپنی نے مشکل کاروباری حالات کے باوجود اچھا منافع کمایا ہے۔ زیادہ منافع کی بنیادی وجہ پُرکشش قیمتوں پر خام کپاس اور پولیٹیسٹر فائبر کی بروقت خریداری کے ساتھ یارن کی فروخت قیمتوں میں صحت مند اضافہ ہے۔ جدید سپینگ مشینوں کی تنصیب سے دھاگے کی کوالٹی بہتر بنانے میں مدد کی اور جس کے نتیجے میں فروخت کے نرخ بھی بہتر ہوئے ہیں۔ کمپنی نے گزشتہ سال کی اسی مدت کے دوران 813,596,998 روپے یا فروخت 10.54% فیصد کے مقابلے میں 1,231,300,289 روپے یا فروخت 11.32% فیصد کا بعد از ٹیکس منافع کمایا ہے۔ فی شیئر آمدنی (EPS) گزشتہ سال کی اسی مدت کے دوران 74.30 روپے کے مقابلے میں اس سال 112.45 روپے رہی ہے۔

دھاگے کی طلب میں اضافہ کے نتیجے میں فروخت آمدن میں گزشتہ سال کی اسی مدت کے دوران 40.93% فیصد کا اضافہ ہوا اور گزشتہ سال کے دوران 7,715,508,868 روپے کے مقابلے میں 10,873,425,199 روپے رہی ہے۔ خام مال کی قیمتوں میں بھی اضافہ ہوا لیکن یہ اضافہ سوت کی فروخت کی قیمتوں میں شامل ہوا۔ جس کے نتیجے میں، گزشتہ سال کی اسی مدت کے دوران فروخت کی لاگت 81.87% فیصد سے کم ہو کر زیر جائزہ سال کے دوران فروخت کی 80.24% فیصد تک ہوئی۔ گزشتہ سال کی اسی مدت کے دوران مجموعی منافع (GP) فروخت کے 18.13% فیصد سے بڑھ کر زیر جائزہ سال کے دوران فروخت کا 19.76% فیصد ہو گیا۔

عالمی بندرگاہوں میں رکاوٹوں کی وجہ سے سمندری کرایوں میں غیر معمولی طور پر اضافہ ہوا اور اس کے نتیجے میں تقسیم کی لاگت گزشتہ سال کے دوران فروخت کے 1.12% فیصد سے بڑھ کر اس سال فروخت کے 1.17% فیصد تک پہنچ گئی۔ مہنگائی کے اثرات کی وجہ سے انتظامی اخراجات میں اضافہ ہوا۔ تاہم، فروخت کے فیصد کے طور پر، تقسیم کے اخراجات گزشتہ سال کے دوران فروخت کے 1.92% فیصد سے کم ہو کر اس سال کے دوران فروخت کے 1.61% فیصد ہو گئے۔ دیگر اخراجات گزشتہ سال کے دوران فروخت کے 1% فیصد سے بڑھ کر زیر جائزہ مدت کے دوران 1.01% فیصد ہو گئے۔ یہ اضافہ بنیادی طور پر ڈبلیو پی پی ایف اور ڈبلیو ڈبلیو ایف کی اضافی خرچے کے تخمینے کی وجہ سے ہوا ہے۔

کمپنی مستحکم نقد بہاؤ پیدا کرنے میں کامیاب رہی ہے اور اس نے اپنی کاروباری اور مالی ذمہ داریوں کو بروقت ادا کیا ہے۔ مضبوط آپریشنل کیش فلو کی وجہ سے، قلیل مدتی قرضہ کم ہوئے۔ مالیاتی لاگت زیر جائزہ اور گزشتہ سال کے دوران میں فروخت کے 1.50% فیصد کی سطح پر رہی ہے۔

پاکستان کائنات جزا بیسوی ایشن کی طرف سے فصل سال 2022-23ء کے لئے جاری کردہ اعداد و شمار کے مطابق یکم ستمبر 2022ء تک جنریز میں کپاس، (بچ کپاس) کی پہنچ سال 2021-22ء کی کل 1.791 ملین گانٹھوں کے مقابلے میں 1.540 ملین گانٹھیں ہوئی جو کہ 14.04% فیصد کی کمی ظاہر کر رہی ہے۔

### طویل مدتی اثاثوں کی سرمایہ کاری

سپینگ کی پیداوار کو الٹی اور صلاحیت کو بہتر بنانے کے لئے سٹرٹیجک منصوبوں کے مطابق آپ کی کمپنی نے متعلقہ مشینری کے ساتھ مزید 25,200 سپینڈلز نصب کیے ہیں ان تمام سپینڈلز نے پیداوار شروع کر دی ہے۔ مزید 16,800 سپینڈلز موجودہ مالی سال 2022-23 کے دوران نصب ہو جائیں گے۔ موجودہ مالی سال میں موجودہ BMR / توسیع کے منصوبے کے مکمل طور پر نافذ ہونے کے بعد، نصب شدہ کل صلاحیت تقریباً 79,200 سپینڈلز ہو جائے گی۔ ہم نے لنک کونز شامل کر کے پلانٹ کو مزید خود کار بنایا ہے۔ اس سے مزدوری کی لاگت کو کم کرنے میں مدد ملے گی۔ زیر جائزہ سال کے دوران، آپ کی کمپنی نے BMR / توسیع میں 1,817,315,155 روپے (2021: 687,970,221 روپے) کی سرمایہ کاری کی ہے۔

### مستقبل کے امکانات

آپ کی کمپنی نے زیر جائزہ سال کے دوران خام کپاس میں خاطر خواہ اضافے اور قیمتوں بالخصوص اجرت، توانائی، سود، اسٹورز اور اسپینرز اور لاجسٹکس میں مہنگائی کے باوجود اچھی کارکردگی کا مظاہرہ کیا ہے۔ بہترین مالی کارکردگی کی بڑی وجہ سوت کی فروخت کی قیمتوں میں صحت مند اضافہ اور مناسب قیمتوں پر خام روٹی اور پولیٹیسٹر فائبر کی بروقت خریداری تھی۔ سازگار مارکیٹ کے حالات، ویلیو ایڈڈ یارن اور لاگت پر کنٹرول کے نتیجے میں منافع کے لحاظ سے ایک اور بہترین مالی سال آیا ہے۔

دوسری جانب، پاکستان کے ویلیو ایڈڈ ایکسپورٹرز کنٹینرز کے کرایہ میں بے تحاشہ اضافے اور ٹیکسٹائل کی درآمد کے لیے جگہ کی کمی کی شکایت کر رہے ہیں۔ تیار سامان کے ذخیرے بڑھ رہے ہیں۔ ویلیو ایڈڈ ٹیکسٹائل سیکٹر جیسے کہ ہوم فرنیشرنگ اور ڈبلیو بی ایم بھی نئے آرڈرز حاصل کرنے اور قیمتوں میں اضافے کی منتقلی میں دشواری کی اطلاع دے رہے ہیں۔

امریکی ڈالر کے مقابلے میں روپے کی قدر میں کمی خطرناک حد تک پہنچ چکی ہے۔ پاکستان میں خام کپاس کی قلت نے بہت زیادہ قیمتوں پر درآمد کو منجم دیا ہے۔ اسٹیٹ بینک آف پاکستان (ایس بی پی) کی 15% فیصد پالیسی شرح مالیاتی اخراجات میں نمایاں اضافہ کرے گی۔ طویل المدتی مالیاتی سہولت (LTFF) پر SBP کی طرف سے طویل مدتی قرض لینے کے اخراجات بھی بڑھا دیے گئے ہیں۔ LTFF قرضوں کی تقسیم میں تاخیر ہو رہی ہے جس سے مالی اخراجات میں مزید اضافہ ہو رہا ہے۔ کمپنی کو ضروری اسپینر پارٹس کی درآمد کے لیے لیٹر آف کریڈٹ قائم کرنے میں بھی دشواری کا سامنا ہے۔ اسپینر پارٹس کی کمی

پیداوار میں رکاوٹ کا باعث بن سکتی ہے۔ کم از کم اجرت میں اضافہ کر دیا گیا جس سے لیبر کے اخراجات میں نمایاں اضافہ ہوگا۔ روپے کی قدر میں کمی سے بہت زیادہ مہنگائی اور گیس، بجلی، اسپر پارٹس اور دیگر اشیاء کی قیمتوں پر منفی اثرات مرتب ہو رہے ہیں۔

موسلا دھار بارشوں نے ملک کو زبردست نقصان پہنچایا ہے۔ کپاس کی فصل کو شدید نقصان ہوا اور پاکستان کی ضروریات سے کافی حد تک کم ہوگی۔ مہنگی درآمد شدہ کپاس یقینی طور پر دھاگے کی قیمتوں میں اضافہ اور کپڑے کی صنعت کے مارجن کو نقصان پہنچائے گی۔ مقامی مارکیٹ میں ٹیکسٹائل کی طلب میں کمی کا امکان ہے۔

خام روئی کی بروقت خریداری کی وجہ سے مالی سال 2022-23ء کی پہلی سہ ماہی کا آؤٹ لک معقول حد تک اچھا ہے۔ پہلی سہ ماہی کے بعد، ہم روئی کی بڑھتی ہوئی قیمتوں، دھاگے کی چھٹی قیمتوں، زیادہ مزدوری، توانائی، اسٹورز اور اسپنریز، پیکنگ میٹریل اور مال برداری کے اخراجات کی وجہ سے منافع میں کمی دیکھ سکتے ہیں۔ دنیا کی بڑھتی معیشتوں میں کسادبیزاری کے امکانات ٹیکسٹائل مصنوعات کی طلب میں تباہی پیدا کرنے کا امکان ہے۔ پاکستان میں تیار سامان کی ٹیکسٹائل انڈسٹری کو کم طلب اور کم قیمتوں کا سامنا کرنا پڑ سکتا ہے۔

حکومت کی توانائی کی پالیسی واضح نہیں ہے۔ گیس کی سپلائی بار بار بند ہونے سے پیداوار میں خلل اور منافع پر منفی اثر پڑ رہا ہے۔ خدشہ ہے کہ حکومت ایندھن، بجلی اور گیس کی قیمتوں میں اضافے پر مجبور ہو سکتی ہے۔ اس کے علاوہ، آئی ایم ایف پروگرام کے اثرات سے دیگر اخراجات میں مزید اضافہ ہونے کا امکان ہے اس کے نتیجے میں ٹیکسوں میں بھی اضافہ ہو سکتا ہے۔ لہذا، ٹیکسٹائل ویلیو چین میں منافع کے مارجن پر خام مال، توانائی، شرح سود اور ڈپننگ کے بڑھتے ہوئے اخراجات سے منفی اثر پڑنے کا امکان ہے۔ ٹیکسٹائل سیکٹر کے منافع میں سیاسی غیر یقینی صورتحال بھی ایک عنصر بن سکتی ہے۔

یہ امید کی جاتی ہے کہ حکومت کاروبار میں مؤثر لاگتی، بلا تعطل توانائی کی فراہمی، ہتھیار ٹیکس اور ٹیکس کی واپسی جیسی دوستانہ پالیسیاں لائے گی تاکہ افراط زر کی شرح کو کنٹرول اور مالی اخراجات کو کم کیا جاسکے۔ حکومت سے یہ بھی درخواست کی گئی ہے کہ برآمدی ٹیکسٹائل کو فل فوردر کارآمد کی اجازت دی جائے۔ حکومتی پالیسیاں ٹیکسٹائل شعبہ میں ویلیو چین کی مکمل حوصلہ افزاء ہونی چاہئیں تاکہ ملک تیار مصنوعات برآمد کر سکے۔

منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 30 جون 2022ء کو ختم ہونے والے سال کے لئے حتمی نقد منافع منقسمہ بشرح 100 فیصد یعنی 10 روپے فی عام شیئر کی منظوری دی ہے۔ منافع منقسمہ کی رقم 109,500,000 روپے ہے۔

نمایاں سرگرمی

کمپنی کی اصل سرگرمی سوت کی تیاری اور فروخت کرنا ہے۔

نمایاں خطرات اور غیر یقینی حالات

بورڈ آف ڈائریکٹرز کمپنی کے آپریشنز کی نگرانی اور خطرات کے کسی ممکنہ منفی اثر کے سدباب ختم کرنے کے لئے مؤثر حکمت عملی وضع کرنے کے ذمہ دار ہیں۔

کمپنی کی اصل مالی ادائیگیوں میں طویل مدتی قرضے، تجارتی اور دیگر قابل ادائیگیاں اور مختصر مدتی قرضے شامل ہیں۔ ان مالی ادائیگیوں کا اہم مقصد کمپنی کے آپریشنز کے لئے فنڈس کا بندوبست کرنا ہے۔ کمپنی کے اصل مالیاتی اثاثوں میں تجارتی وصولیاں، بینکنگ ادائیگیاں، مختصر مدتی ڈیپازٹس، دیگر وصولیاں اور نقدی اور بینک بیلنسز شامل ہیں جو اس کے آپریشنز سے براہ راست حاصل ہوتے ہیں۔ کمپنی کی سرگرمیوں کو کچھ قسم کے مالیاتی خطرات کا سامنا ہے جس میں مارکیٹ خطرہ (بشمول کرنسی خطرہ، شرح سود کا خطرہ اور قیمت کا خطرہ)، ادھار کا خطرہ اور نقدی بہاؤ کا خطرہ شامل ہے۔ کمپنی کا مجموعی رسک منجمنٹ پروگرام مالیاتی مارکیٹوں کی غیر متوقعات پر توجہ مرکوز اور مالی کارکردگی پر ممکنہ منفی اثرات کو کم کرنے کی کوشش کرتا ہے۔

اہم تبدیلیاں اور معاہدات

اس بیلنس شیٹ سے متعلقہ مالی سال کے اختتام اور ڈائریکٹرز رپورٹ کی تاریخ کے درمیان، کمپنی کی مالی حیثیت پر اثر انداز ہونے والی کوئی اہم منفی تبدیلیاں اور معاہدات رونما نہیں ہوئے۔

ISO 9001:2015 سرٹیفیکیشن

کمپنی کو ایٹمی کے اعلیٰ معیار پر کام جاری رکھتی ہے اور 10 جولائی 2023ء تک برآمد سرٹیفیکیشن کے حالیہ ورژن حاصل کر چکی ہے۔ کو ایٹمی کنٹرول سرٹیفیکیشن نئے اور پرانے کسٹمرز کے اعتماد کو فروغ دینے میں مدد کرتی ہے۔

کاروباری سماجی ذمہ داری

کمپنی اپنے کاروبار میں کاروباری سماجی ذمہ داری کے انضمام پر پختہ یقین رکھتی ہے، اور وہ کیونٹریز جو ہمارے کاروبار سے براہ راست یا بالواسطہ طور پر متاثر ہو رہی ہیں ان کی ترقی کے لئے مسلسل کوشاں ہیں۔

ماحول، صحت اور تحفظ

کمپنی اپنے ملازمین اور عوام کی صحت کو درپیش خطرات سے بچانے کے لئے محفوظ کام کے حالات کو برقرار رکھتی ہے۔ انتظامیہ نے سال بھر اپنے تمام انتظامات میں محفوظ ماحول کو برقرار رکھا ہے اور مسلسل ان کی حفاظت اور زندگی کی سہولیات کو بہتر بنا رہی ہے۔

مشینری اور ساتھ میں پلانٹ پر کام کرنے والے ملازمین کا تحفظ ایک تشویش کی بات ہے۔ آگ بجھانے والے آلات اور آگ سے بچاؤ کے دیگر آلات کمپنی کی سائٹس کے ساتھ ساتھ اس کے رجسٹرڈ اور مرکزی دفتر میں نصب کئے گئے ہیں۔ آگ سے بچاؤ کے آلات کی کارکردگی کو یقینی بنانے کے لئے باقاعدہ مشقین کی جاتی ہیں۔

### اندرونی مالیاتی کنٹرول

بورڈ آف ڈائریکٹری کی طرف سے کمپنی کی تمام سطحوں پر مضبوط اندرونی کنٹرول کا ایک نظام قائم اور نافذ کیا گیا ہے۔ اندرونی کنٹرول کا نظام کمپنی کے مقاصد اور آپریشنل مؤثرگی اور کارکردگی کے حصول، قابل اعتماد مالیاتی رپورٹنگ اور قوانین، قواعد و ضوابط اور پالیسیوں کی تعمیل کو یقینی بنانے کے لئے ڈیزائن میں مستحکم ہے۔

### متعلقہ پارٹیاں

تمام متعلقہ پارٹیوں کے ساتھ لین دین بورڈ سے منظور شدہ منتقلی قیمتوں کے طریقوں کے مطابق تھے۔ تمام متعلقہ پارٹی ٹرانزیکشنز کو اندرونی آڈٹ کے ذریعے باضابطہ طور پر منظور کیا گیا جس کے بعد آڈٹ کمیٹی کی منظوری دی گئی اور ان کے غور و خوض اور منظوری کے لیے بورڈ کے سامنے رکھا گیا۔ تاہم، بورڈ آف ڈائریکٹرز نے اپنے اجلاس میں فیصلہ کیا کہ بورڈ کی طرف سے منظور شدہ متعلقہ پارٹی ٹرانزیکشنز کو بھی ممبران کی منظوری کے لیے کمپنی کے اجلاس عام میں ان کے سامنے رکھا جائے گا۔

مزید برآں، بورڈ آف ڈائریکٹرز نے یہ بھی فیصلہ کیا کہ 30 جون 2023ء کو ختم ہونے والے مالی سال کے دوران کیے جانے والے لین دین کے لیے کمپنی کے اجلاس عام میں ممبران کی منظوری حاصل کی جائے گی اور اسے اگلے اجلاس عام میں ان کی رہی توثیق/منظوری کے لیے شیئر ہولڈرز کے سامنے رکھا جائے گا۔

### نمونہ حصص داری

30 جون 2022ء کے مطابق عام شیئرز کے لئے نمونہ حصص داری منسلک کیا گیا ہے۔

### آڈیٹرز کی تقرری

ریٹائر ہونے والے مینسز رحمان سرفراز جیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹس، لاہور نے اہل ہونے کی بناء پر مالی سال 2022-23ء کے لئے بحیثیت آڈیٹرز دوبارہ تقرری کے لئے اپنے آپ کو پیش کیا ہے۔ آڈٹ کمیٹی کی تجویز کے مطابق، بورڈ آف ڈائریکٹرز نے 30 جون 2023ء کو ختم ہونے والے سال کے لیے بطور آڈیٹرز تقرری کی منظوری دی ہے۔

### مالیاتی حسابات کا آڈٹ

کمپنی کے مالی حسابات، کمپنی کے قانونی ایکسٹرنل آڈیٹرز، مینسز رحمان سرفراز جیم اقبال، چارٹرڈ اکاؤنٹنٹس کی طرف سے کسی کوالیفیکیشن کے بغیر نظر ثانی شدہ ہیں۔

### کاروباری نظام اور مالیاتی رپورٹنگ کا طریقہ کار

مزید ڈائریکٹرز کو بخوشی بیان کرتے ہیں کہ:

- کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات میں کمپنی کے امور، نقدی بہاؤ اور سرمائے میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات (IFRS) کی پیروی کی گئی ہے، اور کسی بھی انحراف کا موزوں انکشاف اور وضاحت کی گئی ہے۔
- اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی مؤثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- کمپنی کے رواں دواں ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- گزشتہ چھ سال کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا منسلک ہے۔
- ٹیکس، ڈیوٹیز، لیویز اور چارجز کی مد میں کوئی قانونی ادائیگی واجب الادا نہیں ہے جو 30 جون 2022ء کو بقایا ہوں، سوائے ان کے جو مالی حسابات میں ظاہر کر دیئے گئے ہیں۔

### بورڈ کی ترتیب

30 جون 2022ء تک بورڈ آف ڈائریکٹرز پر مشتمل ہے:

### ڈائریکٹرز کی کل تعداد:

(a) مرد (نو)

(b) خاتون (ایک)

### ترتیب:

i۔ آزاد ڈائریکٹرز (تین)

ii۔ دیگر نان ایگزیکٹو ڈائریکٹرز (پانچ)

iii۔ ایگزیکٹو ڈائریکٹرز (دو)

### ڈائریکٹرز کے نام

جناب شہزادہ الہی شیخ

جناب محمد باہرمنو

جناب عمران موتی والا  
 محترم فارمہ رحمان صلاح الدین  
 جناب جمال نسیم  
 جناب شوکت الہی شیخ  
 جناب رضا الہی شیخ  
 جناب امین الہی شیخ  
 جناب شفقت الہی شیخ  
 جناب ہارون شہزادہ الہی شیخ  
 ڈائریکٹر ایگزیکٹو آفیسر  
 بورڈ کی کمیٹیاں

بورڈ آف ڈائریکٹرز نے مندرجہ ذیل کمیٹیاں تشکیل دی ہیں:

• آڈٹ کمیٹی

جناب محمد بابر منو چیئرمین  
 جناب شوکت الہی شیخ رکن  
 جناب رضا الہی شیخ رکن

• ہیومن ریسورس اینڈ ریمیزیشن (HR&R) کمیٹی

جناب محمد بابر منو چیئرمین  
 جناب رضا الہی شیخ رکن  
 جناب ہارون شہزادہ الہی شیخ رکن

• ایگزیکٹو کمیٹی

جناب ہارون شہزادہ الہی شیخ چیئرمین  
 جناب شفقت الہی شیخ رکن  
 جناب رضا الہی شیخ رکن  
 جناب امین الہی شیخ رکن

ڈائریکٹرز کے معاوضے کی نمایاں خصوصیات

بورڈ آف ڈائریکٹرز نے کمپنی کے امور میں ان کی ذمہ داری پر منحصر ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کے معاوضے کے لئے رسی پالیسی کی منظوری دی ہے۔ معاوضہ کامیابی سے کمپنی کو منظم طریقہ سے چلانے کے لئے ان کی ذمہ داری اور ضروری مہارت اور ان سے ویلویو ایڈیشن حوصلہ افزائی کی سطح کے مطابق ہے۔

آزاد ڈائریکٹر سمیت نان ایگزیکٹو ڈائریکٹرز فقط بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کی فیس کے اہل ہیں۔ ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کا معاوضہ ہیومن ریسورس اینڈ ریمیزیشن کمیٹی کی سفارشات پر، بورڈ کی طرف سے منظور کیا گیا ہے۔ 2021-22ء میں ڈائریکٹرز اور سی ای او کے معاوضے کی معلومات کے لئے، براہ مہربانی مالی گوشواروں کے نوٹ ملاحظہ فرمائیں۔

اظہار تشکر

کمپنی کے عملدرکارکنوں کی مسلسل محنت اور جذبہ اور تمام سطحوں پر اچھے تعلقات کا اعتراف کرتے ہیں۔ ڈائریکٹرز کمپنی کی مسلسل حمایت پر بینکرز اور دیگر حصہ داروں کا بھی شکر یہ ادا کرتے ہیں۔

منجانب بورڈ



رضا الہی شیخ

ڈائریکٹر



امین الہی شیخ

ڈائریکٹر

لاہور: 28 ستمبر 2022ء

## STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

**Name of Company: Ellcot Spinning Mills Limited**

**Year ended: June 30, 2022**

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

1. The total number of directors are ten as per the following:
  - a) Male: Nine
  - b) Female: One
2. The composition of the Board of Directors is as follows:

Category	Names
i. Independent Director	Mr. Mohammad Babar Monnoo Mr. Imran Motiwala Mrs. Faaria Rehman Salahuddin
ii. Non-Executive Directors	Mr. Shahzada Ellahi Shaikh Mr. Jamal Nasim (NIT) Mr. Shaukat Ellahi Shaikh Mr. Raza Ellahi Shaikh Mr. Amin Ellahi Shaikh
iii. Executive Directors	Mr. Shafqat Ellahi Shaikh Mr. Haroon Shahzada Ellahi Shaikh
iv. Female Directors	Mrs. Faaria Rehman Salahuddin

3. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 ("the Act") and Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations").
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board remained fully compliant with the provision with regards to their Directors' Training Program (DTP). Out of total ten directors, eight directors have obtained certification under DTP.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.

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

**a. Audit Committee**

Mr. Mohammad Babar Monnoo, Chairman  
Mr. Shaukat Ellahi Shaikh, Member  
Mr. Raza Ellahi Shaikh, Member

**b. Human Resource and Remuneration (HR & R) Committee**

Mr. Mohammad Babar Monnoo, Chairman  
Mr. Raza Ellahi Shaikh, Member  
Mr. Haroon Shahzada Ellahi Shaikh, Member

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

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

- a) Audit Committee: Four quarterly meetings were held during the financial year ended June 30, 2022.
- b) HR and Remuneration Committee: One meeting was held during the financial year ended June 30, 2022.

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

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company.

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

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

Explanation as required under the Regulations is mentioned below:

The Company has three independent directors out of ten directors. Fractional requirement for Independent directors have not been rounded up as all independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently as per laws and regulations under which hereby fulfill the necessary requirements; therefore, not warrant the appointment of a fourth independent director.

On behalf of the Board



**Amin Ellahi Shaikh**  
Director



**Shahzada Ellahi Shaikh**  
Chairman

Lahore: September 28, 2022

## **SHAREHOLDERS' INFORMATION**

### **Annual General Meeting**

The 34th Annual General Meeting of members of ELLCOT SPINNING MILLS LTD. will be held at the Registered Office of the Company situated at Nagina House, 91-B-1, M.M. Alam Road, Gulberg-III, Lahore-54660 on Thursday, October 27, 2022 at 11:30 p.m.

Shareholders interested in attending the AGM either physically or through Zoom application are hereby requested to get themselves registered with the Company Secretary office by providing the following details at the earliest but not later than 48 hours before the time of AGM through following means:

- a) Mobile/WhatsApp: 0333-4524559
- b) E-mail: [ellcot-agm22@nagina.com](mailto:ellcot-agm22@nagina.com)

Shareholders are advised to mention Name, CNIC Number, Folio/CDC Account Number, cell number and email ID for identification. Member wishing to attend in person must also provide a copy of their vaccination certificates at the above e-mail address. Upon receipt of the above information from the interested shareholders, the Company will send the login credentials at their e-mail address. On the date of AGM, shareholders will be able to login and participate in the AGM proceedings through their smartphone/computer devices. In view of the above, the Shareholders can also provide their comments/suggestions for the proposed agenda items of the AGM by using the aforesaid means.

The Company reserves the right to refuse entry to any member who has not pre-registered for physical attendance or is not carrying their vaccination card with them. These measures are necessary to ensure the safety and the health of all present.

Eligible shareholders are encouraged to participate and vote.

### **Ownership**

On June 30, 2022, the Company has 472 Shareholders.

### **Web Reference**

The Company maintains a functional website. Annual, half-yearly and quarterly reports are regularly posted at the Company's website: <http://www.nagina.com>

### **Dividend**

The Board of Directors in its meeting held on September 28, 2022 has recommended, payment of the final cash dividend at the rate of Rs. 10/- per share i.e. 100% for the year ended June 30, 2022.

### **Closure of Share Transfer Books**

The share transfer books for ordinary shares of the Company will remain closed from Friday, October 21, 2022 to Thursday, October 27, 2022 (both days inclusive). Valid transfer(s) received in order by Company's Share Registrar, M/s Hameed Majeed Associates (Pvt.) Limited, 1st Floor, H.M. House, 7-Bank Square, Lahore by the close of business on Thursday, October 20, 2022 will be considered in time to entitle the transferees to attend the AGM and for payment of dividend to the transferee(s).

### **PAYMENT OF CASH DIVIDEND ELECTRONICALLY (E DIVIDEND MECHANISM)**

As per the provisions of Section 242 of the Companies Act, 2017 and Companies (Distribution of Dividends) Regulation 2017, it is mandatory for a listed company to pay cash dividend to its shareholders only through electronic mode directly into their bank account designated by the entitled shareholders instead of issuing physical dividend warrants. Therefore, shareholders are requested to provide the following particulars directly to the Company's Share Registrar in case of physical shareholders and directly to the relevant Participant / CDC Investor Account Service in case of maintaining shareholding under Central Depository System (CDS):

Detail of Bank Mandate	
Name of Shareholder	
Folio No. / CDC Account No.	
Cell Number of Shareholder	
Landline Number of Shareholder	
E-mail address	
Title of Bank Account of shareholder	
International Bank Account Number (IBAN) "Mandatory"	PK _____ ( 24 digits) (kindly provide your accurate IBAN after consulting with your respective bank branch, in case of any error or omission in given IBAN, the company will not be held responsible in any manner for any loss or delay in your cash dividend payment).
Bank's Name	
Branch Name and Address	
Branch Code	
CNIC No. (copy attached)	
NTN (in case of Corporate Entity)	

It is stated that the above-mentioned information is correct, that I will intimate the changes in the above-mentioned information to the Company and the concerned Share Registrar as soon as these occur.

\_\_\_\_\_  
Signature of the Shareholder

In case of non-receipt of the above information, the dividend shall be withheld.

**Requirement of CNIC Number / National Tax Number (NTN) Certificate.**

Individual Members who have not yet submitted a copy of their valid Computerized Identity Card (CNIC) to the Company are once again requested to send a copy of their valid CNIC at the earliest directly to the office of Share Registrar of the Company, M/s Hameed Majeed Associates (Pvt.) Limited, 1st Floor, H.M. House, 7-Bank Square, Lahore. Corporate Members are requested to provide their National Tax Number (NTN) and folio number thereon while sending the copies to the Share Registrar of the Company. In case of non-receipt of the copy of a valid CNIC or NTN (as the case may be), the Company would be unable to comply with the requirements of the Companies Act, 2017 and SROs issued there under.

**Deposit of Physical Shares into CDC Accounts**

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, within a period not exceeding four years from the commencement of this Act, i.e. May 30, 2017.

The shareholders having physical shareholding are encouraged to open CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into scrip less form, this will facilitate them in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange Ltd.



### Deduction of Withholding Tax on Dividend

1. The rates of deduction of income tax from dividend payments under Section 150 of the Income Tax Ordinance, 2001 shall be as follows:
  - i) Rate of Withholding Income Tax deduction for the persons whose names are appearing on ATL. 15%
  - ii) Rate of Withholding Income Tax deduction for the persons whose names are not appearing on ATL. 30%

To enable the company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, shareholders whose names are not appearing on Active Taxpayers' List (ATL) available on the website of FBR are advised to immediately make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

2. Withholding tax will be determined separately on 'persons names appearing on ATL/persons names not appearing on ATL' status of Principal Shareholder as well as Joint-holder(s) based on their shareholding proportions, in case of joint accounts. In this regard, all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal Shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar, in writing within 10 days of this notice; otherwise it will be assumed that the shares are equally held by Principal Shareholder and Joint-holder(s).
3. As per FBR Circulars C.No.1(29)WHT/2006 dated 30 June 2010 and C.No. 1(43)DG(WHT)/2008-Vol.II-66417-R dated May 12, 2015, the valid exemption certificate is mandatory to claim exemption of withholding tax U/S 150 of the Income Tax Ordinance, 2001 (tax on dividend amount) where the statutory exemption under Clause 47B of Part-IV of Second Schedule is available. The shareholders who fall in the category mentioned in above clause and want to avail exemption U/S 150 of the Ordinance, must provide valid Tax Exemption Certificate to our Share Registrar before book closure otherwise tax will be deducted on dividend as per applicable rates.

### Zakat Declaration (Form CZ-50)

The Shareholders claiming exemption from deduction of Zakat are advised to submit their Zakat Declaration Form CZ-50 under Zakat and Usher Ordinance, 1980 & Rule 4 of Zakat (Deduction & Refund Rules), 1981 to our Share Registrar, M/s Hameed Majeed Associates (Pvt.) Limited, 1st Floor, H.M. House, 7-Bank Square, Lahore The Shareholders while sending the Zakat Declarations must quote the company name and their respective Folio Nos and /or CDC A/c Nos.

### Transmission of Audited Financial Statements/Notices Through E-Mail (Optional)

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 787 (I) / 2014 dated September 8, 2014, members who wish to receive the Company's Annual Report and notices by email are requested to provide the standard request form available on Company's website [www.nagina.com](http://www.nagina.com) to the Company's Share Registrar.

### Delivery of the Unclaimed / Undelivered Shares & Dividend

Shareholders, whose dividends still remain unclaimed and / or undelivered share certificates, are hereby once again requested to approach the Company's Share Registrar, M/s Hameed Majeed Associates (Pvt.) Limited, 1st Floor, H.M. House, 7-Bank Square, Lahore to claim their outstanding dividend amounts and/ or undelivered share certificates.

### Consent For Video Conference Facility

Pursuant to Section 134(1)(b) of the Act, shareholders residing in a city holding aggregate 10% or more shareholding may demand to participate in the meeting through video conference. The request for video-link facility shall be received by the Share Registrar at their address at least seven days prior to the date of the meeting on the Standard Form available on the website of the Company

### Investor Relations Contact

For any query / problem / information, the investors may contact Mr. Syed Mohsin Gilani, Corporate Secretary, email address: [mohsin.gilani@nagina.com](mailto:mohsin.gilani@nagina.com), Ph # (+92-42) 35756270, Fax: (+92-42) 35711856

**PATTERN OF SHAREHOLDING  
AS AT JUNE 30, 2022  
CUIN (INCORPORATION NUMBER) 0018985**

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
206	1	100	6,666
112	101	500	35,036
55	501	1,000	42,754
66	1,001	5,000	157,643
11	5,001	10,000	73,511
2	10,001	15,000	25,475
1	15,001	20,000	17,000
1	20,001	25,000	20,500
-	25,001	40,000	-
1	40,001	45,000	41,345
-	45,001	60,000	-
1	60,001	65,000	64,626
-	65,001	190,000	-
1	190,001	195,000	191,878
-	195,001	215,000	-
1	215,001	220,000	219,359
-	220,001	240,000	-
1	240,001	245,000	242,735
-	245,001	280,000	-
1	280,001	285,000	284,335
-	285,001	370,000	-
1	370,001	375,000	371,743
-	375,001	625,000	-
1	625,001	630,000	628,400
-	630,001	660,000	-
3	660,001	665,000	1,993,716
1	665,001	670,000	666,838
-	670,001	695,000	-
2	695,001	700,000	1,400,000
1	700,001	705,000	704,380
-	705,001	890,000	-
1	890,001	895,000	893,554
-	895,001	1,395,000	-
1	1,395,001	1,400,000	1,400,000
1	1,400,001	1,405,000	1,400,500
			68,006
<b>472</b>	<b>Total:-</b>		<b>10,950,000</b>

## PATTERN OF SHAREHOLDING AS AT JUNE 30, 2022

Sr #	Categories of Shareholders	Shares Held	Percentage
<b>1)</b>	<b>Directors, Chief Executive Officer, and their Spouse and Minor Children</b>		
i)	MR. SHAHZADA ELLAHI SHAIKH	242,735	2.22
ii)	MR. SHAUKAT ELLAHI SHAIKH	371,743	3.40
iii)	MR. SHAFQAT ELLAHI SHAIKH	284,335	2.60
iv)	MR. RAZA ELLAHI SHAIKH	1,400,000	12.79
v)	MR. AMIN ELLAHI SHAIKH	1,400,500	12.79
vi)	MR. HAROON SHAHZADA ELLAHI SHAIKH	700,000	6.39
vii)	MR. MOHAMMAD BABAR MONNOO	500	0.00
viii)	MR. JAMAL NASIM	1,000	0.01
ix)	MR. IMRAN MOTIWALA	500	0.00
x)	MRS. FAARIA REHMAN SALAHUDDIN	500	0.00
xi)	MRS. HUMERA SHAHZADA ELLAHI SHEIKH	1,437	0.01
xii)	MRS. MONA SHAUKAT SHAIKH	1,437	0.01
xiii)	MRS. SHAISTA SHAFQAT	1,437	0.01
		<b>4,406,124</b>	<b>40.24</b>
<b>2)</b>	<b>Associated Companies, Undertakings and Related Parties</b>		
i)	ELLAHI INTERNATIONAL ( PVT ) LIMITED	41,345	0.38
ii)	HAROON OMER ( PVT ) LIMITED	664,572	6.07
iii)	MONELL (PVT) LIMITED	664,572	6.07
iv)	ICARO (PVT) LIMITED	664,572	6.07
v)	ARH (PVT) LIMITED	628,400	5.74
		<b>2,663,461</b>	<b>24.33</b>
<b>3)</b>	<b>NIT and ICP</b>	<b>Nil</b>	<b>Nil</b>
<b>4)</b>	<b>Banks, Development Finance Institutions, Non Banking Finance Institutions</b>		
i)	ESCORTS INVESTMENT BANK LIMITED	4	0.00
ii)	NATIONAL BANK OF PAKISTAN	396	0.00
iii)	LSE FINANCIAL SERVICES LIMITED	1,125	0.01
		<b>1,525</b>	<b>0.01</b>
<b>5)</b>	<b>Insurance Companies</b>	<b>191,878</b>	<b>1.75</b>
<b>6)</b>	<b>Modarabas and Mutual Funds</b>		
i)	CDC - TRUSTEE GOLDEN ARROW STOCK FUND	893,554	8.16
ii)	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	704,380	6.43
iii)	CDC - TRUSTEE AKD OPPORTUNITY FUND	666,838	6.09
		<b>2,264,772</b>	<b>20.68</b>
<b>7)</b>	<b>Shareholders Holding 10% or more</b>		
i)	MR. AMIN ELLAHI SHAIKH	1,400,500	12.79
ii)	MR. RAZA ELLAHI SHAIKH	1,400,000	12.79
<b>8)</b>	<b>General Public</b>		
i)	a. Local	1,354,214	12.37
ii)	b. Foreign	-	-
<b>9)</b>	<b>Others (Joint Stock Companies)</b>	<b>68,026</b>	<b>0.62</b>

**Note:-**

M/s. Nagina Cotton Mills Ltd., had distributed 6,545,000 ordinary shares of M/s. Ellicot Spinning Mills Ltd., among its members, out of which 68,006 ordinary shares have yet to be transferred by the members of M/s. Nagina Cotton Mills Ltd., These shares have been shown under the head of "General Public".

## KEY FINANCIAL INFORMATION

		YEAR ENDED 30TH JUNE					
		2022	2021	2020	2019	2018	2017
Sales	Rs.'000	<b>10,873,425</b>	7,715,509	6,152,929	6,346,642	5,563,119	4,868,596
Gross profit	Rs.'000	<b>2,148,878</b>	1,399,137	757,673	640,754	406,645	316,950
Operating profit	Rs.'000	<b>1,791,880</b>	1,131,853	550,716	452,055	247,172	178,853
Profit before tax	Rs.'000	<b>1,629,169</b>	1,016,226	361,369	167,489	132,008	121,013
Profit after tax	Rs.'000	<b>1,231,300</b>	813,597	225,879	204,769	130,515	77,671
Share capital - paid up	Rs.'000	<b>109,500</b>	109,500	109,500	109,500	109,500	109,500
Shareholders' equity	Rs.'000	<b>3,731,472</b>	2,552,071	1,755,131	1,634,434	1,549,270	1,449,024
Total assets	Rs.'000	<b>9,379,474</b>	6,189,405	5,377,420	5,593,261	6,253,850	3,353,777
Earning per share - pre tax	Rs.	<b>148.78</b>	92.81	33.00	15.30	12.06	11.05
Earnings per share - after tax	Rs.	<b>112.45</b>	74.30	20.63	18.70	11.92	7.09
Dividend per share	Rs.	<b>10.00</b>	10.00	-	6.00	6.00	3.50
Market value per share as on 30 June	Rs.	<b>162.99</b>	123.01	89.98	79.00	71.40	103.40
Gross profit to sales	%	<b>19.76</b>	18.13	12.31	10.10	7.31	6.51
Operating profit to sales	%	<b>16.48</b>	14.67	8.95	7.12	4.44	3.67
Profit before tax to sales	%	<b>14.98</b>	13.17	5.87	2.64	2.37	2.49
Profit after tax to sales	%	<b>11.32</b>	10.54	3.67	3.23	2.35	1.60
Current ratio		<b>2.75:1</b>	3.02:1	1.89:1	1.40:1	1.30:1	1.69:1
Total debt to total assets ratio	%	<b>60.22</b>	58.77	67.36	70.78	75.23	56.79
Debt equity ratio	%	<b>50.53</b>	50.87	53.45	53.96	55.10	28.12

# **FINANCIAL STATEMENTS**

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of **ELLCOT SPINNING MILLS LIMITED**

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 [‘the Regulations’] prepared by the Board of Directors of **ELLCOT SPINNING MILLS LIMITED** [‘the Company’] for the year ended **30 June 2022** in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

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

  
**RAHMAN SARFARAZ RAHIM IQBAL RAFIQ**  
Chartered Accountants

Lahore | 28 September 2022

UDIN: CR20221018510cN73E6d



## INDEPENDENT AUDITOR'S REPORT

### To the members of ELLCOT SPINNING MILLS LIMITED Report on the Audit of the Financial Statements

#### Opinion

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

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

#### Basis for Opinion

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

#### Key Audit Matters

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

#### Key audit matter

#### How our audit addressed the matter

##### 1. Valuation of stock in trade

Stock in trade amounts to Rs 3,053 million as at the reporting date. The valuation of stock in trade at cost has different components, which includes judgment in relation to the allocation of labour and overheads which are incurred in bringing the stock to its present location and condition. Judgment has also been applied by management in determining the Net Realizable Value [‘NRV’] of stock in trade.

The estimates and judgments applied by management are influenced by the amount of direct costs incurred historically, expectations of repeat orders to utilize the stock in trade, sales contract in hand and historically realized sales prices.

To address the valuation of stock in trade, we assessed historical costs recorded in the stock in trade valuation; testing on a sample basis with purchase invoices. We tested the reasonability of assumptions applied by the management in allocating direct labour and direct overhead costs to stock in trade.

We also assessed management's determination of the net realizable value of stock in trade by performing tests on the sales prices secured by the Company for similar or comparable items of stock in trade.

### Key audit matter

The significance of the balance coupled with the judgment involved has resulted in the valuation of stock in trade being identified as a key audit matter.

The disclosures in relation to stock in trade are included in note 21 to the annexed financial statements.

### How our audit addressed the matter

## 2. Revenue recognition

Refer to notes 5.15 and 26 to the financial statements.

The amount of revenue is the most significant class of transaction on the statement of profit or loss. Net revenue has increased by 54 percent in comparison with the previous year. Revenue is recognized when control of the underlying products has been transferred to the customer. We identified revenue recognition as a key audit matter since it is a key performance measure for the Company and gives rise to the risk associated with the judgement in determining the transfer of control of products as well as creates an incentive for fraudulently overstating revenue by recognizing revenue before transfer of control.

Our audit procedures in respect of recognition of revenue, amongst others, included the following:

- Assessing the appropriateness of the Company's revenue recognition accounting policies by comparing with applicable accounting standards;
- Obtaining an understanding of and testing the design and operating effectiveness of controls design to ensure that revenue is recognized in the appropriate accounting period;
- Comparing, on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the appropriate accounting period;
- Critically assessing manual journals posted to revenue to identify unusual or irregular items; and
- Testing, on a sample basis, invoices and inspecting credit notes issued subsequent to year end for accuracy of revenue.

## 3. Tax contingencies

As disclosed in note 33 to the annexed financial statements, various tax matters are pending adjudication at various levels with the taxation authorities and other legal forums. Such contingencies require the management to make judgments and estimates in relation to the interpretation of tax laws and regulations and the recognition and measurement of any provisions that may be required against such contingencies. Due to inherent uncertainties and the time period such matters may take to resolve, the management's judgments and estimates in relation to such contingencies may be complex and can significantly impact the financial statements. For such reasons we have considered tax contingencies as a key audit matter.

Our key audit procedures in this area included, amongst others, a review of the correspondence of the Company with the relevant tax authorities and tax advisors including judgments or orders passed by the competent authorities.

We also obtained and reviewed confirmations from the Company's external tax advisor for their views on the status of each case and an overall opinion on the open tax position of the Company.

We involved internal tax experts to assess and review the management's conclusions on contingent tax matters and evaluated whether adequate disclosures have been made in the annexed financial statements.

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

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

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

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



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

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

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

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

Board of directors is 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 user taken on the basis of these financial statements.

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

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

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

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

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

### Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that ordinance.

The engagement partner on the audit resulting in this independent auditor's report is **ZUBAIR IRFAN MALIK**.



**RAHMAN SARFARAZ RAHIM IQBAL RAFIQ**  
*Chartered Accountants*

Lahore | 28 September 2022

UDIN: AR202210185Gacb28wLk



## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	30-Jun-22 Rupees	30-Jun-21 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<i>Authorized share capital</i>	6	<b>200,000,000</b>	200,000,000
Issued share capital	7	<b>109,500,000</b>	109,500,000
Capital reserve	8	<b>(65,351,273)</b>	(32,771,696)
Retained earnings		<b>3,694,781,220</b>	2,475,342,221
<b>TOTAL EQUITY</b>		<b>3,738,929,947</b>	2,552,070,525
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term finances	9	<b>2,992,399,279</b>	2,221,091,888
Employees retirement benefits	10	<b>143,398,138</b>	124,015,239
Deferred taxation	11	<b>199,058,208</b>	135,096,203
Deferred grant	12	<b>379,091,906</b>	48,906,946
		<b>3,713,947,531</b>	2,529,110,276
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	<b>876,784,639</b>	671,996,704
Unclaimed dividend		<b>6,929,263</b>	6,731,331
Accrued interest/profit	14	<b>44,213,963</b>	22,380,271
Short term borrowings	15	<b>490,018,154</b>	34,985,389
Income tax payable	16	<b>68,974,204</b>	-
Current portion of non-current liabilities	17	<b>439,676,628</b>	372,130,682
		<b>1,926,596,851</b>	1,108,224,377
<b>TOTAL LIABILITIES</b>		<b>5,640,544,382</b>	3,637,334,653
<b>CONTINGENCIES AND COMMITMENTS</b>	18		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>9,379,474,329</b>	6,189,405,178

*The annexed notes from 1 to 53 form an integral part of these financial statements.*

Lahore: September 28, 2022



Amin Ellahi Shaikh  
Director

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2022**

	Note	30-Jun-22 Rupees	30-Jun-21 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	19	4,074,503,676	2,835,755,837
Long term deposits	20	7,090,700	7,090,700
		<b>4,081,594,376</b>	2,842,846,537
<b>CURRENT ASSETS</b>			
Stores and spares		111,484,868	71,257,868
Stock in trade	21	3,052,656,146	1,455,151,596
Trade receivables	22	1,032,891,403	638,885,955
Advances and other receivables	23	414,810,288	343,553,244
Other financial assets	24	634,771,698	720,767,693
Advance income tax	16	-	81,229,434
Bank balances	25	51,265,550	35,712,851
		<b>5,297,879,953</b>	3,346,558,641
<b>TOTAL ASSETS</b>		<b>9,379,474,329</b>	6,189,405,178

*The annexed notes from 1 to 53 form an integral part of these financial statements.*



**Muhammad Ahmad**  
Chief Financial Officer



**Raza Ellahi Shaikh**  
Director

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

	Note	30-Jun-22 Rupees	30-Jun-21 Rupees
Revenue from contracts with customers - <i>net</i>	26	10,873,425,199	7,715,508,868
Cost of sales	27	(8,724,546,753)	(6,316,372,037)
<b>Gross profit</b>		<b>2,148,878,446</b>	1,399,136,831
Selling and distribution expenses	28	(127,069,854)	(86,386,368)
Administrative expenses	29	(175,324,926)	(148,446,477)
Other expenses	30	(109,853,673)	(77,246,728)
		(412,248,453)	(312,079,573)
Impairment allowance for expected credit losses	41.1.6	(23,353,604)	567,795
		1,713,276,389	1,087,625,053
Other income	31	78,603,707	44,227,874
<b>Operating profit</b>		<b>1,791,880,096</b>	1,131,852,927
Finance cost	32	(162,711,313)	(115,626,675)
<b>Profit before taxation</b>		<b>1,629,168,783</b>	1,016,226,252
Provision for taxation	33	(397,868,494)	(202,629,254)
<b>Profit after taxation</b>		<b>1,231,300,289</b>	813,596,998
<b>Earnings per share - <i>basic and diluted</i></b>	34	<b>112.45</b>	74.30

The annexed notes from 1 to 53 form an integral part of these financial statements.



Amin Ellahi Shaikh  
Director



Muhammad Ahmad  
Chief Financial Officer



Raza Ellahi Shaikh  
Director

Lahore: September 28, 2022

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	Note	30-Jun-22 Rupees	30-Jun-21 Rupees
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurements of defined benefit obligation	10.1	(1,244,126)	(2,678,306)
Related taxation	11.3	197,747	478,602
		(1,046,379)	(2,199,704)
Financial assets at fair value through OCI		(22,391,327)	77,144,325
Related taxation	11.3	6,371,839	(9,477,134)
		(16,019,488)	67,667,191
		(17,065,867)	65,467,487
<b>Items that may be reclassified subsequently to profit or loss</b>			
Other comprehensive (loss)/income		(17,065,867)	65,467,487
Profit after taxation		1,231,300,289	813,596,998
<b>Total comprehensive income</b>		<b>1,214,234,422</b>	<b>879,064,485</b>

The annexed notes from 1 to 53 form an integral part of these financial statements.



Amin Ellahi Shaikh  
Director



Muhammad Ahmad  
Chief Financial Officer



Raza Ellahi Shaikh  
Director

Lahore: September 28, 2022

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Note	30-Jun-22 Rupees	30-Jun-21 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	35	241,585,405	1,384,940,549
Payments for:			
Employees retirement benefits		(17,523,599)	(14,756,833)
Finance cost		(140,877,621)	(141,170,734)
Income tax		(171,791,272)	(69,109,056)
<b>Net cash (used in)/generated from operating activities</b>		<b>(88,607,087)</b>	<b>1,159,903,926</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(1,619,663,771)	(689,172,178)
Proceeds from disposal of property, plant and equipment		40,591,649	31,650,046
Purchase of short term investments		(1,921,083,301)	(667,877,411)
Proceeds from disposal of short term investments		1,984,687,969	377,947,006
Dividend received		30,841,937	28,979,019
<b>Net cash used in investing activities</b>		<b>(1,484,625,517)</b>	<b>(918,473,518)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Long term finances obtained		1,533,746,450	732,071,333
Repayment of long term finances		(364,708,153)	(105,327,759)
Net increase/(decrease) in short term borrowings		445,415,217	(777,020,536)
Dividend paid		(27,177,068)	(81,407,852)
<b>Net cash generated from/(used in) financing activities</b>		<b>1,587,276,446</b>	<b>(231,684,814)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>14,043,842</b>	<b>9,745,594</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>		<b>35,712,851</b>	<b>25,998,792</b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		<b>1,508,857</b>	<b>(31,535)</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	36	<b>51,265,550</b>	<b>35,712,851</b>

The annexed notes from 1 to 53 form an integral part of these financial statements.



Amin Ellahi Shaikh  
Director



Muhammad Ahmad  
Chief Financial Officer



Raza Ellahi Shaikh  
Director

Lahore: September 28, 2022

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

	Capital reserves					Total equity Rupees
	Share capital	Reserve for financial assets measured at FVTOCI	Reserve on merger	Total	Retained earnings	
Note	Issued share capital Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 01 July 2020	109,500,000	(109,664,670)	7,760,000	(101,904,670)	1,747,535,710	1,755,131,040
<b>Comprehensive income</b>						
Profit after taxation	-	67,667,191	-	67,667,191	813,596,998	813,596,998
Other comprehensive income/(loss)	-	(823,839)	-	(823,839)	(2,199,704)	65,467,487
<b>Total comprehensive income</b>	-	67,667,191	-	67,667,191	811,397,294	879,064,485
<b>Other transactions</b>						
Transfer from reserve for financial assets at FVTOCI on derecognition	-	2,289,622	-	2,289,622	(2,289,622)	-
Related taxation	-	(823,839)	-	(823,839)	823,839	-
	-	1,465,783	-	1,465,783	(1,465,783)	-
<b>Transaction with owners</b>						
Interim dividend @ 75% i.e. Rs. 7.5 per ordinary share	-	-	-	-	(82,125,000)	(82,125,000)
<b>Balance as at 30 June 2021</b>	<b>109,500,000</b>	<b>(40,531,696)</b>	<b>7,760,000</b>	<b>(32,771,696)</b>	<b>2,475,342,221</b>	<b>2,552,070,525</b>
Balance as at 01 July 2021	109,500,000	(40,531,696)	7,760,000	(32,771,696)	2,475,342,221	2,552,070,525
<b>Comprehensive income</b>						
Profit after taxation	-	-	-	-	1,231,300,289	1,231,300,289
Other comprehensive loss	-	(16,019,488)	-	(16,019,488)	(1,046,379)	(17,065,867)
<b>Total comprehensive (loss)/income</b>	-	(16,019,488)	-	(16,019,488)	1,230,253,910	1,214,234,422
<b>Other transactions</b>						
Transfer from reserve for financial assets at FVTOCI on derecognition	-	(19,546,419)	-	(19,546,419)	19,546,419	-
Related taxation	-	2,986,330	-	2,986,330	(2,986,330)	-
	-	(16,560,089)	-	(16,560,089)	16,560,089	-
<b>Transaction with owners</b>						
Final dividend @ 25% i.e. Rs. 2.5 per ordinary share	-	-	-	-	(27,375,000)	(27,375,000)
<b>Balance as at 30 June 2022</b>	<b>109,500,000</b>	<b>(73,111,273)</b>	<b>7,760,000</b>	<b>(65,351,273)</b>	<b>3,694,781,220</b>	<b>3,738,929,947</b>

The annexed notes from 1 to 53 form an integral part of these financial statements.

**Amin Ellahi Shaikh**  
Director

**Raza Ellahi Shaikh**  
Director

Lahore: September 28, 2022

**Muhammad Ahmad**  
Chief Financial Officer



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

### 1 LEGAL STATUS AND OPERATIONS

Ellicot Spinning Mills Limited [‘the Company’] was incorporated in Pakistan as a Public Limited Company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited. The Company is a spinning unit engaged in the manufacture and sale of yarn. The registered office of the Company is situated at Nagina House, 91-B-1, M.M. Alam Road, Gulberg III, Lahore. The manufacturing facility is located at 6.3 K.M, Manga Mandi, Raiwind Road Mouza Rossa, Tehsil and District Kasur in the Province of Punjab.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

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

- International Financial Reporting Standards [‘IFRS’] issued by the International Accounting Standards Board [‘IASB’] as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards [‘IFAS’] issued by Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

#### 2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis as at the reporting date.

Items	Measurement basis
Financial liabilities	Amortized cost
Financial assets	Fair value/amortized cost
Employee retirement benefits	Present value

#### 2.3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Subsequently, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

##### 2.3.1 Critical accounting judgements

Judgments made by management in the application of accounting and reporting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

###### (a) *Business model assessment (see note 40.1)*

The Company classifies its financial assets on the basis of the Company’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The Company determines the business model at a level that reflects how financial assets are managed to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed. The Company monitors financial assets measured at amortized cost or fair value that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company’s continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the year.

**(b) Significant increase in credit risk (see note 41.1.1)**

As explained in note 41.1.1, expected credit losses ['ECL'] are measured, based on the Company's risk grading framework, as an allowance equal to 12-month/lifetime ECL for 'performing' assets, or lifetime ECL for assets categorized as 'doubtful' or 'in default'. An asset is categorized as 'doubtful' when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information.

**2.3.2 Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

**(a) Calculation of impairment allowance for expected credit losses on financial assets (see note 41.1.3)**

The Company recognizes a loss allowance for expected credit losses on financial assets carried at amortized cost on date of initial recognition. The amount of expected credit losses is updated on each reporting date to reflect the changes in credit risk since initial recognition of the respective financial asset. Estimating expected credit losses and changes there in requires taking into account qualitative and quantitative forward looking information. When measuring expected credit losses on financial assets the Company uses reasonable and supportable forward looking information as well as historical data to calculate the difference between the contractual cash flows due and those that the Company would expect to receive, taking into account cash flows from collateral and integral credit enhancements, if any. Probability of default constitutes a key input in measuring expected credit losses. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. If the ECL rates on financial assets carried at amortized cost were higher (lower) by 10%, the loss allowance on those assets would have been higher (lower) by Rs. 112.290 million (30-Jun-21: Rs. 69 million). Further information on the Company's credit risk management practices and credit quality and impairment of financial assets is referred to in note 41.1.3.

**(b) Present value of defined benefit obligation (see note 10)**

The determination of the Company's defined benefit obligation depends on certain assumptions, which include selection of the discount rate, average rate of increase in salaries and mortality rates. The discount rate is set by reference to market yields at the end of the reporting period on government bonds as there is no deep market for high quality corporate bonds in Pakistan. Average rate of increase in salary are based on market expectations, inflation and historical trends. Mortality rates are based upon SLIC(2001-05) mortality table. These assumptions are considered to be a key source of estimation uncertainty as relatively small changes in the assumptions used may have a significant effect on the Company's financial statements within the next year.

Present value of the Company's defined benefit obligation has been determined by an independent actuary, Truwise Advisors (Private) Limited, and is stated in the statement of financial position at Rs. 143.398 million (30-June-21: Rs. 124.015 million). Further information on the carrying amounts of the Company's defined benefit obligation and the sensitivity of those amounts to changes in assumptions is referred to in note 10.

**(c) Taxation provisions (see note 33)**

The Company takes into account the current income tax law and decisions taken by appellate and other relevant legal forums while estimating its provisions for current tax and tax contingencies. The provision for current tax is estimated at Rs. 327.337 million (30-Jun-21: Rs. 114.989 million). The management believes that the provision for current tax made in the financial statements is sufficient to discharge related tax liability.

Provision for deferred tax of Rs. 70.532 million (30-Jun-21: Rs. 87.641 million) has been estimated after taking into account historical and future turnover and profit trends and their taxability under the current tax law.

Further information on the taxation provisions is referred to in note 33.

**2.4 Functional currency**

These financial statements have been prepared in Pak Rupees which is the Company's functional currency. The amounts reported in these financial statements have been rounded to the nearest Rupees unless specified otherwise.

**2.5 Date of authorization for issue**

These financial statements were authorized for issue on 28 September 2022 by the Board of Directors of the Company.

**3 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE DURING THE YEAR.**

The following new and revised standards, interpretations and amendments are effective in the current year but are either not relevant to the Company or their application does not have any material impact on the financial statements of the Company other than presentation and disclosures, except as stated otherwise.

### 3.1 Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurement, and IFRS 7 - Financial Instruments: Disclosures, IFRS 4 - Insurance Contracts, IFRS 16 - Leases)

The amendments in Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

### 3.2 COVID-19 - Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16 - Leases)

The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

## 4 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE.

The following standards, interpretations and amendments are in issue which are not effective as at the reporting date and have not been early adopted by the Company.

	<b>Effective date (annual periods beginning on or after)</b>
Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures).	Deferred Indefinitely
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 - Presentation of Financial Statements).	01 January 2023
Reference to the Conceptual Framework (Amendments to IFRS 3 - Business Combinations).	01 January 2022
Property, Plant and Equipment- Proceeds before Intended Use (Amendments to IAS 16 - Property, Plant and Equipment).	01 January 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37 - Impairment of Assets).	01 January 2022
Annual Improvements to IFRS Standards 2018–2020.	01 January 2022
Disclosure of Accounting Policies (Amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2 - Making Materiality Judgements)	01 January 2023
Definition of Accounting Estimates (Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)	01 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 - Income Taxes)	01 January 2023

Other than afore mentioned standards, interpretations and amendments, IASB has also issued the following standards which have not been notified by the Securities and Exchange Commission of Pakistan ["SECP"]:

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

The Company intends to adopt these new and revised standards, interpretations and amendments on their effective dates, subject to, where required, notification by Securities and Exchange Commission of Pakistan under section 225 of the Companies Act, 2017 regarding their adoption. The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will not have a material impact on the Company's financial statements other than in presentation/disclosures.

## 5 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### 5.1 Property, plant and equipment

Property, plant and equipment assets held for use in the production or supply of goods or services or for administrative purposes, are stated in the statement of financial position at their cost less accumulated depreciation and accumulated impairment losses, except for freehold land, which is not depreciated.

Assets in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes the cost of material, labour and appropriate overheads directly relating to the construction, erection and installation of the asset and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Depreciation of these assets, determined on the same basis as other assets of the same class, commences when the assets are ready for their intended use.

Depreciation is recognized in profit or loss, using rates specified in note 19.1, so as to write off the cost of assets (other than freehold land and assets under construction) over their useful lives, using the reducing balance method. Depreciation commences from the month in which the item is ready for intended use and is discontinued from the month in which the asset is disposed or classified as held for disposal.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

A property, plant and equipment asset is derecognized upon disposal or when no future economic benefits are expected to arise from its continued use. The gain or loss arising on the disposal or retirement of such assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

**5.2 Intangible assets**

Intangible assets with finite useful lives that are acquired separately or in a business combination are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized in profit or loss, using amortization methods specified in note 19.3, over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately or in a business combination are carried at cost less accumulated impairment losses.

**5.3 Stores and spares**

These are generally held for internal use and are valued at cost. Cost is determined on the basis of moving average except for items in transit, which are valued at invoice price plus related cost incurred up to the reporting date. For items which are considered obsolete, the carrying amount is written down to nil. Spare parts held exclusively for capitalization are classified as property, plant and equipment.

**5.4 Stock in trade**

These are valued at lower of cost and net realizable value, with the exception of stock of waste which is valued at net realizable value. Cost is determined using the following basis:

<b>Category</b>	<b>Basis of determination of cost</b>
Raw material	Moving average cost
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Stock in transit	Invoice price plus related cost incurred up to the reporting date

Average manufacturing cost in relation to work in process and finished goods consists of direct material, labour and an appropriate proportion of manufacturing overheads.

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

**5.5 Employee benefits**

**5.5.1 Short-term employee benefits**

The Company recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit or loss unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the accounting and reporting standards as applicable in Pakistan. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

**5.5.2 Post-employment benefits**

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its employees who have completed the minimum qualifying service period. Liability is adjusted on each reporting date to cover the obligation and the adjustment is charged to profit or loss with the exception of remeasurements which are recognized in other comprehensive income. The amount recognized on statement of financial position represents the present value of defined benefit obligation.

## 5.6 Financial instruments

### 5.6.1 Recognition

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

### 5.6.2 Classification

The Company classifies its financial assets on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial liabilities are classified in accordance with the substance of contractual provisions. The Company determines the classification of its financial instruments at initial recognition as follows:

#### (a) *Financial assets at amortized cost*

These are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cashflows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### (b) *Financial assets at fair value through other comprehensive income ['fair value through OCI']*

These are:

- (i) financial assets held within a business model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
- (ii) investments in equity instruments, that are not held for trading nor contingent consideration recognized by the Company as acquirer in a business combination, for which the Company makes an irrevocable election at initial recognition to present changes in fair value on subsequent measurement in other comprehensive income.

#### (c) *Financial assets at fair value through profit or loss*

These are financial assets which have not been classified as 'financial assets at amortized cost' or as 'financial assets at fair value through other comprehensive income', are mandatorily measured at fair value through profit or loss or for which the Company makes an irrevocable election at initial recognition to designate as 'financial asset at fair value through profit or loss' if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

#### (d) *Financial liabilities at amortized cost*

These are financial liabilities which are not derivatives, financial guarantee contracts, commitments to provide loans at below-market interest rate, contingent consideration payable to an acquirer in a business combination or financial liabilities that arise when transfer of a financial asset does not qualify for derecognition.

#### (e) *Financial liabilities at fair value through profit or loss*

These are financial liabilities which have not been classified as 'financial liabilities at amortized cost' or for which the Company makes an irrevocable election at initial recognition to designate as 'financial liabilities at fair value through profit or loss' if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

### 5.6.3 Measurement

The particular measurement methods adopted are disclosed in individual policy statements associated with each financial instrument.

### 5.6.4 Derecognition

A financial asset is derecognized when the Company's contractual rights to the cash flows from the financial assets expire or when the Company transfers the financial asset to another party without retaining control of substantially all risks and rewards of the financial asset. A financial liability is derecognized when the Company's obligations specified in the contract expire or a discharged or cancelled.

### 5.6.5 Off-setting

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

### 5.6.6 Regular way purchases or sales of financial assets

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

### 5.7 Ordinary share capital

Ordinary share capital is recognized as equity. Transaction costs directly attributable to the issue of ordinary shares are recognized as deduction from equity.

### 5.8 Loans and borrowings

Loans and borrowings are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the profit or loss over the period of the borrowings on an effective interest basis.

### 5.9 Investments in mutual funds

Investments in mutual fund units are classified as 'financial assets at fair value through other comprehensive income'. On initial recognition, these are measured at fair value on the date of acquisition. Subsequent to initial recognition, these are measured at fair value. Changes in fair value are recognized in other comprehensive income. Cumulative gains and losses from changes in fair value recognized in other comprehensive income are transferred to retained earnings on derecognition. Dividend income is recognized in profit or loss when right to receive payment is established.

### 5.10 Investments in listed equity securities

Investments in listed equity securities are classified as 'financial assets at fair value through other comprehensive income'. On initial recognition, these are measured at fair value on the date of acquisition. Subsequent to initial recognition, these are measured at fair value. Changes in fair value are recognized in other comprehensive income. Cumulative gains and losses from changes in fair value recognized in other comprehensive income are transferred to retained earnings on derecognition. Dividend income is recognized in profit or loss when right to receive payment is established.

### 5.11 Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of twelve months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

### 5.12 Trade and other payables

#### 5.12.1 Financial liabilities

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

#### 5.12.2 Non-financial liabilities

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

### 5.13 Provisions and contingencies

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognized as provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risk and uncertainties surrounding the obligation. Where a provision is measured using cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Where outflow of resources embodying economic benefits is not probable, or where a reliable estimate of the amount of obligation cannot be made, a contingent liability is disclosed, unless the possibility of outflow is remote.

### 5.14 Trade and other receivables

#### 5.14.1 Financial assets

These are classified as 'financial assets at amortized cost'. On initial recognition, these are measured at fair value at the date of transaction, plus attributable transaction costs, except for trade receivables that do not have a significant financing component, which are measured at undiscounted invoice price. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

#### 5.14.2 Non-financial assets

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

#### 5.15 Contracts with Customers

##### 5.15.1 Revenue

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognizes revenue from a contract with customer when the Company satisfies an obligation specified in that contract. The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Yarn, Raw cotton, Polyester, Waste	Performance obligations are satisfied when goods are dispatched to customers. Invoices are generated at that point in time and are usually payable within a period ranging from 30 days to 120 days. There are no customer loyalty programs or warranty provisions. However, some contracts allow for return of goods if those do not meet the requirements or specifications provided in the contract.	Revenue is recognized at a point in time when the goods are dispatched to customers.

##### 5.15.2 Contract assets

Contract assets represent work performed upto the reporting date which has not been invoiced to customers because the related performance obligations remain partially unsatisfied as at the reporting date.

##### 5.15.3 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. A contract liability is recognized at earlier of when the payment is made or the payment is due if a customer pays consideration before the Company transfers goods or services to the customer.

#### 5.16 Comprehensive income

Comprehensive income is the change in equity resulting from transactions and other events, other than changes resulting from transactions with shareholders in their capacity as shareholders. Total comprehensive income comprises all components of profit or loss and other comprehensive income ['OCI']. OCI comprises items of income and expense, including reclassification adjustments, that are not recognized in profit or loss as required or permitted by accounting and reporting standards as applicable in Pakistan, and is presented in 'statement of comprehensive income'.

#### 5.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are 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 asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss as incurred.

#### 5.18 Government grants

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognized as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. The amount of grant is recognized as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the tenure of loan.

## 5.19 Income tax

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income.

### 5.19.1 Current taxation

Current tax is the amount of tax payable on taxable income for the year and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

### 5.19.2 Deferred taxation

Deferred tax is accounted for using the 'balance sheet approach' providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the treatment prescribed by The Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

## 5.20 Earnings per share ['EPS']

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

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

## 5.21 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at banks. Interest income on cash and cash equivalents is recognized using effective interest method.

## 5.22 Segment reporting

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

## 5.23 Foreign currency transactions and balances

Transactions in foreign currency are translated to the functional currency of the Company using exchange rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at exchange rate prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated to the functional currency at exchange rate prevailing at the date the fair value is determined. Non-monetary assets and liabilities denominated in foreign currency that are measured at historical cost are translated to functional currency at exchange rate prevailing at the date of initial recognition. Any gain or loss arising on translation of foreign currency transactions and balances is recognized in profit or loss.

## 5.24 Impairment

### 5.24.1 Financial assets

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



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

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

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

#### 5.24.2 Non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used in determining the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

#### 5.25 Dividend distribution to ordinary shareholders

Dividend to ordinary shareholders is recognized as a deduction from retained earnings in statement of changes in equity and as a liability, to the extent it is unclaimed/unpaid, in the Company's financial statements in the year in which the dividends are approved by the Company's shareholders.

#### 5.26 Fair value measurements

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

**6 AUTHORIZED SHARE CAPITAL**

<b>30-Jun-22</b>	<b>30-Jun-21</b>		<b>30-Jun-22</b>	<b>30-Jun-21</b>
<i>No. of shares</i>	<i>No. of shares</i>		<i>Rupees</i>	<i>Rupees</i>
<b>20,000,000</b>	20,000,000	Ordinary shares of Rs. 10 each	<b>200,000,000</b>	200,000,000
<b>20,000,000</b>	20,000,000		<b>200,000,000</b>	200,000,000

**7 ISSUED SHARE CAPITAL**

<b>30-Jun-22</b>	<b>30-Jun-21</b>		<b>30-Jun-22</b>	<b>30-Jun-21</b>
<i>No. of shares</i>	<i>No. of shares</i>		<i>Rupees</i>	<i>Rupees</i>
<b>Ordinary shares of Rs. 10 each</b>				
<b>8,760,000</b>	8,760,000	Issued for cash	<b>87,600,000</b>	87,600,000
<b>2,190,000</b>	2,190,000	Issued as fully paid bonus shares	<b>21,900,000</b>	21,900,000
<b>10,950,000</b>	10,950,000		<b>109,500,000</b>	109,500,000
		<b>Note</b>	<b>30-Jun-22</b>	<b>30-Jun-21</b>
			<i>Rupees</i>	<i>Rupees</i>

**8 CAPITAL RESERVE**

Reserve for financial assets measured at FVTOCI		<b>(73,111,273)</b>	(40,531,696)
Reserve on merger	8.1	<b>7,760,000</b>	7,760,000
		<b>(65,351,273)</b>	(32,771,696)

- 8.1 On 30 September 2001, the net assets of Power Unit II of Ellahi Electric Company Limited were merged into the Company. The reserve represents the difference between the book value of shares held by the Company in Ellahi Electric Company Limited as on the date of merger and the value of net assets transferred to the Company.

## 9 LONG TERM FINANCES

	Note	30-Jun-22	30-Jun-21
		Rupees	Rupees
These represent long term finances utilized under interest arrangements from banking companies and financial institutions			
Term Finances ['TF']			
TF - I	9.1	-	14,369,000
TF - II	9.2	-	14,081,663
TF - III	9.3	18,181,818	36,363,636
TF - IV	9.4	74,665,583	86,612,075
TF - V	9.5	14,230,600	-
TF - VI	9.6	10,672,900	-
TF - VII	9.7	21,907,500	-
TF - VIII	9.8	10,953,750	-
TF - IX	9.9	7,302,500	-
		<b>157,914,651</b>	<b>151,426,374</b>
Long Term Financing Facilities ['LTFF']			
LTFF - I	9.10	112,452,644	130,445,068
LTFF - II	9.11	124,970,873	149,965,045
LTFF - III	9.12	29,732,172	35,678,608
LTFF - IV	9.13	34,222,680	40,741,284
LTFF - V	9.14	509,896,000	585,432,000
LTFF - VI	9.15	19,359,000	22,227,000
LTFF - VII	9.16	43,563,000	50,015,000
LTFF - VIII	9.17	435,484,000	505,160,000
LTFF - IX	9.18	41,453,000	48,085,000
LTFF - X	9.19	121,079,000	124,984,000
LTFF - XI	9.20	50,148,000	55,335,000
LTFF - XII	9.21	10,989,000	10,989,000
LTFF - XIII	9.22	59,737,000	61,664,000
LTFF - XIV	9.23	151,361,000	156,243,000
LTFF - XV	9.24	192,053,000	192,053,000
LTFF - XVI	9.25	61,463,000	-
LTFF - XVII	9.26	7,361,000	-
LTFF - XVIII	9.27	2,830,000	-
LTFF - XIX	9.28	775,000	-
LTFF - XX	9.29	2,551,000	-
		<b>2,011,480,369</b>	<b>2,169,017,005</b>
Temporary Economic Refinancing Facilities ['TERF']			
TERF - I	9.30	7,208,665	6,584,603
TERF - II	9.31	34,853,390	32,085,903
TERF - III	9.32	34,659,101	31,613,561
TERF - IV	9.33	41,355,999	37,797,869
TERF - V	9.34	28,695,768	26,276,341
TERF - VI	9.35	10,703,807	-
TERF - VII	9.36	29,122,677	-
TERF - VIII	9.37	187,073,547	-
TERF - IX	9.38	20,496,658	-
TERF - X	9.39	13,189,763	-
TERF - XI	9.40	135,262,604	-
TERF - XII	9.41	15,608,476	-
TERF - XIII	9.42	118,756,123	-
TERF - XIV	9.43	266,810,221	-
TERF - XV	9.44	7,583,487	-
TERF - XVI	9.45	2,147,614	-
TERF - XVII	9.46	3,034,671	-
TERF - XVIII	9.47	107,167,825	-
TERF - XIX	9.48	77,731,799	-
TERF - XX	9.49	4,899,815	-
		<b>1,146,362,010</b>	<b>134,358,277</b>
Refinance Scheme ['RS']			
RS - I	9.50	43,016,855	124,718,740
		<b>3,358,773,885</b>	<b>2,579,520,396</b>
Current maturity presented under current liabilities	17	<b>(366,374,606)</b>	<b>(358,428,508)</b>
		<b>2,992,399,279</b>	<b>2,221,091,888</b>

- 9.1 TF - I was obtained from Allied Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest at three months KIBOR plus 1.25% per annum (30-Jun-21: three months KIBOR plus 1.25% per annum), payable quarterly. The finance was originally repayable in thirty two equal quarterly installments with the first installment due in September 2023. However, during the year, the entire outstanding liability was converted into various long term finances, under a debt restructuring arrangement, as follows:

<b>Converted to</b>	<b>Note</b>	<b>Amount</b>
		<b>Rupees</b>
LTFF - XVIII	9.27	<b>2,830,000</b>
LTFF - XIX	9.28	<b>775,000</b>
LTFF - XX	9.29	<b>2,551,000</b>
TERF - VI	9.35	<b>14,369,000</b>
TERF - VII	9.36	<b>39,342,000</b>
TERF - VIII	9.37	<b>253,587,000</b>
TERF - IX	9.38	<b>35,674,000</b>

- 9.2 TF - II was obtained from United Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest at six months KIBOR plus 1% per annum (30-Jun-21: six months KIBOR plus 1% per annum), payable semi-annually. The finance was originally repayable in eleven equal semi-annual installments with the first installment due in January 2016. However, effective July 2020 the lender approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020. Accordingly, the principal repayment after the expiry of deferral period commenced in July 2021. The finance was fully repaid during the year.
- 9.3 TF - III has been obtained from United Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest at three months KIBOR plus 1% per annum (30-Jun-21: three months KIBOR plus 1% per annum), payable quarterly. The finance was originally repayable in twenty two equal quarterly installments with the first installment due in March 2017. However, effective June 2020 the lender approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020. Accordingly, the principal repayment after the expiry of deferral period commenced in June 2021.
- 9.4 TF - IV has been obtained from Habib Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest at three months KIBOR plus 0.50% per annum (30-Jun-21: three months KIBOR plus 0.50% per annum), payable quarterly. The finance was originally repayable in thirty two equal quarterly installments with the first installment due in December 2019. However, effective June 2020 the lender approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020. Accordingly, the principal repayment after the expiry of deferral period commenced in June 2021.
- 9.5 TF - V has been obtained from Allied Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest at three months KIBOR plus 1.25% per annum, payable quarterly. The finance is repayable in thirty nine equal quarterly installments with the first installment due in May 2022.
- 9.6 TF - VI has been obtained from Allied Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest at three months KIBOR plus 1.25% per annum, payable quarterly. The finance is repayable in thirty nine equal quarterly installments with the first installment due in May 2022.
- 9.7 TF - VII has been obtained from Allied Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest at three months KIBOR plus 1.25% per annum, payable quarterly. The finance is repayable in thirty nine equal quarterly installments with the first installment due in July 2022.
- 9.8 TF - VIII has been obtained from Allied Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest at three months KIBOR plus 1.25% per annum, payable quarterly. The finance is repayable in thirty nine equal quarterly installments with the first installment due in August 2022.
- 9.9 TF - IX has been obtained from Allied Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest at three months KIBOR plus 1.25% per annum, payable quarterly. The finance is repayable in thirty nine equal quarterly installments with the first installment due in December 2022.
- 9.10 LTFF - I has been obtained from Habib Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest at 2.50% per annum (30-Jun-21: 2.50% per annum), payable quarterly. The finance was originally repayable in thirty two equal quarterly installments with the first installment due in December 2019. However, effective June 2020 the lender approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020. Accordingly, the principal repayment after the expiry of deferral period commenced in June 2021.
- 9.11 LTFF - II has been obtained from Bank Alfalah Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest at 2.50% per annum (30-Jun-21: 2.50% per annum), payable quarterly. The finance was originally repayable in thirty two equal quarterly installments with the first installment due in August 2018. However, effective May 2020 the lender approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020. Accordingly, the principal repayment after the expiry of deferral period commenced in May 2021.

- 9.12** LTFF - III has been obtained from Bank Alfalah Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest at 2.75% per annum (30-Jun-21: 2.75% per annum), payable quarterly. The finance was originally repayable in thirty two equal quarterly installments with the first installment due in August 2018. However, effective May 2020 the lender approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020. Accordingly, the principal repayment after the expiry of deferral period commenced in May 2021.
- 9.13** LTFF - IV has been obtained from Bank Alfalah Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest at 2.75% per annum (30-Jun-21: 2.75% per annum), payable quarterly. The finance was originally repayable in thirty two equal quarterly installments with the first installment due in November 2018. However, effective May 2020 the lender approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020. Accordingly, the principal repayment after the expiry of deferral period commenced in May 2021.
- 9.14** LTFF - V has been obtained from Bank Alfalah Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest at 2.50% per annum (30-Jun-21: 2.50% per annum), payable quarterly. The finance was originally repayable in thirty two equal quarterly installments with the first installment due in June 2020. However, effective June 2020 the lender approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020. Accordingly, the principal repayment after the expiry of deferral period commenced in June 2021.
- 9.15** LTFF - VI has been obtained from Bank Alfalah Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest at 2.50% per annum (30-Jun-21: 2.50% per annum), payable quarterly. The finance was originally repayable in thirty two equal quarterly installments with the first installment due in May 2020. However, effective May 2020 the lender approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020. Accordingly, the principal repayment after the expiry of deferral period commenced in May 2021.
- 9.16** LTFF - VII has been obtained from Bank Alfalah Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest at 2.50% per annum (30-Jun-21: 2.50% per annum), payable quarterly. The finance was originally repayable in thirty two equal quarterly installments with the first installment due in May 2020. However, effective May 2020 the lender approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020. Accordingly, the principal repayment after the expiry of deferral period commenced in May 2021.
- 9.17** LTFF - VIII has been obtained from Habib Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest at 2.50% per annum (30-Jun-21: 2.50% per annum), payable quarterly. The finance was originally repayable in thirty two equal quarterly installments with the first installment due in November 2019. However, effective May 2020 the lender approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020. Accordingly, the principal repayment after the expiry of deferral period commenced in May 2021.
- 9.18** LTFF - IX has been obtained from Habib Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest at 2.50% per annum (30-Jun-21: 2.50% per annum), payable quarterly. The finance was originally repayable in thirty two equal quarterly installments with the first installment due in October 2019. However, effective April 2020 the lender approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020. Accordingly, the principal repayment after the expiry of deferral period commenced in April 2021.
- 9.19** LTFF - X has been obtained from Bank Alfalah Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest at 3.50% per annum (30-Jun-21: 3.50% per annum), payable quarterly. The finance is repayable in thirty two equal quarterly installments with the first installment due in April 2022.
- 9.20** LTFF - XI has been obtained from Habib Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest at 2.50% per annum (30-Jun-21: 2.50% per annum), payable quarterly. The finance is repayable in thirty two equal quarterly installments with the first installment due in October 2021.
- 9.21** LTFF - XII has been obtained from Allied Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest at 3.25% per annum (30-Jun-21: 3.25% per annum), payable quarterly. The finance is repayable in thirty two equal quarterly installments with the first installment due in July 2023.
- 9.22** LTFF - XIII has been obtained from Bank Alfalah Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest at 3.50% per annum (30-Jun-21: 3.50% per annum), payable quarterly. The finance is repayable in thirty two equal quarterly installments with the first installment due in April 2022.
- 9.23** LTFF - XIV has been obtained from Bank Alfalah Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest at 3.50% per annum (30-Jun-21: 3.50% per annum), payable quarterly. The finance is repayable in thirty two equal quarterly installments with the first installment due in April 2022.

- 9.24 LTFF - XV has been obtained from Pakistan Kuwait Investment Company (Private) Limited to finance capital expenditure and is secured by charge over operating present and future fixed assets of the Company. The finance carries interest at 3.50% per annum (30-Jun-21: 3.50% per annum), payable quarterly. The finance is repayable in thirty two equal quarterly installments with the first installment due in November 2022.
- 9.25 LTFF - XVI has been obtained from Pakistan Kuwait Investment Company (Private) Limited to finance capital expenditure and is secured by charge over operating present and future fixed assets of the Company. The finance carries interest at 3.50% per annum, payable quarterly. The finance is repayable in thirty two equal quarterly installments with the first installment due in February 2024.
- 9.26 LTFF - XVII has been obtained from Pakistan Kuwait Investment Company (Private) Limited to finance capital expenditure and is secured by charge over operating present and future fixed assets of the Company. The finance carries interest at 3.50% per annum, payable quarterly. The finance is repayable in thirty two equal quarterly installments with the first installment due in March 2024.
- 9.27 LTFF - XVIII has been obtained from Allied Bank Limited on conversion of TF-I (see note 9.1) and is secured by charge over operating fixed assets of the Company. The finance carries interest at 3.25% per annum, payable quarterly. The finance is repayable in thirty two equal quarterly installments with the first installment due in February 2024.
- 9.28 LTFF - XIX has been obtained from Allied Bank Limited on conversion of TF-I (see note 9.1) and is secured by charge over operating fixed assets of the Company. The finance carries interest at 3.25% per annum, payable quarterly. The finance is repayable in thirty two equal quarterly installments with the first installment due in November 2023.
- 9.29 LTFF - XX has been obtained from Allied Bank Limited on conversion of TF-I (see note 9.1) and is secured by charge over operating fixed assets of the Company. The finance carries interest at 3.25% per annum, payable quarterly. The finance is repayable in thirty two equal quarterly installments with the first installment due in October 2023.
- 9.30 TERF - I has been obtained from Bank Alfalah Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest at a below-market rate of 2.75% per annum, payable quarterly. The finance is repayable in thirty two equal quarterly installments with the first installment due in September 2023. The amortized cost of this finance has been determined using a discount rate of 9.24% being the prevailing market rate of interest for similar instruments at the date of disbursement. The difference between the amortised cost and face value has been recognized as deferred grant (See note 12). The details are as follows:

	<i>Note</i>	<b>30-Jun-22</b>	<b>30-Jun-21</b>
		<i>Rupees</i>	<i>Rupees</i>
Face value of finance		<b>9,497,000</b>	9,497,000
Unamortized deferred grant	12	<b>(2,288,335)</b>	(2,912,397)
		<b>7,208,665</b>	6,584,603

- 9.31 TERF - II has been obtained from Pakistan Kuwait Investment Company (Private) Limited to finance capital expenditure and is secured by charge over operating present and future fixed assets of the Company. The finance carries interest at a below-market rate of 3% per annum, payable quarterly. The finance is repayable in thirty two equal quarterly installments with the first installment due in November 2022. The amortized cost of this finance has been determined using a discount rate of 9.30% being the prevailing market rate of interest for similar instruments at the date of disbursement. The difference between the amortised cost and face value has been recognized as deferred grant (See note 12). The details are as follows:

	<i>Note</i>	<b>30-Jun-22</b>	<b>30-Jun-21</b>
		<i>Rupees</i>	<i>Rupees</i>
Face value of finance		<b>43,598,000</b>	43,598,000
Unamortized deferred grant	12	<b>(8,744,610)</b>	(11,512,097)
		<b>34,853,390</b>	32,085,903

- 9.32 TERF - III has been obtained from Allied Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest at a below-market rate of 2.25% per annum, payable quarterly. The finance is repayable in thirty two equal quarterly installments with the first installment due in August 2023. The amortized cost of this finance has been determined using a discount rate of 8.70% being the prevailing market rate of interest for similar instruments at the date of disbursement. The difference between the amortised cost and face value has been recognized as deferred grant (See note 12). The details are as follows:

	<i>Note</i>	<b>30-Jun-22</b>	30-Jun-21
		<i>Rupees</i>	<i>Rupees</i>
Face value of finance		<b>45,591,000</b>	45,591,000
Unamortized deferred grant	12	<b>(10,931,899)</b>	(13,977,439)
		<b>34,659,101</b>	31,613,561

- 9.33** TERF - IV has been obtained from Allied Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest at a below-market rate of 2.25% per annum, payable quarterly. The finance is repayable in thirty two equal quarterly installments with the first installment due in July 2023. The amortized cost of this finance has been determined using a discount rate of 8.70% being the prevailing market rate of interest for similar instruments at the date of disbursement. The difference between the amortised cost and face value has been recognized as deferred grant (See note 12). The details are as follows:

	<i>Note</i>	<b>30-Jun-22</b>	30-Jun-21
		<i>Rupees</i>	<i>Rupees</i>
Face value of finance		<b>54,234,000</b>	54,234,800
Unamortized deferred grant	12	<b>(12,878,001)</b>	(16,436,931)
		<b>41,355,999</b>	37,797,869

- 9.34** TERF - V has been obtained from Allied Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest at a below-market rate of 2.25% per annum, payable quarterly. The finance is repayable in thirty two equal quarterly installments with the first installment due in August 2023. The amortized cost of this finance has been determined using a discount rate of 8.70% being the prevailing market rate of interest for similar instruments at the date of disbursement. The difference between the amortised cost and face value has been recognized as deferred grant (See note 12). The details are as follows:

	<i>Note</i>	<b>30-Jun-22</b>	30-Jun-21
		<i>Rupees</i>	<i>Rupees</i>
Face value of finance		<b>37,840,000</b>	37,840,000
Unamortized deferred grant	12	<b>(9,144,232)</b>	(11,563,659)
		<b>28,695,768</b>	26,276,341

- 9.35** TERF - VI has been obtained from Allied Bank Limited on conversion of TF - I (see note 9.1) and is secured by charge over operating fixed assets of the Company. The finance carries interest at a below-market rate of 2.25% per annum, payable quarterly. The finance is repayable in thirty two equal quarterly installments with the first installment due in September 2023. The amortized cost of this finance has been determined using a discount rate of 9.02% being the prevailing market rate of interest for similar instruments at the date of disbursement. The difference between the amortised cost and face value has been recognized as deferred grant (See note 12). The details are as follows:

	<i>Note</i>	<b>30-Jun-22</b>	30-Jun-21
		<i>Rupees</i>	<i>Rupees</i>
Face value of finance		<b>14,369,000</b>	-
Unamortized deferred grant	12	<b>(3,665,193)</b>	-
		<b>10,703,807</b>	-

- 9.36** TERF - VII has been obtained from Allied Bank Limited on conversion of TF - I (see note 9.1) and is secured by charge over operating fixed assets of the Company. The finance carries interest at a below-market rate of 2.25% per annum, payable quarterly. The finance is repayable in thirty two equal quarterly installments with the first installment due in November 2023. The amortized cost of this finance has been determined using a discount rate of 9.02% being the prevailing market rate of interest for similar instruments at the date of disbursement. The difference between the amortised cost and face value has been recognized as deferred grant (See note 12). The details are as follows:

	<i>Note</i>	<b>30-Jun-22</b>	30-Jun-21
		<i>Rupees</i>	<i>Rupees</i>
Face value of finance		<b>39,342,000</b>	-
Unamortized deferred grant	12	<b>(10,219,323)</b>	-
		<b>29,122,677</b>	-

9.37 TERF - VIII has been obtained from Allied Bank Limited on conversion of TF - I (see note 9.1) and is secured by charge over operating fixed assets of the Company. The finance carries interest at a below-market rate of 2.25% per annum, payable quarterly. The finance is repayable in thirty two equal quarterly installments with the first installment due in November 2023. The amortized cost of this finance has been determined using a discount rate of 9.02% being the prevailing market rate of interest for similar instruments at the date of disbursement. The difference between the amortised cost and face value has been recognized as deferred grant (See note 12). The details are as follows:

	<i>Note</i>	<b>30-Jun-22</b>	<b>30-Jun-21</b>
		<i>Rupees</i>	<i>Rupees</i>
Face value of finance		<b>253,587,000</b>	-
Unamortized deferred grant	12	<b>(66,513,453)</b>	-
		<b>187,073,547</b>	-

9.38 TERF - IX has been obtained from Allied Bank Limited on conversion of TF - I (see note 9.1) and is secured by charge over operating fixed assets of the Company. The finance carries interest at a below-market rate of 2.25% per annum, payable quarterly. The finance is repayable in thirty two equal quarterly installments with the first installment due in January 2024. The amortized cost of this finance has been determined using a discount rate of 14.89% being the prevailing market rate of interest for similar instruments at the date of disbursement. The difference between the amortised cost and face value has been recognized as deferred grant (See note 12). The details are as follows:

	<i>Note</i>	<b>30-Jun-22</b>	<b>30-Jun-21</b>
		<i>Rupees</i>	<i>Rupees</i>
Face value of finance		<b>35,674,000</b>	-
Unamortized deferred grant	12	<b>(15,177,342)</b>	-
		<b>20,496,658</b>	-

9.39 TERF - X has been obtained from Bank Alfalah Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest at a below-market rate of 2.75% per annum, payable quarterly. The finance is repayable in thirty two equal quarterly installments with the first installment due in October 2023. The amortized cost of this finance has been determined using a discount rate of 9.14% being the prevailing market rate of interest for similar instruments at the date of disbursement. The difference between the amortised cost and face value has been recognized as deferred grant (See note 12). The details are as follows:

	<i>Note</i>	<b>30-Jun-22</b>	<b>30-Jun-21</b>
		<i>Rupees</i>	<i>Rupees</i>
Face value of finance		<b>17,403,000</b>	-
Unamortized deferred grant	12	<b>(4,213,237)</b>	-
		<b>13,189,763</b>	-

9.40 TERF - XI has been obtained from Bank Alfalah Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest at a below-market rate of 2.75% per annum, payable quarterly. The finance is repayable in thirty two equal quarterly installments with the first installment due in November 2023. The amortized cost of this finance has been determined using a discount rate of 9.16% being the prevailing market rate of interest for similar instruments at the date of disbursement. The difference between the amortised cost and face value has been recognized as deferred grant (See note 12). The details are as follows:

	<i>Note</i>	<b>30-Jun-22</b>	<b>30-Jun-21</b>
		<i>Rupees</i>	<i>Rupees</i>
Face value of finance		<b>179,494,000</b>	-
Unamortized deferred grant	12	<b>(44,231,396)</b>	-
		<b>135,262,604</b>	-

9.41 TERF - XII has been obtained from Bank Alfalah Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest at a below-market rate of 2.75% per annum, payable quarterly. The finance is repayable in thirty two equal quarterly installments with the first installment due in December 2023. The amortized cost of this finance has been determined using a discount rate of 9.14% being the prevailing market rate of interest for similar instruments at the date of disbursement. The difference between the amortised cost and face value has been recognized as deferred grant (See note 12). The details are as follows:



	<b>Note</b>	<b>30-Jun-22</b>	30-Jun-21
		<b>Rupees</b>	<b>Rupees</b>
Face value of finance		<b>20,721,000</b>	-
Unamortized deferred grant	12	<b>(5,112,524)</b>	-
		<b>15,608,476</b>	-

- 9.42** TERF - XIII has been obtained from Bank Alfalah Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest at a below-market rate of 2.75% per annum, payable quarterly. The finance is repayable in thirty two equal quarterly installments with the first installment due in January 2024. The amortized cost of this finance has been determined using a discount rate of 10.08% being the prevailing market rate of interest for similar instruments at the date of disbursement. The difference between the amortised cost and face value has been recognized as deferred grant (See note 12). The details are as follows:

	<b>Note</b>	<b>30-Jun-22</b>	30-Jun-21
		<b>Rupees</b>	<b>Rupees</b>
Face value of finance		<b>165,153,000</b>	-
Unamortized deferred grant	12	<b>(46,396,877)</b>	-
		<b>118,756,123</b>	-

- 9.43** TERF - XIV has been obtained from Bank Alfalah Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest at a below-market rate of 2.75% per annum, payable quarterly. The finance is repayable in thirty two equal quarterly installments with the first installment due in February 2024. The amortized cost of this finance has been determined using a discount rate of 10.28% being the prevailing market rate of interest for similar instruments at the date of disbursement. The difference between the amortised cost and face value has been recognized as deferred grant (See note 12). The details are as follows:

	<b>Note</b>	<b>30-Jun-22</b>	30-Jun-21
		<b>Rupees</b>	<b>Rupees</b>
Face value of finance		<b>375,046,000</b>	-
Unamortized deferred grant	12	<b>(108,235,779)</b>	-
		<b>266,810,221</b>	-

- 9.44** TERF - XV has been obtained from Bank Alfalah Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest at a below-market rate of 2.75% per annum, payable quarterly. The finance is repayable in thirty two equal quarterly installments with the first installment due in February 2024. The amortized cost of this finance has been determined using a discount rate of 11.18% being the prevailing market rate of interest for similar instruments at the date of disbursement. The difference between the amortised cost and face value has been recognized as deferred grant (See note 12). The details are as follows:

	<b>Note</b>	<b>30-Jun-22</b>	30-Jun-21
		<b>Rupees</b>	<b>Rupees</b>
Face value of finance		<b>11,118,000</b>	-
Unamortized deferred grant	12	<b>(3,534,513)</b>	-
		<b>7,583,487</b>	-

- 9.45** TERF - XVI has been obtained from Bank Alfalah Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest at a below-market rate of 2.75% per annum, payable quarterly. The finance is repayable in thirty two equal quarterly installments with the first installment due in April 2024. The amortized cost of this finance has been determined using a discount rate of 12.02% being the prevailing market rate of interest for similar instruments at the date of disbursement. The difference between the amortised cost and face value has been recognized as deferred grant (See note 12). The details are as follows:

	<b>Note</b>	<b>30-Jun-22</b>	30-Jun-21
		<b>Rupees</b>	<b>Rupees</b>
Face value of finance		<b>3,296,000</b>	-
Unamortized deferred grant	12	<b>(1,148,386)</b>	-
		<b>2,147,614</b>	-

**9.46** TERF - XVII has been obtained from National Bank of Pakistan to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest at a below-market rate of 2.50% per annum, payable quarterly. The finance is repayable in thirty two equal quarterly installments with the first installment due in December 2023. The amortized cost of this finance has been determined using a discount rate of 12.04% being the prevailing market rate of interest for similar instruments at the date of disbursement. The difference between the amortised cost and face value has been recognized as deferred grant (See note 12). The details are as follows:

	<i>Note</i>	<b>30-Jun-22</b>	30-Jun-21
		<i>Rupees</i>	<i>Rupees</i>
Face value of finance		<b>4,609,000</b>	-
Unamortized deferred grant	12	<b>(1,574,329)</b>	-
		<b>3,034,671</b>	-

**9.47** TERF - XVIII has been obtained from National Bank of Pakistan to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest at a below-market rate of 2.50% per annum, payable quarterly. The finance is repayable in thirty two equal quarterly installments with the first installment due in December 2023. The amortized cost of this finance has been determined using a discount rate of 12.04% being the prevailing market rate of interest for similar instruments at the date of disbursement. The difference between the amortised cost and face value has been recognized as deferred grant (See note 12). The details are as follows:

	<i>Note</i>	<b>30-Jun-22</b>	30-Jun-21
		<i>Rupees</i>	<i>Rupees</i>
Face value of finance		<b>163,158,000</b>	-
Unamortized deferred grant	12	<b>(55,990,175)</b>	-
		<b>107,167,825</b>	-

**9.48** TERF - XIX has been obtained from National Bank of Pakistan to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest at a below-market rate of 2.50% per annum, payable quarterly. The finance is repayable in thirty two equal quarterly installments with the first installment due in November 2023. The amortized cost of this finance has been determined using a discount rate of 12.04% being the prevailing market rate of interest for similar instruments at the date of disbursement. The difference between the amortised cost and face value has been recognized as deferred grant (See note 12). The details are as follows:

	<i>Note</i>	<b>30-Jun-22</b>	30-Jun-21
		<i>Rupees</i>	<i>Rupees</i>
Face value of finance		<b>116,524,000</b>	-
Unamortized deferred grant	12	<b>(38,792,201)</b>	-
		<b>77,731,799</b>	-

**9.49** TERF - XX has been obtained from National Bank of Pakistan to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries interest at a below-market rate of 2.50% per annum, payable quarterly. The finance is repayable in thirty two equal quarterly installments with the first installment due in March 2024. The amortized cost of this finance has been determined using a discount rate of 12.89% being the prevailing market rate of interest for similar instruments at the date of disbursement. The difference between the amortised cost and face value has been recognized as deferred grant (See note 12). The details are as follows:

	<i>Note</i>	<b>30-Jun-22</b>	30-Jun-21
		<i>Rupees</i>	<i>Rupees</i>
Face value of finance		<b>7,877,000</b>	-
Unamortized deferred grant	12	<b>(2,977,185)</b>	-
		<b>4,899,815</b>	-

**9.50** RS - I has been obtained from Bank Alfalah Limited to finance payment of wages and salaries of workers and employees for six months from April 2020 to September 2020 and is secured by charge over operating fixed assets of the Company. The finance carries interest at a below-market rate of 1% per annum, payable quarterly. The finance is repayable in eight equal quarterly installments with the first installment due in January 2021. The amortized cost of this finance has been determined using a discount rate of 8.26% being the prevailing market rate of interest for similar instruments at the date of disbursement. The difference between the amortised cost and face value has been recognized as deferred grant (See note 12). The details are as follows:

	<i>Note</i>	<b>30-Jun-22</b>	30-Jun-21
		<i>Rupees</i>	<i>Rupees</i>
Face value of finance		<b>43,641,793</b>	130,925,337
Unamortized deferred grant	12	<b>(624,938)</b>	(6,206,597)
		<b>43,016,855</b>	124,718,740

9.51 For mortgages and charges on assets as security for liabilities, refer to note 44 to the financial statements.

## 10 EMPLOYEES RETIREMENT BENEFITS

The Company operates an unfunded gratuity scheme, a defined benefit plan, for all its employees who have completed the minimum qualifying service period. Under the scheme, the Company pays a lump-sum benefit equal to last drawn monthly gross salary for each year of service to scheme members whereas the members of the scheme are not required to make any contributions to the scheme. The scheme is administered by the management of the Company under the supervision and directions of the Board of Directors of the Company. The amount recognized on statement of financial position represents present value of defined benefit obligation.

	<i>Note</i>	<b>30-Jun-22</b>	30-Jun-21
		<i>Rupees</i>	<i>Rupees</i>
<b>10.1 Movement in present value of defined benefit obligation</b>			
As at beginning of the year		<b>124,015,239</b>	107,407,455
Charged to profit or loss for the year	10.2	<b>35,662,372</b>	28,686,311
Benefits paid during the year		<b>(17,523,599)</b>	(14,756,833)
Remeasurements recognized in other comprehensive income	10.4	<b>1,244,126</b>	2,678,306
As at end of the year		<b>143,398,138</b>	124,015,239

### 10.2 Charge to profit or loss

Service cost		<b>25,718,361</b>	20,583,352
Interest cost		<b>9,944,011</b>	8,102,959
		<b>35,662,372</b>	28,686,311

### 10.3 The charge to profit or loss has been allocated as follows

Cost of sales	27.2	<b>22,834,271</b>	19,463,021
Administrative expenses	29.1	<b>12,828,101</b>	9,223,290
		<b>35,662,372</b>	28,686,311

### 10.4 Remeasurements recognized in other comprehensive income

Actuarial loss/(gain) arising from:			
Changes in financial assumptions		<b>72,737</b>	7,701,316
Experience adjustments		<b>1,171,389</b>	(5,023,010)
		<b>1,244,126</b>	2,678,306

### 10.5 Principal actuarial assumptions

Present value of defined benefit obligation has been determined using projected unit credit method. The liability as at the reporting date is based on actuarial valuation carried out by independent actuaries, Truwise Advisors (Private) Limited. The principal assumptions used in determining present value of defined benefit obligation are:

	<b>30-Jun-22</b>	30-Jun-21
Discount rate	<b>13.25%</b>	9.23%
Expected rate of increase in salary	<b>12.75%</b>	8.75%

**10.6 Average duration of the defined benefit obligation**

The average duration of the defined benefit obligation is 6.95 years.

**10.7 Expected charge to profit or loss for the next financial year**

The expected charge to profit or loss for the year ending 30 June 2023 amounts to Rs. 41.457 million.

**10.8 Sensitivity analysis**

An analysis of sensitivity for discount rate and expected rate of increase in salary used to determine the present value of defined benefit obligation as at the reporting date showing how the defined benefit obligation would have been affected by changes in relevant actuarial assumption that were reasonably possible at that date is as follows:

	30-Jun-22		30-Jun-21	
	Change in actuarial assumption	Defined benefit obligation	Change in actuarial assumption	Defined benefit obligation
		<i>Rupees</i>		<i>Rupees</i>
Discount rate	+ 0.5%	135,653,959	+ 0.5%	116,749,073
	- 0.5%	151,949,965	- 0.5%	132,074,798
Expected rate of increase in salary	+ 0.5%	151,949,965	+ 0.5%	132,073,243
	- 0.5%	135,588,319	- 0.5%	116,686,624

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

**10.9 Risk factors**

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

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

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

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

	Note	30-Jun-22	30-Jun-21
		<i>Rupees</i>	<i>Rupees</i>
<b>11 DEFERRED TAXATION</b>			
Deferred tax liability on taxable temporary differences	11.1	241,897,230	206,271,832
Deferred tax asset on deductible temporary differences	11.1	(42,839,022)	(71,175,629)
		<b>199,058,208</b>	<b>135,096,203</b>

### 11.1 Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	30-Jun-22			
	As at 01-Jul-21 Rupees	Recognized in profit or loss Rupees	Recognized in OCI Rupees	As at 30-Jun-22 Rupees
<b>Deferred tax liabilities</b>				
Operating fixed assets	206,271,832	35,625,398	-	241,897,230
<b>Deferred tax assets</b>				
Employees retirement benefits	(22,160,990)	(433,605)	(197,747)	(22,792,342)
Intangible assets	-	-	-	-
Investments	(6,129,633)	(2,534,301)	(6,371,839)	(15,035,773)
Impairment allowance for expected credit losses	(1,460,398)	(3,550,509)	-	(5,010,907)
Unused losses and credits	(41,424,608)	41,424,608	-	-
	(71,175,629)	34,906,193	(6,569,586)	(42,839,022)
	<b>135,096,203</b>	<b>70,531,591</b>	<b>(6,569,586)</b>	<b>199,058,208</b>

	30-Jun-21			
	As at 01-Jul-20 Rupees	Recognized in profit or loss Rupees	Recognized in OCI Rupees	As at 30-Jun-21 Rupees
<b>Deferred tax liabilities</b>				
Operating fixed assets	217,151,012	(10,879,180)	-	206,271,832
<b>Deferred tax assets</b>				
Employees retirement benefits	(20,810,135)	(872,253)	(478,602)	(22,160,990)
Intangible assets	(173,396)	173,396	-	-
Investments	(18,964,906)	3,358,139	9,477,134	(6,129,633)
Impairment allowance for expected credit losses	(1,693,436)	233,038	-	(1,460,398)
Unused losses and credits	(137,052,198)	95,627,590	-	(41,424,608)
	(178,694,071)	98,519,910	8,998,532	(71,175,629)
	<b>38,456,941</b>	<b>87,640,730</b>	<b>8,998,532</b>	<b>135,096,203</b>

- 11.2 Deferred tax arising from timing differences pertaining to income from business is provided for only that portion of timing differences that represent income taxable under normal provisions of the Income Tax Ordinance, 2001 [the 'Ordinance'] as revenue from export sales of the Company is subject to taxation under the final tax regime, while the remaining portion of revenue attracts assessment under normal provisions of the Ordinance. These differences are calculated at that proportion of total timing differences that the local sales, other than the indirect exports taxable under section 154 (3) of the Ordinance, bear to the total sales revenue based on historical and future trends. Deferred tax has been calculated at 33% (30-Jun-21: 29%) of the timing differences so determined based on tax rates notified by the Government of Pakistan for future tax years.

Deferred tax arising from timing differences pertaining to income from investment in listed equity securities taxable as a separate block under the provisions of the Ordinance, has been calculated at rates ranging from 4.0% to 19.0% (30-Jun-21: 12.5%) of the timing differences based on tax rates notified by the Government of Pakistan for future tax years for such income.

Deferred tax arising from timing differences pertaining to income from investment in mutual funds taxable as a separate block under the provisions of the Ordinance, has been calculated, at 14% (30-Jun-21: 10%) for stock funds and at 29% (30-Jun-21: 25%) for other funds, of the timing differences based on tax rates notified by the Government of Pakistan for future tax years for such income.

11.3 Deferred tax on items of income and expenses recognized in other comprehensive income are attributable to:

	30-Jun-22		
	Origination and reversal of temporary differences	Changes in tax rates	Total
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Remeasurements of defined benefit obligation	197,747	-	197,747
Financial assets at fair value through OCI	4,404,014	1,967,825	6,371,839
	30-Jun-21		
	Origination and reversal of temporary differences	Changes in tax rates	Total
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Remeasurements of defined benefit obligation	478,602	-	478,602
Financial assets at fair value through OCI	(9,477,134)	-	(9,477,134)

12 DEFERRED GRANT

The State Bank of Pakistan ['SBP'] through IH&SMEFD circular no. 1 of 2020 dated 17 March 2020, introduced a 'Temporary Economic Refinance Facility' ['TERF']. Further SBP through IH&SMEFD circular no. 6 of 2020 dated 10 April 2020, introduced a 'Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concern' ['the Refinance Scheme']. The purpose of these schemes was to provide relief to dampen the effects of COVID - 19 by providing loans at interest rates that are below normal lending rates.

The Company obtained financing of Rs. 174.567 million under the Refinance Scheme (see note 9.50) and of Rs. 1,598.132 million under TERF (see notes 9.30 to 9.49). The benefit of below market interest rates, measured as the difference between the fair value of loan on the date of disbursement and its face value on that date has been recognised as deferred grant.

The movement during the year is as follows:

	Note	30-Jun-22 <i>Rupees</i>	30-Jun-21 <i>Rupees</i>
As at beginning of the year		62,609,120	5,120,983
Recognized during the year		446,657,822	69,193,716
Amortized during the year		(56,873,014)	(11,705,579)
As at end of the year		452,393,928	62,609,120
Current maturity presented under current liabilities	17	(73,302,022)	(13,702,174)
		<b>379,091,906</b>	48,906,946

13 TRADE AND OTHER PAYABLES

Trade creditors		66,439,799	64,075,660
Accrued liabilities		348,744,134	217,730,748
Advances from customers		6,402,369	7,964,534
Gas infrastructure development cess	13.1	117,902,576	117,902,576
Infrastructure tax	13.2	189,969,514	119,631,225
Cotton cess	13.3	25,721,432	21,651,782
Sales tax payable		-	41,748,274
Workers' Profit Participation Fund	13.4	86,951,123	54,624,344
Workers' Welfare Fund	13.5	33,041,427	25,294,704
Other payables		1,612,265	1,372,857
		<b>876,784,639</b>	671,996,704

- 13.1** This represents cess levied, through the Gas Infrastructure Development Cess ['GIDC'] Act, 2011 later re-imposed by the Gas Infrastructure Development Cess Act, 2015, the recovery of which has been stayed by the High Court of Sindh. (see note 18.1.2).
- 13.2** This represents tax levied by the Sindh Government on movement of imported goods entering the Sindh Province from outside Pakistan.
- 13.3** This represents cess levied under the Cotton Cess Act, 1923, the recovery of which has been stayed by the High Court of Lahore. (see note 18.1.3).

	<i>Note</i>	<b>30-Jun-22</b>	30-Jun-21
		<i>Rupees</i>	<i>Rupees</i>
<b>13.4 Workers' Profit Participation Fund</b>			
As at beginning of the year		<b>54,624,344</b>	19,487,609
Interest on funds utilized by the Company	13.4.1	<b>10,775,213</b>	879,025
Charged to profit or loss for the year	30	<b>86,951,123</b>	54,624,344
Paid during the year		<b>(65,399,557)</b>	(20,366,634)
<b>As at end of the year</b>		<b>86,951,123</b>	54,624,344

- 13.4.1** Interest has been charged at 75% (30-Jun-21: 9.8%) per annum.

**13.5 Workers' Welfare Fund**

As at beginning of the year		<b>25,294,704</b>	7,405,291
Charged to profit or loss for the year	30.1	<b>22,902,550</b>	20,757,251
Adjusted during the year		<b>(15,155,827)</b>	(2,867,838)
<b>As at end of the year</b>		<b>33,041,427</b>	25,294,704

**14 ACCRUED INTEREST/PROFIT**

Long term finances		<b>29,313,725</b>	20,401,280
Short term borrowings		<b>14,900,238</b>	1,978,991
		<b>44,213,963</b>	22,380,271

**15 SHORT TERM BORROWINGS**

**Secured**

These represent short term finances utilized under interest/profit arrangements from banking companies.

Running finances	15.1	<b>335,055,605</b>	23,385,127
Running musharakah	15.2	<b>154,488,224</b>	3,079,061
		<b>489,543,829</b>	26,464,188

**Unsecured**

Book overdraft	15.3	<b>474,325</b>	8,521,201
		<b>490,018,154</b>	34,985,389

- 15.1** These facilities have been obtained from various banking companies for working capital requirements and are secured by charge over all present and future current assets of the Company and lien over export documents. These carry interest at rates ranging from one to three months KIBOR plus 0.2% to 1% per annum (30-Jun-21: one to three months KIBOR plus 0.25% to 1% per annum) payable quarterly.
- 15.2** These facilities have been obtained from various banking companies for working capital requirements and are secured by charge over all present and future current assets of the Company. These carry profit at one to three months KIBOR plus 0.12% to 1% per annum (30-Jun-21: one to three months KIBOR plus 0.20% to 1% per annum) payable quarterly.
- 15.3** These represent cheques issued by the Company in excess of balances at bank which have been presented for payments after the reporting period.

15.4 The aggregate available short term funded facilities amounts to Rs. 4,652 million (30-Jun-21: Rs. 4,002 million) out of which Rs. 4,163 million (30-Jun-21: Rs. 3,976 million) remained unavailed as at the reporting date.

15.5 For mortgages and charges on assets as security for liabilities, refer to note 44 to the financial statements.

	<i>Note</i>	<b>30-Jun-22</b>	30-Jun-21
		<i>Rupees</i>	<i>Rupees</i>
<b>16 INCOME TAX PAYABLE / ADVANCE INCOME TAX</b>			
Provision for taxation	33	<b>327,435,914</b>	115,192,502
Advance income tax/income tax refundable		<b>(258,461,710)</b>	(196,421,936)
		<b>68,974,204</b>	(81,229,434)

**17 CURRENT PORTION OF NON-CURRENT LIABILITIES**

Long term finances	9	<b>366,374,606</b>	358,428,508
Deferred grant	12	<b>73,302,022</b>	13,702,174
		<b>439,676,628</b>	372,130,682

**18 CONTINGENCIES AND COMMITMENTS**

**18.1 Contingencies**

18.1.1 Various banking companies have issued guarantees on behalf of the Company and discounted receivables of the Company as detailed below:

	<b>30-Jun-22</b>	30-Jun-21
	<i>Rupees</i>	<i>Rupees</i>
Bank guarantees	<b>297,139,844</b>	214,641,844
Bills discounted	<b>40,556,058</b>	103,415,373

18.1.2 The Company vide petition 1085/2021 filed before the High Court of Sindh challenged the recovery of GIDC installments. The High Court of Sindh vide its order dated 03 May 2021 has suspended the recovery of GIDC installments. No further date is fixed for hearing. Further, the Company vide petition 1842/2021 dated 27 July 2021 filed before the High Court of Sindh challenged the levy of GIDC on the ground of the Government's failure to comply with the Supreme Court's judgment dated 13 August 2020 in relation to commencement of work on specified projects. No further date is fixed for hearing.

18.1.3 The Company vide petition ICA 164350 of 2018 and ICA 223501 of 2018 filed before the High Court of Lahore challenged the recovery of Imported Cotton Cess against the judgment passed in writ petition No. 9390 of 2017 and writ petition No. 10005 of 2017 dated 07 May 2018 respectively. Presently the recovery of cess has been stayed by the High Court of Lahore. No further date is fixed for hearing.

18.1.4 Contingencies related to tax matters are referred to in note 33 to the financial statements.

	<b>30-Jun-22</b>	30-Jun-21
	<i>Rupees</i>	<i>Rupees</i>
<b>18.2 Commitments</b>		
<b>18.2.1 Commitments under irrevocable letters of credit for:</b>		
- purchase of property, plant and equipment	<b>1,177,399,814</b>	1,716,705,271
- purchase of stores and spares	<b>34,382,247</b>	20,851,584
- purchase of raw material	<b>548,974,273</b>	832,626,520
	<b>1,760,756,334</b>	2,570,183,375

18.2.2 **Commitments for capital expenditure** - 164,627,190



### 18.2.3 Commitments under short-term leases:

The Company has rented office premises from a related party under short-term lease arrangements. Lease agreement covers a period of one year and is renewable/extendable on mutual consent. Lease rentals are payable quarterly in advance. Commitments for payments in future periods under the lease agreement are as follows:

	<i>Note</i>	<b>30-Jun-22</b>	30-Jun-21
		<i>Rupees</i>	<i>Rupees</i>
- payments not later than one year		<b>608,760</b>	553,410
- payments later than one year		-	-
		<b>608,760</b>	553,410

## 19 FIXED ASSETS

Property, plant and equipment

Operating fixed assets	19.1	<b>4,016,655,871</b>	2,600,265,510
Capital work in progress	19.2	<b>57,847,805</b>	235,490,327
		<b>4,074,503,676</b>	2,835,755,837
Intangible assets	19.3	-	-
		<b>4,074,503,676</b>	2,835,755,837

19.1 Operating fixed assets

	30-Jun-22										Net book value as at 30-Jun-22 Rupees
	COST					DEPRECIATION					
	As at 01-Jul-21 Rupees	Additions Rupees	Disposals Rupees	Transfers Rupees	As at 30-Jun-22 Rupees	Rate %	For the year Rupees	Adjustment Rupees	As at 30-Jun-22 Rupees		
Freehold land	7,173,568	-	-	-	7,173,568	-	-	-	-	-	7,173,568
Buildings on freehold land											
Mills	364,585,211	-	-	118,060,028	482,645,239	10	22,729,059	-	223,989,986	258,655,253	
Other factory buildings	68,841,136	-	-	-	68,841,136	5	1,421,674	-	41,829,322	27,011,814	
	433,426,347	-	-	118,060,028	551,486,375		24,150,733	-	265,819,308	285,667,067	
Plant and machinery	3,863,357,824	-	(135,428,444)	1,615,941,929	5,343,871,309	10	313,339,317	(113,785,875)	1,750,347,493	3,593,523,816	
Electric installations and equipment	112,882,433	-	-	25,315,393	138,197,826	10	74,300,328	5,336,691	79,637,019	58,560,807	
Factory equipment	21,242,954	-	-	150,000	21,392,954	10	16,679,949	470,050	17,149,999	4,242,955	
Office equipment	29,640,623	1,867,100	(150,600)	-	31,357,123	10	17,401,812	1,335,855	(37,180)	12,656,636	
Furniture and fixtures	11,120,140	1,080,543	-	-	12,200,683	10	6,735,397	481,872	7,217,269	4,983,414	
Arms and ammunition	631,513	-	-	-	631,513	10	553,112	7,840	-	70,561	
Vehicles	57,017,882	34,891,300	(11,617,900)	-	80,291,282	20	28,094,550	9,331,884	(6,912,199)	49,777,047	
	4,536,493,284	37,838,943	(147,196,944)	1,759,467,350	6,186,602,633		1,936,227,774	354,454,242	(120,735,254)	2,169,946,762	4,016,655,871

	30-Jun-21						DEPRECIATION			Net book	
	COST			DEPRECIATION						value as at	
	As at 01-Jul-20 Rupees	Additions Rupees	Disposals Rupees	Transfers Rupees	As at 30-Jun-21 Rupees	Rate %	As at 01-Jul-20 Rupees	For the year Rupees	Adjustment Rupees	As at 30-Jun-21 Rupees	30-Jun-21 Rupees
Freehold land	7,173,568	-	-	-	7,173,568	-	-	-	-	-	7,173,568
Buildings on freehold land											
Mills	354,874,376	-	-	9,710,835	364,585,211	10	183,387,999	17,872,928	-	201,260,927	163,324,284
Other factory buildings	68,841,136	-	-	-	68,841,136	5	38,911,149	1,496,499	-	40,407,648	28,433,488
	423,715,512	-	-	9,710,835	433,426,347		222,299,148	19,369,427	-	241,668,575	191,757,772
Plant and machinery	3,514,370,619	-	(93,781,854)	442,769,059	3,863,357,824	10	1,382,975,058	239,077,060	(71,258,067)	1,550,794,051	2,312,563,773
Electric installation and equipment	112,882,433	-	-	-	112,882,433	10	70,013,428	4,286,900	-	74,300,328	38,582,105
Factory equipment	21,242,954	-	-	-	21,242,954	10	16,172,948	507,001	-	16,679,949	4,563,005
Office equipment	28,600,123	1,040,500	-	-	29,640,623	10	16,108,812	1,293,000	-	17,401,812	12,238,811
Furniture and fixtures	9,963,690	1,156,450	-	-	11,120,140	10	6,338,749	396,648	-	6,735,397	4,384,743
Arms and ammunition	631,513	-	-	-	631,513	10	544,401	8,711	-	553,112	78,401
Vehicles	81,601,122	5,579,601	(30,162,841)	-	57,017,882	20	40,108,094	7,657,905	(19,671,449)	28,094,550	28,923,332
	4,200,181,534	7,776,551	(123,944,695)	452,479,894	4,536,493,284		1,754,560,638	272,596,652	(90,929,516)	1,936,227,774	2,600,265,510

19.1.1 Free hold land of the Company is located at District Kasur with a total area of 228 Kanal 14 Marla (30-Jun-21 : 228 Kanal 14 Marla).

19.1.2 Transfers represent transfers from capital work in progress on related assets becoming available for use.

19.1.3 Disposal of operating fixed assets

Particulars	30-Jun-22					Mode of disposal	Particulars of buyer
	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain/(loss) on disposal		
	Rupees	Rupees	Rupees	Rupees	Rupees		
<b>Plant and machinery</b>							
Ring Spinning Frames	33,129,938	28,405,944	4,723,994	6,393,606	1,669,612	Negotiation	Ideal Trading Company, Faisalabad.
Ring Spinning Frames	22,283,074	18,845,600	3,437,474	4,000,000	562,526	Negotiation	H. A. Haq Spinning Mills (Private) Limited, Faisalabad.
Ring Spinning Frames	13,369,845	11,307,360	2,062,485	2,400,000	337,515	Negotiation	Khalis Fibre (Private) Limited, Lahore.
Ring Spinning Frames	12,423,726	10,683,308	1,740,418	2,400,000	659,582	Negotiation	Khalis Fibre (Private) Limited, Lahore.
Simplex Frames	12,356,210	10,347,059	2,009,151	3,000,000	990,849	Negotiation	Abdul Hameed Trading Company, Faisalabad.
Ring Spinning Frames	8,282,485	7,111,845	1,170,640	1,600,000	429,360	Negotiation	Khalis Fibre (Private) Limited, Lahore.
Simplex Frames	8,237,473	6,990,002	1,247,471	3,000,000	1,752,529	Negotiation	Husnain Textile Mills (Private) Limited, Lahore.
Ring Spinning Frames	4,456,615	3,762,926	693,689	800,000	106,311	Negotiation	Khalis Fibre (Private) Limited, Lahore.
Ring Spinning Frames	4,456,615	3,769,120	687,495	800,000	112,505	Negotiation	Kohat Textile Mills Limited, Islamabad.
Ring Spinning Frames	4,456,615	3,775,314	681,301	800,000	118,699	Negotiation	Khalis Fibre (Private) Limited, Lahore.
Simplex Frames	4,118,737	3,460,467	658,270	1,000,000	341,730	Negotiation	Abdul Hameed Trading Company, Faisalabad.
Air Compressor	3,277,252	1,900,901	1,376,351	931,000	(445,351)	Insurance Claim	EFU General Insurance Limited, Lahore.
Cross Roll Cards Mk-5	2,298,698	1,781,594	517,104	1,000,000	482,896	Negotiation	Husnain Textile Mills (Private) Limited, Lahore.
Cross Roll Cards Mk-5	1,406,161	1,219,376	186,785	400,000	213,215	Negotiation	Husnain Textile Mills (Private) Limited, Lahore.
Parcopine Beater	790,000	357,915	432,085	450,000	17,915	Negotiation	Anas Iftakhar Toor, Faisalabad.
Parcopine Beater	85,000	67,144	17,856	29,043	11,187	Negotiation	Anas Iftakhar Toor, Faisalabad.
	135,428,444	113,785,875	21,642,569	29,003,649	7,361,080		
<b>Office Equipment</b>							
Laptop	85,600	17,986	67,614	30,000	(37,614)	Negotiation	Farzad Aslam, Lahore.
Laptop	65,000	19,194	45,806	50,000	4,194	Negotiation	Muhammad Ahmad, Lahore.
	150,600	37,180	113,420	80,000	(33,420)		
<b>Vehicles</b>							
Toyota Hilux	1,940,000	1,387,825	552,175	1,850,000	1,297,825	Negotiation	Noor Zaman, Sargodha.
Suzuki Cultus	1,745,000	614,627	1,130,373	1,710,000	579,627	Negotiation	Muhammad Talha, Kasur.
Honda City	1,667,000	1,061,961	605,039	1,520,000	914,961	Negotiation	Rehan Sabri, Lahore.
Honda City	1,653,000	1,214,410	438,590	1,457,000	1,018,410	Negotiation	Muhammad Irfan Ahmad, Lahore.
Suzuki Swift	1,555,000	796,437	758,563	1,700,000	941,437	Negotiation	Muhammad Irfan Haider, Lahore.
Suzuki Swift	1,555,000	796,437	758,563	1,670,000	911,437	Negotiation	Muhammad Asim Mumtaz, Lahore.
Suzuki Swift	1,433,000	984,630	448,370	1,565,000	1,116,630	Negotiation	Rehan Sabri, Lahore.
Honda CD-70	69,900	55,872	14,028	36,000	21,972	Negotiation	Abdul Ghafoor, Lahore.
	11,617,900	6,912,199	4,705,701	11,508,000	6,802,299		
	147,196,944	120,735,254	26,461,690	40,591,649	14,129,959		
<b>30-Jun-21</b>							
Particulars	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain/(loss) on disposal	Mode of disposal	Particulars of buyer
	Rupees	Rupees	Rupees	Rupees	Rupees		
	<b>Plant and machinery</b>						
Ring Frame K-44	45,498,274	34,505,051	10,993,223	3,800,000	(7,193,223)	Negotiation	Zamzam Textile Mills, Faisalabad.
Ring Frame K-44	45,498,274	34,598,214	10,900,060	3,800,000	(7,100,060)	Negotiation	Zamzam Textile Mills, Faisalabad.
Fork Lifter	1,459,737	1,116,004	343,733	291,084	(52,649)	Negotiation	Sher Muhammad, Kasur.
Toyoda Draw Frame	1,081,819	902,906	178,913	216,000	37,087	Negotiation	Zamzam Textile Mills, Faisalabad.
Drawing Dyh-500-C	243,750	135,892	107,858	213,462	105,604	Negotiation	Rehman Traders, Kasur.
	93,781,854	71,258,067	22,523,787	8,320,546	(14,203,241)		
<b>Vehicles</b>							
Porsche	18,209,041	15,287,726	2,921,315	10,500,000	7,578,685	Negotiation	Muhammad Yasir Kamal, Lahore.
KIA Carnival	5,799,000	1,693,308	4,105,692	6,200,000	2,094,308	Negotiation	Adil Saeed, Lahore.
Honda City	2,455,000	-	2,455,000	2,585,000	130,000	Negotiation	Wajid Ali, Lahore.
Honda City	1,693,000	1,333,637	359,363	1,837,000	1,477,637	Negotiation	Farhat Ullah, Lahore.
Honda City	1,527,000	1,021,942	505,058	1,952,000	1,446,942	Negotiation	Raja Muhammad Khan Khattak, Lahore.
Honda Pridor	86,000	59,150	26,850	43,000	16,150	Negotiation	Moiz Usman, Lahore.
Honda CD-70	69,900	54,783	15,117	32,500	17,383	Negotiation	Usjid Nisar, Lahore.
Honda CD-70	69,900	52,753	17,147	35,000	17,853	Negotiation	Moiz Usman, Lahore.
Honda CD-70	63,500	43,993	19,507	37,000	17,493	Negotiation	Muhammad Azam, Lahore.
Honda CD-70	63,500	34,727	28,773	38,000	9,227	Negotiation	Muhammad Akram, Lahore.
Honda CD-70	63,500	44,715	18,785	35,000	16,215	Negotiation	Muhammad Usman, Lahore.
Honda CD-70	63,500	44,715	18,785	35,000	16,215	Negotiation	Muhammad Usman, Lahore.
	30,162,841	19,671,449	10,491,392	23,329,500	12,838,108		
	123,944,695	90,929,516	33,015,179	31,650,046	(1,365,133)		

	<i>Note</i>	<b>30-Jun-22</b>	30-Jun-21
		<i>Rupees</i>	<i>Rupees</i>
<b>19.1.4</b>	The depreciation charge for the year has been allocated as follows:		
Cost of sales	27	<b>343,296,791</b>	263,240,388
Administrative expenses	29	<b>11,157,451</b>	9,356,264
		<b>354,454,242</b>	272,596,652

**19.2 Capital work in progress**

	<b>30-Jun-22</b>			
	<b>As at</b>			<b>As at</b>
	<b>01-Jul-21</b>	<b>Additions</b>	<b>Transfers</b>	<b>30-Jun-22</b>
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Building	82,209,494	41,904,556	(118,060,028)	6,054,022
Plant and machinery	153,280,833	1,514,276,202	(1,615,941,929)	51,615,106
Electric installations and equipment	-	25,494,070	(25,315,393)	178,677
Factory equipment	-	150,000	(150,000)	-
	<b>235,490,327</b>	<b>1,581,824,828</b>	<b>(1,759,467,350)</b>	<b>57,847,805</b>

	<b>30-Jun-21</b>			
	<b>As at</b>			<b>As at</b>
	<b>01-Jul-20</b>	<b>Additions</b>	<b>Transfers</b>	<b>30-Jun-21</b>
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Building	6,574,594	85,345,735	(9,710,835)	82,209,494
Plant and machinery	-	596,049,892	(442,769,059)	153,280,833
Electric installations and equipment	-	-	-	-
Factory equipment	-	-	-	-
	<b>6,574,594</b>	<b>681,395,627</b>	<b>(452,479,894)</b>	<b>235,490,327</b>

19.3 Intangible assets

	30-Jun-22						Net book value as at 30-Jun-22 Rupees
	Cost		Accumulated Amortization		As at		
	As at 01-Jul-21 Rupees	Additions Rupees	Transfers Rupees	As at 30-Jun-22 Rupees	As at 01-Jul-21 Rupees	For the period Rupees	
Software	6,199,985	-	-	6,199,985	6,199,985	-	6,199,985
	<b>6,199,985</b>	<b>-</b>	<b>-</b>	<b>6,199,985</b>	<b>6,199,985</b>	<b>-</b>	<b>6,199,985</b>
	30-Jun-21						Net book value as at 30-Jun-21 Rupees
	Cost		Accumulated Amortization		As at		
	As at 01-Jul-20 Rupees	Additions Rupees	Transfers Rupees	As at 30-Jun-21 Rupees	As at 01-Jul-20 Rupees	For the period Rupees	
Software	6,199,985	-	-	6,199,985	5,063,321	1,136,664	6,199,985
	<b>6,199,985</b>	<b>-</b>	<b>-</b>	<b>6,199,985</b>	<b>5,063,321</b>	<b>1,136,664</b>	<b>6,199,985</b>

19.3.1 Software represents cost of Oracle Financials Suite acquired by the Company, fully amortized @ 20% per annum using straight line method.

	30-Jun-22	30-Jun-21
	<i>Rupees</i>	<i>Rupees</i>
<b>20 LONG TERM DEPOSITS</b>		
Regulatory authorities	25,000	25,000
Utility companies	7,065,700	7,065,700
	<b>7,090,700</b>	<b>7,090,700</b>

20.1 These have been deposited with various utility companies and regulatory authorities. These are classified as 'financial assets at amortized cost' under IFRS 9 which are required to be carried at amortized cost. However, these, being held for an indefinite period with no fixed maturity date, are carried at cost as their amortized cost is impracticable to determine.

	<i>Note</i>	30-Jun-22	30-Jun-21
		<i>Rupees</i>	<i>Rupees</i>
<b>21 STOCK IN TRADE</b>			
Raw material		2,693,649,123	1,353,210,704
Work in process		79,611,941	50,048,113
Finished goods	21.1 & 21.2	279,395,082	51,892,779
		<b>3,052,656,146</b>	<b>1,455,151,596</b>

21.1 Stock of finished goods includes stock of waste valued at Rs. 18,226,715 (30-Jun-21: Rs. 7,372,262). The entire stock of waste is valued at net realizable value.

21.2 Finished goods include yarn valued at net realizable value of Rs. nil (30-Jun-21: Rs. 23,908) resulting in a write down of Rs. nil (30-Jun-21: Rs. 10,753) recognized in cost of sales.

	<i>Note</i>	30-Jun-22	30-Jun-21
		<i>Rupees</i>	<i>Rupees</i>
<b>22 TRADE RECEIVABLES</b>			
Considered good			
- local - <i>unsecured</i>		793,180,738	611,968,875
- foreign - <i>secured</i>	22.1	271,236,813	35,089,624
		<b>1,064,417,551</b>	<b>647,058,499</b>
Impairment allowance for expected credit losses	22.2	<b>(31,526,148)</b>	<b>(8,172,544)</b>
		<b>1,032,891,403</b>	<b>638,885,955</b>

22.1 These are secured through letters of credit.

**22.2 Impairment allowance for expected credit losses**

As at beginning of the year		8,172,544	8,740,339
Recognized during the year	41.1.6	23,353,604	157,544
Reversed during the year	41.1.6	-	(725,339)
As at end of the year		<b>31,526,148</b>	<b>8,172,544</b>

	<i>Note</i>	<b>30-Jun-22</b>	30-Jun-21
		<i>Rupees</i>	<i>Rupees</i>
<b>23 ADVANCES AND OTHER RECEIVABLES</b>			
Advances to suppliers		<b>297,893,807</b>	304,508,006
Advances to employees			
- against purchases and expenses		<b>154,000</b>	17,205
- against salaries and benefits		<b>128,999</b>	141,000
Prepayments		<b>2,422,552</b>	1,619,460
Letters of credit		<b>4,845,840</b>	5,306,660
Sales tax refundable		<b>97,859,969</b>	-
Other receivables		<b>11,505,121</b>	31,960,913
		<b>414,810,288</b>	343,553,244
<b>24 OTHER FINANCIAL ASSETS</b>			
Financial assets at fair value through other comprehensive income	<i>24.1</i>	<b>634,771,698</b>	720,767,693
		<b>634,771,698</b>	720,767,693

**24.1 Financial assets at fair value through other comprehensive income**

These represent investments in listed equity securities and mutual funds which have been designated as 'financial assets at fair value through other comprehensive income'. These investments are not held for trading. Instead, they are held for strategic purposes for an indefinite period. Accordingly, the Company has elected to designate these investments as at fair value through other comprehensive income as the management believes that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments and realizing their performance potential in the long run. The detail of costs of acquisition and fair values as at the reporting date for each individual investment are as follows:

	<i>Note</i>	<b>30-Jun-22</b>	30-Jun-21
		<i>Rupees</i>	<i>Rupees</i>
<b><i>Investments in listed equity securities</i></b>	<i>24.1.1</i>		
Cost of investment		<b>274,398,738</b>	365,227,157
Changes in fair value		<b>(91,084,210)</b>	(49,354,197)
		<b>183,314,528</b>	315,872,960
<b><i>Investments in mutual funds</i></b>	<i>24.1.2</i>		
Cost of investment		<b>451,506,335</b>	404,736,165
Changes in fair value		<b>(49,165)</b>	158,568
		<b>451,457,170</b>	404,894,733
		<b>634,771,698</b>	720,767,693

**24.1.1 Investments in listed equity securities**

**Habib Bank Limited**

412,000 (30-Jun-21: 412,000) ordinary shares of Rs. 10 each  
 Market value: 91.34 (30-Jun-21: Rs. 122.37) per share

Cost of investment	<b>57,703,046</b>	57,703,046
Changes in fair value	<b>(20,070,966)</b>	(7,286,605)
	<b>37,632,080</b>	50,416,441



Note	30-Jun-22 <i>Rupees</i>	30-Jun-21 <i>Rupees</i>
<b>Oil and Gas Development Company Limited</b>		
150,000 (30-Jun-21: 150,000) ordinary shares of Rs. 10 each Market value per share: Rs. 78.67 (30-Jun-21: Rs. 95.03)		
Cost of investment	20,360,637	23,794,037
Changes in fair value	(8,560,137)	(9,539,537)
	<b>11,800,500</b>	14,254,500
<b>United Bank Limited</b>		
310,100 (30-Jun-21: 310,100) ordinary shares of Rs. 10 each Market value per share: Rs. 113.13 (30-Jun-21: Rs. 122.20)		
Cost of investment	54,437,627	54,437,627
Changes in fair value	(19,356,014)	(16,543,407)
	<b>35,081,613</b>	37,894,220
<b>Fatima Fertilizer Company Limited</b>		
370,000 (30-Jun-21: 370,000) ordinary shares of Rs. 10 each Market value per share: Rs. 37.80 (30-Jun-21: Rs. 28.75)		
Cost of investment	12,244,225	12,244,225
Changes in fair value	1,741,775	(1,606,724)
	<b>13,986,000</b>	10,637,501
<b>Bank Al-Habib Limited</b>		
483,000 (30-Jun-21: 483,000) ordinary shares of Rs. 10 each Market value per share: Rs. 58.06 (30-Jun-21: Rs. 70.12)		
Cost of investment	24,932,125	24,932,125
Changes in fair value	3,110,855	8,935,836
	<b>28,042,980</b>	33,867,961
<b>Engro Fertilizers Limited</b>		
Nil (30-Jun-21: 1,335,500) ordinary shares of Rs. 10 each Market value per share: Rs. Nil (30-Jun-21: Rs. 70.27)		
Cost of investment	-	87,395,019
Changes in fair value	-	6,450,566
	-	93,845,585
<b>Fauji Cement Company Limited</b>		
1,164,000 (30-Jun-21: 1,164,000) ordinary shares of Rs. 10 each Market value per share: Rs. 14.17 (30-Jun-21: Rs. 23.00)		
Cost of investment	45,536,667	45,536,667
Changes in fair value	(29,042,787)	(18,764,667)
	<b>16,493,880</b>	26,772,000
<b>Habib Metropolitan Bank Limited</b>		
447,500 (30-Jun-21: 447,500) ordinary shares of Rs. 10 each Market value per share: Rs. 39.05 (30-Jun-21: Rs. 40.60)		
Cost of investment	16,222,665	16,222,665
Changes in fair value	1,252,210	1,945,835
	<b>17,474,875</b>	18,168,500

<i>Note</i>	<b>30-Jun-22</b>	<b>30-Jun-21</b>
	<i>Rupees</i>	<i>Rupees</i>
<b>Agriauto Industries Limited</b>		
19,400 (30-Jun-21: 19,400) ordinary shares of Rs. 10 each Market value per share: Rs. 134.00 (30-Jun-21: Rs. 274.39)		
Cost of investment	8,633,373	8,633,373
Changes in fair value	(6,033,773)	(3,310,206)
	<b>2,599,600</b>	5,323,167
<b>Loads Limited</b>		
110,000 (30-Jun-21: 110,000) ordinary shares of Rs. 10 each Market value per share: Rs. 9.71 (30-Jun-21: Rs. 21.61)		
Cost of investment	4,862,355	4,862,355
Changes in fair value	(3,794,255)	(2,485,255)
	<b>1,068,100</b>	2,377,100
<b>Bank Alfalah Limited</b>		
271,300 (30-Jun-21: 271,300) ordinary shares of Rs. 10 each Market value per share: Rs. 32.00 (30-Jun-21: Rs. 32.18)		
Cost of investment	11,583,977	11,583,977
Changes in fair value	(2,902,377)	(2,853,542)
	<b>8,681,600</b>	8,730,435
<b>MCB Bank Limited</b>		
85,000 (30-Jun-21: 85,000) ordinary shares of Rs. 10 each Market value per share: Rs. 122.98 (30-Jun-21: Rs. 159.83)		
Cost of investment	17,882,041	17,882,041
Changes in fair value	(7,428,741)	(4,296,491)
	<b>10,453,300</b>	13,585,550
	<b>183,314,528</b>	315,872,960

**24.1.2 Investments in mutual funds**

**NBP Money Market Fund**

45,313,366.91 (30-Jun-21: nil) units  
Market value per unit: Rs. 9.9311 (30-Jun-21: Rs Nil)

Cost of investment	450,011,540	-
Changes in fair value	38	-
	<b>450,011,578</b>	-

**Alfalah GHP Stock Fund**

1951 (30-Jun-21: nil) units  
Market value per unit: 90.5762 (30-Jun-21: Rs. Nil)

Cost of investment	225,951	-
Changes in fair value	(49,204)	-
	<b>176,747</b>	-

	30-Jun-22	30-Jun-21
	<i>Rupees</i>	<i>Rupees</i>
<b>Alfalah GHP Money Market Fund</b>		
1.4812 (30-Jun-21: nil) units		
Market value per unit: Rs. 98.3719 (30-Jun-21: Rs Nil)		
Cost of investment	145	-
Changes in fair value	1	-
	<b>146</b>	<b>-</b>
<b>HBL Cash Fund</b>		
Nil (30-Jun-21: 3,999,112) units		
Market value per unit: Nil (30-Jun-21: Rs. 101.2015)		
Cost of investment	-	404,557,872
Changes in fair value	-	158,219
	<b>-</b>	<b>404,716,091</b>
<b>HBL Money Market Fund</b>		
12,343 (30-Jun-21: 1,569) units		
Market value per unit: 102.7869 (30-Jun-21: Rs. 102.5989)		
Cost of investment	1,268,699	160,661
Changes in fair value	-	331
	<b>1,268,699</b>	<b>160,992</b>
<b>MCB Cash Management Optimizer</b>		
Nil (30-Jun-21: 175) units		
Market value per unit: Nil (30-Jun-21: Rs. 100.9591)		
Cost of investment	-	17,632
Changes in fair value	-	18
	<b>-</b>	<b>17,650</b>
	<b>451,457,170</b>	<b>404,894,733</b>

## 24.2 Changes in fair value of investments at fair value through other comprehensive income

	30-Jun-22		
	Listed equity securities	Mutual funds	Total
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
As at beginning of the year	(49,354,197)	158,568	(49,195,629)
Fair value (loss)/gain arising during the year	(29,427,210)	7,035,884	(22,391,326)
Fair value gain transferred to retained earnings on disposal	(12,302,803)	(7,243,617)	(19,546,420)
As at end of the year	(91,084,210)	(49,165)	(91,133,375)
Deferred taxation as at the reporting date	15,028,895	6,877	15,035,772
Deferred taxation transferred to retained earnings on disposal	885,681	2,100,649	2,986,330
Reserve for financial assets measured at FVTOCI	(75,169,634)	2,058,361	(73,111,273)

	30-Jun-21		
	Listed equity securities	Mutual funds	Total
	Rupees	Rupees	Rupees
As at beginning of the year	(101,372,027)	(27,257,549)	(128,629,576)
Fair value gain arising during the year	54,029,298	23,115,027	77,144,325
Fair value (gain)/loss transferred to retained earnings on disposal	(2,011,468)	4,301,090	2,289,622
As at end of the year	(49,354,197)	158,568	(49,195,629)
Deferred taxation as at the reporting date	6,169,276	(39,643)	6,129,633
Other adjustments	2,534,300	-	2,534,300
<b>Reserve for financial assets measured at FVTOCI</b>	<b>(40,650,621)</b>	<b>118,925</b>	<b>(40,531,696)</b>

	30-Jun-22	30-Jun-21
	Rupees	Rupees
<b>25 BANK BALANCES</b>		
Current accounts - local currency	42,098,060	35,592,645
Current accounts - foreign currency	9,167,490	120,206
	<b>51,265,550</b>	<b>35,712,851</b>

**26 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET**

	Note	30-Jun-22			
		Yarn Rupees	Raw cotton, polyester etc. Rupees	Waste Rupees	Total Rupees
Local sales		7,312,574,676	1,101,859	423,636,702	7,737,313,237
Export sales	26.1	4,717,072,742	-	84,621,683	4,801,694,425
Gross revenue		12,029,647,418	1,101,859	508,258,385	12,539,007,662
Sales tax		(1,596,856,079)	(160,099)	(68,566,285)	(1,665,582,463)
		<b>10,432,791,339</b>	<b>941,760</b>	<b>439,692,100</b>	<b>10,873,425,199</b>

	Note	30-Jun-21			
		Yarn Rupees	Raw cotton, polyester etc. Rupees	Waste Rupees	Total Rupees
Local sales		7,227,455,582	41,500,500	399,017,925	7,667,974,007
Export sales	26.1	1,159,576,849	-	-	1,159,576,849
Gross revenue		8,387,032,431	41,500,500	399,017,925	8,827,550,856
Sales tax		(1,050,130,993)	(3,912,704)	(57,998,291)	(1,112,041,988)
		<b>7,336,901,438</b>	<b>37,587,796</b>	<b>341,019,634</b>	<b>7,715,508,868</b>

26.1 Yarn export sales include indirect exports amounting to Rs. 3,817,786,957 (30-Jun-21: Rs. 269,662,662).

26.2 Yarn export for the year ended 30 June 2022 includes sale of USD 5,030,625 generated from new machinery project 67 against which LTFE financing was obtained.

	<i>Note</i>	<b>30-Jun-22</b> <i>Rupees</i>	30-Jun-21 <i>Rupees</i>
<b>27 COST OF SALES</b>			
Raw material consumed	27.1	<b>6,876,279,162</b>	4,713,048,187
Stores and spares consumed		<b>340,909,119</b>	233,273,169
Salaries, wages and benefits	27.2	<b>431,289,632</b>	375,354,318
Insurance		<b>22,812,644</b>	15,367,462
Power and fuel		<b>830,078,155</b>	582,785,537
Repair and maintenance		<b>14,780,706</b>	9,941,713
Depreciation	19.1.4	<b>343,296,791</b>	263,240,388
Others		<b>64,881,697</b>	14,029,536
<b>Manufacturing cost</b>		<b>8,924,327,906</b>	6,207,040,310
Work in process			
As at beginning of the year		<b>50,048,113</b>	64,558,660
As at end of the year	21	<b>(79,611,941)</b>	(50,048,113)
		<b>(29,563,828)</b>	14,510,547
<b>Cost of goods manufactured</b>		<b>8,894,764,078</b>	6,221,550,857
Finished goods			
As at beginning of the year		<b>51,892,779</b>	111,217,659
Purchased during the year		<b>56,302,104</b>	-
As at end of the year	21	<b>(279,395,082)</b>	(51,892,779)
		<b>(171,200,199)</b>	59,324,880
<b>Cost of raw material sold</b>	27.1	<b>982,874</b>	35,496,300
		<b>8,724,546,753</b>	6,316,372,037
<b>27.1 Raw material consumed</b>			
As at beginning of the year		<b>1,353,210,704</b>	1,567,381,276
Purchased during the year		<b>8,217,700,455</b>	4,534,373,915
Sold during the year		<b>(982,874)</b>	(35,496,300)
As at end of the year	21	<b>(2,693,649,123)</b>	(1,353,210,704)
		<b>6,876,279,162</b>	4,713,048,187

**27.2** These include charge in respect of employees retirement benefits amounting to Rs. 22,834,271 (30-Jun-21: Rs. 19,463,021).

	<i>Note</i>	<b>30-Jun-22</b>	30-Jun-21
		<i>Rupees</i>	<i>Rupees</i>
<b>28 SELLING AND DISTRIBUTION EXPENSES</b>			
<b>Export</b>			
Ocean freight and forwarding		<b>81,426,088</b>	46,476,191
Commission		<b>20,456,105</b>	11,403,162
Export development surcharge		<b>2,390,250</b>	2,114,610
		<b>104,272,443</b>	59,993,963
<b>Local</b>			
Inland transportation		<b>12,923,985</b>	15,120,368
Commission		<b>9,093,032</b>	10,598,569
Others		<b>780,394</b>	673,468
		<b>22,797,411</b>	26,392,405
		<b>127,069,854</b>	86,386,368

**29 ADMINISTRATIVE EXPENSES**

Directors' remuneration	45	<b>31,335,829</b>	24,556,321
Directors' meeting fee	45	<b>895,000</b>	765,000
Salaries and benefits	29.1	<b>90,388,161</b>	79,297,884
Rent, rates and taxes		<b>3,298,990</b>	1,057,510
Printing and stationery		<b>1,340,029</b>	863,467
Communication		<b>2,254,700</b>	2,258,556
Electricity		<b>5,243,056</b>	4,479,499
Repair and maintenance		<b>1,274,405</b>	675,323
Vehicles running and maintenance		<b>8,045,828</b>	5,838,147
Traveling and conveyance		<b>2,186,236</b>	2,327,661
Legal and professional		<b>3,640,351</b>	3,138,362
Auditor's remuneration	29.2	<b>1,334,000</b>	1,144,000
Fee and subscription		<b>6,931,179</b>	5,222,937
Entertainment		<b>341,000</b>	383,696
Insurance		<b>5,169,625</b>	4,829,766
Depreciation	19.1.4	<b>11,157,451</b>	9,356,264
Amortization of intangible assets	19.3	-	1,136,664
Others		<b>489,086</b>	1,115,420
		<b>175,324,926</b>	148,446,477

**29.1** These include charge in respect of employees retirement benefits amounting to Rs. 12,828,101 (30-Jun-21: Rs. 9,223,290).

	<b>30-Jun-22</b>	30-Jun-21
	<i>Rupees</i>	<i>Rupees</i>
<b>29.2 Auditor's remuneration</b>		
Annual statutory audit	<b>945,000</b>	945,000
Limited scope review	<b>136,500</b>	136,500
Review report on corporate governance	<b>52,500</b>	52,500
Out of pocket expenses	<b>200,000</b>	10,000
	<b>1,334,000</b>	1,144,000

	Note	30-Jun-22 <i>Rupees</i>	30-Jun-21 <i>Rupees</i>
<b>30 OTHER EXPENSES</b>			
Loss on disposal of property, plant and equipment	19.1.3	-	1,365,133
Workers' Profit Participation Fund	13.4	<b>86,951,123</b>	54,624,344
Workers' Welfare Fund	30.1	<b>22,902,550</b>	20,757,251
Donations		-	500,000
		<b>109,853,673</b>	<b>77,246,728</b>
<b>30.1 Workers' Welfare Fund</b>			
Current year		<b>33,041,427</b>	20,757,251
Prior years		<b>(10,138,877)</b>	-
	13.5	<b>22,902,550</b>	20,757,251
<b>31 OTHER INCOME</b>			
<b>Gain on financial instruments</b>			
Foreign exchange gain		<b>25,235,573</b>	7,308,006
Gain on disposal of short term investments		-	578,983
Return on bank deposits		<b>76,712</b>	-
Dividend income	31.1	<b>36,183,930</b>	34,092,964
		<b>61,496,215</b>	41,979,953
<b>Other income</b>			
Gain on disposal of property, plant and equipment	19.1.3	<b>14,129,959</b>	-
Miscellaneous		<b>43,069</b>	-
Scrap sale		<b>2,934,464</b>	2,247,921
		<b>17,107,492</b>	2,247,921
		<b>78,603,707</b>	<b>44,227,874</b>
<b>31.1 Dividend income</b>			
On investments derecognized during the year		<b>16,495,435</b>	24,200
On investments held at the end of the year		<b>19,688,495</b>	34,068,764
		<b>36,183,930</b>	34,092,964
<b>32 FINANCE COST</b>			
Interest/profit on borrowings:			
long term finances		<b>117,168,744</b>	75,716,470
short term borrowings		<b>28,173,714</b>	33,605,931
		<b>145,342,458</b>	109,322,401
Interest on workers' profit participation fund	13.4	<b>10,775,213</b>	879,025
Bank charges and commission		<b>6,593,642</b>	5,425,249
		<b>162,711,313</b>	<b>115,626,675</b>

	<i>Note</i>	<b>30-Jun-22</b>	30-Jun-21
		<i>Rupees</i>	<i>Rupees</i>
<b>33 PROVISION FOR TAXATION</b>			
Current taxation			
for current year	33.1	<b>327,435,914</b>	115,192,502
for prior years		<b>(99,011)</b>	(203,978)
		<b>327,336,903</b>	114,988,524
Deferred taxation			
attributable to origination and reversal of temporary differences		<b>45,338,426</b>	87,640,730
attributable to changes in tax rates		<b>25,193,165</b>	-
	11.1	<b>70,531,591</b>	87,640,730
		<b>397,868,494</b>	202,629,254

33.1 Provision for current tax has been made in accordance with section 4C, 18, 154 and 150 (30-Jun-21: section 18, 154 and 150) of the Income Tax Ordinance, 2001 [‘the Ordinance’]. Reconciliation between average effective tax rate and applicable tax rate is as follows:

	<i>Unit</i>	<b>30-Jun-22</b>	30-Jun-21
Profit before taxation	<i>Rupees</i>	<b>1,629,168,783</b>	1,016,226,252
Provision for taxation	<i>Rupees</i>	<b>397,868,494</b>	202,629,254
Average effective tax rate	%	<b>24.42</b>	19.94
Tax effects of:			
Adjustments for prior years	%	<b>0.01</b>	0.02
Income chargeable to tax at different rates	%	<b>(3.28)</b>	(1.66)
Admissible deductions, losses and tax credits	%	<b>16.12</b>	19.32
Super tax on high earning persons	%	<b>6.06</b>	-
Deferred taxation	%	<b>(4.33)</b>	(8.62)
Applicable tax rate	%	<b>39.00</b>	29.00

33.2 The income tax assessments of the Company up to and including tax year 2021 have been completed by the concerned income tax authorities or are deemed to have been so completed under the provisions of section 120 of the Ordinance except as explained in note 33.3, 33.4 and 33.5.

33.3 The Company’s case was selected for audit by the Additional Commissioner Inland Revenue [‘ACIR’] for tax year 2003 in terms of section 177 of the Ordinance in May 2004. On conclusion of audit proceedings, ACIR through order passed under section 122(1) of the Ordinance in September 2008, raised a tax demand of Rs. 8,458,874. The Company filed an appeal before Commissioner Inland Revenue (Appeals) [‘CIR (A)’] against this order in November 2008 and the CIR (A), through order dated 13 June 2009, dismissed certain disallowances / additions made by the ACIR and upheld some of them against which the Company filed an appeal before Appellate Tribunal Inland Revenue [‘ATIR’] in August 2009. Moreover, ACIR also went into cross appeal against the CIR (A)’s order before the ATIR. The ATIR vide order dated 17 March 2022 has ruled in favour of the Company on both appeals.

33.4 In respect of tax year 2006, the ACIR finalized proceedings under section 122(5A) of the Ordinance through order dated 30 June 2012, wherein a demand of Rs. 4.855 million was raised against the Company on the grounds that minimum tax under section 113 of the Ordinance is to be levied in addition to tax under final tax regime. The Company appealed against the order before CIR(A) in September 2012 and applied for rectification on account of correction of charge of ‘Workers’ Welfare Fund’ and ‘brought forward losses’ under section 221 of the Ordinance. The CIR(A), through order dated 22 February 2013, decided the above mentioned appeal by upholding the levy of minimum tax. The Company has filed an appeal with the ATIR in April 2013 which is yet to be fixed for hearing. The rectification application has, however, not yet been taken up for disposal.

33.5 In respect of tax year 2017, audit proceedings under section 177 were initiated against the Company, through order passed by Deputy Commission Inland Revenue (Audit) [‘DCIR(A)’] dated 28 July 2018, under section 122(1)/122(5) of the Ordinance. The refund for the aforementioned year was reduced by Rs. 527,393 which majorly pertains to proportion of expenses. The Company appealed against the DCIR(A)’s order before CIR(A) vide application dated 27 May 2020. The CIR(A) vide appellate order dated 30 December 2021 annulled the impugned order with the direction to the Company to provide necessary details/documents. The Company appealed against the order of CIR(A) before ATIR vide application dated 11 March 2022. The proceedings are in progress at this stage.



	<i>Unit</i>	30-Jun-22	30-Jun-21
<b>34 EARNINGS PER SHARE - BASIC AND DILUTED</b>			
Profit attributable to ordinary shareholders	<i>Rupees</i>	1,231,300,289	813,596,998
Weighted average number of ordinary shares outstanding during the year	<i>No. of shares</i>	10,950,000	10,950,000
Earnings per share - basic and diluted	<i>Rupees</i>	112.45	74.30

There is no diluting effect on the basic earnings per share of the Company.

	<i>Note</i>	30-Jun-22	30-Jun-21
		<i>Rupees</i>	<i>Rupees</i>
<b>35 CASH GENERATED FROM OPERATIONS</b>			
<b>Profit before taxation</b>		1,629,168,783	1,016,226,252
<b>Adjustments for non-cash and other items</b>			
Finance cost		162,711,313	115,626,675
(Gain)/loss on disposal of property, plant and equipment		(14,129,959)	1,365,133
Foreign exchange gain		(25,235,573)	(7,308,006)
Dividend income		(36,183,930)	(34,092,964)
Impairment allowance/(reversals) for expected credit losses		23,353,604	(567,795)
Gain on disposal of short term investments		-	(578,983)
Provision for employees retirement benefits		35,662,372	28,686,311
Depreciation		354,454,242	272,596,652
Amortization		-	1,136,664
		<b>500,632,069</b>	<b>376,863,687</b>
		<b>2,129,800,852</b>	<b>1,393,089,939</b>
<b>Changes in working capital</b>			
Stores and spares		(40,227,000)	(1,112,851)
Stock in trade		(1,597,504,550)	288,005,999
Trade receivables		(384,014,788)	(86,591,400)
Advances and other receivables		(71,257,044)	(292,574,551)
Trade and other payables		204,787,935	84,123,413
		<b>(1,888,215,447)</b>	<b>(8,149,390)</b>
<b>Cash generated from operations</b>		<b>241,585,405</b>	<b>1,384,940,549</b>

<b>36 CASH AND CASH EQUIVALENTS</b>			
Bank balances	25	51,265,550	35,712,851
		<b>51,265,550</b>	<b>35,712,851</b>

**37 CHANGES FROM FINANCING CASH FLOWS**

	30-Jun-22		
	Long term finances Rupees	Short term borrowings Rupees	Unclaimed dividend Rupees
	As at beginning of the year	2,579,520,396	34,985,389
Long term finances obtained	1,533,746,450	-	-
Repayment of long term finances	(364,708,153)	-	-
Deferred grant recognized	(446,657,822)	-	-
Loan accretion	56,873,014	-	-
Net increase in short term borrowings	-	445,415,217	-
Foreign exchange loss	-	9,617,548	-
Dividend declared	-	-	27,375,000
Dividend paid	-	-	(27,177,068)
<b>As at end of the year</b>	<b>3,358,773,885</b>	<b>490,018,154</b>	<b>6,929,263</b>

  

	30-Jun-21		
	Long term finances Rupees	Short term borrowings Rupees	Unclaimed dividend Rupees
	As at beginning of the year	2,010,264,959	819,226,442
Long term finances obtained	732,071,333	-	-
Repayment of long term finances	(105,327,759)	-	-
Deferred grant recognized	(69,193,716)	-	-
Loan accretion	11,705,579	-	-
Net decrease in short term borrowings	-	(777,020,536)	-
Foreign exchange gain	-	(7,220,517)	-
Dividend declared	-	-	82,125,000
Dividend paid	-	-	(81,407,852)
<b>As at end of the year</b>	<b>2,579,520,396</b>	<b>34,985,389</b>	<b>6,731,331</b>

**38 TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

Related parties from the Company's perspective comprise associated companies and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company. The details of Company's related parties, with whom the Company had transactions during the year or has balances outstanding as at the reporting date are as follows:

Name of related party	Nature of relationship	Basis of relationship	Aggregate %age of shareholding in the Company
Prosperity Weaving Mills Limited	Associated company	Common directorship	0.000%
Nagina Cotton Mills Limited	Associated company	Common directorship	0.000%
Haroon Shahzada Ellahi Shaikh	Key management personnel	Chief executive officer	6.393%
Shafqat Ellahi Shaikh	Key management personnel	Director	2.597%
Jamal Nasim	Key management personnel	Director	0.009%
Mohammad Babar Monnoo	Key management personnel	Director	0.005%
Faaria Rehman Salahuddin	Key management personnel	Director	0.005%
Imran Motiwala	Key management personnel	Director	0.005%

Transactions with key management personnel are limited to payment of short term employee benefits and dividend on ordinary shares. The Company in the normal course of business carries out various transactions with associated companies and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an orderly transaction between market participants at the date of transaction.

There are no balances outstanding with related parties as at the reporting date. Detail of transactions with related parties is as follows:

		30-Jun-22	30-Jun-21
		<i>Rupees</i>	<i>Rupees</i>
<b>38.1</b>	<b>Transactions with related parties</b>		
	<b>Nature of relationship</b>		
	<b>Nature of transactions</b>		
	Associated companies		
	Purchases	66,144,428	311,296
	Sales	3,648,594,023	1,715,944,143
	Rent paid	1,162,170	1,056,510
	Key management personnel		
	Short term employee benefits	32,230,829	25,321,321

### 39 CONTRACTS WITH CUSTOMERS

#### 39.1 Contract balances

The information about receivables and contract liabilities from contracts with customers is as follows:

<b>Nature of balance</b>	<b>Presented in financial statements as</b>	<b>Note</b>	30-Jun-22	30-Jun-21
			<i>Rupees</i>	<i>Rupees</i>
Receivables	Trade receivables	22	1,032,891,403	638,885,955
Contract liabilities	Advances from customers	13	6,402,369	7,964,534
			<b>1,039,293,772</b>	<b>646,850,489</b>

#### 39.2 Changes in contract liabilities

Significant changes in contract liabilities are as follows:

As at beginning of the year			7,964,534	12,293,464
Revenue recognized against contract liability as at beginning of the year			(6,372,405)	(11,319,753)
Net increase due to cash received in excess of revenue recognized			4,810,240	6,990,823
As at end of the year		13	6,402,369	7,964,534

#### 39.3 Impairment losses

The Company during the year has recognized Rs. 23.356 million (30-Jun-21: Rs. 0.158 million) as impairment allowance for expected credit losses on receivables (trade receivables) arising from the Company's contracts with customers. Further, impairment allowance amounting to Rs. nil (30-Jun-21: Rs. 725,339) was reversed during the year on actual recovery. See note 22.2.

### 40 FINANCIAL INSTRUMENTS

The carrying amounts of the Company's financial instruments by class and category are as follows:

	Note	30-Jun-22 <i>Rupees</i>	30-Jun-21 <i>Rupees</i>
<b>40.1 Financial assets</b>			
<b><i>Financial assets at amortized cost</i></b>			
Long term deposits	20	7,090,700	7,090,700
Trade receivables	22	1,032,891,403	638,885,955
Advances to employees	23	128,999	141,000
Bank balances	25	51,265,550	35,712,851
		1,091,376,052	681,830,506
<b><i>Financial assets designated as fair value through OCI</i></b>			
Investments in listed equity securities	24.1.1	183,314,528	315,872,960
Investment in mutual funds	24.1.2	451,457,170	404,894,733
		1,726,148,350	1,402,598,199
<b>40.2 Financial liabilities</b>			
<b><i>Financial liabilities at amortized cost</i></b>			
Long term finances	9	3,358,773,885	2,579,520,396
Short term borrowings	15	490,018,154	34,985,389
Accrued interest/profit	14	44,213,963	22,380,271
Trade creditors	13	66,439,799	64,075,660
Accrued liabilities	13	348,744,134	217,730,748
Unclaimed dividend		6,929,263	6,731,331
		4,315,119,198	2,925,423,795

**41 FINANCIAL RISK EXPOSURE AND MANAGEMENT**

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). These risks affect revenues, expenses and assets and liabilities of the Company.

The Board of Directors has the overall responsibility for establishment and oversight of risk management framework. The Board of Directors has developed a risk policy that sets out fundamentals of risk management framework. The risk policy focuses on unpredictability of financial markets, the Company's exposure to risk of adverse effects thereof and objectives, policies and processes for measuring and managing such risks. The management team of the Company is responsible for administering and monitoring the financial and operational financial risk management throughout the Company in accordance with the risk management framework.

The Company's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Company and the manner in which such risks are managed is as follows:

**41.1 Credit risk**

Credit risk is the risk of financial loss to the Company, if the counterparty to a financial instrument fails to meet its obligations.

**41.1.1 Credit risk management practices**

In order to minimize credit risk, the Company has adopted a policy of only dealing with creditworthy counterparties and limiting significant exposure to any single counterparty. The Company only transacts with counterparties that have reasonably high external credit ratings. Where an external rating is not available, the Company uses an internal credit risk grading mechanism. Particularly for customers, a dedicated team responsible for the determination of credit limits uses a credit scoring system to assess the potential as well as existing customers' credit quality and assigns or updates credit limits accordingly. The ageing profile of trade receivables and individually significant balances, along with collection activities are reviewed on a regular basis. High risk customers are identified and restrictions are placed on future trading, including suspending future shipments and administering dispatches on a prepayment basis or confirmed letters of credit.

The Company reviews the recoverable amount of each financial asset on an individual basis at each reporting date to ensure that adequate loss allowance is made in accordance with the assessment of credit risk for each financial asset.

The Company considers a financial asset to have low credit risk when the asset has reasonably high external credit rating or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has no past due amounts or otherwise there is no significant increase in credit risk if the amounts are past due in the normal course of business based on history with the counterparty.

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial asset at the reporting date with the risk of a default occurring on the financial asset at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise. This is usually the case with various customers of the Company where the Company has long standing business relationship with these customers and any amounts that are past due by more than 30 days in the normal course of business are considered 'performing' based on history with the customers. Therefore despite the foregoing, the Company considers some past due trade receivables to have low credit risk where the customer has a good history of meeting its contractual cash flow obligations and is expected to maintain the same in future.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk.

The Company considers 'default' to have occurred when the financial asset is credit-impaired. A financial asset is considered to be credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

The Company writes off a financial asset when there is information indicating that the counter-party is in severe financial condition and there is no realistic prospect of recovery.

The Company's credit risk grading framework comprises the following categories:

Category	Description	Basis for recognizing ECL
Performing	The counterparty has low credit risk	Trade receivables: Lifetime ECL Other assets: 12-month ECL
Doubtful	Credit risk has increased significantly since initial recognition	Lifetime ECL
In default	There is evidence indicating the assets is credit-impaired	Lifetime ECL
Write-off	There is no realistic prospect of recovery	Amount is written-off

#### 41.1.2 Exposure to credit risk

Credit risk principally arises from debt instruments held by the Company as at the reporting date. The maximum exposure to credit risk as at the reporting date is as follows:

	Note	30-Jun-22 Rupees	30-Jun-21 Rupees
<b>Financial assets at amortized cost</b>			
Long term deposits	20	7,090,700	7,090,700
Trade receivables	22	1,064,417,551	647,058,499
Advances to employees	23	128,999	141,000
Bank balances	25	51,265,550	35,712,851
		<b>1,122,902,800</b>	<b>690,003,050</b>

#### 41.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to internal credit risk grading. The credit quality of the Company's financial assets exposed to credit risk is as follows:

	<i>Note</i>	<b>External rating</b>	<b>Internal credit risk grading</b>	<b>12-month or life-time ECL</b>	<b>Gross carrying amount</b>	<b>Loss allowance</b>
					<i>Rupees</i>	<i>Rupees</i>
Long term deposits	20	N/A	Performing	12-month ECL	7,090,700	-
Trade receivables	22	N/A	Performing	Lifetime ECL	1,056,197,704	23,306,301
		N/A	Doubtful	Lifetime ECL	8,219,847	8,219,847
					<b>1,064,417,551</b>	<b>31,526,148</b>
Advances to employees	23	N/A	Performing	12-month ECL	128,999	-
Bank balances	25	A1 - A1+	N/A	12-month ECL	51,265,550	-
					<b>1,122,902,800</b>	<b>31,526,148</b>

**(a) Long term deposits**

Long term deposits comprise security deposits placed with various utility companies and regulatory authorities. These deposits are substantially perpetual in nature. Therefore, no credit risk has been associated with these financial assets and accordingly no loss allowance has been made.

**(b) Trade receivables**

For trade receivables, the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses on trade receivables by using internal credit risk gradings. As at the reporting date, all trade receivables are considered 'performing' as there is no significant increase in credit risk in respect of these receivables since initial recognition except for trade receivables amounting to Rs. 8,219,847 which are considered doubtful. The ageing analysis of trade receivables as at the reporting date is as follows:

	<b>30-Jun-22</b>	<b>30-Jun-21</b>
	<i>Rupees</i>	<i>Rupees</i>
Neither past due nor impaired	444,763,683	487,892,622
Past due by up to 30 days	361,289,252	142,367,587
Past due by 31 days to 180 days	250,144,769	8,625,746
Past due by 181 days or more	8,219,847	8,172,544
	<b>1,064,417,551</b>	<b>647,058,499</b>

**(c) Advances to employees**

Advances to employees have been given against future salaries and post-employment benefits. Therefore, no credit risk has been associated with these financial assets and accordingly no loss allowance has been made.

**(d) Bank balances**

The bankers of the Company have reasonably high credit ratings as determined by various independent credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect any credit loss. Therefore, no credit risk has been associated with these financial assets and accordingly no loss allowance has been made.

**41.1.4 Concentrations of credit risk**

There are no significant concentrations of credit risk, except for trade receivables. The Company's one (30-Jun-21: two) significant customers account for Rs. 251.087 million (30-Jun-21: Rs. 199.196 million) of trade receivables as at the reporting date, apart from which, exposure to any single customer does not exceed 10% (30-Jun-21: 10%) of trade receivables as at the reporting date. These significant customers have long standing business relationships with the Company and have a good payment record and accordingly non-performance by these customers is not expected.

**41.1.5 Collateral held**

The Company does not hold any collateral to secure its financial assets with the exception of trade receivables amounting to Rs. 271.237 million (30-Jun-21: Rs. 35.089 million), which are partially secured through letters of credit and advances to employees which are secured against future salaries and post-employment benefits.

#### 41.1.6 Changes in impairment allowance for expected credit losses

The changes in impairment allowance for expected credit losses are as follows:

	Note	30-Jun-22 Rupees	30-Jun-21 Rupees
As at beginning of the year		8,172,544	8,740,339
Impairment loss on trade receivables arising from contracts with customers			
- recognized during the year	22.2	23,353,604	157,544
- reversed during the year	22.2	-	(725,339)
Net change in impairment allowance		23,353,604	(567,795)
As at end of the year		31,526,148	8,172,544

#### 41.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

##### 41.2.1 Liquidity risk management

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company monitors cash flow requirements and produces cash flow projections for the short and long term. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational cash flows, including servicing of financial obligations. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customer. The Company also maintains various lines of credit with banking companies.

##### 41.2.2 Exposure to liquidity risk

The following presents the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The analysis have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay and includes both interest/profit and principal cash flows. To the extent that interest/profit flows are floating rate, the undiscounted amount is derived from interest/profit rate curves at the reporting date.

	30-Jun-22				
	Carrying amount Rupees	Contractual cash flows Rupees	One year or less Rupees	One to three years Rupees	More than three years Rupees
Long term finances	3,358,773,885	4,308,949,578	481,893,369	1,156,877,899	2,670,178,310
Short term borrowings	490,018,154	490,018,154	490,018,154	-	-
Accrued interest/profit	44,213,963	44,213,963	44,213,963	-	-
Trade creditors	66,439,799	66,439,799	66,439,799	-	-
Accrued liabilities	348,744,134	348,744,134	348,744,134	-	-
Unclaimed dividend	6,929,263	6,929,263	6,929,263	-	-
	4,315,119,198	5,265,294,891	1,438,238,682	1,156,877,899	2,670,178,310

	30-Jun-21				
	Carrying amount Rupees	Contractual cash flows Rupees	One year or less Rupees	One to three years Rupees	More than three years Rupees
Long term finances	2,579,520,396	2,951,138,919	437,578,425	805,844,497	1,707,715,997
Short term borrowings	34,985,389	34,985,389	34,985,389	-	-
Accrued interest/profit	22,380,271	22,380,271	22,380,271	-	-
Trade creditors	64,075,660	64,075,660	64,075,660	-	-
Accrued liabilities	217,730,748	217,730,748	217,730,748	-	-
Unclaimed dividend	6,731,331	6,731,331	6,731,331	-	-
	2,925,423,795	3,297,042,318	783,481,824	805,844,497	1,707,715,997

**41.3 Market risk**

**41.3.1 Currency risk**

Currency risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises from transactions and resulting balances that are denominated in a currency other than functional currency.

**a) Currency risk management**

The Company manages its exposure to currency risk through continuous monitoring of expected/forecast committed and non-committed foreign currency payments and receipts. Reports on forecast foreign currency transactions, receipts and payments are prepared on monthly basis, exposure to currency risk is measured and appropriate steps are taken to ensure that such exposure is minimized while optimizing return. This includes matching of foreign currency liabilities/payments to assets/receipts and using source inputs in foreign currency.

**b) Exposure to currency risk**

The Company's exposure to currency risk as at the reporting date is as follows:

	30-Jun-22	30-Jun-21
	<i>Rupees</i>	<i>Rupees</i>
<b>Financial assets</b>		
Trade receivables		
USD	271,236,813	35,089,624
Bank balances		
USD	9,167,490	120,206
	<b>280,404,303</b>	<b>35,209,830</b>
<b>Financial liabilities</b>		
	-	-
<b>Net balance sheet exposure</b>	<b>280,404,303</b>	<b>35,209,830</b>
Foreign currency commitments		
CHF	(96,784,966)	(125,912,582)
EUR	(588,654,724)	(476,022,501)
JPY	(10,173,955)	(4,020,110)
USD	(1,045,122,096)	(1,934,247,014)
	<b>(1,740,735,741)</b>	<b>(2,540,202,207)</b>
<b>Net exposure</b>	<b>(1,460,331,438)</b>	<b>(2,504,992,377)</b>

**(c) Exchange rates applied as at the reporting date**

The following spot exchange rates were applied as at the reporting date.

CHF	214.3869	170.7236
JPY	1.5046	1.4262
Euro	213.8087	187.2722
USD	204.8467	157.5437

**(d) Sensitivity analysis**

A five percent appreciation in Pak Rupee against foreign currencies would have increased (30-Jun-21: decreased) profit for the year and equity as at the reporting date by Rs. 14.02 million (30-Jun-21: Rs. 1.76 million). A five percent depreciation in Pak Rupee would have had an equal but opposite effect on profit for the year and equity. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores the impact, if any, on provision for taxation for the year.



### 41.3.2 Interest/profit rate risk

interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

#### (a) Interest/profit rate risk management

The Company manages interest/profit rate risk by analyzing its interest/profit rate exposure on a dynamic basis. Cash flow interest/profit rate risk is managed by simulating various scenarios taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Company calculates impact on profit after taxation and equity of defined interest/profit rate shift, mostly 100 basis points.

#### (b) Interest/profit bearing financial instruments

The effective interest/profit rates for interest/profit bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest/profit bearing financial instruments as at the reporting date are as follows:

	30-Jun-22	30-Jun-21
	<i>Rupees</i>	<i>Rupees</i>
<b>Fixed rate instruments</b>		
Financial assets	-	-
Financial liabilities	3,200,859,234	2,428,094,022
<b>Variable rate instruments</b>		
Financial assets	-	-
Financial liabilities	647,458,480	177,890,562

#### (c) Fair value sensitivity analysis for fixed rate instruments

The Company does not account for its fixed rate instruments at fair value

#### (d) Cash flow sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest/profit rates as at the reporting date would have decreased profit for the year and equity as at the reporting date by Rs. 6.475 million (30-Jun-21: 1.779 million). A decrease of 100 basis points would have had an equal but opposite effect on profit and equity. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

### 41.3.3 Other price risk

Other price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments. The Company is exposed to price risk in respect of its investments.

#### (a) Equity price risk management

The Company manages equity price risk by investing a diversified portfolio of securities to reduce the risk of loss from volatility in equity price of an individual security.

#### (b) Sensitivity analysis

A one percent appreciation in prices of equity securities and mutual fund units as at reporting date would have increased equity as at the reporting date by Rs 6.35 million (30-Jun-21: 7.21 million). A one percent diminution in prices of equity securities and mutual fund units as at the reporting date would have had equal but opposite effect on equity and profit for the year. The analysis assumes that all other variables remain constant and ignores the impact, if any, on provision for taxation for the year.

## 42 CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and level of dividends to ordinary shareholders. The Company seeks to keep a balance between the higher return that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position. The Company monitors capital using the gearing ratio which is debt divided by total capital employed. Debt comprises long term finances including current maturity. Total capital employed includes total equity as shown in the statement of financial position plus debt. The Company's strategy is to maintain an optimal capital structure in order to minimize cost of capital. Gearing ratio of the Company as at the reporting date is as follows:

	<i>Unit</i>	<b>30-Jun-22</b>	30-Jun-21
Total debt	<i>Rupees</i>	<b>3,811,167,813</b>	2,642,129,516
Total equity	<i>Rupees</i>	<b>3,738,929,947</b>	2,552,070,525
Total capital employed		<b>7,550,097,760</b>	5,194,200,041
Gearing	<i>% age</i>	<b>50.48</b>	50.87

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements, except those related to maintenance of debt covenants, commonly imposed by the providers of debt finance.

#### 43 FAIR VALUE MEASUREMENTS

The Company measures some of its assets at fair value. The fair value hierarchy of financial instruments measured at fair value and the information about how the fair values of these financial instruments are determined are as follows:

##### 43.1 Financial instruments measured at fair value

##### 43.1.1 Recurring fair value measurements

<b>Nature of asset</b>	<b>Hierarchy</b>	<b>Valuation techniques/Key inputs</b>	<b>30-Jun-22</b>	<b>30-Jun-21</b>
			<i>Rupees</i>	<i>Rupees</i>
<b>Investments</b>				
Investments in equity securities	Level 1	Quoted prices in an active market	<b>183,314,528</b>	315,872,960
Investments in mutual funds	Level 1	Quoted prices in an active market	<b>451,457,170</b>	404,894,733

##### 43.1.2 Non-recurring fair value measurements

There are no non-recurring fair value measurements as at the reporting date.

##### 43.2 Financial instruments not measured at fair value

The management considers the carrying amount of all financial instruments not measured at fair value to approximate their carrying values.

##### 43.3 Assets and liabilities other than financial instruments.

None of the assets and liabilities other than financial instruments are measured at fair value.

	<b>30-Jun-22</b>	<b>30-Jun-21</b>
	<i>Rupees</i>	<i>Rupees</i>

#### 44 RESTRICTION ON TITLE AND ASSETS PLEDGED/MORTGAGED AS SECURITY

##### Mortgages and charges

Charge over current assets	<b>8,690,250,000</b>	7,221,250,000
Charge over fixed assets	<b>6,394,860,000</b>	7,869,773,000

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

The aggregate amount charged to profit or loss in respect of chief executive, directors and executives on account of managerial remuneration, allowances and perquisites, post employment benefits and the number of such directors and executives is as follows:

	30-Jun-22		
	Chief Executive Rupees	Directors Rupees	Executives Rupees
Managerial remuneration	15,375,000	13,500,000	33,593,129
Allowances and perquisites	-	2,460,829	21,468,921
Meeting fee	-	895,000	-
Post employment benefits	-	-	2,852,737
	<b>15,375,000</b>	<b>16,855,829</b>	<b>57,914,787</b>
Number of persons	1	5	21
	30-Jun-21		
	Chief Executive Rupees	Directors Rupees	Executives Rupees
Managerial remuneration	11,616,667	10,200,000	18,511,776
Allowances and perquisites	-	2,739,654	9,255,873
Meeting fee	-	765,000	-
Post employment benefits	-	-	2,313,971
	<b>11,616,667</b>	<b>13,704,654</b>	<b>30,081,620</b>
Number of persons	1	5	9

45.1 Remuneration, allowances and meeting fee include Rs. 765,000 (30-Jun-21: Rs. 765,000) paid to non-executive directors of the Company.

45.2 Chief Executive, Directors and Executives are provided with free use of company maintained vehicles.

#### 46 NON-CASH FINANCING ACTIVITIES

During the year, term finances amounting to Rs. 6.156 million and Rs. 342.972 million were converted into long term financing facilities and temporary economic refinance facility respectively as referred to in note 9.1.

#### 47 EVENTS AFTER THE REPORTING PERIOD

The Board of Directors in their meeting held on 28 September 2022 has proposed dividend on ordinary shares at Rs. 10/- per ordinary share of Rs. 10 each. The proposed dividend is subject to approval of the Company's shareholders in the forthcoming annual general meeting and thus has not been included as a liability in the financial statements.

	30-Jun-22	30-Jun-21
	No of shares	No of shares

#### 48 SHARES IN THE COMPANY HELD BY RELATED PARTIES

Ordinary shares in the Company held by related parties are as follows:

Haroon Omer (Private) Limited	664,572	664,572
Monell (Private) Limited	664,572	664,572
Icaro (Private) Limited	664,572	664,572
ARH (Private) Limited	628,400	628,400
Ellahi International (Private) Limited	41,345	41,345
	<b>2,663,461</b>	<b>2,663,461</b>

#### 49 SEGMENT INFORMATION

49.1 The Company is a single operating segment.

49.2 All non-current assets of the Company are situated in Pakistan.

49.3 All sales of the Company have originated from Pakistan.

49.4 Sales include Rs. 3,648.59 million (30-Jun-21: Rs. 1,715.94 million) of revenue derived from sales to one (30-Jun-21: one) customer, Prosperity Weaving Mills Limited (30-Jun-21: Prosperity Weaving Mills Limited). There is no other single significant external customer to whom sales in excess of 10% of the Company's total sales were made during the year.

**50 PLANT CAPACITY AND ACTUAL PRODUCTION**

	<i>Unit</i>	<b>30-Jun-22</b>	30-Jun-21
Number of spindles installed	<i>No.</i>	<b>62,400</b>	61,968
Plant capacity on the basis of utilization converted into 30s count	<i>Kgs</i>	<b>16,465,082</b>	14,812,614
Actual production converted into 30s count	<i>Kgs</i>	<b>14,640,445</b>	14,490,103

It is difficult to precisely compare production capacity and the resultant production converted into base count in the textile industry since it fluctuates widely depending on various factors such as count of yarn spun, raw materials used, spindle speed and twist etc. It would also vary according to pattern of production adopted in a particular year.

**51 NUMBER OF EMPLOYEES**

	<b>30-Jun-22</b>	30-Jun-21
Total number of employees	<b>881</b>	1,093
Average number of employees	<b>1,002</b>	1,051

**52 RECOVERABLE AMOUNTS AND IMPAIRMENT**

As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these financial statements.

**53 GENERAL**

Comparative figures have been rearranged and reclassified, where necessary, for the purpose of comparison. However, there were no significant reclassifications during the year.

Lahore: September 28, 2022



**Amin Ellahi Shaikh**  
Director



**Muhammad Ahmad**  
Chief Financial Officer



**Raza Ellahi Shaikh**  
Director



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## FORM OF PROXY

The Secretary,  
**ELLCOT SPINNING MILLS LTD.**  
 Nagina House,  
 91-B-1, M.M. Alam Road,  
 Gulberg-III,  
 Lahore-54660.

I/We \_\_\_\_\_ of \_\_\_\_\_ being member(s) of **ELLCOT SPINNING MILLS LTD.**, and holder of \_\_\_\_\_ Ordinary Shares as per Share Register Folio No. \_\_\_\_\_ (In case of Central Depository System Account Holder A/c No. \_\_\_\_\_ Participant I.D. No. \_\_\_\_\_ - \_\_\_\_\_) hereby appoint \_\_\_\_\_ of \_\_\_\_\_ who is member of the company as per Register Folio No. - \_\_\_\_\_ (In case of Central Depository System Account Holder A/c No. \_\_\_\_\_ Participant I.D. No. \_\_\_\_\_) or failing him/her \_\_\_\_\_ of \_\_\_\_\_ who is member of the Company as per Register Folio No. \_\_\_\_\_ (In case of Central Depository System Account Holder A/c No. \_\_\_\_\_ Participant I.D. No. \_\_\_\_\_) as my/our proxy to vote for me/us and on my/our behalf at the 34<sup>th</sup> Annual General Meeting of the Company to be held on October 27, 2022 and at any adjournment thereof.

Signed at \_\_\_\_\_ this the \_\_\_\_\_ day of \_\_\_\_\_ 2022

**WITNESSES:**

1. Signature _____	2. Signature _____
Name _____	Name _____
Address _____	Address _____
_____	_____
CNIC _____	CNIC _____
_____	_____

Affix  
 Rs. 50/=  
 Revenue  
 Stamp

(Signature should agree with the Specimen signature registered with the Company)

**NOTES:**

1. If a member is unable to attend the meeting, he/she may sign this form and send it to the Secretary so as to reach him not less than 48 hours before the time of holding the meeting.
2. Members through CDC appointing proxies must attach attested copy of their Computerized National Identity Card with the proxy form.
3. The Shareholders through CDC, who wish to attend the Annual General Meeting are requested to please bring, original Computerized National Identity Card with copy thereof duly attested by their Bankers, Account number and Participant I.D number for identification purpose.
4. In case of corporate entity, certified copy of the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form of the Company.



## پراکسی فارم (مختار نامہ)

یکٹری

ایلیکوٹ سپننگ ملز لمیٹڈ

گئینہ ہاؤس، B-91، ایم ایم عالم روڈ

گلبرگ III، لاہور 54660

میں / ہم

ساکن

بحیثیت رکن ایلیکوٹ سپننگ ملز لمیٹڈ اور حامل \_\_\_\_\_ عام حصص بمطابق شیئر رجسٹر فو لیو نمبر \_\_\_\_\_

(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر \_\_\_\_\_ پارٹسپینٹ (شرکت) آئی ڈی نمبر \_\_\_\_\_)

بذریعہ ہذا

محترم / محترمہ

جو کہ اپنی کامیابی کے لیے ہمیں بطابق شیئر رجسٹر فو لیو نمبر \_\_\_\_\_

(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر \_\_\_\_\_ پارٹسپینٹ (شرکت) آئی ڈی نمبر \_\_\_\_\_)

یا اسکی غیر موجودگی میں محترم / محترمہ \_\_\_\_\_ ساکن \_\_\_\_\_

جو کہ اپنی کامیابی کے لیے ہمیں بطابق شیئر رجسٹر فو لیو نمبر \_\_\_\_\_

(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر \_\_\_\_\_ پارٹسپینٹ (شرکت) آئی ڈی نمبر \_\_\_\_\_)

مورخہ 27 اکتوبر 2022ء کو منعقد ہونے والے کینی کے 34 ویں سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے، تقریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا / ہمارا بطور مختار

(پراکسی) مقرر کرتا ہوں / کرتے ہیں۔

دستخط ..... آج بروز ..... بتاریخ ..... 2022ء

50 روپے کارسیدی ٹکٹ

چسپاں کریں

گواہ:

دستخط کینی کے ہاں رجسٹرڈ نمونہ دستخطوں کے

مطابق ہونے چاہئیں

۱- دستخط: \_\_\_\_\_ ۲- دستخط: \_\_\_\_\_

نام: \_\_\_\_\_ نام: \_\_\_\_\_

پتہ: \_\_\_\_\_ پتہ: \_\_\_\_\_

شناختی کارڈ نمبر: \_\_\_\_\_ شناختی کارڈ نمبر: \_\_\_\_\_

نوٹ:

1- اگر ایک ممبر اجلاس میں شرکت کے قابل نہیں ہے تو وہ اس فارم پر دستخط کرے اور سیکرٹری کو اس طور ارسال کر دے کہ اجلاس کے انعقاد کے وقت سے کم از کم 48 گھنٹے قبل پہنچ جانا چاہئے۔

2- سی ڈی سی کے ذریعے حصص یافتگان پراکسیز تقرر کرتے ہوئے پراکسی فارم کے ہمراہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ کی مصدقہ کاپی منسلک کریں۔

3- سی ڈی سی کے ذریعے حصص یافتگان جو سالانہ اجلاس میں شرکت کرنا چاہتے ہوں سے التماس ہے کہ شناخت کے مقصد کے لئے اصل کمپیوٹرائزڈ قومی شناختی کارڈ ہمراہ اپنے بینکرز سے اسکی مصدقہ

کاپی، اکاؤنٹ نمبر اور پارٹسپینٹ آئی ڈی نمبر ہمراہ لائیں۔

4- کارپوریٹ اتھلٹی کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ کی مصدقہ کاپی مع نمونہ دستخط (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (مختار نامہ) کے ہمراہ کینی میں جمع کرانا ہو

گا۔





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