NAGINA GROUP

ANNUAL REPORT 2021

Ellcot Spinning Mills Limited

An ISO 9001:2015 Certified Company

CONTENTS

COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. Shahzada Ellahi Shaikh	Non-Executive Director / Chairman
	Mr. Mohammad Babar Monnoo	Independent Non-Executive Director
	Mr. Imran Motiwala	Independent Non-Executive Director
	Mrs. Faaria Rehman Salahuddin	Independent Non-Executive Director
	Mr. Jamal Nasim (NIT)	Non-Executive Director
	Mr. Shaukat Ellahi Shaikh	Non-Executive Director
	Mr. Raza Ellahi Shaikh	Non-Executive Director
	Mr. Amin Ellahi Shaikh	Non-Executive Director
	Mr. Shafqat Ellahi Shaikh	Executive Director
	Mr. Haroon Shahzada Ellahi Shaikh	Executive Director
MANAGING DIRECTOR (Chief Executive)	Mr. Haroon Shahzada Ellahi Shaikh	
AUDIT COMMITTEE	Mr. Mohammad Babar Monnoo	Chairman
	Mr. Shaukat Ellahi Shaikh	Member
	Mr. Raza Ellahi Shaikh	Member
	Mr. Syed Mohsin Gilani	Secretary
HUMAN RESOURCE & REMUNERATION (HR & R) COMMITTEE	Mr. Mohammad Babar Monnoo	Chairman
	Mr. Raza Ellahi Shaikh	Member
	Mr. Haroon Shahzada Ellahi Shaikh	Member
	Mr. Muhammad Azam	Secretary
EXECUTIVE COMMITTEE	Mr. Haroon Shahzada Ellahi Shaikh	Chairman
	Mr. Shafqat Ellahi Shaikh	Member
	Mr. Raza Ellahi Shaikh	Member
	Mr. Amin Ellahi Shaikh	Member
	Mr. Muhammad Azam	Secretary
CORPORATE SECRETARY	Mr. Syed Mohsin Gilani	
CHIEF FINANCIAL OFFICER (CFO)	Mr. Muhammad Ahmad	
HEAD OF INTERNAL AUDIT	Mr. Kashif Saleem	
AUDITORS	Messrs Rahman Sarfraz Rahim Iqbal Rafiq Chartered Accountants	
LEGAL ADVISOR	Bandial & Associates	
LEAD BANKERS	Albaraka Bank (Pakistan) Ltd. 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 Standard Chartered Bank (Pakistan) Ltd. The Bank of Punjab United Bank Ltd.	
REGISTERED OFFICE	Nagina House 91-B-1, M.M. Alam Road Gulberg-III, Lahore-54660	
WEB REFERENCE	www.nagina.com	
SHARE REGISTRAR	M/s Hameed Majeed Associates (Pvt.) Ltd. 1st Floor, H.M. House 7-Bank Square, Lahore Phone # 042-37235081-2 Fax # 042-37358817	
MILLS	6.3 K.M, Manga Mandi, Raiwind Road Mouza Rossa, Tehsil & District Kasur	

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 33rd Annual General Meeting of members of ELLCOT SPINNING MILLS LTD will be held on Thursday, October 28, 2021 at 11:30 a.m., electronically through video-link facility (Zoom App.), managed from registered office of the Company, to transact the following business:-

ORDINARY BUSINESS

1) To confirm minutes of the Annual General Meeting held on October 26, 2020

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, 2021.

3) To approve and declare final cash dividend at Rs. 2.50 per share i.e. 25%, in addition to the interim cash dividend already paid to the shareholders at Rs. 7.50 per share i.e. 75% for the year ended June 30, 2021, as recommended by the Board of Directors, thus making a total cash dividend at Rs. 10/- per share i.e.100% for the year.

4) To appoint Auditors for the year ending on June 30, 2022 and fix their remuneration.

5) To transact any other ordinary business with the permission of the Chair.

Statements under the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 is annexed.

By Order of the Board

Syed Mohsin Gilani
Corporate Secretary

Lahore : September 28, 2021

NOTES:

1) The share transfer books for ordinary shares of the Company will be closed from Friday, October 22, 2021 to Thursday, October 28, 2021 (both days inclusive). Valid transfer(s) received in order by our 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 21, 2021 will be in time to be passed 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) Due to the current COVID-19 situation and directives of the Securities and Exchange Commission of Pakistan (SECP) vide its circular No.4 of 2021 dated February 15, 2021 and subsequent Circular No.6 of 2021 dated March 03, 2021, requiring listed companies to modify their usual planning for holding the general meetings. The Company prioritizing the well-being of its shareholders, directors and employees requests the members to participate in the AGM virtually through video-link only.

   The entitled shareholders interested in attending the Annual General Meeting (AGM) through Zoom ("Zoom" which can be downloaded from Google Play or Apple App Store) are requested to get themselves registered with the Company Secretary office at least 48 hours before the time of holding AGM at nagina-agm21@nagina.com by providing the following details:-

Name of Shareholder	CNIC Number.	Folio Number.	Cell Number.	Email Address

   Upon receipt of the above information from interested shareholders, the Company will send the login details to their email addresses.

   On the AGM day, the shareholders will be able to login and participate in the AGM proceedings through their smartphone or computer devices from any convenient location.

   Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address nagina-agm21@nagina.com.

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) Ltd., 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, 2021 shall be uploaded on the Company's website 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 AS REQUIRED UNDER THE COMPANIES (INVESTMENT IN ASSOCIATED COMPANIES OR ASSOCIATED UNDERTAKINGS) REGULATIONS, 2017.

Members had approved a special resolution u/s 199 of the Companies Act, 2017 on October 26, 2020. The Company has not made any investment under the resolution. Following is the status:

a. Total investment approved.	Rs.75,000,000/= (Rupees seventy five 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 2020-21.
d. Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment.	See table below

	Present Financial Position as on June 30, 2021		Financial Position at the time of approval as on June 30, 2020	
	PWML	**NCML**	PWML	NCML
	Rupees in Millions			
Net sales	**8,150.567**	**7,184.635**	6,018.541	7,070.172
Gross profit	**1,169.127**	**1,419.328**	529.557	593.821
Profit before tax	**814.539**	**988.876**	247.969	100.274
Profit after tax	**641.577**	**743.498**	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.

Control Union Certifications B.V.
Meeuwenlaan 4-6,8011 BZ,Zwolle , Netherlands
+31 38 426 0100
www.controlunion.com

SCOPE CERTIFICATE

Scope Certificate Number:CU809299GOTS-2021-00078521

Control Union Certifications declares that

Nagina Group

License Number:809299
91-B-1, M.M. Alam Road,
Gulberg III,
Lahore 54660
Pakistan

has been inspected and assessed in accordance with the

Global Organic Textile Standard (GOTS)
- Version 6.0-

and that products of the categories as mentioned below (and further specified in the annex) comply with this standard:

Product categories:Greige yarns, Undyed yarns, Greige fabrics

Processing steps / activities carried out under responsibility of the above-mentioned company (by the operations as detailed in the annex) for certified products

Weaving, Exporting, Importing, Trading, Spinning

This certificate is valid from:
2021-08-05
This certificate is valid until:
2022-06-04

Place and date of issue:

2021-08-09 Zwolle

Name of authorised person:

On behalf of the Managing Director
PasanGalappaththi |Certifier

Stamp of the issuing body

Standard's Logo

This Scope Certificate provides no proof that any goods delivered by its holder are GOTS certified. Proof of GOTS certification of goods delivered is provided by a valid Transaction Certificate (TC) covering them.
Accredited by: Dutch Accreditation Council (RvA), Accreditation No: C 412

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SCOPE CERTIFICATE

Scope Certificate Number:CU809299GRS-2021-00078518

Control Union Certifications declares that

Nagina Group

License Number809299
91-B-1, M.M. Alam Road,
Gulberg III,
Lahore 54660
Pakistan

has been inspected and assessed in accordance with the

Global Recycled Standard (GRS)
- Version 4.0-

and that products of the categories as mentioned below (and further specified in the annex) comply with this standard:

Product categories:Greige fabrics, Greige yarns, Undyed yarns, Undyed fabrics

Processing steps / activities carried out under responsibility of the above-mentioned company (by the operations as detailed in the annex) for certified products

Weaving, Exporting, Importing, Trading, Spinning

This certificate is valid from:
2021-08-05
This certificate is valid until:
2022-08-04

Place and date of issue

Stamp of the issuing body

Standard's Logo

2021-08-09,Zwolle

Name of authorised person:

On behalf of the Managing Director
PasanGalappaththi | Certifier

This Scope Certificate provides no proof that any goods delivered by its holder are GRS certified. Proof of GRS certification of goods delivered is provided by a valid Transaction Certificate (TC) covering them.
Accredited by: Sri Lanka Accreditation Board (SLAB), Accreditation No: CP 004-01

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www.controlunion.com

SCOPE CERTIFICATE

Scope Certificate Number:CU809299OCS-2021-00078520

Control Union Certifications declares that

Nagina Group

License Number809299
91-B-1, M.M. Alam Road,
Gulberg III,
Lahore 54660
Pakistan

has been inspected and assessed in accordance with the
Organic Content Standard (OCS)
- Version 3.0-

and that products of the categories as mentioned below (and further specified in the annex) comply with this standard
Product categories:Greige yarns, Undyed yarns, Greige fabrics

Processing steps / activities carried out under responsibility of the above-mentioned company (by the operations as detailed in the annex) for certified products
Weaving, Exporting, Importing, Trading, Spinning

This certificate is valid from:
2021-08-05
This certificate is valid until:
2022-06-04

Place and date of issue:

Stamp of the issuing body

Standard's Logo

2021-08-09,Zwolle

Name of authorised person:

On behalf of the Managing Director
PasanGalappaththi | Certifier

This Scope Certificate provides no proof that any goods delivered by its holder are OCS certified. Proof of OCS certification of goods delivered is provided by a valid Transaction Certificate (TC) covering them.
Accredited by: Sri Lanka Accreditation Board (SLAB), Accreditation No: CP 004-01

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+31 38 426 0100
www.controlunion.com

SCOPE CERTIFICATE

Scope Certificate Number:CU809299RCS-2021-00078519

Control Union Certifications declares that

Nagina Group
License Number809299
91-B-1, M.M. Alam Road,
Gulberg III,
Lahore 54660
Pakistan

has been inspected and assessed in accordance with the

Recycled Claim Standard (RCS)
- Version 2.0-

and that products of the categories as mentioned below (and further specified in the annex) comply with this standard:

Product categories: Undyed yarns, Greige yarns, Greige fabrics

Processing steps / activities carried out under responsibility of the above-mentioned company (by the operations as detailed in the annex) for certified products

Weaving, Exporting, Importing, Trading, Spinning

This certificate is valid from:
2021-08-05
This certificate is valid until:
2022-08-04

Place and date of issue | Stamp of the issuing body | Standard's Logo

2021-08-09,Zwolle

Name of authorised person:

On behalf of the Managing Director
PasanGalappaththi |Certifier

This Scope Certificate provides no proof that any goods delivered by its holder are RCS certified. Proof of RCS certification of goods delivered is provided by a valid Transaction Certificate (TC) covering them.
Accredited by: Sri Lanka Accreditation Board (SLAB), Accreditation No: CP 004-01

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PLAZA EMILIO SALA, 1
03801 ALCOY (ALICANTE) ESPAÑA, SPAIN

OEKO-TEX®
INSPIRING CONFIDENCE

CERTIFICATE

The company

Ellcot Spinning Mills Ltd
91, B1 M.M. ALAM ROAD, GULBERG III
54000 LAHORE, PAKISTAN

OEKO-TEX®
CONFIDENCE IN TEXTILES
STANDARD 100
20150K0011 AITEX
Tested for harmful substances
www.oeko-tex.com/standard100

is granted authorisation according to STANDARD 100 by OEKO-TEX® to use the STANDARD 100 by OEKO-TEX® mark, based on our test report **2021OK0206**

for the following articles:

Greige yarns made of 100% cotton and its mixtures with polyester and elastane. Partly based on pre-certified material according to STANDARD 100 by OEKO-TEX®.

The results of the inspection made according to STANDARD 100 by OEKO-TEX®, Annex 6, **product class I** have shown that the above mentioned goods meet the human-ecological requirements of the STANDARD 100 by OEKO-TEX® presently established in Annex 6 for baby articles.

The certified articles fulfil requirements of Annex XVII of REACH (incl. the use of azo colourants, nickel release, etc.), the American requirement regarding total content of lead in children's articles (CPSIA; with the exception of accessories made from glass) and of the Chinese standard GB 18401:2010 (labelling requirements were not verified).

The holder of the certificate, who has issued a conformity declaration according to ISO 17050-1, is under an obligation to use the STANDARD 100 by OEKO-TEX® mark only in conjunction with products that conform with the sample initially tested. The conformity is verified by audits.

The certificate 20150K0011 is valid until 31.01.2022

Alcoy (Alicante) España, 17.02.2021

Silvia Devesa Valencia
Innovation Assistant Manager

Isabel Soriano Sarrió
Chief of Innovation Area

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 Ellcot 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 as stated in the Companies Act 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Code).

- The Board has 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;

- The Board has ensured that the adequate system of internal control is in place and its regular assessment through self-assessment mechanism and /or internal audit activities;

- The Board has prepared and approved the director's report and has ensured that the directors' report is published with the quarterly and annual financial statement of the Company and the content of the directors' report are in accordance with the requirement of applicable laws and regulations;

- The Board has ensured the hiring, evaluation and compensation of the Chief Executive and other key executives including Chief Financial Officer, Company Secretary, and Head of Internal Audit;

- The Board has ensured that adequate information is shared among its members promptly and the Board members are kept abreast of developments between meetings;

- The Board has 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, 2021

NAGINA
NAGINA GROUP

ایلکوٹ سپننگ ملزلمیٹڈ

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

ایلکوٹ سپننگ ملزلمیٹڈ (ESML) کے بورڈ آف ڈائریکٹرز (بورڈ) نے کمپنی کے حصہ داروں کے بہترین مفاد کو برقرار رکھنے میں اپنی ذمہ داریاں تندہی سے انجام دی ہیں اور کمپنی کے امور کو مؤثر اور بروقت انداز سے منظّم کیا ہے۔ بورڈ نے کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 میں دئے گئے اپنے اختیارات اور ذمہ داران کو بخوبی سرانجام دیا ہے۔

- بورڈ نے اسٹریٹجک 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۔
- بورڈ نے 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۔
- بورڈ نے مجلس نظماء کی رپورٹ کی تیاری اور منظوری دی ہے اور اس بات کو یقینی بنایا ہے کہ مجلس نظماء کی رپورٹ کمپنی کی سہ ماہی اور سالانہ مالیاتی حسابات کے ساتھ شائع ہوئی اور مجلس نظماء کی رپورٹ کا مواد قابل اطلاق قوانین اور قواعد وضوابط کے مطابق ہے۔
- بورڈ نے چیف ایگزیکٹوسمیت دیگر اہم ایگزیکٹوز بشمول چیف فنانس آفیسر، کمپنی سیکرٹری، اور انٹرنل آڈٹ کے سربراہ کی ملازمت اور معاوضہ سازی کو یقینی بنایا ہے۔
- بورڈ نے اس کے 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 بہ لمحہ باخبر رکھا گیا ہے۔
- بورڈ نے کمپنی پر قابل اطلاق متعلقہ قوانین اور قواعد وضوابط کی روشنی میں دئے گئے اختیارات کے مطابق اپنے اختیارات کا ستعمال 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 وضوابط 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 ڈائیریکٹرز بورڈ کے اہم فیصلوں میں برابر کے شریک ہیں۔

بورڈ کی سالانہ کارکردگی اہم شعبوں پر مبنی ہے جہاں بورڈ کو اعلی درجے کی نگرانی مہیا کرنے بشمول اسٹریٹجک عمل؛ کلیدی کاروباری امور، سنگ میلز کی تکمیل، عالمی معاشی ماحول اور مسابقتی سیاق وسباق جس میں کمپنی کام کرتی ہے، کمپنی کے کاروبار کو درپیش 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 ارکان کی راہنمائی اور نگرانی کے ذریعہ انتظامیہ ٹیم کی مشترکہ کوششوں کے ساتھ توقعات سے بھی آگے بڑھایا جاسکتا ہے۔

شہزادہ الٰہی شیخ

چیئرمین

لاہور 28 ستمبر 2021

DIRECTORS' REPORT TO THE MEMBERS

The Directors have the honor to present 33rd Annual Report of your Company together with Audited Financial Statements and Auditors' Report thereon for the year ended June 30, 2021. Figures for the previous year ended June 30, 2020 are included for comparison.

Company Performance

Alhamdulillah, the company has earned handsome profits inspite of the challenging business conditions created by the COVID-19 pandemic. Timely procurement of raw material at attractive prices and supply of energy at competitive rates by the Government was the primary reason for high profits. The profitability was also enhanced by the successful installation of most modern spinning machines which resulted in better yarn quality and better selling rates.

The Company earned after tax profit of Rs. 813,596,998 or 10.54% of sales compared to Rs. 225,879,281 or 3.67% of sales during same period last year (SPLY). Earning per share (EPS) for the year is Rs. 74.30 compared to Rs. 20.63 during SPLY.

Robust demand for yarn resulted in an increase in sales revenue by 25.40% over the same period last year (SPLY) and stood at Rs. 7,715,508,868 compared to Rs. 6,152,929,463 during the SPLY. The sales increase is both in terms of price and in volume. Due to better product margins cost of sales decreased from 87.69% of sales during SPLY to 81.87% of sales during year under review. Overall Gross Profit (GP) stood at 18.13% of sales from 12.31% of sales during SPLY.

Distribution costs increased from 0.95% of sales during SPLY to 1.12% of sales this year. Because of reduction in gratuity provision administrative expenses decreased from 2.54% of sales during SPLY to 1.92% of sales during the year under review. Other expenses significantly increased from 0.78% of sales during SPLY to 1% during the period under review. The increase is mainly due to higher provisions of WPPF and WWF because of higher profitability.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2021-22, Kapas, (seed cotton) arrivals upto September 15, 2021, at the Ginneries totaled 2.687 million bales compared to 1.035 million bales for the year 2020-21 showing increase in arrival of 159.52%.

Capital Assets Investment

In line with strategic plans for enhancing spinning productivity, quality and efficiency, your Company is in the process of installing another 40600 spindles along with related machinery. Out of the stated increase 25200 spindles would be installed during current financial year and balance would be installed in next financial year of 2023. After completion of the projects and removal of old spindles overall installed capacity of the mills would be around 78,000 spindles. Company is also planning to install 999 kw solar based power generation at its mills. After its commissioning it will contribute clean solar energy to the mills power grid. Management is strongly in favor of continuous expansion /balancing, modernization and replacement (BMR) in order to bring synergies of scale and to meet up the ever increasing stiff future challenges.

Future Outlook

The year under review has been a remarkable year in terms of profits. The entire textile sector benefitted from surging global demand from the value-added sector such as home textiles, denim, towels and knitting. This rise in demand had a trickle-down effect on the whole supply chain. A combination of timely procurement of raw materials and rise in yarn selling rates resulted in record profit for the company. Our Government handled the pandemic better than the regional countries giving us an edge over our competitors. We are optimistic for the first quarter of the next financial year based on better raw material inventory costs and strong sales order book. However, beyond the first quarter, we may see a drop in profitability because of rising cotton costs and flattening yarn prices. The rupee dollar parity remains volatile. Going forward, a weaker rupee will increase the price of imported raw materials, energy, spare parts and freight which may affect profitability. The risk of higher interest rates has also increased.

In the year under review, the Government has extended great support to the industry in the shape of relaxation in repayments of long-term loans and payroll financing at concessional rate. The timely actions have helped the industry to face the challenges posed by the pandemic more effectively. The Government's handling of the pandemic and a successful vaccination drive needs to be appreciated.

The State Bank of Pakistan and the Government has been very proactive to handle the COVID-19 related challenges. Measures like enhancement of liquidity, providing low interest loans for investments and maintaining the policy rate at 7% have helped industry in general and the textile industry in particular. Therefore, the management is optimistic that the financial year 2021-22 would remain reasonably profitable.

The Ministry of Energy (Power Division) has recently notified the extension of the textile tariff till June 30, 2022. A longer-term decision is required in this respect. It is hoped that the Government will continue to provide gas and electricity at competitive rates to the industry. The textile sector has the largest share in the total exports of the country.

The domestic cotton production is expected to be around 8.5 million bales. This is an improvement over the last year's production of 5.7 million bales. The favorable weather conditions are being attributed as the main reason for the increase. Inspite of a larger crop, the industry will have to import a sizeable quantity of cotton as the demand far exceeds the domestic production.

The imposition of sales tax on the purchase of cotton had already created a huge strain. The increase in the sales tax on the procurement of cotton from 10% to 17% will divert the liquidity required to operate a successful industry. It is hoped that the Government would bring in business friendly policies such as the removal of sales tax on the purchase of cotton or at least a timely refund of outstanding sales tax and income tax.

Dividend

The Board of Directors have recommended cash dividend @ 25% i.e. Rs. 2.50 per ordinary share for the year ended June 30, 2021. The dividend will amount to Rs. 27,375,000. This is in addition to interim cash dividend @75% i.e. Rs.7.50 per ordinary share already paid.

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, 2022. 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 during the financial year ended June 30, 2021 were reviewed by the Audit Committee and approved by the Board of Directors. All the related parties' transactions were in line with the transfer pricing methods approved the Board of Directors.

Shareholding Pattern

The shareholding pattern as at June 30, 2021 for ordinary shares is annexed.

Appointment of Auditors

Messrs Rahman Sarfraz Rahim Iqbal Rafiq, Chartered Accountants, Lahore are due to retire and being eligible, offer themselves for re-appointment as auditors for the financial year 2021-22. The Audit Committee has recommended for re-appointment of present auditors.

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, 2020 except for those disclosed in the financial statements.

Composition of Board

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 2020-21, 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

Haroon Shahzada Ellahi Shaikh
Mg. Director (Chief Executive)

Amin Ellahi Shaikh
Director

Lahore: September 28, 2021

ممبران کے لئے ڈائریکٹرز کی رپورٹ

مجلس نظماء 30 جون 2021 کو مختتمہ سال کے لئے کمپنی کی 33 ویں سالانہ رپورٹ معہ نظرثانی شدہ مالیاتی حسابات اوراس پر محاسب کی رپورٹ پیش کرتے ہوئے خوشی محسوس کررہی ہے۔ 30 جون 2020 کو ختم ہونے والے گزشتہ سال کے اعدادوشمار بھی موازنہ کے لئے شامل کئے گئے ہیں۔

کمپنی کی کارکردگی

الحمداللہ، کمپنی نے COVID-19 وبائی بیماری سے پیدا کردہ مشکل کاروباری حالات کے باوجود بھرپور منافع کمایا ہے۔ زیادہ منافع کی بنیادی وجہ پُرکشش قیمتوں پر خام مال کی بروقت خریداری اور حکومت کی طرف سے مسابقتی ریٹس پر توانائی کی فراہمی ہے۔ نہایت جدید سپننگ مشینوں کی کامیاب تنصیب سے یارن کی کوالٹی اور فروخت کے نرخ بہتر ہوئے ہیں جس کے نتیجے میں منافع میں بھی اضافہ ہوا ہے۔

کمپنی نے گذشتہ سال کی اسی مدت کے دوران 225,879,281 روپے یا فروخت کا 3.67 فیصد کے مقابلے 813,596,998 روپے یا فروخت کا 10.54 فیصد کا بعد از ٹیکس منافع کمایا ہے۔ فی شیئر آمدنی (EPS) گذشتہ سال کی 20.63 روپے کے مقابلے اس سال 74.30 روپے رہی ہے۔

یارن کی طلب میں اضافہ کے نتیجے میں فروخت آمدن میں گزشتہ سال کی اسی مدت سے 25.04 فیصد کا اضافہ ہوا اور گذشتہ سال کے دوران 6,152,929,463 روپے کے مقابلے 7,715,508,868 روپے رہی ہے۔ قیمت اور حجم دونوں کے لحاظ سے فروخت میں اضافہ ہوا ہے۔ مصنوعات کے بہتر مارجن کے باعث گذشتہ سال کے دوران فروخت کی لاگت فروخت کی 87.69 فیصد سے کم ہوکر زیرِ جائزہ سال کے دوران فروخت کی 81.87 فیصد تک ہوئی ہے۔ گزشتہ سال کی اسی مدت کے دوران مجموعی منافع (GP) فروخت کے 12.31 فیصد سے بڑھ کر زیرِ جائزہ سال کے دوران فروخت کا 18.13 فیصد ہوگیا۔

موجودہ سال تقسیم کے اخراجات گذشتہ سال کے دوران فروخت کے 0.95 فیصد سے بڑھ کر 1.12 فیصد ہو گئے جو کہ گریجوئٹی پروویژن میں کمی کی وجہ سے انتظامی اخراجات گذشتہ سال کے دوران فروخت کے 2.54 فیصد سے کم ہوکر زیرِ جائزہ سال کے دوران فروخت کے 1.92 فیصد تک ہوئے۔ دیگر اخراجات گذشتہ سال کے دوران فروخت کے 0.78 فیصد سے نمایاں طور پر بڑھ کر زیرِ جائزہ مدت کے دوران 1 فیصد تک ہوئے۔ اضافہ کی اہم وجوہات WPPF کے لئے زیادہ پرویژن اور WWF کی وجہ زیادہ سے زیادہ منافع ہوا ہے۔

پاکستان کاٹن جنرز ایسوسی ایشن کی طرف سے فصل سال 22-2021 کے لئے جاری کردہ اعدادوشمار کے مطابق 15 ستمبر 2021 تک جنریز میں کپاس، (بیج کپاس) کی پہنچ سال 21-2020 کی کل 1.035 ملین گانٹھوں کے مقابلے 2.687 ملین گانٹھیں ہوئی جو کہ 159.52 فیصد کا اضافہ ظاہر کررہی ہے۔

طویل مدتی اثاثوں کی سرمایہ کاری

سپننگ کی پیداوار، کوالٹی اور صلاحیت کو بہتر بنانے کے لئے سٹریٹجک منصوبوں کے مطابق آپ کی کمپنی متعلقہ مشینری کے ہمراہ مزید 40600 سپنڈلز نصب کرنے کے عمل میں ہے۔ جس میں سے 25200 سپنڈلز موجودہ مالی سال کے دوران نصب ہوجائیں گے اور باقی اگلے مالی سال 2023 میں نصب ہوں گے۔ پروجیکٹس کی تکمیل اور پرانے سپنڈلز کی تبدیلی کے بعد ملز کی مجموعی نصب شدہ صلاحیت تقریباً 78,000 سپنڈلز ہوجائے گی۔ کمپنی اپنی ملز میں kw 999 شمسی توانائی پاور جنریشن نصب کرنے کی بھی منصوبہ بندی کررہی ہے۔ اس کی کمشننگ کے بعد یہ ملز پاور گرڈ کو صاف شمسی توانائی فراہم کرے گی۔ انتظامیہ بڑے پیمانے پر ہم آہنگی لانے اور مستقبل کی بڑھتی ہوئی رکاوٹوں سے نمٹنے کے لئے مسلسل توازن، جدت اور تبدیلی کے حق میں ہے۔

مستقبل کے امکانات

زیرِ جائزہ سال موزوں منافع بخش سال رہا ہے۔ پورے ٹیکسٹائل سیکٹر نے ہوم ٹیکسٹائلز، ڈینم، تولیہ اور نیٹ ویئر پر مشتمل ویلیو ایڈڈ سیکٹر سے سرجیکل گلوبل ڈیمانڈ کا بھرپور فائدہ اُٹھایا ہے۔ طلب میں اضافہ نے مجموعی سپلائی چین پر اثرات کو کم کیا ہے۔ خام مال کی بروقت خریداری اور یارن کی فروخت کے نرخوں میں اضافہ کے نتیجے میں کمپنی کو منافع ہوا۔ ہماری حکومت نے علاقائی ممالک کے مقابلے میں وبائی بیماری کو بہتر طریقے سے کنٹرول کیا جس سے ہمیں اپنے حریفوں پر برتری حاصل ہوئی۔ ہم خام مال کے بہتر انوینٹری اخراجات اور مضبوط سیلز آرڈر بک کی بنیاد پر اگلے مالی سال کی پہلی سہ ماہی کے لیے پر امید ہیں۔ تاہم، پہلی سہ ماہی کے بعد، کپاس کے بڑھتے ہوئے اخراجات اور سوت کی قیمتوں میں کمی کی وجہ سے ہم منافع میں کمی دیکھ رہے ہیں۔ امریکی ڈالر اور پاکستانی روپیہ کے درمیان شرح تبادلہ غیر مستحکم ہے۔ آگے بڑھتے ہوئے، روپیہ کی قدر میں کمی کے باعث درآمد شدہ خام مال، بجلی، سپیئر پارٹس اور کرایوں کی قیمتوں میں اضافہ ہوگا جو منافع کو متاثر کرسکتی ہے۔ زیادہ شرح سود کا خطرہ بھی بڑھ گیا ہے۔

زیرِ جائزہ سال میں، حکومت نے طویل مدتی قرضوں کی واپسی میں رعایت اور عائیتی شرح پر پے رول فنانسنگ کی شکل میں صنعت کی بڑی مدد کی ہے۔ وبائی بیماری کے باعث پیش آنے والی مشکلات کا سامنا کرنے کے لئے بروقت ایکشن نے زیادہ مؤثر طریقے سے مدد کی ہے۔ وبائی بیماری کو قابو کرنے اور ویکسینیشن مہم کو کامیاب انداز میں چلانے کی حکومتی کوششیں قابل تعریف ہیں۔

بینک دولت پاکستان اور حکومت COVID-19 سے متعلقہ مشکلات پر قابو پانے کے لئے بہت فعال رہے ہیں۔ لیکویڈیٹی کو بڑھانے، سرمایہ کاری کے لئے کم شرح پر سود قرضوں کی فراہمی اور پالیسی شرح کو 7 فیصد تک برقرار رکھنے جیسے اقدامات نے عام طور پر صنعت اور خاص طور پر ٹیکسٹائل صنعت کی بڑی مدد کی ہے۔ اس لئے، انتظامیہ پر اُمید ہے کہ مالی سال 22-2021 معقول حد تک منافع بخش رہے گا۔

وزارت توانائی (پاور ڈویژن) نے حال ہی میں 30 جون 2022 تک ٹیکسٹائل ٹیرف کی توسیع کا اعلان کیا ہے۔ اس سلسلہ میں طویل مدتی فیصلہ کی ضرورت ہے۔ اُمید ہے کہ حکومت صنعت کو مسابقتی شرحوں پر گیس اور بجلی فراہم کرنا جاری رکھے گی۔ ملک کی کل درآمدت میں ٹیکسٹائل شعبہ کا بہت بڑا حصہ ہے۔

مقامی کپاس کی پیداوار تقریباً 8.5 ملین گانٹھیں ہونے کی توقع ہے۔ یہ گزشتہ سال کی پیداوار سے 5.7 ملین گانٹھوں کی بہتری ہے۔ اضافہ کی بڑی وجہ موزوں موسمی حالات ہیں۔ زیادہ فصل کے باوجود، صنعت کو کپاس کی نمایاں مقدار درآمد کرنا پڑے گی طلب مقامی پیداوار سے کہیں زیادہ ہے۔

کپاس کی خریداری پر سیلز ٹیکس کے نفاذ نے پہلے ہی بہت زیادہ تناؤ پیدا کر دیا تھا۔ کپاس کی خریداری پر سیلز ٹیکس میں 10 فیصد سے 17 فیصد تک اضافہ ایک کامیاب صنعت کو چلانے کے لیے درکار لیکویڈیٹی کا رخ موڑ دے گا۔ امید ہے کہ حکومت کپاس کی خریداری پر سیلز ٹیکس کا خاتمہ یا کم از کم بقایا سیلز ٹیکس اور انکم ٹیکس کی بروقت واپسی جیسی دوستانہ پالیسیاں لائے گی۔

منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 30 جون 2021 کو ختم ہونے والے سال کے لئے نقد منافع منقسمہ بشرح 25 فیصد یعنی 2.50 روپے فی عام شیئر کی منظوری دی ہے۔ منافع منقسمہ کی رقم 27,375,000 روپے ہے۔ یہ پہلے ادا شدہ عبوری نقد منافع منقسمہ بشرح 75 فیصد یعنی 7.50 روپے فی عام شیئر کے علاوہ ہے۔

نمایاں سرگرمی

کمپنی کی اصل سرگرمی سوتر 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 کا سد باب 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 قابلِ ادائیگیاں اور مختصر مدتی قرضے شامل ہیں۔ ان مالی ادائیگیوں کا اہم مقصد کمپنی کے آپریشنز کے لئے فنانس کا بندوبست کرنا ہے۔ کمپنی کے اصل مالیاتی اثاثوں میں تجارتی وصولیاں، پیشگی ادئیگیاں، مختصر مدتی ڈیپازٹس، دیگر وصولیاں اور نقدی اور بینک بیلنسز شامل ہیں جو اس کے آپریشنز سے براہِ راست حاصل ہوتے ہیں۔

کمپنی کی سرگرمیوں کو کئی 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 مینجمنٹ 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 سرٹیفکیشن

کمپنی کوالٹی کے اعلیٰ معیارات پر کام جاری رکھتی ہے اور 10 جولائی 2022 تک کارآمد سرٹیفکیشن کے حالیہ ورژن حاصل کر چکی ہے۔ کوالٹی کنٹرول سرٹیفکیشن 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 کمیونٹیز 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 مشقیں کی جاتی ہیں۔

اندرونی مالیاتی کنٹرول

بورڈ آف ڈائریکٹر کی طرف سے کمپنی کے 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 وضوابط اور پالیسیوں کی تعمیل کو یقینی بنانے کے لئے ڈیزائن میں مستحکم ہے۔

متعلقہ پارٹیاں

30 جون 2021 کو ختم ہونے والے مالی سال کے دوران تمام متعلقہ پارٹی کے ساتھ لین دین کا آڈٹ کمیٹی نے جائزہ لیا اور بورڈ آف ڈائریکٹرز کی طرف سے منظوری دی گئی ہے۔ تمام متعلقہ پارٹیوں کے ساتھ لین دین بورڈ آف ڈائریکٹرز سے منظور شدہ منتقلی قیمتوں کے طریقوں کے مطابق تھے۔

نمونہء حصص داری

30 جون 2021 کے مطابق عام شیئرز کے لئے نمونہء حصص داری منسلک کیا گیا ہے۔

آڈیٹرز کی تقرری

ریٹائر ہونے والے میسرز رحمان سرفراز رحیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹس، لاہور نے اہل ہونے کی بناء پر مالی سال 22-2021 کے لئے بحیثیت آڈیٹرز دوبارہ تقرری کے لئے خود کو پیش کیا ہے۔ آڈٹ کمیٹی نے موجودہ آڈیٹرز کی دوبارہ تقرری کی منظوری دے دی ہے۔

مالیاتی حسابات کا آڈٹ

کمپنی کے مالی حسابات، کمپنی کے قانونی ایکسٹرنل آڈیٹرز، میسرز رحمان سرفراز رحیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹس کی طرف سے کسی کوالیفکیشن کے بغیر نظر ثانی شدہ ہیں۔

کاروباری نظام اور مالیاتی رپورٹنگ کا طریقہ کار

مزید ڈائریکٹرز بخوشی بیان کرتے ہیں کہ:

a۔ 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۔

b۔ کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔

c۔ 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۔

d۔ 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۔

e۔ اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔

f۔ کمپنی کے رواں دواں ہونے کی صلاحیت پر کوئی قابل ذکر شکوک وشبہات نہیں ہیں۔

g۔ گزشتہ چھ سال کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا منسلک ہے۔

h۔ ٹیکس، ڈیوٹیز، لیویز اور چارجز کی مد میں کوئی قانونی ادائیگی واجب الادا نہیں ہے جو 30 جون 2021 کو بقایا ہوں، سوائے ان کے جو مالی حسابات میں ظاہر کر دیئے گئے ہیں۔

بورڈ کی ترتیب

ڈائریکٹرز کی کل تعداد:

a) مرد (نو) 9

b) خاتون (ایک) 1

ترتیب:

i۔ آزاد ڈائریکٹرز	(تین) 3
ii۔ دیگر نان ایگزیکٹو ڈائریکٹرز	(پانچ) 5
iii۔ ایگزیکٹو ڈائریکٹرز	(دو) 2

ڈائریکٹرز کے نام

جناب شہزادہ الٰہی شیخ	چیئرمین
جناب محمد بابر منو	
جناب عمران موتی والا	
محترمہ فاریہ رحمان صلاح الدین	
جناب جمال نسیم	
جناب شوکت الٰہی شیخ	
جناب رضا الٰہی شیخ	
جناب امین الٰہی شیخ	

جناب شفقت الٰہی شیخ	
جناب ہارون شہزادہ الٰہی شیخ	ڈائریکٹر/چیف ایگزیکٹوآفیسر

بورڈ کی کمیٹیاں

بورڈ آف ڈائریکٹرز نے مندرجہ ذیل کمیٹیاں تشکیل دی ہیں:

- **آڈٹ کمیٹی**

جناب محمد بابر منو	چیئر مین
جناب شوکت الٰہی شیخ	رکن
جناب رضا الٰہی شیخ	رکن

- **ہیومن ریسورس اینڈ ریمنریشن(HR&R) کمیٹی**

جناب محمد بابر منو	چیئر مین
جناب رضا الٰہی شیخ	رکن
جناب ہارون شہزادہ الٰہی شیخ	رکن

- **ایگزیکٹو کمیٹی**

جناب ہارون شہزادہ الٰہی شیخ	چیئر مین
جناب شفقت الٰہی شیخ	رکن
جناب رضا الٰہی شیخ	رکن
جناب امین الٰہی شیخ	رکن

ڈائریکٹرز کے معاوضے کی نمایاں خصوصیات

بورڈ آف ڈائریکٹرز نے کمپنی کے امور میں ان کی ذمہ داری پر منحصر ا ایگزیکٹواور نان ایگزیکٹوڈائریکٹرز کے معاوضے کے لئے رسمی پالیسی کی منظوری دی ہے۔معاوضہ کامیابی سے کمپنی کو منظّم طریقہ سے چلانے کے لئے ان کی ذمہ داری اور ضروری مہارت اور ان سے ویلیوایڈیشن حوصلہ افزائی کی سطح کے مطابق ہے۔

آزاد ڈائریکٹر سمیت نان ایگزیکٹوڈائریکٹرز فقط بورڈ اوراس کی کمیٹیوں کے اجلاسوں میں شرکت کی فیس کے اہل ہیں۔ایگزیکٹواور نان ایگزیکٹوڈائریکٹرز کا معاوضہ ہیومن ریسورس اینڈ ریمنریشن کمیٹی کی سفارشات پر، بورڈ کی طرف سے منظور کیا گیا ہے۔21-2020 میں ڈائریکٹرز اور سی ای او کے معاوضے کی معلومات کے لئے، براہِ مہربانی مالی گوشواروں کے نوٹ ملاحظہ فرمائیں۔

اظہار تشکر

کمپنی کے عملے اور کارکنوں 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 شکریہ ادا کرتے ہیں۔

منجانب بورڈ

ہارون شہزادہ الٰہی شیخ	امین الٰہی شیخ
چیف ایگزیکٹوآفیسر (سی ای او)	ڈائریکٹر

لاہور: 28 ستمبر 2021ء

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

Name of Company: Ellcot Spinning Mills Limited

Year ended: June 30, 2021

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, 2021.

    b) HR and Remuneration Committee: One meeting was held during the financial year ended June 30, 2021.

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

Haroon Shahzada Ellahi Shaikh
Chief Executive Offier

Shahzada Ellahi Shaikh
Chairman

Lahore: September 28, 2021

SHAREHOLDERS' INFORMATION

Annual General Meeting

The 33rd Annual General Meeting of members of ELLCOT SPINNING MILLS LTD. will be held on **Thursday, October 28, 2021** at 11:30 a.m electronically through video-link facility (Zoom App.)

Eligible shareholders are encouraged to participate and vote.

Ownership

On June 30, 2021, the Company has 454 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, 2021 has recommended, payment of the final cash dividend at the rate of Rs. 2.50 per share i.e. 25% for the year ended June 30, 2021. This is in addition to interim cash dividend @75% i.e. Rs.7/50 per ordinary share already paid, thus making a total cash dividend at Rs. 10/- per share i.e. 100 % for the year.

Book Closure

The share transfer books for ordinary shares of the Company will be closed from Friday, October 22, 2021 to Thursday, October 28, 2021 (both days inclusive). Valid transfer(s) received in order by our 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 21, 2021 will be in time to be passed for payment of dividend to the transferee(s).

MANDATORY PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE:

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).

Detail of Bank Mandate	
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, /s. Hameed 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 thereunder.

Deposit of Physical Shares into CDC Account

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 Income Tax from Dividend under Section 150 of the Income Tax Ordinance, 2001 ("Income Tax Ordinance").

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.

Electronic Transmission of Audited Financial Statements and Notice of Annual General Meeting (Notice) Through E-Mail (Optional)

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 the Standard Request Form available on Company's website.

Investor Relations Contact

Mr. Syed Mohsin Gilani, Corporate Secretary
Email: mohsin.gilani@nagina.com, Ph # (+92-42) 35756270, Fax: (+92-42) 35711856

Delivery of the Unclaimed / Undelivered Shares & Dividend

Members 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

NAGINA
NAGINA GROUP

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2021
CUIN (INCORPORATION NUMBER) 0018985

No. of Shareholders	Shareholding From	To	Total Shares Held
201	1	100	6,078
105	101	500	34,684
51	501	1000	41,029
65	1001	5000	162,843
9	5001	10000	57,011
2	10001	15000	25,475
2	15001	20000	37,028
1	20001	25000	22,000
-	25001	40000	-
1	40001	45000	41,345
-	45001	60000	-
1	60001	65000	64,626
-	65001	190000	-
1	190001	195000	191,878
-	195001	215000	-
1	215001	220000	219,359
-	220001	240000	-
1	240001	245000	242,735
-	245001	280000	-
1	280001	285000	284,335
-	285001	370000	-
1	370001	375000	371,743
-	375001	625000	-
1	625001	630000	628,400
-	630001	660000	-
3	660001	665000	1,993,716
1	665001	670000	669,138
-	670001	695000	-
2	695001	700000	1,400,000
1	700001	705000	704,380
-	705001	880000	-
1	880001	885000	883,554
-	885001	1395000	-
1	1395001	1400000	1,400,000
1	1400001	1405000	1,400,500
			68,143
454	**Total:-**		**10,950,000**

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2021

Sr #	Categories of Shareholders	Shares Held	Percentage
1)	**Directors, Chief Executive Officer, and their Spouse and Minor Children**		
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. JAMAL NASIM	1,000	0.01
viii)	MR. MOHAMMAD BABAR MONNOO	500	0.00
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
		4,406,124	**40.24**
2)	**Associated Companies, Undertakings and Related Parties**		
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
		2,663,461	**24.33**
3)	**NIT and ICP**	**Nil**	**Nil**
4)	**Banks, Development Finance Institutions, Non Banking Finance Institutions**		
i)	ESCORTS INVESTMENT BANK LIMITED	4	0.00
ii)	NATIONAL BANK OF PAKISTAN	396	0.00
		400	**-**
5)	**Insurance Companies**	**191,878**	**1.75**
6)	**Modarabas and Mutual Funds**		
i)	CDC - TRUSTEE AKD OPPORTUNITY FUND	669,138	6.11
ii)	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	704,380	6.43
iii)	CDC - TRUSTEE GOLDEN ARROW STOCK FUND	883,554	8.07
		2,257,072	**20.61**
7)	**Shareholders Holding 10% or more**		
i)	MR. AMIN ELLAHI SHAIKH	1,400,500	12.79
ii)	MR. RAZA ELLAHI SHAIKH	1,400,000	12.79
8)	**General Public**		
i)	a. Local	1,344,233	12.28
ii)	b. Foreign	-	-
9)	**Others (Joint Stock Companies)**	**86,832**	0.79

Note:-

M/s. Nagina Cotton Mils Ltd., had distributed 6,545,000 ordinary shares of M/s. Ellcot Spinning Mills Ltd., among its members, out of which 68,143 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					
		2021	**2020**	**2019**	**2018**	**2017**	**2016**
Sales	Rs.'000	**7,715,509**	6,152,929	6,346,642	5,563,119	4,868,596	4,227,910
Gross profit	Rs.'000	**1,399,137**	757,673	640,754	406,645	316,950	245,286
Operating profit	Rs.'000	**1,131,853**	550,716	452,055	247,172	178,853	110,353
Profit before tax	Rs.'000	**1,016,226**	361,369	167,489	132,008	121,013	59,490
Profit after tax	Rs.'000	**813,597**	225,879	204,769	130,515	77,671	71,165
Share capital - paid up	Rs.'000	**109,500**	109,500	109,500	109,500	109,500	109,500
Shareholders' equity	Rs.'000	**2,552,071**	1,755,131	1,634,434	1,549,270	1,449,024	1,418,482
Total assets	Rs.'000	**6,189,405**	5,377,420	5,593,261	6,253,850	3,353,777	2,870,296
Earning per share - pre tax	Rs.	**92.81**	33.00	15.30	12.06	11.05	5.43
Earnings per share - after tax	Rs.	**74.30**	20.63	18.70	11.92	7.09	6.50
Dividend per share	Rs.	**10.00**	-	6.00	6.00	3.50	3.50
Market value per share as on 30 June	Rs.	**123.01**	89.98	79.00	71.40	103.40	73.39
Gross profit to sales	%	**18.13**	12.31	10.10	7.31	6.51	5.80
Operating profit to sales	%	**14.67**	8.95	7.12	4.44	3.67	2.61
Profit before tax to sales	%	**13.17**	5.87	2.64	2.37	2.49	1.41
Profit after tax to sales	%	**10.54**	3.67	3.23	2.35	1.60	1.68
Current ratio		**3.02:1**	1.89:1	1.40:1	1.30:1	1.69:1	2.08:1
Total debt to total assets ratio	%	**58.77**	67.36	70.78	75.23	56.79	50.58
Debt equity ratio	%	**50.87**	53.45	53.96	55.10	28.12	30.72

Russell Bedford
taking you further

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Chartered Accountants

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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 2021** in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party. 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 2021.**

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
CHARTERED ACCOUNTANTS

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Lahore: ***28 September 2021***

Russell Bedford
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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 2021**, 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 2021 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 1,455 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	How our audit addressed the 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.	
2. Tax contingencies	
As disclosed in note 34 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

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Lahore: ***28 September 2021***

NAGINA
NAGINA GROUP

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	30-Jun-21	30-Jun-20
		Rupees	Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	6	**200,000,000**	200,000,000
Issued share capital	7	**109,500,000**	109,500,000
Capital reserve	8	**(32,771,696)**	(101,904,670)
Retained earnings		**2,475,342,221**	1,747,535,710
TOTAL EQUITY		**2,552,070,525**	1,755,131,040
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term finances	9	**2,221,091,888**	1,935,827,028
Employees retirement benefits	10	**124,015,239**	107,407,455
Deferred taxation	11	**135,096,203**	38,456,941
Deferred grant	12	**48,906,946**	1,865,501
		2,529,110,276	2,083,556,925
CURRENT LIABILITIES			
Trade and other payables	13	**671,996,704**	587,873,291
Unclaimed dividend		**6,731,331**	6,014,183
Accrued interest/profit	14	**22,380,271**	47,924,330
Short term borrowings	15	**34,985,389**	819,226,442
Current portion of non-current liabilities	16	**372,130,682**	77,693,413
		1,108,224,377	1,538,731,659
TOTAL LIABILITIES		**3,637,334,653**	3,622,288,584
CONTINGENCIES AND COMMITMENTS	17		
TOTAL EQUITY AND LIABILITIES		**6,189,405,178**	5,377,419,624

The annexed notes from 1 to 52 form an integral part of these financial statements.

Lahore: September 28, 2021

Amin Ellahi Shaikh
Director

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	30-Jun-21	30-Jun-20
		Rupees	*Rupees*
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	*18*	**2,835,755,837**	2,453,332,154
Long term deposits	*19*	**7,090,700**	7,090,700
		2,842,846,537	2,460,422,854
CURRENT ASSETS			
Stores and spares		**71,257,868**	70,145,017
Stock in trade	*20*	**1,455,151,596**	1,743,157,595
Trade receivables	*21*	**638,885,955**	551,607,736
Advances and other receivables	*22*	**343,553,244**	50,978,693
Other financial assets	*23*	**720,767,693**	353,113,980
Advance income tax	*24*	**81,229,434**	121,994,957
Bank balances	*25*	**35,712,851**	25,998,792
		3,346,558,641	2,916,996,770
TOTAL ASSETS		**6,189,405,178**	5,377,419,624

The annexed notes from 1 to 52 form an integral part of these financial statements.

Muhammad Ahmad
Chief Financial Officer

Haroon Shahzada Ellahi Shaikh
Chief Executive

NAGINA
NAGINA GROUP

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	**30-Jun-21**	30-Jun-20
		Rupees	*Rupees*
Revenue from contracts with customers - *net*	*26*	**7,715,508,868**	6,152,929,463
Cost of sales	*27*	**(6,316,372,037)**	(5,395,256,861)
Gross profit		**1,399,136,831**	757,672,602
Selling and distribution expenses	*28*	**(86,386,368)**	(58,387,003)
Administrative expenses	*29*	**(148,446,477)**	(156,376,571)
Other expenses	*30*	**(77,404,272)**	(47,962,145)
		(312,237,117)	(262,725,719)
		1,086,899,714	494,946,883
Other income	*31*	**44,953,213**	55,769,452
Operating profit		**1,131,852,927**	550,716,335
Finance cost	*32*	**(115,626,675)**	(189,347,115)
Profit before taxation		**1,016,226,252**	361,369,220
Provision for taxation	*33*	**(202,629,254)**	(135,489,939)
Profit after taxation		**813,596,998**	225,879,281
Earnings per share - *basic and diluted*	*34*	**74.30**	20.63

The annexed notes from 1 to 52 form an integral part of these financial statements.

Lahore: September 28, 2021

Amin Ellahi Shaikh	**Muhammad Ahmad**	**Haroon Shahzada Ellahi Shaikh**
Director	Chief Financial Officer	Chief Executive

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	Note	30-Jun-21	30-Jun-20
		Rupees	*Rupees*
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit obligation	*10.1*	**(2,678,306)**	6,494,607
Taxation relating to remeasurements of defined benefit obligation	*11.1*	**478,602**	(1,258,327)
		(2,199,704)	5,236,280
Financial assets at fair value through OCI		**77,144,325**	(52,130,201)
Taxation relating to financial assets at fair value through OCI	*11.1*	**(9,477,134)**	7,412,178
		67,667,191	(44,718,023)
		65,467,487	(39,481,743)
Items that may be reclassified subsequently to profit or loss		**-**	-
Other comprehensive income/(loss)		**65,467,487**	(39,481,743)
Profit after taxation		**813,596,998**	225,879,281
Total comprehensive income		**879,064,485**	186,397,538

The annexed notes from 1 to 52 form an integral part of these financial statements.

Lahore: September 28, 2021

Amin Ellahi Shaikh	Muhammad Ahmad	Haroon Shahzada Ellahi Shaikh
Director	Chief Financial Officer	Chief Executive

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	30-Jun-21	30-Jun-20
		Rupees	*Rupees*
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	35	**1,384,940,549**	804,789,570
Payments for:			
Employees retirement benefits		**(14,756,833)**	(6,968,256)
Finance cost		**(141,170,734)**	(182,909,907)
Income tax		**(69,109,056)**	(68,354,684)
Net cash generated from operating activities		**1,159,903,926**	546,556,723
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(689,172,178)**	(288,904,896)
Proceeds from disposal of property, plant and equipment		**31,650,046**	32,237,710
Purchase of short term investments		**(667,877,411)**	(319,727,627)
Proceeds from disposal of short term investments		**377,947,006**	381,422,607
Proceeds from disposal of long term investments		**-**	108,500,000
Dividend received		**28,979,019**	35,834,624
Net cash used in investing activities		**(918,473,518)**	(50,637,582)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term finances obtained		**732,071,333**	248,893,576
Repayment of long term finances		**(105,327,759)**	(148,944,802)
Net decrease in short term borrowings		**(777,020,536)**	(633,246,286)
Dividend paid		**(81,407,852)**	(65,191,001)
Net cash used in financing activities		**(231,684,814)**	(598,488,513)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**9,745,594**	(102,569,372)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**25,998,792**	128,542,300
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(31,535)**	25,864
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	36	**35,712,851**	25,998,792

The annexed notes from 1 to 52 form an integral part of these financial statements.

Lahore: September 28, 2021

Amin Ellahi Shaikh	Muhammad Ahmad	Haroon Shahzada Ellahi Shaikh
Director	Chief Financial Officer	Chief Executive

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021

	Note	Share capital	Capital reserves			Revenue reserves	
		Issued share capital	Reserve for financial assets measured at FVTOCI	Reserve on merger	Total	Retained earnings	Total equity
		Rupees	*Rupees*	*Rupees*	*Rupees*	*Rupees*	*Rupees*
Balance as at 01 July 2019		109,500,000	(62,725,746)	7,760,000	(54,965,746)	1,579,899,248	1,634,433,502
Comprehensive income							
Profit after taxation		-	-	-	-	225,879,281	225,879,281
Other comprehensive (loss)/income		-	(44,718,023)	-	(44,718,023)	5,236,280	(39,481,743)
Total comprehensive (loss)/income		-	(44,718,023)	-	(44,718,023)	231,115,561	186,397,538
Other transactions							
Transfer of reserve for financial assets at FVTOCI on derecognition	*23.2*	-	(2,704,381)	-	(2,704,381)	2,704,381	-
Taxation relating to transfer of reserve for financial assets at FVTOCI on derecognition		-	483,480	-	483,480	(483,480)	-
		-	(2,220,901)	-	(2,220,901)	2,220,901	-
Transaction with owners							
Final dividend @ 60% i.e. Rs. 6.0 per ordinary share		-	-	-	-	(65,700,000)	(65,700,000)
Balance as at 30 June 2020		109,500,000	(109,664,670)	7,760,000	(101,904,670)	1,747,535,710	1,755,131,040
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**
Comprehensive income							
Profit after taxation		**-**	**-**	**-**	**-**	**813,596,998**	**813,596,998**
Other comprehensive income/(loss)		**-**	**67,667,191**	**-**	**67,667,191**	**(2,199,704)**	**65,467,487**
Total comprehensive income		**-**	**67,667,191**	**-**	**67,667,191**	**811,397,294**	**879,064,485**
Other transactions							
Transfer of reserve for financial assets at FVTOCI on derecognition	*23.2*	**-**	**2,289,622**	**-**	**2,289,622**	**(2,289,622)**	**-**
Taxation relating to transfer of reserve for financial assets at FVTOCI on derecognition		**-**	**(823,839)**	**-**	**(823,839)**	**823,839**	**-**
		-	**1,465,783**	**-**	**1,465,783**	**(1,465,783)**	**-**
Transaction with owners							
Interim dividend @ 75% i.e. Rs. 7.5 per ordinary share		**-**	**-**	**-**	**-**	**(82,125,000)**	**(82,125,000)**
Balance as at 30 June 2021		**109,500,000**	**(40,531,696)**	**7,760,000**	**(32,771,696)**	**2,475,342,221**	**2,552,070,525**

The annexed notes from 1 to 52 form an integral part of these financial statements.

Lahore: September 28 2021

Amin Ellahi Shaikh
Director

Muhammad Ahmad
Chief Financial Officer

Haroon Shahzada Ellahi Shaikh
Chief Executive

NAGINA
NAGINA GROUP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1 LEGAL STATUS AND OPERATIONS

Ellcot 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 5.6.2)

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 40.1.1)

As explained in note 40.1.1, 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 5.24.1)

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. 64.706 million (2020: Rs. 56.035 million).

(b) Obligation under defined benefit plan (see note 5.5.2)

The Company's obligation under the defined benefit plan is based on assumptions of future outcomes, the principal ones being in respect of increases in remuneration, remaining working lives of employees and discount rates to be used to determine present value of defined benefit obligation. These assumptions are determined periodically by independent actuaries.

(c) Taxation (see note 5.19)

The Company takes into account the current income tax law and decisions taken by appellate and other relevant legal forums while estimating its provision for current tax and tax contingencies. Provision for deferred tax is estimated after taking into account historical and expected future turnover and profit trends and their taxability under the current tax law.

(d) Net realizable values of stock in trade (see note 5.4)

The Company estimates net realizable values of its stock in trade as the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

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 2021 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 interim financial statements of the Company other than presentation and disclosures, except as stated otherwise.

3.1 Amendments to References to the Conceptual Framework in IFRS Standards

Together with the revised Conceptual Framework published in March 2018, the IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASC framework adopted by the IASB in 2001, the IASB framework of 2010, or the new revised framework of 2018) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework.

3.2 Definition of a Business (Amendments to IFRS 3 - Business Combinations)

The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

3.3 Definition of Material (Amendments to IAS 1 - Presentation of Financial Statements and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)

The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.

3.4 Interest Rate Benchmark Reform (Amendments to IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurements, and IFRS 7 - Financial Instruments: Disclosures)

The amendments in Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

3.5 Covid-19 - Related Rent Concessions (Amendment to IFRS 16 - Leases)

The amendment 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.

	Effective date (annual periods beginning on or after)
IFRS 17 - Insurance contracts (2017)	01 January 2023
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
Amendments to IFRS 17	01 January 2023

	Effective date (annual periods beginning on or after)
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurements, and IFRS 7 - Financial Instruments: Disclosures, IFRS 4 - Insurance Contracts, IFRS 16 - Leases).	01 January 2021
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
Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16 - Leases)	01 April 2021
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, IABS 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 14 - Regulatory Deferral Accounts

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 18.1, 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 18.3, 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:

Category	Basis of determination of cost
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 derivates, 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 recognised 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 recognises 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 the 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 loyaty programs or waranty provisions. However, some contracts allow for return of goods if those do not meet the requirements or specifications provided in the contract.	Revenue is recognised 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 recognised in profit or loss on a systematic basis over the periods in which the Company recognises 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 recognised 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 recognised 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 recognises 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.

6 AUTHORIZED SHARE CAPITAL

30-Jun-21	30-Jun-20		30-Jun-21	30-Jun-20
No. of shares	*No. of shares*		***Rupees***	*Rupees*
20,000,000	20,000,000	Ordinary shares of Rs. 10 each	**200,000,000**	200,000,000
20,000,000	20,000,000		**200,000,000**	200,000,000

7 ISSUED SHARE CAPITAL

30-Jun-21	30-Jun-20		30-Jun-21	30-Jun-20
No. of shares	*No. of shares*		***Rupees***	*Rupees*
		Ordinary shares of Rs. 10 each		
8,760,000	8,760,000	shares issued for cash	**87,600,000**	87,600,000
2,190,000	2,190,000	shares issued as fully paid bonus shares	**21,900,000**	21,900,000
10,950,000	10,950,000		**109,500,000**	109,500,000

8 CAPITAL RESERVE

	Note	30-Jun-21	30-Jun-20
		Rupees	*Rupees*
Reserve for financial assets measured at FVTOCI		**(40,531,696)**	(109,664,670)
Reserve on merger	*8.1*	**7,760,000**	7,760,000
		(32,771,696)	(101,904,670)

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

These represent long term finances utilized under interest arrangements from banking companies

	Note	30-Jun-21	30-Jun-20
		Rupees	*Rupees*
Term Finances ['TF']			
TF - I	*9.1*	**14,369,000**	-
TF - II	*9.2*	**14,081,663**	14,081,663
TF - III	*9.3*	**36,363,636**	40,909,091
TF - IV	*9.4*	**86,612,075**	89,598,698
TF - V	*9.5*	**-**	14,623,508
		151,426,374	159,212,960

	Note	30-Jun-21	30-Jun-20
		Rupees	*Rupees*
Long Term Financing Facilities ['LTFF']			
LTFF - I	*9.6*	**130,445,068**	134,943,174
LTFF - II	*9.7*	**149,965,045**	156,213,588
LTFF - III	*9.8*	**35,678,608**	37,165,217
LTFF - IV	*9.9*	**40,741,284**	42,370,935
LTFF - V	*9.10*	**585,432,000**	604,316,000
LTFF - VI	*9.11*	**22,227,000**	22,944,000
LTFF - VII	*9.12*	**50,015,000**	51,628,000
LTFF - VIII	*9.13*	**505,160,000**	522,579,000
LTFF - IX	*9.14*	**48,085,000**	49,743,000
LTFF - X	*9.15*	**124,984,000**	124,984,000
LTFF - XI	*9.16*	**55,335,000**	55,335,000
LTFF - XII	*9.17*	**10,989,000**	-
LTFF - XIII	*9.18*	**61,664,000**	-
LTFF - XIV	*9.19*	**156,243,000**	-
LTFF - XV	*9.20*	**192,053,000**	-
		2,169,017,005	1,802,221,914
Temporary Economic Refinancing Facilities ['TERF']			
TERF - I	*9.21*	**6,584,603**	-
TERF - II	*9.22*	**32,085,903**	-
TERF - III	*9.23*	**31,613,561**	-
TERF - IV	*9.24*	**37,797,869**	-
TERF - V	*9.25*	**26,276,341**	-
		134,358,277	-
Refinance Scheme ['RS']			
RS - I	*9.26*	**124,718,740**	48,830,085
		2,579,520,396	2,010,264,959
Current maturity presented under current liabilities	*16*	**(358,428,508)**	(74,437,931)
		2,221,091,888	1,935,827,028

9.1 TF - I 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 was originally repayable in thirty two equal quarterly installments with the first installment due in September 2023. However, during the year, liability amounting to Rs. 148.655 million was converted into various long term finances, under a debt restructuring arrangement, as follows:

Converted to	Note	Amount
		Rupees
LTFF - XII	*9.17*	**10,989,000**
TERF - III	*9.23*	**45,591,000**
TERF - IV	*9.24*	**54,234,800**
TERF - V	*9.25*	**37,840,000**

9.2 TF - II 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 six months KIBOR plus 1% per annum (2020: 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, during the previous year, 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 commences in July 2021.

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 (2020: 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, during the previous year, 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 0.5% per annum (2020: three months KIBOR plus 0.5% per annum), payable quarterly. The finance was originally repayable in thirty two equal quarterly installments with the first installment due in December 2019. However, during the previous year, 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 was been obtained from Bank Alfalah Limited to finance capital expenditure and was secured by charge over operating fixed assets of the Company. The finance carries interest at six months KIBOR plus 1.75% per annum (2020: six months KIBOR plus 1.75% per annum), payable quarterly. The finance was originally repayable in thirty two equal quarterly installments with the first installment due in April 2022. However, during the year, the entire outstanding liability was converted into varius long term finances, under a debt restructuring arrangement, as follows:

Converted to	***Note***	**Amount**
		Rupees
LTFF - XIII	*9.18*	**61,664,000**
LTFF - XIV	*9.19*	**156,243,000**

9.6 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 2.50% per annum (2020: 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, during the previous year, 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.

9.7 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 (2020: 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, during the previous year, 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.

9.8 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 (2020: 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, during the previous year, 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.

9.9 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 (2020: 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, during the previous year, 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.

9.10 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 (2020: 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, during the previous year, 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 - 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 (2020: 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, during the previous year, 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 - 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 (2020: 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, during the previous year, 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 - 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 (2020: 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, during the previous year, 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 - 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 (2020: 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, during the previous year, 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.

9.15 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 (2020: 3.50% per annum), payable quarterly. The finance is repayable in thirty two equal quarterly installments with the first installment due in April 2022.

9.16 LTFF - XI has been obtained from Habib Bank 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 2.50% per annum (2020: 2.50% per annum), payable quarterly. The finance is repayable in thirty two equal quarterly installments with the first installment due in October 2021.

9.17 LTFF - XII 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 July 2023.

9.18 LTFF - XIII has been obtained from Bank Alfalah Limited on conversion of TF - V (see note 9.5) and is secured by charge over operating 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 April 2022.

9.19 LTFF - XIV has been obtained from Bank Alfalah Limited on conversion of TF - V (see note 9.5) and is secured by charge over operating 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 April 2022.

9.20 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, payable quarterly. The finance is repayable in thirty two equal quarterly installments with the first installment due in November 2022.

9.21 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 determined using a discount rate of 9.24% being the prevailing market rate of interest for similar instruments at the date of disbursement. The diferrence between the amortised cost and face value has been recognized as deferred grant (See note 12). The details are as follows:

	Note	**30-Jun-21**	30-Jun-20
		Rupees	*Rupees*
Face value of finance		**9,497,000**	-
Unamortized deferred grant	*12*	**(2,912,397)**	-
		6,584,603	-

9.22 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 determined using a discount rate of 9.30% being the prevailing market rate of interest for similar instruments at the date of disbursement. The diferrence between the amortised cost and face value has been recognized as deferred grant (See note 12). The details are as follows:

	Note	**30-Jun-21**	30-Jun-20
		Rupees	*Rupees*
Face value of finance		**43,598,000**	-
Unamortized deferred grant	*12*	**(11,512,097)**	-
		32,085,903	-

9.23 TERF - III 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 August 2023. The amortized cost of this finance has determined using a discount rate of 8.70% being the prevailing market rate of interest for similar instruments at the date of disbursement. The diferrence between the amortised cost and face value has been recognized as deferred grant (See note 12). The details are as follows:

	Note	**30-Jun-21**	30-Jun-20
		Rupees	*Rupees*
Face value of finance		**45,591,000**	-
Unamortized deferred grant	*12*	**(13,977,439)**	-
		31,613,561	-

9.24 TERF - IV 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 July 2023. The amortized cost of this finance has determined using a discount rate of 8.70% being the prevailing market rate of interest for similar instruments at the date of disbursement. The diferrence between the amortised cost and face value has been recognized as deferred grant (See note 12). The details are as follows:

	Note	**30-Jun-21**	30-Jun-20
		Rupees	*Rupees*
Face value of finance		**54,234,800**	-
Unamortized deferred grant	*12*	**(16,436,931)**	-
		37,797,869	-

9.25 TERF - V 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 August 2023. The amortized cost of this finance has determined using a discount rate of 8.70% being the prevailing market rate of interest for similar instruments at the date of disbursement. The diferrence between the amortised cost and face value has been recognized as deferred grant (See note 12). The details are as follows:

	Note	**30-Jun-21**	30-Jun-20
		Rupees	*Rupees*
Face value of finance		**37,840,000**	-
Unamortized deferred grant	*12*	**(11,563,659)**	-
		26,276,341	-

9.26 RS - I has been obtained from Bank Alfalah Limited to finance payment of wages and salaries of workers and employees for the month of April, May, June, July, August and 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 determined using a discount rate of 8.26% being the prevailing market rate of interest for similar instruments at the date of disbursement. The diferrence between the amortised cost and face value has been recognized as deferred grant (See note 12). The details are as follows:

	Note	**30-Jun-21**	30-Jun-20
		Rupees	*Rupees*
Face value of finance		**130,925,337**	53,951,068
Unamortized deferred grant	*12*	**(6,206,597)**	(5,120,983)
		124,718,740	48,830,085

9.27 For mortgages and charges on assets as security for liabilities, refer to note 43 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.

	Note	30-Jun-21	30-Jun-20
		Rupees	*Rupees*
10.1 Movement in present value of defined benefit obligation			
As at beginning of the year		**107,407,455**	90,270,716
Charged to profit or loss for the year	*10.2*	**28,686,311**	30,599,602
Benefits paid during the year		**(14,756,833)**	(6,968,256)
Remeasurements recognized in other comprehensive income	*10.4*	**2,678,306**	(6,494,607)
As at end of the year		**124,015,239**	107,407,455
10.2 Charge to profit or loss			
Service cost		**20,583,352**	18,232,513
Interest cost		**8,102,959**	12,367,089
		28,686,311	30,599,602
10.3 The charge to profit or loss has been allocated as follows			
Cost of sales	*27.2*	**19,463,021**	11,869,786
Administrative expenses	*29.1*	**9,223,290**	18,729,816
		28,686,311	30,599,602
10.4 Remeasurements recognized in other comprehensive income			
Actuarial loss/(gain) arising from:			
Changes in financial assumptions		**7,701,316**	5,124,383
Experience adjustments		**(5,023,010)**	(11,618,990)
		2,678,306	(6,494,607)

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:

	30-Jun-21	30-Jun-20
Discount rate	**9.23%**	8.50%
Expected rate of increase in salary	**8.75%**	7.50%

10.6 Average duration of the defined benefit obligation

The average duration of the defined benefit obligation is 6.92 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 2022 amounts to Rs. 35.161 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-21		30-Jun-20	
	Change in actuarial assumption	**Defined benefit obligation**	Change in actuarial assumption	Defined benefit obligation
		Rupees		*Rupees*
Discount rate	+ 0.5%	116,749,073	+ 1%	100,681,615
	- 0.5%	132,074,798	- 1%	115,071,347
Expected rate of increase in salary	+ 0.5%	132,073,243	+ 1%	115,315,896
	- 0.5%	116,686,624	- 1%	100,337,065

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-21**	30-Jun-20
		Rupees	*Rupees*
11 DEFERRED TAXATION			
Deferred tax liability on taxable temporary differences	*11.1*	**206,271,832**	217,151,012
Deferred tax asset on deductible temporary differences	*11.1*	**(71,175,629)**	(178,694,071)
		135,096,203	38,456,941

11.1 Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	30-Jun-21			
	As at 01-Jul-20	**Recognized in profit or loss**	**Recognized in OCI**	**As at 30-Jun-21**
	Rupees	***Rupees***	***Rupees***	***Rupees***
Deferred tax liabilities				
Operating fixed assets	**217,151,012**	**(10,879,180)**	**-**	**206,271,832**
Deferred tax assets				
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)**
	38,456,941	**87,640,730**	**8,998,532**	**135,096,203**

	30-Jun-20			
	As at 01-Jul-19 *Rupees*	Recognized in profit or loss *Rupees*	Recognized in OCI *Rupees*	As at 30-Jun-20 *Rupees*
Deferred tax liabilities				
Operating fixed assets	271,376,661	(54,225,649)	-	217,151,012
Deferred tax assets				
Employees retirement benefits	(22,298,197)	229,735	1,258,327	(20,810,135)
Intangible assets	(40,227)	(133,169)	-	(173,396)
Investments	(14,004,990)	2,452,262	(7,412,178)	(18,964,906)
Impairment allowance for expected credit losses	(228,267)	(1,465,169)	-	(1,693,436)
Unused losses and credits	(227,229,358)	90,177,160	-	(137,052,198)
	(263,801,039)	91,260,819	(6,153,851)	(178,694,071)
	7,575,622	37,035,170	(6,153,851)	38,456,941

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 29% (2020: 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 12.5% (2020: 15%) 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, for stock funds, at 10% (2020: 10%) and, for other funds, at 25% (2020: 25%) of the timing differences based on tax rates notified by the Government of Pakistan for future tax years for such income.

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 April 10, 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 9.26) and of Rs. 190.761 million under TERF (see note 9.21, 9.22, 9.23, 9.24 & 9.25). The benefit of below market interest rates, measured as the diferrence 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-21**	30-Jun-20
		Rupees	*Rupees*
As at beginning of the year		**5,120,983**	-
Recognized during the year		**69,193,716**	5,120,983
Amortized during the year		**(11,705,579)**	-
As at end of the year		**62,609,120**	5,120,983
Current maturity presented under current liabilities	*16*	**(13,702,174)**	(3,255,482)
		48,906,946	1,865,501

	Note	30-Jun-21	30-Jun-20
		Rupees	*Rupees*

13 TRADE AND OTHER PAYABLES

	Note	30-Jun-21	30-Jun-20
Trade creditors		**64,075,660**	106,699,737
Accrued liabilities		**217,730,748**	181,300,411
Advances from customers		**7,964,534**	12,293,464
Gas infrastructure development cess	*13.1*	**117,902,576**	140,016,946
Infrastructure tax	*13.2*	**119,631,225**	102,524,505
Cotton cess	*13.3*	**21,651,782**	14,191,146
Sales tax payable		**41,748,274**	-
Workers' Profit Participation Fund	*13.4*	**54,624,344**	19,487,609
Workers' Welfare Fund	*13.5*	**25,294,704**	7,405,291
Other payables		**1,372,857**	3,954,182
		671,996,704	587,873,291

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 17.1.2).

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 17.1.3).

	Note	30-Jun-21	30-Jun-20
		Rupees	*Rupees*

13.4 Workers' Profit Participation Fund

	Note	30-Jun-21	30-Jun-20
As at beginning of the year		**19,487,609**	8,886,740
Interest on funds utilized by the Company	*13.3.1*	**879,025**	1,490,051
Charged to profit or loss for the year	*30*	**54,624,344**	19,487,609
Paid during the year		**(20,366,634)**	(10,376,791)
As at end of the year		**54,624,344**	19,487,609

13.4.1 Interest has been charged at 9.8% (2020: 45%) per annum.

13.5 Workers' Welfare Fund

	Note	30-Jun-21	30-Jun-20
As at beginning of the year		**7,405,291**	-
Charged to profit or loss for the year	*30*	**20,757,251**	9,128,024
Adjusted during the year		**(2,867,838)**	(1,722,733)
As at end of the year		**25,294,704**	7,405,291

14 ACCRUED INTEREST/PROFIT

	Note	30-Jun-21	30-Jun-20
Long term finances		**20,401,280**	16,772,411
Short term borrowings		**1,978,991**	31,151,919
		22,380,271	47,924,330

	Note	30-Jun-21	30-Jun-20
		Rupees	*Rupees*

15 SHORT TERM BORROWINGS

Secured

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

	Note	30-Jun-21	30-Jun-20
Running finances	*15.1*	**23,385,127**	73,884,388
Running musharakah	*15.2*	**3,079,061**	738,813,989
		26,464,188	812,698,377
Unsecured			
Book overdraft	*15.3*	**8,521,201**	6,528,065
		34,985,389	819,226,442

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 0.25% to 1% per annum (2020: one to six 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 0.20% to 1% per annum (2020: one to three months KIBOR plus 0.35% 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. 4,002 million (2020: Rs. 3,702 million) out of which Rs. 3,976 million (2020: Rs. 2,889 million) remained unavailed as at the reporting date.

15.5 For mortgages and charges on assets as security for liabilities, refer to note 43 to the financial statements.

	Note	30-Jun-21	30-Jun-20
		Rupees	*Rupees*
16 CURRENT PORTION OF NON-CURRENT LIABILITIES			
Long term finances	*9*	**358,428,508**	74,437,931
Deferred grant	*12*	**13,702,174**	3,255,482
		372,130,682	77,693,413

17 CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

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

	30-Jun-21	30-Jun-20
	Rupees	*Rupees*
Bank guarantees	**214,641,844**	207,075,553
Bills discounted	**103,415,373**	260,306,634

17.1.2 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 000/2021 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. Date of hearing is fixed for 01 October 2021.

17.1.3 The Company vide petition ICA 164360 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.

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

	30-Jun-21	30-Jun-20
	Rupees	*Rupees*
17.2 Commitments		
17.2.1 Commitments under irrevocable letters of credit for:		
- purchase of property plant and equipment	**1,716,705,271**	370,697,423
- purchase of stores, spare and loose tools	**20,851,584**	18,708,583
- purchase of raw material	**832,626,520**	197,592,542
	2,570,183,375	586,998,548
17.2.2 Commitments for capital expenditure	**164,627,190**	1,746,125,365

17.2.3 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:

	Note	**30-Jun-21**	30-Jun-20
		Rupees	*Rupees*
- payments not later than one year		**553,410**	503,100
- payments later than one year		**-**	-
		553,410	503,100

18 FIXED ASSETS

	Note		
Property, plant and equipment			
Operating fixed assets	*18.1*	**2,600,265,510**	2,445,620,896
Capital work in progress	*18.2*	**235,490,327**	6,574,594
		2,835,755,837	2,452,195,490
Intangible assets	*18.3*	**-**	1,136,664
		2,835,755,837	2,453,332,154

18.1 Operating fixed assets

	30-Jun-21										
	COST						DEPRECIATION				Net book value as at 30-Jun-21
	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*	*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 installations 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

	30-Jun-20										
	COST						DEPRECIATION				Net book
	As at 01-Jul-19 *Rupees*	Additions *Rupees*	Disposals *Rupees*	Transfers *Rupees*	As at 30-Jun-20 *Rupees*	Rate %	As at 01-Jul-19 *Rupees*	For the year *Rupees*	Adjustment *Rupees*	As at 30-Jun-20 *Rupees*	value as at 30-Jun-20 *Rupees*
Freehold land	7,173,568	-	-	-	7,173,568	-	-	-	-	-	7,173,568
Buildings on freehold land											
Mills	354,874,376	-	-	-	354,874,376	10	164,342,896	19,045,103	-	183,387,999	171,486,377
Other factory buildings	68,841,136	-	-	-	68,841,136	5	37,331,652	1,579,497	-	38,911,149	29,929,987
	423,715,512	-	-	-	423,715,512		201,674,548	20,624,600	-	222,299,148	201,416,364
Plant and machinery	3,396,338,909	-	(144,532,846)	262,564,556	3,514,370,619	10	1,279,422,679	219,567,486	(116,015,107)	1,382,975,058	2,131,395,561
Electric installation and equipment	112,496,233	386,200	-	-	112,882,433	10	65,275,236	4,738,192	-	70,013,428	42,869,005
Factory equipment	21,053,187	189,767	-	-	21,242,954	10	15,614,886	558,062	-	16,172,948	5,070,006
Office equipment	27,620,345	979,778	-	-	28,600,123	10	14,771,794	1,337,018	-	16,108,812	12,491,311
Furniture and fixtures	9,697,189	266,501	-	-	9,963,690	10	5,947,096	391,653	-	6,338,749	3,624,941
Arms and ammunition	631,513	-	-	-	631,513	10	534,723	9,678	-	544,401	87,112
Vehicles	73,985,857	17,943,500	(10,328,235)	-	81,601,122	20	38,496,205	8,690,882	(7,078,993)	40,108,094	41,493,028
	4,072,712,313	19,765,746	(154,861,081)	262,564,556	4,200,181,534		1,621,737,167	255,917,571	(123,094,100)	1,754,560,638	2,445,620,896

18.1.1 Free hold land of the Company is located at District Kasur with a total area of 228 Kanal 14 Marla (2020: 228 Kanal 14 Marla).

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

18.1.3 Disposal of operating fixed assets

Particulars	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain/(loss) on disposal	Mode of disposal	Particulars of buyer
					30-Jun-21		
	Rupees	*Rupees*	*Rupees*	*Rupees*	*Rupees*		
Plant and machinery							
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)**		
Vehicles							
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)**		

Particulars	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain/(loss) on disposal	Mode of disposal	Particulars of buyer
					30-Jun-20		
	Rupees	*Rupees*	*Rupees*	*Rupees*	*Rupees*		
Plant and machinery							
Gas Generator	44,480,546	35,703,988	8,776,558	4,350,000	(4,426,558)	Negotiation	H and D Enterprises, Multan.
Gas Generator	32,225,060	26,502,499	5,722,561	2,900,000	(2,822,561)	Negotiation	H and D Enterprises, Multan.
Caterpillar	11,293,333	9,753,646	1,539,687	1,269,813	(269,874)	Negotiation	Bilal Engineering, Lahore.
Drawing Frames	10,883,514	8,810,757	2,072,757	2,400,000	327,243	Negotiation	Ejaz Shabbir Textile Mills (Private) Limited, Khanewal.
Drawing Frames	8,162,636	6,608,067	1,554,569	1,500,000	(54,569)	Negotiation	Nagina Cotton Mills Limited, Karachi.
Drawing Frames	8,144,971	6,774,043	1,370,928	1,800,000	429,072	Negotiation	H.A. Haq Spinning Mills (Private) Limited, Faisalabad.
Croos Roll Cards	7,000,483	5,425,689	1,574,794	2,600,000	1,025,206	Negotiation	Asim Textile Mills Limited, Faisalabad.
Caterpillar Generator	5,374,065	4,469,518	904,547	604,255	(300,292)	Negotiation	Bilal Engineering, Lahore.
Croos Roll Cards	4,218,483	3,520,821	697,662	2,250,000	1,552,338	Negotiation	Asim Textile Mills Limited, Faisalabad.
Drawing Frames	3,786,365	3,131,519	654,846	756,000	101,154	Negotiation	Sultan Associates, Faisalabad.
Drawing Frames	2,711,357	2,238,244	473,113	540,000	66,887	Negotiation	Ruby Textile Mills Limited, Lahore.
Reiter Uniflex B-60	1,850,000	374,625	1,475,375	99,800	(1,375,575)	Negotiation	Muhammad Tahir, Faisalabad.
Toyoda Machine 500	1,684,077	1,437,625	246,452	379,242	132,790	Negotiation	Ibrahim Traders, Faisalabad
Diesel Generator	1,120,000	497,026	622,974	125,932	(497,042)	Negotiation	Bilal Engineering, Lahore.
Drawing Dyh-500-C	984,456	446,177	538,279	460,000	(78,279)	Negotiation	Saritow Spinning Mills Limited, Lahore.
Porcupine	363,500	205,239	158,261	166,334	8,073	Negotiation	Ibrahim Traders, Faisalabad
Porcupine Beater	250,000	115,624	134,376	166,334	31,958	Negotiation	Ibrahim Traders, Faisalabad
	144,532,846	116,015,107	28,517,739	22,367,710	(6,150,029)		
Particulars							
Vehicles							
Honda City	1,693,000	1,192,943	500,057	1,530,000	1,029,943	Negotiation	Muhammad Ikram, Lahore.
Honda City	1,552,000	1,140,208	411,792	1,590,000	1,178,208	Negotiation	Muhammad Khan Khattak, Lahore.
Honda City	1,549,000	1,063,278	485,722	1,450,000	964,278	Negotiation	Mohammad Asim Mumtaz, Lahore.
Honda City	1,464,235	1,226,697	237,538	1,332,000	1,094,462	Negotiation	Muhammad Mohsin Mumtaz, Lahore.
Suzuki Swift	1,463,000	746,195	716,805	1,460,000	743,195	Negotiation	Mohammad Asim Mumtaz, Lahore.
Suzuki Swift	1,221,000	733,208	487,792	1,206,000	718,208	Negotiation	Ghulam Hussain, Lahore.
Suzuki Mehran	693,000	488,232	204,768	675,000	470,232	Negotiation	Farzad Aslam, Lahore.
Suzuki Mehran	693,000	488,232	204,768	627,000	422,232	Negotiation	Tahir Ali, Lahore.
	10,328,235	7,078,993	3,249,242	9,870,000	6,620,758		
	154,861,081	123,094,100	31,766,981	32,237,710	470,729		

	Note	30-Jun-21	30-Jun-20
		Rupees	*Rupees*
18.1.4 The depreciation charge for the year has been allocated as follows:			
Cost of sales	*27*	**263,240,388**	245,488,340
Administrative expenses	*29*	**9,356,264**	10,429,231
		272,596,652	255,917,571

18.2 Capital work in progress

	30-Jun-21			
	As at 01-Jul-20	**Additions**	**Transfers**	**As at 30-Jun-21**
	Rupees	***Rupees***	***Rupees***	***Rupees***
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**
	6,574,594	**681,395,627**	**(452,479,894)**	**235,490,327**

	30-Jun-20			
	As at 01-Jul-19	Additions	Transfers	As at 30-Jun-20
	Rupees	*Rupees*	*Rupees*	*Rupees*
Building	-	6,574,594	-	6,574,594
Plant and machinery	-	262,564,556	(262,564,556)	-
	-	269,139,150	(262,564,556)	6,574,594

18.3 Intangible assets

30-Jun-21

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

30-Jun-20

	Cost				Accumulated Amortization			Net book
	As at 01-Jul-19	Additions	Transfers	As at 30-Jun-20	As at 01-Jul-19	For the period	As at 30-Jun-20	value as at 30-Jun-20
	Rupees	*Rupees*	*Rupees*	*Rupees*	*Rupees*	*Rupees*	*Rupees*	*Rupees*
Software	6,199,985	-	-	6,199,985	3,823,324	1,239,997	5,063,321	1,136,664
	6,199,985	-	-	6,199,985	3,823,324	1,239,997	5,063,321	1,136,664

18.3.1 Software represents cost of Oracle Financials Suite acquired by the Company and is amortized @ 20% per annum using straight line method.

		30-Jun-21	30-Jun-20
		Rupees	*Rupees*
19	**LONG TERM DEPOSITS**		
	Regulatory authorities	**25,000**	25,000
	Utility companies	**7,065,700**	7,065,700
		7,090,700	7,090,700

19.1 These have been deposited with various utility companies and regulatory authorities. These are classified as 'financial assets at amortized cost' under IFRS9 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.

		Note	**30-Jun-21**	30-Jun-20
			Rupees	*Rupees*
20	**STOCK IN TRADE**			
	Raw material		**1,353,210,704**	1,567,381,276
	Work in process		**50,048,113**	64,558,660
	Finished goods	*20.1 & 20.2*	**51,892,779**	111,217,659
			1,455,151,596	1,743,157,595

20.1 Stock of finished goods includes stock of waste valued at Rs. 7,372,262 (2020: Rs. 12,404,573). The entire stock of waste is valued at net realizable value.

20.2 Finished goods include yarn valued at net realizable value of Rs. 23,908 resulting in a write down of Rs. 10,753 recognized in cost of sales. There were no write downs as on 30 June 2020.

		Note	**30-Jun-21**	30-Jun-20
			Rupees	*Rupees*
21	**TRADE RECEIVABLES**			
	Considered good			
	- local - *unsecured*		**611,968,875**	520,525,620
	- foreign - *secured*	*21.1*	**35,089,624**	39,822,455
			647,058,499	560,348,075
	Impairment allowance for expected credit losses	*21.2*	**(8,172,544)**	(8,740,339)
			638,885,955	551,607,736

21.1 These are secured through letters of credit.

21.2 Impairment allowance for expected credit losses

	Note	30-Jun-21	30-Jun-20
As at beginning of the year		**8,740,339**	924,104
Recognized during the year	*30*	**157,544**	7,816,235
Reversed during the year	*31*	**(725,339)**	-
As at end of the year		**8,172,544**	8,740,339

		Note	30-Jun-21	30-Jun-20
			Rupees	*Rupees*
22	**ADVANCES AND OTHER RECEIVABLES**			
	Advances to suppliers		**304,508,006**	25,670,063
	Advances to employees			
	- against purchases and expenses		**17,205**	127,425
	- against salaries and benefits		**141,000**	765,000
	Prepayments		**1,619,460**	1,861,821
	Letters of credit		**5,306,660**	860,435
	Sales tax refundable		**-**	6,406,301
	Other receivables		**31,960,913**	15,287,648
			343,553,244	50,978,693

		Note	30-Jun-21	30-Jun-20
			Rupees	*Rupees*
23	**OTHER FINANCIAL ASSETS**			
	Financial assets at fair value through other comprehensive income	*23.1*	**720,767,693**	353,113,980
			720,767,693	353,113,980

23.1 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:

	Note	30-Jun-21	30-Jun-20
		Rupees	*Rupees*
Investments in listed equity securities	*23.1.1*		
Cost of investment		**365,227,157**	380,692,480
Changes in fair value		**(49,354,197)**	(101,372,027)
		315,872,960	279,320,453
Investments in mutual funds	*23.1.2*		
Cost of investment		**404,736,165**	101,051,076
Changes in fair value		**158,568**	(27,257,549)
		404,894,733	73,793,527
		720,767,693	353,113,980

23.1.1 Investments in listed equity securities

Habib Bank Limited

412,000 ordinary shares of Rs. 10 each (2020: 312,000)
Market value: 122.37 (2020: Rs. 96.87) per share

Cost of investment	**57,703,046**	44,583,629
Changes in fair value	**(7,286,605)**	(14,360,187)
	50,416,441	30,223,442

	30-Jun-21	30-Jun-20
	Rupees	*Rupees*
Oil and Gas Development Company Limited		
150,000 ordinary shares of Rs. 10 each (2020: 150,000) Market value per share: Rs. 95.03 (2020: Rs. 109)		
Cost of investment	**23,794,037**	23,794,037
Changes in fair value	**(9,539,537)**	(7,444,037)
	14,254,500	16,350,000
United Bank Limited		
310,100 ordinary shares of Rs. 10 each (2020: 310,100) Market value per share: Rs. 122.2 (2020: Rs. 103.36)		
Cost of investment	**54,437,627**	54,437,627
Changes in fair value	**(16,543,407)**	(22,385,691)
	37,894,220	32,051,936
Fatima Fertilizer Company Limited		
370,000 ordinary shares of Rs. 10 each (2020: 370,000) Market value per share: Rs. 28.75 (2020: Rs. 26.73)		
Cost of investment	**12,244,225**	12,244,225
Changes in fair value	**(1,606,724)**	(2,354,124)
	10,637,501	9,890,101
Bank Al-Habib Limited		
483,000 ordinary shares of Rs. 10 each (2020: 483,000) Market value per share: Rs. 70.12 (2020: Rs. 52.3)		
Cost of investment	**24,932,125**	24,932,125
Changes in fair value	**8,935,836**	328,776
	33,867,961	25,260,901
Engro Fertilizers Limited		
1,335,500 ordinary shares of Rs. 10 each (2020: 1,335,500) Market value per share: Rs. 70.27 (2020: Rs. 60.28)		
Cost of investment	**87,395,019**	87,395,019
Changes in fair value	**6,450,566**	(6,891,079)
	93,845,585	80,503,940
Fauji Cement Company Limited		
1,164,000 ordinary shares of Rs. 10 each (2020: 1,250,000) Market value per share: Rs. 23.00 (2020: Rs. 16.88)		
Cost of investment	**45,536,667**	48,737,299
Changes in fair value	**(18,764,667)**	(27,637,299)
	26,772,000	21,100,000
Habib Metropolitan Bank Limited		
447,500 ordinary shares of Rs. 10 each (2020: 447,500) Market value per share: Rs. 40.6 (2020: Rs. 27.81)		
Cost of investment	**16,222,665**	16,222,665
Changes in fair value	**1,945,835**	(3,777,690)
	18,168,500	12,444,975

	30-Jun-21	30-Jun-20
	Rupees	*Rupees*
Century Paper and Board Mills Limited		
Nil ordinary shares of Rs. 10 each (2020: 120,000) Market value per share: Rs. Nil (2020: Rs. 71.57)		
Cost of investment	-	9,967,301
Changes in fair value	-	(1,378,901)
	-	8,588,400
Agriauto Industries Limited		
19,400 ordinary shares of Rs. 10 each (2020: 19,400) Market value per share: Rs. 274.39 (2020: Rs. 182)		
Cost of investment	**8,633,373**	8,633,373
Changes in fair value	**(3,310,206)**	(5,102,572)
	5,323,167	3,530,801
Loads Limited		
110,000 ordinary shares of Rs. 10 each (2020: 110,000) Market value per share: Rs. 21.61 (2020: Rs. 13.9)		
Cost of investment	**4,862,355**	4,862,355
Changes in fair value	**(2,485,255)**	(3,333,355)
	2,377,100	1,529,000
Bank Alfalah Limited		
271,300 ordinary shares of Rs. 10 each (2020: 271,300) Market value per share: Rs. 32.18 (2020: Rs. 33.57)		
Cost of investment	**11,583,977**	11,583,977
Changes in fair value	**(2,853,542)**	(2,476,435)
	8,730,435	9,107,542
Mari Petroleum Company Limited		
Nil ordinary shares of Rs. 10 each (2020: 12,100) Market value per share: Rs. Nil (2020: Rs. 1236.65)		
Cost of investment	-	15,416,807
Changes in fair value	-	(453,342)
	-	14,963,465
MCB Bank Limited		
85,000 ordinary shares of Rs. 10 each (2020: 85,000) Market value per share: Rs. 159.83 (2020: Rs. 162.07)		
Cost of investment	**17,882,041**	17,882,041
Changes in fair value	**(4,296,491)**	(4,106,091)
	13,585,550	13,775,950
	315,872,960	279,320,453

	30-Jun-21	30-Jun-20
	Rupees	*Rupees*
23.1.2 Investments in mutual funds		
NAFA Islamic Energy Fund		
Nil units (2020: 1,040,543 units)		
Market value per unit: Rs. Nil (2020: Rs. 8.4866)		
Cost of investment	-	15,716,230
Changes in fair value	-	(6,885,557)
	-	8,830,673
NAFA Free Saving Fund		
Nil units (2020: 24,337 units)		
Market value per unit: Nil (2020: Rs. 10.2319)		
Cost of investment	-	252,594
Changes in fair value	-	(3,581)
	-	249,013
Alfalah GHP Stock Fund		
Nil units (2020: 682,831 units)		
Market value per unit: Nil (2020: Rs. 94.6522)		
Cost of investment	-	85,000,000
Changes in fair value	-	(20,368,568)
	-	64,631,432
Alfalah GHP Money Market Fund		
Nil units (2020: 840 units)		
Market value per unit: Rs. Nil (2020: Rs. 98.1382)		
Cost of investment	-	82,252
Changes in fair value	-	157
	-	82,409
HBL Cash Fund		
3,999,112 units (2020: Nil units)		
Market value per unit: 101.2015 (2020: Rs. Nil)		
Cost of investment	**404,557,872**	-
Changes in fair value	**158,219**	-
	404,716,091	-
HBL Money Market Fund		
1,569 units (2020: Nil units)		
Market value per unit: 102.5989 (2020: Rs. Nil)		
Cost of investment	**160,661**	-
Changes in fair value	**331**	-
	160,992	-
MCB Cash Management Optimizer		
175 units (2020: Nil units)		
Market value per unit: 100.9591 (2020: Rs. Nil)		
Cost of investment	**17,632**	-
Changes in fair value	**18**	-
	17,650	-
	404,894,733	73,793,527

23.2 Changes in fair value of investments at fair value through other comprehensive income

	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	**6,169,276**	**(39,643)**	**6,129,633**
Impact of change in rate of deferred taxation	**2,534,300**	**-**	**2,534,300**
	(40,650,621)	**118,925**	**(40,531,696)**

	30-Jun-20		
	Listed equity securities	Mutual funds	Total
	Rupees	*Rupees*	*Rupees*
As at beginning of the year	(67,594,776)	(6,200,218)	(73,794,994)
Fair value loss arising during the year	(31,851,098)	(20,279,103)	(52,130,201)
Fair value gain transferred to retained earnings on disposal	(1,926,153)	(778,228)	(2,704,381)
As at end of the year	(101,372,027)	(27,257,549)	(128,629,576)
Deferred taxation	15,205,804	3,759,102	18,964,906
	(86,166,223)	(23,498,447)	(109,664,670)

		Note	**30-Jun-21**	30-Jun-20
			Rupees	*Rupees*
24	**ADVANCE INCOME TAX**			
	Advance income tax/income tax refundable		**196,421,936**	217,339,244
	Provision for taxation	*33*	**(115,192,502)**	(95,344,287)
			81,229,434	121,994,957
25	**BANK BALANCES**			
	Current accounts - *local currency*		**35,592,645**	25,322,214
	Current accounts - *foreign currency*		**120,206**	676,578
			35,712,851	25,998,792

26 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET

	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**
Export rebate		**-**	**-**	**-**	**-**
Sales tax		**(1,050,130,993)**	**(3,912,704)**	**(57,998,291)**	**(1,112,041,988)**
		7,336,901,438	**37,587,796**	**341,019,634**	**7,715,508,868**

	Note	30-Jun-20			
		Yarn *Rupees*	Raw cotton, polyester etc. *Rupees*	Waste *Rupees*	Total *Rupees*
Local sales		5,776,248,170	120,346,374	276,062,550	6,172,657,094
Export sales	*26.1*	825,874,988	-	37,171,416	863,046,404
Gross revenue		6,602,123,158	120,346,374	313,233,966	7,035,703,498
Export rebate		12,540,150	-	-	12,540,150
Sales tax		(841,554,113)	(13,631,296)	(40,128,776)	(895,314,185)
		5,773,109,195	106,715,078	273,105,190	6,152,929,463

26.1 Yarn export sales include indirect exports amounting to Rs. 269,662,662 (2020: Rs. 218,631,523).

26.2 Yarn export for the year ended June 30, 2021 includes sale of US $ 3,001,304 generated from new machinery project 67 agaisnt which LTFF financing was obtained.

		Note	30-Jun-21	30-Jun-20
			Rupees	*Rupees*
27	**COST OF SALES**			
	Raw material consumed	*27.1*	**4,713,048,187**	3,536,521,210
	Stores and spares consumed		**233,273,169**	195,895,352
	Salaries, wages and benefits	*27.2*	**375,354,318**	340,448,880
	Insurance		**15,367,462**	14,481,731
	Power and fuel		**582,785,537**	578,992,974
	Repair and maintenance		**9,941,713**	9,131,247
	Depreciation	*18.1.4*	**263,240,388**	245,488,340
	Others		**14,029,536**	22,041,083
	Manufacturing cost		**6,207,040,310**	4,943,000,817
	Work in process			
	As at beginning of the year		**64,558,660**	50,421,233
	As at end of the year		**(50,048,113)**	(64,558,660)
			14,510,547	(14,137,427)
	Cost of goods manufactured		**6,221,550,857**	4,928,863,390
	Finished goods			
	As at beginning of the year		**111,217,659**	57,511,935
	Purchased during the year		**-**	423,441,111
	As at end of the year		**(51,892,779)**	(111,217,659)
			59,324,880	369,735,387
	Cost of raw material sold	*27.1*	**35,496,300**	96,658,084
			6,316,372,037	5,395,256,861
27.1	**Raw material consumed**			
	As at beginning of the year		**1,567,381,276**	1,402,454,647
	Purchased during the year		**4,534,373,915**	3,798,105,923
	Sold during the year		**(35,496,300)**	(96,658,084)
	As at end of the year		**(1,353,210,704)**	(1,567,381,276)
			4,713,048,187	3,536,521,210

27.2 These include charge in respect of employees retirement benefits amounting to Rs. 19,463,021 (2020: Rs. 11,869,786)

		30-Jun-21	30-Jun-20
		Rupees	*Rupees*
28	**SELLING AND DISTRIBUTION EXPENSES**		
	Export		
	Ocean freight and forwarding	**46,476,191**	29,046,779
	Commission	**11,403,162**	2,331,413
	Export development surcharge	**2,114,610**	1,403,246
		59,993,963	32,781,438
	Local		
	Inland transportation	**15,120,368**	12,336,846
	Commission	**10,598,569**	13,189,359
	Others	**673,468**	79,360
		26,392,405	25,605,565
		86,386,368	58,387,003

		Note	30-Jun-21	30-Jun-20
			Rupees	Rupees
29	**ADMINISTRATIVE EXPENSES**			
	Directors' remuneration	44	**24,556,321**	16,933,419
	Directors' meeting fee	44	**765,000**	580,000
	Salaries and benefits	29.1	**79,297,884**	93,759,607
	Rent, rates and taxes		**1,057,510**	991,860
	Printing and stationery		**863,467**	1,083,965
	Communication		**2,258,556**	2,268,364
	Electricity		**4,479,499**	4,360,886
	Repair and maintenance		**675,323**	450,451
	Vehicles running and maintenance		**5,838,147**	7,193,981
	Traveling and conveyance		**2,327,661**	2,633,285
	Legal and professional		**3,138,362**	2,585,799
	Auditor's remuneration	29.2	**1,144,000**	1,144,000
	Fee and subscription		**5,222,937**	4,780,865
	Entertainment		**383,696**	286,380
	Insurance		**4,829,766**	4,615,128
	Depreciation	18.1.4	**9,356,264**	10,429,231
	Amortization of intangible assets	18.3	**1,136,664**	1,239,997
	Others		**1,115,420**	1,039,353
			148,446,477	156,376,571

29.1 These include charge in respect of employees retirement benefits amounting to Rs. 9,223,290 (2020: Rs. 18,729,816).

		Note	30-Jun-21	30-Jun-20
			Rupees	Rupees
29.2	**Auditor's remuneration**			
	Annual statutory audit		**945,000**	945,000
	Limited scope review		**136,500**	136,500
	Review report on corporate governance		**52,500**	52,500
	Out of pocket expenses		**10,000**	10,000
			1,144,000	1,144,000
30	**OTHER EXPENSES**			
	Loss on financial instruments			
	Foreign exchange loss		**-**	10,229,071
	Impairment allowance for expected credit losses	21.2	**157,544**	7,816,235
	Accrued profit on long term investment written-off		**-**	921,506
			157,544	18,966,812
	Other expenses			
	Loss on disposal of property, plant and equipment	18.1.3	**1,365,133**	-
	Workers' Profit Participation Fund	13.3	**54,624,344**	19,487,609
	Workers' Welfare Fund	30.1	**20,757,251**	9,128,024
	Donations		**500,000**	379,700
			77,246,728	28,995,333
			77,404,272	47,962,145

		Note	30-Jun-21	30-Jun-20
			Rupees	*Rupees*
30.1	**Workers' Welfare Fund**			
	Current year		**20,757,251**	7,405,291
	Prior years		**-**	1,722,733
		13.5	**20,757,251**	9,128,024
31	**OTHER INCOME**			
	Gain on financial instruments			
	Foreign exchange gain		**7,308,006**	-
	Gain on disposal of short term investments		**578,983**	18,195,396
	Return on bank deposits		**-**	22,603
	Reversal of impairment allowance for expected credit losses	*21.2*	**725,339**	-
	Dividend income	*31.1*	**34,092,964**	35,834,624
			42,705,292	54,052,623
	Other income			
	Gain on disposal of property, plant and equipment	*18.1.3*	**-**	470,729
	Scrap sale		**2,247,921**	1,246,100
			2,247,921	1,716,829
			44,953,213	55,769,452
31.1	**Dividend income**			
	On investments derecognized during the year		**24,200**	4,277,119
	On investments held at the end of the year		**34,068,764**	31,557,505
			34,092,964	35,834,624
32	**FINANCE COST**			
	Interest/profit on borrowings:			
	long term finances		**75,716,470**	74,573,945
	short term borrowings		**33,605,931**	110,531,674
			109,322,401	185,105,619
	Interest on workers' profit participation fund	*13.4*	**879,025**	1,490,051
	Bank charges and commission		**5,425,249**	2,751,445
			115,626,675	189,347,115
33	**PROVISION FOR TAXATION**			
	Current taxation			
	for current year	*33.1*	**115,192,502**	95,344,287
	for prior years		**(203,978)**	3,110,482
			114,988,524	98,454,769
	Deferred taxation			
	attributable to origination and reversal of temporary differences		**87,640,730**	37,035,170
	attributable to changes in tax rates		**-**	-
		11.1	**87,640,730**	37,035,170
			202,629,254	135,489,939

33.1 Provision for current tax has been made in accordance with section 18, 154 and 150 (2020: section 113, 154 and 150) of the Income Tax Ordinance, 2001 ['the Ordinance']. There was no relationship between aggregate tax expense and accounting profit for year ended 30 June 2020. Accordingly no numerical reconciliation has been presented for year ended 30 June 2020. Reconciliation between average effective tax rate and applicable tax rate for the year ended 30 June 2021 is as follows:

	Unit	30-Jun-21
Profit before taxation	*Rupees*	**1,016,226,252**
Provision for taxation	*Rupees*	**202,629,254**
Average effective tax rate	%	**19.94**
Tax effects of:		
Adjustments for prior years	%	**0.02**
Income chargeable to tax at different rates	%	**17.66**
Deferred taxation	%	**(8.62)**
Applicable tax rate	%	**29.00**

33.2 The income tax assessments of the Company up to and including tax year 2020 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 in 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. Both appeals have been heard by the ATIR and judgment is awaited.

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 is in the process of filing appeal before the CIR(A).

	Unit	30-Jun-21	30-Jun-20
34 EARNINGS PER SHARE - ***BASIC AND DILUTED***			
Profit attributable to ordinary shareholders	*Rupees*	**813,596,998**	225,879,281
Weighted average number of ordinary shares outstanding during the year	*No. of shares*	**10,950,000**	10,950,000
Earnings per share - *basic and diluted*	*Rupees*	**74.30**	20.63

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

		30-Jun-21	30-Jun-20
		Rupees	*Rupees*

35 CASH GENERATED FROM OPERATIONS

		30-Jun-21	30-Jun-20
Profit before taxation		**1,016,226,252**	361,369,220
Adjustments for non-cash and other items			
Finance cost		**115,626,675**	189,347,115
Accrued profit on long term investment written-off		**-**	921,506
Loss/(gain) on disposal of property, plant and equipment		**1,365,133**	(470,729)
Foreign exchange (gain)/loss		**(7,308,006)**	10,229,071
Dividend income		**(34,092,964)**	(35,834,624)
Impairment allowance for expected credit losses		**157,544**	7,816,235
Reversal of impairment allowance for expected credit losses		**(725,339)**	-
Gain on disposal of short term investments		**(578,983)**	(18,195,396)
Provision for employees retirement benefits		**28,686,311**	30,599,602
Depreciation		**272,596,652**	255,917,571
Amortization		**1,136,664**	1,239,997
		376,863,687	441,570,348
		1,393,089,939	802,939,568
Changes in working capital			
Stores and spares		**(1,112,851)**	(22,673,274)
Stock in trade		**288,005,999**	(232,769,780)
Trade receivables		**(86,591,400)**	(11,429,551)
Advances and other receivables		**(292,574,551)**	137,658,789
Trade and other payables		**84,123,413**	131,063,818
		(8,149,390)	1,850,002
Cash generated from operations		**1,384,940,549**	804,789,570

36 CASH AND CASH EQUIVALENTS

		30-Jun-21	30-Jun-20
Bank balances	*25*	**35,712,851**	25,998,792
		35,712,851	25,998,792

37 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 Omer (Private) Limited	Associated company	Common directorship	6.069%
Monell (Private) Limited	Associated company	Common directorship	6.069%
Icaro (Private) Limited	Associated company	Common directorship	6.069%
ARH (Private) Limited	Associated company	Common directorship	5.739%
Ellahi International (Private) Limited	Associated company	Common directorship	0.378%
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%
Shahzada Ellahi Shaikh	Key management personnel	Director/Chairman	2.217%

Name of related party	Nature of relationship	Basis of relationship	Aggregate %age of shareholding in the Company
Shaukat Ellahi Shaikh	Key management personnel	Director	3.395%
Amin Ellahi Shaikh	Key management personnel	Director	12.790%
Raza Ellahi Shaikh	Key management personnel	Director	12.785%
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%
Humera Shahzada Ellahi Sheikh	Close family member of Director	Spouse of Director	0.013%
Mona Shaukat Shaikh	Close family member of Director	Spouse of Director	0.013%
Shaista Shafqat	Close family member of Director	Spouse of Director	0.013%
Omer Ellahi Shaikh	Close family member of Director	Son of Director	6.393%

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:

37.1 Transactions with related parties

Nature of relationship	Nature of transactions	**30-Jun-21** *Rupees*	30-Jun-20 *Rupees*
Associated companies	Purchases	**311,296**	316,312,873
	Sales	**1,715,944,143**	1,612,482,650
	Rent paid	**1,056,510**	982,260
	Dividend paid	**19,975,958**	15,980,766
Key management personnel	Short term employee benefits	**25,321,321**	17,513,419
	Dividend paid to directors and their family members	**38,295,930**	30,630,744

38 CONTRACTS WITH CUSTOMERS

38.1 Contract balances

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

Nature of balance	Presented in financial statements as	*Note*	**30-Jun-21**	30-Jun-20
			Rupees	*Rupees*
Receivables	Trade receivables	*21*	**638,885,955**	551,607,736
Contract liabilities	Advances from customers	*13*	**7,964,534**	12,293,464
			646,850,489	563,901,200

38.2 Changes in contract liabilities

Significant changes in contract liabilities are as follows:

	Note	30-Jun-21	30-Jun-20
		Rupees	*Rupees*
As at beginning of the year		**12,293,464**	3,889,963
Revenue recognized against contract liability as at beginning of the year		**(11,319,753)**	(845,971)
Net increase due to cash received in excess of revenue recognized		**6,990,823**	9,249,472
As at end of the year	*13*	**7,964,534**	12,293,464

38.3 Impairment losses

The Company during the year has recognized Rs. 0.158 million (2020: Rs. 7.816 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. 725,339 was reversed during the year on actual recovery. See note 21.2.

39 FINANCIAL INSTRUMENTS

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

	Note	**30-Jun-21**	30-Jun-20
		Rupees	*Rupees*
39.1 Financial assets			
Financial assets at amortized cost			
Long term deposits	*19*	**7,090,700**	7,090,700
Trade receivables	*21*	**638,885,955**	551,607,736
Advances to employees	*22*	**141,000**	765,000
Bank balances	*25*	**35,712,851**	25,998,792
		681,830,506	585,462,228
Financial assets designated as fair value through OCI			
Investments in listed equity securities	*23.1.1*	**315,872,960**	279,320,453
Investment in mutual funds	*23.1.2*	**404,894,733**	73,793,527
		1,402,598,199	938,576,208
39.2 Financial liabilities			
Financial liabilities at amortized cost			
Long term finances	*9*	**2,579,520,396**	2,010,264,959
Short term borrowings	*15*	**34,985,389**	819,226,442
Accrued interest/profit	*14*	**22,380,271**	47,924,330
Trade creditors	*13*	**64,075,660**	106,699,737
Accrued liabilities	*13*	**217,730,748**	181,300,411
Unclaimed dividend		**6,731,331**	6,014,183
		2,925,423,795	3,171,430,062

40 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:

40.1 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.

40.1.1 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

40.1.2 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-21	30-Jun-20
		Rupees	*Rupees*
Financial assets at amortized cost			
Long term deposits	*19*	**7,090,700**	7,090,700
Trade receivables	*21*	**647,058,499**	560,348,075
Advances to employees	*22*	**141,000**	765,000
Bank balances	*25*	**35,712,851**	25,998,792
		690,003,050	594,202,567

40.1.3 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:

	Note	External rating	Internal credit risk grading	12-month or life-time ECL	Gross carrying amount	Loss allowance
					Rupees	*Rupees*
Long term deposits	*19*	N/A	Performing	12-month ECL	**7,090,700**	-
Trade receivables	*21*	N/A	Performing	Lifetime ECL	**638,885,955**	-
		N/A	Doubtful	Lifetime ECL	**8,172,544**	**8,172,544**
					647,058,499	**8,172,544**
Advances to employees	*22*	N/A	Performing	12-month ECL	**141,000**	-
Bank balances	*25*	A1 - A1+	N/A	12-month ECL	**35,712,851**	-
					690,003,050	**8,172,544**

(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. 8,172,544 which are considered doubtful. The ageing analysis of trade receivables as at the reporting date is as follows:

	30-Jun-21	30-Jun-20
	Rupees	*Rupees*
Neither past due nor impaired	**487,892,622**	281,189,187
Past due by up to 30 days	**142,367,587**	222,314,875
Past due by 31 days to 180 days	**8,625,746**	45,837,089
Past due by 181 days or more	**8,172,544**	11,006,924
	647,058,499	560,348,075

(c) Advances to employees

Advances to employees have been given against future salaries and post-employment benefits. Accordingly, these are considered to have no credit risk.

(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.

40.1.4 Concentrations of credit risk

There are no significant concentrations of credit risk, except for trade receivables. The Company's two (2020: two) significant customers account for Rs. 199.196 million (2020: Rs. 134.679 million) of trade receivables as at the reporting date, apart from which, exposure to any single customer does not exceed 10% (2020: 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.

40.1.5 Collateral held

The Company does not hold any collateral to secure its financial assets with the exception of trade receivables amounting to Rs. 35.089 million (2020: Rs. 39.82 million), which are partially secured through letters of credit and advances to employees which are secured against future salaries and post-employment benefits.

40.1.6 Changes in impairment allowance for expected credit losses

The changes in impairment allowance for expected credit losses have been presented in note 21.2.

40.2 Liquidity risk

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

40.2.1 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.

40.2.2 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-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**

			30-Jun-20		
	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	2,010,264,959	2,305,899,840	141,729,059	688,279,184	1,475,891,597
Short term borrowings	819,226,442	819,226,442	819,226,442	-	-
Accrued interest/profit	47,924,330	47,924,330	47,924,330	-	-
Trade creditors	106,699,737	106,699,737	106,699,737	-	-
Accrued liabilities	181,300,411	335,508,503	335,508,503	-	-
Unclaimed dividend	6,014,183	6,014,183	6,014,183	-	-
	3,171,430,062	3,621,273,035	1,457,102,254	688,279,184	1,475,891,597

40.3 Market risk

40.3.1 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-21	30-Jun-20
	Rupees	*Rupees*
Financial assets		
Trade receivables		
USD	**35,089,624**	39,822,455
Bank balances		
USD	**120,206**	676,578
	35,209,830	40,499,033
Financial liabilities		
Short term borrowings	**-**	(181,604,773)
Accrued interest/profit	**-**	(2,296,684)
	-	(183,901,457)
Net balance sheet exposure	**35,209,830**	(143,402,424)
Foreign currency commitments		
CHF	**(125,912,582)**	(13,116,553)
EUR	**(476,022,501)**	(5,592,030)
JPY	**(4,020,110)**	(4,682,100)
USD	**(1,934,247,014)**	(556,851,115)
	(2,540,202,207)	(580,241,798)
Net exposure	**(2,504,992,377)**	(723,644,222)

(c) Exchange rates applied as at the reporting date

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

	30-Jun-21	30-Jun-20
	Rupees	*Rupees*
CHF	**170.7236**	176.5886
JPY	**1.4262**	1.5607
Euro	**187.2722**	188.6116
USD	**157.5437**	168.0506

A five percent appreciation in Pak Rupee against foreign currencies would have decreased (2020: increased) profit for the year and equity as at the reporting date by Rs. 1.76 million (2020: Rs. 7.17 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.

40.3.2 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-21	30-Jun-20
	Rupees	*Rupees*
Fixed rate instruments		
Financial assets	**-**	-
Financial liabilities	**2,428,094,022**	1,851,051,999
Variable rate instruments		
Financial assets	**-**	-
Financial liabilities	**177,890,562**	971,911,337

(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. 1.779 million (2020: 9.719 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.

40.3.3 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 7.21 million (2020: 3.53 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.

41 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:

	Unit	30-Jun-21	30-Jun-20
Total debt	*Rupees*	**2,642,129,516**	2,015,385,942
Total equity	*Rupees*	**2,552,070,525**	1,755,131,040
Total capital employed		**5,194,200,041**	3,770,516,982
Gearing	*% age*	**50.87**	53.45

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.

42 FAIR VALUE MEASUREMENTS

42.1 Financial Instruments

42.1.1 Financial instruments measured at fair value

The Company measures some of its financial assets at fair value. Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements and has the following levels.

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, 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 (i.e. unobservable inputs).

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

a) Recurring fair value measurements

Nature of asset	Hierarchy	Valuation techniques/Key inputs	30-Jun-21	30-Jun-20
			Rupees	*Rupees*
Investments				
Investments in equity securities	Level 1	Quoted prices in an active market	**315,872,960**	279,320,453
Investments in mutual funds	Level 1	Quoted prices in an active market	**404,894,733**	73,793,527

b) Non-recurring fair value measurements

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

42.1.2 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.

42.2 Assets and liabilities other than financial instruments.

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

	30-Jun-21	30-Jun-20
	Rupees	*Rupees*
43 RESTRICTION ON TITLE AND ASSETS PLEDGED/MORTGAGED AS SECURITY		
Mortgages and charges		
Charge over current assets	**7,221,250,000**	9,757,095,898
Charge over fixed assets	**7,869,773,000**	3,662,000,000

44 **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-21		
	Chief Executive	**Directors**	**Executives**
	Rupees	***Rupees***	***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**
	11,616,667	**13,704,654**	**30,081,620**
Number of persons	**1**	**5**	**9**

	30-Jun-20		
	Chief Executive	Directors	Executives
	Rupees	*Rupees*	*Rupees*
Managerial remuneration	7,650,000	3,187,500	21,600,117
Allowances and perquisites	3,998,661	2,097,258	10,800,091
Meeting fee	-	580,000	-
Post employment benefits	-	-	3,054,184
	11,648,661	5,864,758	35,454,392
Number of persons	1	5	10

44.1 Remuneration, allowances and meeting fee include Rs. 765,000 (2020: Rs. 580,000) paid to non-executive directors of the Company.

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

45 **NON-CASH FINANCING ACTIVITIES**

During the year, term finances amounting to Rs. 228.896 million and Rs. 137.666 million were converted into long term financing facilities and temporary economic refinance facility respectively as referred to in note 9.1 & 9.5.

46 **EVENTS AFTER THE REPORTING PERIOD**

The Board of Directors in their meeting held on 28 September 2021 has proposed dividend on ordinary shares at Rs. 2.50 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-21	30-Jun-20
	No of shares	*No of shares*
47 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
	2,663,461	2,663,461

48 **SEGMENT INFORMATION**

48.1 The Company is a single operating segment.

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

48.3 All sales of the Company have originated from Pakistan.

48.4 Sales include Rs. 1,715.94 million (2020: Rs. 1,401.84 million) of revenue derived from sales to one (2020: one) customer, Prosperity Weaving Mills Limited (2020: 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.

49 PLANT CAPACITY AND ACTUAL PRODUCTION

	Unit	**30-Jun-21**	30-Jun-20
Number of spindles installed	*No.*	**61,968**	61,968
Plant capacity on the basis of utilization converted into 30s count	*Kgs*	**14,812,614**	14,812,614
Actual production converted into 30s count	*Kgs*	**14,490,103**	13,689,504

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.

50 NUMBER OF EMPLOYEES

	30-Jun-21	30-Jun-20
Total number of employees	**1,093**	1,019
Average number of employees	**1,051**	1,011

51 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.

52 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, 2021

Amin Ellahi Shaikh	**Muhammad Ahmad**	**Haroon Shahzada Ellahi Shaikh**
Director	Chief Financial Officer	Chief Executive

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 33rd Annual General Meeting of the Company to be held on October 28, 2021 and at any adjournment thereof.

Signed at ______________________ this the _______________ day of ____________________ 2021

WITNESSES:

			Affix Rs. 50/= Revenue Stamp
1. Signature	____________________	2. Signature ____________________	
Name	____________________	Name ____________________	(Signature should agree with the Specimen signature registered with the Company)
Address	____________________	Address ____________________	
	____________________	____________________	
CNIC	____________________	CNIC ____________________	
	____________________	____________________	

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)

سیکرٹری

ایلکوٹ سپننگ ملز لمیٹڈ

نگینہ ہاؤس، 91-B، ایم ایم عالم روڈ

گلبرگ III، لاہور 54660

میں/ہم ____________________

ساکن ____________________

بحیثیت رکن ایلکوٹ سپننگ ملز لمیٹڈ اور حامل __________ عام حصص بمطابق شیئر رجسٹر فولیو نمبر __________

(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر __________ پارٹیسپنٹ (شرکت) آئی ڈی نمبر __________)

بذریعہ ہذا

محترم/محترمہ __________ ساکن __________

جو کمپنی کا ممبر ہے بمطابق شیئر رجسٹر فولیو نمبر __________

(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر __________ پارٹیسپنٹ (شرکت) آئی ڈی نمبر __________)

یا اسکی غیر موجودگی میں محترم/محترمہ __________ ساکن __________

جو کمپنی کا ممبر ہے بمطابق شیئر رجسٹر فولیو نمبر __________

(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر __________ پارٹیسپنٹ (شرکت) آئی ڈی نمبر __________) کو

مورخہ 28 اکتوبر 2021ء کو منعقد ہونے والے کمپنی کے 33 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 2021ء

50 روپے کا رسیدی ٹکٹ چسپاں کریں

دستخط کمپنی کے ہاں رجسٹرڈ نمونہ دستخطوں کے مطابق ہونے چاہئیں

گواہ:

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 ارسل کردے کہ اجلاس کے انعقاد کے وقت سے کم از کم 48 گھنٹے قبل پہنچ جانا چاہیے۔

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 بمعہ اپنے بینکرز سے اسکی مصدقہ کاپی، اکاؤنٹ نمبر اور پارٹیسپنٹ آئی ڈی نمبر ہمراہ لائیں۔

4۔ کارپوریٹ اینٹٹی کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ کی مصدقہ کاپی معہ نمونہ دستخط (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (مختار نامہ) کے ہمراہ کمپنی میں جمع کرانا ہوگا۔

Ellcot Spinning Mills Limited

Nagina House, 91-B-1, M.M. Alam Road,
Gulberg-III Lahore-54660

www.nagina.com