



Prosperity Weaving Mills Ltd.



Annual Report 2021



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COMPANY INFORMATION

BOARD OF DIRECTORS

| | |
|-----------------------------------|------------------------------------|
| Mr. Shahzada Ellahi Shaikh | Non-Executive Director / Chairman |
| Ms. Parveen Akhter Malik | Independent Non-Executive Director |
| Mr. Arfa Waheed Malik | Independent Non-Executive Director |
| Mr. Aneeq Khawar | Independent Non-Executive Director |
| Mr. Javaid Bashir Sheikh | Non-Executive Director |
| Mr. Shaukat Ellahi Shaikh | Non-Executive Director |
| Mr. Shafqat Ellahi Shaikh | Non-Executive Director |
| Mr. Amin Ellahi Shaikh | Non-Executive Director |
| Mr. Haroon Shahzada Ellahi Shaikh | Non-Executive Director |
| Mr. Raza Ellahi Shaikh | Executive Director |

MANAGING DIRECTOR (Chief Executive) Mr. Raza Ellahi Shaikh

AUDIT COMMITTEE

| | |
|-----------------------------------|-------------|
| Ms. Parveen Akhter Malik | Chairperson |
| Mr. Amin Ellahi Shaikh | Member |
| Mr. Haroon Shahzada Ellahi Shaikh | Member |
| Mr. Syed Mohsin Gilani | Secretary |

HUMAN RESOURCE & REMUNERATION (HR & R) COMMITTEE

| | |
|--------------------------|-------------|
| Ms. Parveen Akhter Malik | Chairperson |
| Mr. Raza Ellahi Shaikh | Member |
| Mr. Amin Ellahi Shaikh | Member |
| Mr. Muhammad Azam | Secretary |

EXECUTIVE COMMITTEE

| | |
|-----------------------------------|-----------|
| Mr. Raza Ellahi Shaikh | Chairman |
| Mr. Shahzada Ellahi Shaikh | Member |
| Mr. Amin Ellahi Shaikh | Member |
| Mr. Haroon Shahzada Ellahi Shaikh | Member |
| Mr. Muhammad Azam | Secretary |

CORPORATE SECRETARY

Mr. Syed Mohsin Gilani

CHIEF FINANCIAL OFFICER (CFO)

Mr. Muhammad Tariq Sheikh

HEAD OF INTERNAL AUDIT

Mr. Kashif Saleem

AUDITORS

Messrs Yousuf Adil.
Chartered Accountants

CORPORATE ADVISORS

Bandial & Associates

LEAD BANKERS

Albaraka Bank (Pakistan) Ltd.
Allied Bank Ltd.
Askari Bank Ltd.
Bank Alfalah Ltd.
Habib Bank Ltd.
Meezan Bank Ltd.
MCB Bank Ltd.
National Bank of Pakistan
The Bank of Punjab
United Bank Ltd.

REGISTERED OFFICE

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

WEB REFERENCE

SHARES 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

13.5 K.M
Sheikhupura Sharaqpur Road, Sheikhupura

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 30th Annual General Meeting of members of PROSPERITY WEAVING MILLS LTD. will be held on **Thursday, October 28, 2021** at 11:00 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.100,000,000/= (Rupees one hundred million only) to each of the following associated company: i) Nagina Cotton Mills Ltd. (NCML) ii) Ellcot Spinning Mills Ltd. (ESML) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|-----------|--|-----------|--|--|------|------|------|------|--|---------------------------|--|--|--|-----------|-----------|-----------|-----------|-----------|--------------|-----------|-----------|---------|---------|-------------------|---------|-----------|---------|---------|------------------|---------|---------|-------|---------|
| 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. | <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">Present Financial Position as on June 30, 2021</th> <th colspan="2">Financial Position at the time of Approval as on June 30, 2020</th> </tr> <tr> <th>NCML</th> <th>ESML</th> <th>NCML</th> <th>ESML</th> </tr> </thead> <tbody> <tr> <td></td> <td colspan="4" style="text-align: center;">Rupees in Millions</td> </tr> <tr> <td>Net sales</td> <td>7,184.635</td> <td>7,715.509</td> <td>7,070.172</td> <td>6,152.929</td> </tr> <tr> <td>Gross profit</td> <td>1,419.328</td> <td>1,399.137</td> <td>593.821</td> <td>757.673</td> </tr> <tr> <td>Profit before tax</td> <td>988.876</td> <td>1,016.226</td> <td>100.274</td> <td>361.369</td> </tr> <tr> <td>Profit after tax</td> <td>743.498</td> <td>813.597</td> <td>7.629</td> <td>225.879</td> </tr> </tbody> </table> | | Present Financial Position as on June 30, 2021 | | Financial Position at the time of Approval as on June 30, 2020 | | NCML | ESML | NCML | ESML | | Rupees in Millions | | | | Net sales | 7,184.635 | 7,715.509 | 7,070.172 | 6,152.929 | Gross profit | 1,419.328 | 1,399.137 | 593.821 | 757.673 | Profit before tax | 988.876 | 1,016.226 | 100.274 | 361.369 | Profit after tax | 743.498 | 813.597 | 7.629 | 225.879 |
| | Present Financial Position as on June 30, 2021 | | Financial Position at the time of Approval as on June 30, 2020 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | NCML | ESML | NCML | ESML | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Rupees in Millions | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net sales | 7,184.635 | 7,715.509 | 7,070.172 | 6,152.929 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Gross profit | 1,419.328 | 1,399.137 | 593.821 | 757.673 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Profit before tax | 988.876 | 1,016.226 | 100.274 | 361.369 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Profit after tax | 743.498 | 813.597 | 7.629 | 225.879 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Vision:

To be the market leader by being the best and providing the best.

Mission:

Being one of the leading manufacturers of high quality greige fabric for apparel and home furnishing, we are committed to high quality product and customer satisfaction.

Our mission is to continually improve our products and services for our worldwide customers and to provide a better return to our shareholders.

We believe in keeping our production facilities equipped with the modern technologies by continuous upgrading to be competitive in the markets.

We strive towards building long-term and better relationship with our suppliers.

We care for our employees by providing them a healthy and safe working environment and opportunity for growth through learning and experience.

We do have a social responsibility towards our community in which we operate and we are committed to safety, health and environment in all our operations.



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

SCOPE CERTIFICATE

Scope Certificate Number: CU809299GRS-2021-00078518

Control Union Certifications declares that

Nagina Group

License Number: 809299
91-B-1, M.M. Alam Road,
Gulberg III,
Lahore S4660
Pakistan

has been inspected and assessed in accordance with the
Global Recycled Standard (GRS)
- Version 4.0 -

and that products of the companies 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:
2022-06-04

Place and date of issue:

Scope of the issuing body:

Standard's Logo:



2021-08-05, Zwolle

Name of authorised person:

On behalf of the Managing Director
Pasan Galappaththi | 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



Control Union Certifications B.V.

POST - Meeuwenlaan 4-6 - 8011 BZ - Zwolle - Netherlands

T : +31 38 426 0100 - F : +31 38 423 7040 - certifications@controlunion.com

This electronically issued document is the valid original version.



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 companies 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:



2021-08-05, Zwolle

Name of authorised person:

On behalf of the Managing Director
Pasan Galappaththi | 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 (IRVA), Accreditation No. C 412



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

SCOPE CERTIFICATE

Scope Certificate Number: CU809299OCS-2021-00078520

Control Union Certifications declares that

Nagina Group

License Number: 809299
91-B-1, M.M. Alam Road,
Gulberg III,
Lahore S4660
Pakistan

has been inspected and assessed in accordance with the

Organic Content Standard (OCS)
- Version 3.0 -

and that products of the companies 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 operator 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 authorized person:

On behalf of the Managing Director
Pasan Galappaththi | Certifier

Stamp of the issuing body



Standard's Logo



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



This electronically issued document is the valid original version.

Control Union Certifications B.V.

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

SCOPE CERTIFICATE

Scope Certificate Number: CU809299RCS-2021-00078519

Control Union Certifications declares that

Nagina Group

License Number: 809299
91-B-1, M.M. Alam Road,
Gulberg III,
Lahore S4660
Pakistan

has been inspected and assessed in accordance with the

Recycled Claim Standard (RCS)
- Version 2.0 -

and that products of the companies 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:
2022-06-04

Place and date of issue:



2021-08-05, Zwolle

Name of authorised person:

On behalf of the Managing Director
Pasan Galappaththi | Certifier

Stamp of the issuing body



Standard's Logo



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



This electronically issued document is the valid original version.

Control Union Certifications B.V.

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AITEK
INSTITUTO TECNOLÓGICO TEXTIL
PLAZA EMILIO SALA, 1
03801 ALCOY (ALICANTE) ESPAÑA, SPAIN

OEKO-TEX®
INSPIRING CONFIDENCE

CERTIFICATE

The company

PROSPERITY WEAVING MILLS LTD.
Nagina House, 91-B-1,
M.M. Alam Road, Gulberg III
54660 Lahore, PAKISTAN

is granted authorisation according to STANDARD 100 by OEKO-TEX® to use the STANDARD 100 by OEKO-TEX® mark, based on our test report **20210K1597**



for the following articles:

Greige woven fabric 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 2011PK0110 is valid until 31.07.2022

Alcoy, 23.07.2021

Silvia Devesa Valencia
Innovation Assistant Manager



Isabel Soriano Sarrió
Chief of Innovation Area





RICI
CERTIFIED



ISO 9001:2015
QUALITY
MANAGEMENT
SYSTEM

The management system of

Prosperity Weaving Mills Limited

Head Office: 91-B1 Nagina House M.M Alam Road, Gulberg-III, Lahore, Pakistan

Mill: 13.5 KM, Sheikhpura Sharkpur Road Ellahipur Mousa Ghazi Androon, Sheikhpura, Pakistan.

ISO 9001:2015

Under the Scope:

"Manufacturing and Export of Fabric"

Certificate Number : PK210044

Issue date : 20-06-2021

Valid till : 19-06-2022.

Original issue date : 20-08-2018



ACCREDITED
Management Systems
Certification Body
MS03-004

Authorized Signature

RICI CO W.L.L.

www.ricionline.com

*This certificate remains valid subject to successful surveillance audits and maintenance of management system as per certification rules and procedures of RICI CO W.L.L.

*Further clarification regarding scope of this certificate and applicability of ISO 9001:2015 requirements may be obtained from the organization.

*This certificate remains property of RICI CO W.L.L., to whom it must be returned upon request.



Page 1 of 1

Office 44, Building 2126, Road 1529, Block 115, Hidd, Kingdom of Bahrain
Email: scheme@ricionline.com



Scan to verify

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 Prosperity Weaving Mills Limited (PWML) 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 PWML 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

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

پراسیسری و پبلک ٹریڈنگ (PWML) کے بورڈ آف ڈائریکٹرز (بورڈ) نے کمپنی کے حصہ داروں کے بہترین مفاد کو برقرار رکھنے میں اپنی ذمہ داریاں تہدی سے انجام دی ہیں اور کمپنی کے امور کو موثر اور بروقت انداز سے منظم کیا ہے۔ بورڈ نے کمپنی ایکٹ 2017 اور سلیڈ کمیٹی (کوڈ آف کارپوریٹ گورننس) آرگولیشنز 2019 میں دئے گئے اپنے اختیارات اور ذمہ داریاں کو بخوبی سرا انجام دیا ہے۔

• بورڈ نے اسٹریٹجک منصوبہ بندی کے عمل، ادارے کو لاحق خطرات کا انتظامی نظام، پالیسی ڈیولپمنٹ، اور مالیاتی ساخت کی گھرائی اور منظوری میں فعال طور پر حصہ لیا ہے۔

• سال بھر میں تمام اہم مسائل بورڈ یا اس کی کمیٹیوں کے دربارہ کاروباری فیصلہ سازی کے عمل کو مضبوط بنانے کے لئے فوٹس گئے اور خاص طور پر کمپنی کی طرف سے 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 انضمام کی رپورٹ کی تیاری اور منظوری دی ہے اور اس بات کو یقینی بنایا ہے کہ مجلس انضمام کی رپورٹ کمپنی کی سماجی اور سالانہ مالیاتی حسابات کے ساتھ شائع ہوئی اور مجلس انضمام کی رپورٹ کا مواد قابل اطلاق قوانین اور قواعد و ضوابط کے مطابق ہے۔

• بورڈ نے چیف ایگزیکٹو آفیسر، 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 ڈیولپمنٹ بارے میں محدود باخبر رکھا گیا ہے۔

• بورڈ نے کمپنی پر قابل اطلاق متعلقہ قوانین اور قواعد و ضوابط کی روشنی میں دئے گئے اختیارات کے مطابق اپنے اختیارات کا استعمال کیا ہے اور بورڈ نے ہمیشہ بحیثیت ڈائریکٹرز اپنے اختیارات کے استعمال اور فیصلہ سازی کرنے کے برتاؤ میں تمام قابل اطلاق قوانین اور قواعد و ضوابط کی تعمیل کو ترجیح دی ہے اور

• بورڈ اور اس کی ذیلی کمیٹی کی میٹنگ سے مناسب عمل از وقت، ضروری ایجنڈا اور اس سے متعلق دستاویزات مہیا کیے گئے۔ نان ایگزیکٹو اور آزاد ڈائریکٹرز بورڈ کے اہم فیصلوں میں برابر کے شریک ہیں۔

بورڈ کی سالانہ کارکردگی اہم شعبوں پر مبنی ہے جہاں بورڈ کو داخلہ درجے کی گھرائی مہیا کرنے بشمول اسٹریٹجک عمل، اگلی کاروباری امور، سنگ سنگ کی تعمیل، عالمی معاشی ماحول اور مسابقتی سیاق و سباق میں کمپنی کام کرتی ہے، کمپنی کے کاروبار کو درپیش خطرات، بورڈ کے محرمات، 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 PWML کے بورڈ نے اس بات کو یقینی بنانے میں اہم کردار ادا کیا ہے کہ کمپنی کے مقاصد کو نہ صرف حاصل کیا جاسکتا ہے، بلکہ بورڈ اور اس کے اراکان کی راجہائی اور گھرائی کے ذریعہ انتظامیہ کی مشرک کوششوں کے ساتھ توقعات سے بھی آگے بڑھایا جاسکتا ہے۔



شیر احمد علی شیخ

چیئر مین

لاہور، 28 ستمبر 2021

DIRECTORS' REPORT TO THE MEMBERS

The Directors have the honor to present 30th 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.

Financial Results

Alhamdulillah, during the year under review, the company posted handsome profits. This profitability was achieved inspite of the business environment being uncertain due to the spread of COVID-19. The major reasons for better profitability were better product margins due to demand surge from the value added sector, installation of additional 36 high speed looms which resulted in production increase and better cost controls. The consistent supply of energy at competitive rates by the Government was a huge help.

The Company earned after tax profit of Rs. 641,576,754 or 7.87% of sales compared to Rs. 154,755,294 or 2.57% of sales during same period last year (SPLY). Earning per share (EPS) for the year is Rs. 34.72 compared to Rs. 8.37 during SPLY.

Sales revenue for the year is Rs. 8,150,567,189 compared to Rs. 6,018,541,231 showing increase of 35.42% over the SPLY. Higher volume and better product price in comparison to last year resulted in higher sales value. Due to better product margins cost of sales decreased from 91.20% of sales during the SPLY to 85.66% of sales during the period under review. Increase in sales revenue and reduction in cost of sales resulted in Gross Profits (GP) rise to 14.34% of sales as compared to 8.80% of sales during SPLY.

Higher sales volume and rise in ocean freight resulted in rise in distribution costs from 1.65% of sales during SPLY to 1.80% of sales this year. Administrative expenses decreased from 1.66% of sales during SPLY to 1.32% of sales during the year under review. Other expenses increased from 0.52% of sales during SPLY to 0.74% during the period under review. The increase is mainly due to higher provisions of WPPF and WWF because of higher profitability.

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 valiant vaccination drive needs to be appreciated.

The Company has been able to generate stable cash flows and made timely discharge of its operating and financial liabilities. Due to lower short term borrowings, finance cost decreased from 1.97% of sales during SPLY to 1.09% during the period under review.

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

During the year under review company has installed 36 brand new high speed looms. This has resulted in rise in production in a cost effective manner. During the year under review, in line with strategic plans for achieving energy efficiency in power generation and enhancing weaving quality and efficiency, your Company has invested Rs. 420,653,313 (2020: Rs. 136,288,918) in the Expansion, Balancing, Modernization and Replacement (BMR) of building, plant and machinery and related assets. During the financial year 2022 the company will install 26 brand new looms and related machinery under its Balancing Modernisation Replacement and Expansion plans. The 999 kw solar plant has also been installed and has started producing clean solar energy from September 2021. An additional solar plant of around 325 kw will also start production in financial year 2022.

Future Prospects and Outlook

The year under review has been a historic year in terms of profits. The entire textile sector benefitted from surging global demand from the value added sector such as home textiles, denim etc. This rise in demand had a trickle-down effect on the whole supply chain. A combination of rise in fabric selling rates and higher production volumes resulted in record profit for the company. Our Government handled the pandemic better than the regional countries giving us an edge over our competitors. Sales order book is strong for the first quarter of financial year 2022. It is hoped that the profit of the company will be maintained in the first quarter. However, beyond the first quarter, fabric prices have started to fall. Devaluation of Pakistani Rupee will cause higher raw material, chemical and spare part cost. Freight rates for export cargo has risen sharply and will affect export margins.

The Ministry of Energy (Power Division) has recently notified the extension of the textile tariff till June 30th, 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 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, management is optimistic that the financial year 2021-22 would remain reasonably profitable.

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. In spite of a larger crop, the industry will have to import a sizeable quantity of cotton as the demand far exceeds the domestic production.

It is hoped that the Government would bring in business friendly policies such as uninterrupted energy supplies in cost effective manner, refund of outstanding sales tax and income tax so that stretched corporate cash flows can be eased out. Government policies should encourage the completion of the value chain in the textile sector so that the country can export finished products.

Dividend

The Board of Directors 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. 46,200,000. 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 woven cloth.

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 June 19, 2022. The quality control certification helps to build up trust of new and old customers.

Corporate Social Responsibility (CSR)

The Company strongly believes in the integration of Corporate Social Responsibility into its business, and has consistently worked for the uplift of communities that are influenced directly or indirectly by our business. In line with our CSR policy, management helped in developing a school in the factory site to impart preliminary level education for children of factory workers as well as for the nearby community.

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 Yousuf Adil, 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 Yousaf Adil, 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, 2021 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 6 (Six)
(iii) Executive Director 1 (One)

| | |
|-----------------------------------|------------------------------------|
| Mr. Shahzada Ellahi Shaikh | Chairman |
| Ms. Parveen Akhter Malik | |
| Mr. Arfa Waheed Malik | |
| Mr. Aneeq Khawar | |
| Mr. Javaid Bashir Sheikh | |
| Mr. Shaukat Ellahi Shaikh | |
| Mr. Shafqat Ellahi Shaikh | |
| Mr. Amin Ellahi Shaikh | |
| Mr. Haroon Shahzada Ellahi Shaikh | |
| Mr. Raza Ellahi Shaikh | Director / Chief Executive Officer |

Committees of the Board:

The Board has made following sub-committees:

Audit Committee

| | |
|-----------------------------------|-------------|
| Ms. Parveen Akhter Malik | Chairperson |
| Mr. Amin Ellahi Shaikh | Member |
| Mr. Haroon Shahzada Ellahi Shaikh | Member |

Human Resource and Remuneration (HR&R) Committee

| | |
|--------------------------|-------------|
| Ms. Parveen Akhter Malik | Chairperson |
| Mr. Raza Ellahi Shaikh | Member |
| Mr. Amin Ellahi Shaikh | Member |

Executive Committee

| | |
|-----------------------------------|----------|
| Mr. Raza Ellahi Shaikh | Chairman |
| Mr. Shahzada Ellahi Shaikh | Member |
| Mr. Amin Ellahi Shaikh | Member |
| Mr. Haroon Shahzada 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.

The Chairman of the Board is paid remuneration as approved by the Board. 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, workers and other stakeholders for their continued support to the Company.

On behalf of the Board

Handwritten signature of Raza Ellahi Shaikh in black ink.

Raza Ellahi Shaikh
Chief Executive Officer(CEO)

Handwritten signature of Haroon Shahzada Ellahi Shaikh in black ink.

Haroon Shahzada Ellahi Shaikh
Director

Lahore: September 28, 2021

ممبران کے لئے ڈائریکٹرز کی رپورٹ

مجلس انکشاف 30 جون 2021 کو اختتام سال کے لئے کھینٹی کی 340 ویں سالانہ رپورٹ مع نظر ہونی شدہ مالیاتی حسابات اور اس پر محاسب کی رپورٹ پیش کرتے ہوئے فوٹو محسوس کر رہی ہے۔ 30 جون 2020 کو ختم ہونے والے گزشتہ سال کے اعداد و شمار بھی موازات کے لئے شامل کئے گئے ہیں۔

کھینٹی کی کارکردگی

اللہ تعالیٰ نے ہر چیز کو اپنا وقت اور جگہ دیا ہے۔ کھینٹی نے ہر پرمٹنٹ کو اپنا وقت دیا ہے۔ یہ منافع COVID-19 کے پھیلاؤ کی وجہ سے غیر یقینی کاروباری ماحول کے باوجود حاصل ہوا ہے۔ زیادہ منافع کی بنیاد پر دیوبند و طبیہ ایجوکیشن کے طلبہ میں اضافہ، انسانی 36 اعلیٰ رفتار رولز کی تصحیب ہیں جس کے نتیجے میں پیداوار زیادہ اور لاگت کو بہتر کنٹرول کیا گیا ہے۔ حکومت کی طرف سے مسابقتی لڑائیوں پر بجلی کی مسلسل فراہمی یومی معاون رہی ہے۔

کھینٹی نے گزشتہ سال کی اسی مدت کے دوران 154,755,294 روپے یا فروخت 2.57 فیصد کے مقابلے میں اس سال 34.72 روپے دیے۔ فی ضمیمہ آمدنی گزشتہ سال کی 8.37 روپے کے مقابلے میں اس سال 34.72 روپے دیے۔

فروخت آمدن میں گزشتہ سال کی اسی مدت سے 35.42 فیصد کا اضافہ ہوا اور گزشتہ سال کے دوران 6,018,541,231 روپے کے مقابلے میں 8,150,567,189 روپے دیے۔ گزشتہ سال کے موازنہ میں زیادہ حجم اور مصنوعات کی بہتر قیمت کے نتیجے میں فروخت تیز زیادہ ہوئی ہے۔ مصنوعات کے بہتر مارچن کے باعث گزشتہ سال کے دوران فروخت کی لاگت فروخت کی 91.20 فیصد سے کم ہو کر زیر چار سو سال کے دوران فروخت کی 85.66 فیصد تک ہوئی ہے۔ فروخت کی آمدنی میں اضافہ اور فروخت کی لاگت میں کمی کے نتیجے میں گزشتہ سال کی اسی مدت کے دوران مجموعی منافع فروخت کے 8.80 فیصد سے 22.67 ہو کر زیر چار سو سال کے دوران فروخت کا 14.34 فیصد ہو گیا ہے۔

زیادہ فروخت حجم اور مستردی گراہوں میں اضافہ کے نتیجے میں موجودہ سال تقسیم کے اخراجات گزشتہ سال کے دوران فروخت کے 1.65 فیصد سے زیادہ کر 1.80 فی صد تک ہوئے ہیں۔ انتظامی اخراجات گزشتہ سال کے دوران فروخت کے 1.66 فیصد سے کم ہو کر زیر چار سو سال کے دوران فروخت کے 1.32 فیصد تک ہوئے ہیں۔ دیگر اخراجات گزشتہ سال کے دوران فروخت کے 0.52 فیصد سے زیادہ کر زیر چار سو سال کے دوران 0.74 فیصد تک ہوئے ہیں۔ اضافی اہم و جراثیم WPPF اور WWF کے لئے زیادہ پونجین ہیں کیونکہ منافع زیادہ ہوا ہے۔

زیر چار سو سال میں حکومت نے عوامی مدتی قرضوں کی واپسی میں رعایت اور حاکمی شرح پر پے رول فنڈنگ کی شکل میں صنعت کی بڑی مدد کی ہے۔ وہائی بنیادی کے باعث پیش آنے والی مشکلات کا سامنا کرنے کے لئے بروقت ایکشن نے زیادہ تر خطرے سے مدد کی ہے۔ وہائی بنیادی کو تقابلاً کرنے اور ایکسٹینشن مہم کو کامیاب انداز میں چلانے کی حکمت عملی کو پیشینہ قابل تعریف ہیں۔

کھینٹی حکم نامہ بنانا پیدا کرنے اور اپنی آپریشن اور مالی ادارے کی بروقت ادا کرنے میں کامیاب رہی ہے۔ کم حجم مدتی قرضوں کے باعث کھینٹی کی مالی لاگت گزشتہ سال کی فروخت کی 1.97 فیصد سے کم ہو کر زیر چار سو سال کے دوران فروخت کی 1.09 فیصد تک ہوئی ہے۔

پاکستان کا نئے جزائر وہی انیشن کی طرف سے فصل سال 2021-22 کے لئے جاری کردہ اعداد و شمار کے مطابق 15 ستمبر 2021 تک تیز پڑ میں کہاس (بلج کہاس) کی کھیتی سال 2020-21 کی بل 1.035 بلین کلوٹن کے مقابلے میں 2.687 بلین کلوٹن ہوئی جو کہ 159.52 فیصد کا اضافہ ظاہر کر رہی ہے۔

عوامی مدتی اثاثوں کی سرمایہ کاری

زیر چار سو سال کے دوران کھینٹی نے 36 نئی اعلیٰ رفتار رولز نصب کی ہیں۔ اس کے نتیجے میں لاگت بچانے کے انداز میں پیداوار زیادہ ہوئی ہے۔ زیر چار سو سال کے دوران پیداوار بڑھانے میں توانائی کی صلاحیت حاصل کرنے اور پورے لوگ کو اپنی اور صلاحیت بڑھانے کے لئے سطح تک منصوبہ بندی کے مطابق، آپ کی کھینٹی نے عمارت، پلانٹ اور مشینری اور متعلقہ اثاثوں کی توسیع، توانی، جدت اور تبدیلی اپنی اہم آراء میں 420,653,313 روپے (2020: 136,288,918 روپے) کی سرمایہ کاری کی ہے۔ مالی سال 2022 کے دوران کھینٹی اپنے توازن جدت تبدیلی اور توسیع منصوبہ کے تحت 26 نئی رولز اور متعلقہ مشینری نصب کرے گی۔ 999 kw شمسی توانائی کا پلانٹ بھی نصب کیا گیا ہے اور ستمبر 2021 سے صاف شمسی توانائی پیدا کرنا شروع کر رہی ہے۔ 325 kw کا ایک مزید شمسی توانائی کا پلانٹ بھی مالی سال 2022 میں پیداوار شروع کر دے گا۔

مستقبل کے امکانات

زیر جائیداد سالوں میں منافع بخش سال رہا ہے۔ پورے ٹیکسٹائل سیکٹور نے ہوم ٹیکسٹائلز، ڈسٹم ڈیپریوڈیشن اور دیگر مصنوعات پر مشتمل دلچسپی اور ڈیکور سے سربمیلنگ گھریل ڈیٹائلز کا بھرپور لائحہ عمل اختیار کیا ہے۔ طلب میں اس اضافہ نے مجموعی پیداوار کو یقین پر اثرات کو کم کیا ہے۔ ٹیکسٹائل کے فروخت نروٹوں میں اضافہ اور زیادہ پیداواری حجم کے اخراجات کے نتیجے میں کئی کو بھرپور منافع ہوا ہے۔ ہماری حکومت نے علاقائی ممالک کے مقابلے میں واپائی ہماری کو بھرپور پینے سے کنٹرول کیا جس سے ہمیں اپنے حریفوں پر برتری حاصل ہوئی۔ مالی سال 2022 کی پہلی سہ ماہی کے لئے فروخت آؤریٹک مضبوط ہے۔ امید ہے کہ پہلی سہ ماہی میں کئی منافع برقرار رہے گا۔ تاہم، پہلی سہ ماہی کے بعد ٹیکسٹائل کے قیمتیں کم ہونا شروع ہو گئی ہیں۔ پاکستانی روپیہ کی قدر میں کمی کی وجہ سے خام مال، ٹیکسٹائل اور دیگر پائرس کی قیمتیں بڑھ جائیں گی۔ برآمدی کارگو کے کرایوں کے شرح تیزی سے بڑھ رہے ہیں جو برآمدی مارکیٹ کو متاثر کریں گے۔

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

بیک وقت پاکستان اور حکومت COVID-19 سے متعلقہ مشکلات پر قابو پانے کے لئے بہت فعال ہے۔ بیکرو پیٹری کو بڑھانے، سرمایہ کاری کے لئے کم شرح سود پر 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 امید ہے کہ مالی سال 2021-22 میں منافع بخش رہے گا۔ مقامی کپاس کی پیداوار تقریباً 8.5 ملین گائیں ہونے کی توقع ہے۔ یہ گزشتہ سال کی پیداوار سے 5.7 ملین گائیں کی بھرتی ہے۔ اضافی بڑی چیزوں میں موچی حالات ہیں۔ زیادہ فصل کے باوجود صنعت کو کپاس کی لمبیاں مقدار درآمد کرنا پڑے گی طلب مقامی پیداوار سے کہیں زیادہ ہے۔

یہ امید کی جاتی ہے کہ حکومت کاروبار میں موثر لائسنس، پائپلن توانائی کی فراہمی، چھاپا سٹریٹجی اور گولڈن گیس کی دہائی جیسی درستیوں پالیسیوں لانے کی تاکہ کاروبار کے تقوی بہاؤ کے ساتھ کو کم کیا جاسکے۔ حکومتی پالیسیوں ٹیکسٹائل شعبہ میں دلچسپی کی عمل جو سلا فراہم ہونی چاہئیں تاکہ ٹیکسٹائل صنعت کو ترقی دیا جاسکے۔

منافع مختصر

بورڈ آف ڈائریکٹرز نے 30 جون 2021 کو ختم ہونے والے سال کے لئے نقد منافع مختصر شرح 25 فیصد یعنی 2.50 روپے فی عام شیئر کی منظوری دی ہے۔ منافع مختصر کی رقم 46,200,000 روپے ہے۔ یہ پہلے ادا شدہ عبوری نقد منافع مختصر شرح 75 فیصد یعنی 7.50 روپے فی عام شیئر کے علاوہ ہے۔

نمایاں سرگرمی

کئی نمایاں سرگرمی نے ہونے پزیر کی جاتی اور فروخت کرنا ہے۔

نمایاں خطرات اور غیر یقینی حالات

بورڈ آف ڈائریکٹرز کئی کے پزیر کی گرائی اور خطرات کے کسی ممکنہ اثر کے سدباب کے لئے سٹریٹجی عملی وضع کرنے کے اہم ہیں۔

کئی کی اصل مالی ادائیگیوں میں طویل مدتی قرضے، تجارتی اور دیگر کا طویل ادائیگیوں اور مختصر مدتی قرضے شامل ہیں۔ ان مالی ادائیگیوں کا اہم مقصد کئی کے پزیر کے لئے ٹرانس کا بندوبست کرنا ہے۔ کئی کے اصل مالیاتی اداروں میں تجارتی وصولیاں، جنگلی ادائیگیوں، مختصر مدتی ڈیپازٹس، دیگر وصولیاں اور نقدی اور دیگر وصولیاں شامل ہیں جو اس کے پزیر سے براہ راست حاصل ہوتے ہیں۔ کئی کی سرگرمیوں کو کئی قسم کے مالیاتی خطرات کا سامنا ہے۔ جس میں مارکیٹ خطرہ (شمول کرنی خطرہ، شرح سود کا خطرہ اور قیمت کا خطرہ) ادا کار کا خطرہ اور نقدی بہاؤ کا خطرہ شامل ہے۔ کئی کا مجموعی رسک منجمنٹ پروگرام مالیاتی مارکیٹوں کی غیر متوقعات پر توجہ مرکوز ہونا مالی کارگو کی پزیر کو متاثر کرنے کی کوشش کرنا ہے۔

اہم تبدیلیاں اور معاہدات

اس پالیسی سے متعلق مالی سال کے اختتام اور ڈائریکٹرز رپورٹ کی تاریخ کے درمیان، کئی کی مالی حیثیت پر اثر انداز ہونے والی کوئی اہم تبدیلیاں اور معاہدات درج نہیں ہوئے۔

2015: ISO 9001 سرٹیفیکیشن

کئی کو کئی کے اصل معیارات پر کام سرانجام دینی ہے اور کئی نے 19 جون 2022 تک کارآمد سرٹیفیکیشن کے حوالہ دیوں حاصل کر کے ہیں۔ کو کئی کنٹرول سرٹیفیکیشن سے اور پزیر کے سٹریٹجی کے ساتھ کارگو فروغ دینے میں مدد کرتی ہے۔

کاروباری سماجی ذمہ داری

کئی اسپتے کاروبار میں کاروباری سماجی ذمہ داری کے انتظام پر ہلکتے یقین رکھتی ہے، اور وہ کیونچیز جو ہمارے کاروبار سے براہ راست وابستہ طور پر متاثر کر رہی ہیں ان کی ترقی کے لئے مسلسل کوشاں ہیں۔ ہماری ہی ایس آر پی ایسی کے مطابق، انتظامیہ نے جیٹوری ورکرز اور نوزد کی کیونچیز کے بچوں کی ابتدائی سطح کی تعلیم کے لئے جیٹوری سماعت میں سکول کو ترقی دینے میں مدد کی ہے۔

ماحول، صحت اور تحفظ

کئی اسپتے ہاؤسنگ اور عوام کی صحت کو درجنوں 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 بچھڑا رہی ہے۔

مشینری اور ساتھ میں چلائے پر کام کرنے والے ملازمین کا تحفظ ایک تشویش کی بات ہے۔ آگ، بجھانے والے آلات اور آگ سے بچاؤ کے دیگر آلات کئی کی سائنس 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 ہر ماہہ شفٹیں کی جاتی ہیں۔

اندرونی مالیاتی کنٹرول

یورڈ آف ڈائریکٹرز کی طرف سے کئی کے تمام سطحوں پر مضبوط اندرونی کنٹرول کا ایک نظام قائم اور نافذ کیا گیا ہے۔ اندرونی کنٹرول کا نظام کئی کے متاثرہ ذریعہ پر مشتمل مؤثرگی اور کارکردگی کے حصول، قابل اعتماد مالیاتی رپورٹنگ اور قواعد و ضوابط اور پالیسیوں کی تعمیل کو یقینی بنانے کے لئے ڈیزائن میں متختم ہے۔

متعلقہ پارٹیاں

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

صوبہ حصص داری

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

آڈیٹرز کی تقرری

ریٹائر ہونے والے میسرز ایسٹ جیٹوری، چارٹرڈ اکاؤنٹنٹس، لاہور نے اہل ہونے کی بناء پر مالی سال 2021-22 کے لئے بحیثیت آڈیٹرز دوبارہ تقرری کے لئے اپنے آپ کو پیش کیا ہے۔ آڈٹ کئی نے موجودہ آڈیٹرز کی دوبارہ تقرری کی منظوری دے دی ہے۔

مالیاتی حسابات کا آڈٹ

کئی کے مالی حسابات کئی کے قانونی ایکٹرز میسرز ایسٹ جیٹوری، چارٹرڈ اکاؤنٹنٹس کی طرف سے کسی کو انٹیلیجنس کے بغیر نظر ثانی شدہ ہیں۔

کاروباری نظام اور مالیاتی رپورٹنگ کا طریقہ کار

مزید ڈائریکٹرز بخوشی بیان کرتے ہیں کہ:

a- کئی کی انتظامیہ کی طرف سے جاری کردہ مالیاتی حسابات میں کئی کے امور باخبری بہاؤ اور سامنے میں تبدیلیوں کو مضبوط طور پر ظاہر کرتے ہیں۔

b- کئی کے کھاتے بائبل صحیح طور سے بنائے گئے ہیں۔

c- اہل حسابات کی جاری میں مناسب اکاؤنٹنگ پالیسیوں کو مسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے ترمیم یافتہ مناسب اور آئینہ دار فیصلوں پر مبنی ہیں۔

d- مالی حسابات کی تیاری میں پاکستان میں آگورین الاٹومی مالیاتی رپورٹنگ کے سپارٹس (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 متختم ہے اور انکی مؤثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔

f- کئی کے دواں دواں ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔

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

۱۱۔ یٹیس، ایچ بی، ایچ او اور چارٹریڈ میں کوئی ۵ ٹوٹی اور اٹکل واجب الادا نہیں ہے۔ 30 جون 2021 کو ہٹایا گیا ہے۔ اس کے بعد مالی سالوں میں ظاہر کر دیے گئے ہیں۔

یورڈ کی ترتیب

ڈائریکٹرز کی کل تعداد:

(a) مرد (۹)

(b) خاتون (۱)

ترتیب:

i۔ آزاد ڈائریکٹرز (۳)

ii۔ گھرانہ ایگزیکٹو ڈائریکٹرز (۶)

iii۔ ایگزیکٹو ڈائریکٹرز (۱)

ڈائریکٹرز کے نام

جناب شہزادہ امی شیخ چیئرمین

محمد پروین اختر ملک

جناب ارشد وحید ملک

جناب اہل خاں

جناب ہادیہ شیر شاہ

جناب شمس الحسن امی شیخ

جناب شفقت امی شیخ

جناب امین امی شیخ

جناب بارہان شہزادہ امی شیخ

جناب رضا امی شیخ ڈائریکٹر ایف ایگزیکٹو ڈائریکٹر

یورڈ کی کمیٹیاں

یورڈ آف ڈائریکٹرز نے مندرجہ ذیل کمیٹیاں تشکیل دی ہیں:

• آڈٹ کمیٹی

محمد پروین اختر ملک چیئرمین

جناب امین امی شیخ رکن

جناب بارہان شہزادہ امی شیخ رکن

• ایچ آر اینڈ ریورس اینڈ ریکرنٹمنٹ (HR&R) کمیٹی

محمد پروین اختر ملک چیئرمین

جناب رضا امی شیخ رکن

جناب امین امی شیخ رکن

ڈائریکٹرز

جناب رضا الہی شیخ چیئرمین

جناب شہزادہ الہی شیخ رکن

جناب امین الہی شیخ رکن

جناب پارہان شہزادہ الہی شیخ رکن

ڈائریکٹرز کے معاوضہ کی نمایاں خصوصیات

بورڈ آف ڈائریکٹرز نے کمپنی کے امور میں ان کی ذمہ داری پر منحصر ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کے معاوضے کے لئے رکنی پالیسی کی منظوری دی ہے۔ معاوضہ کامیابی سے کمپنی کو منظم طریقے سے چلانے کے لئے ان کی ذمہ داری اور ضروری مہارت اور ان سے دلچسپی اور توجہ حاصل کرنا ان کی سب سے بڑی ذمہ داری ہے۔

آزاد ڈائریکٹرز سمیت نان ایگزیکٹو ڈائریکٹرز اور بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کی فیس کے اہل ہیں۔ ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کا معاوضہ بیس ریسورس ایجنڈ ریکرنیشن کمپنی کی سفارشات پر، بورڈ کی طرف سے منظور کیا گیا ہے۔ 2020-21 میں ڈائریکٹرز اور سی ای او کے معاوضے کی معلومات کے لئے، براہ مہربانی مالی گوشواروں کے نوٹس ملاحظہ فرمائیں۔

اعلیٰ تکرار

کمپنی کے سٹاک اور کارکنوں کی مسلسل محنت اور جذبہ اور تمام سطحوں پر اچھے تعلقات کا اعتراف کرتے ہیں۔ ڈائریکٹرز کمپنی کی مسلسل حمایت پر شکریہ ادا کرتے ہیں اور دیگر حصہ داروں کا بھی شکریہ ادا کرتے ہیں۔

منجانب



رضا الہی شیخ

چیف ایگزیکٹو آفیسر (سی ای او)

لاہور، 28 ستمبر 2021ء



پاروان شہزادہ الہی شیخ

ڈائریکٹر

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

Name of Company: Prosperity Weaving 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 Directors | Ms. Parveen Akhter Malik Mr. Arfa Waheed Malik Mr. Aneeq Khawar |
| ii. Non-Executive Directors | Mr. Shahzada Ellahi Shaikh Mr. Javaid Bashir Sheikh Mr. Shaukat Ellahi Shaikh Mr. Shafqat Ellahi Shaikh Mr. Amin Ellahi Shaikh Mr. Haroon Shahzada Ellahi Shaikh |
| iii. Executive Director | Mr. Raza Ellahi Shaikh |
| iv. Female Director | Ms. Parveen Akhter Malik |

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

Ms. Parveen Akhter Malik, Chairperson
Mr. Amin Ellahi Shaikh, Member
Mr. Haroon Shahzada Ellahi Shaikh, Member

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

Ms. Parveen Akhter Malik, Chairperson
Mr. Raza Ellahi Shaikh, Member
Mr. Amin 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



Raza Ellahi Shaikh
Chief Executive Officer(CEO)



Shahzada Ellahi Shaikh
Chairman

Lahore: September 28, 2021

SHAREHOLDERS' INFORMATION

Annual General Meeting

The 30th Annual General Meeting of members of PROSPERITY WEAVING MILLS LTD. will be held on **Thursday, October 28, 2021** at 11:00 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 545 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 you accurate IBAN after consulting with your respective bank branch, in case of any error or omission in given IBAN, the company will not be held responsible in any manner for any loss or delay in your cash dividend payment). |
| Bank's Name | |
| Branch Name and Address | |
| Branch Code | |
| CNIC No. (copy attached) | |
| NTN (in case of Corporate Entity) | |

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

Signature of the Shareholder

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

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

Individual Members who have not yet submitted a copy of their valid Computerized Identity Card (CNIC) to the Company are once again requested to send a copy of their valid CNIC at the earliest directly to the office of Share Registrar of the Company, M/s. Hameed 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.

**PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2021
CUIN (INCORPORATION NUMBER) 0025740**

| No. of Shareholders | Shareholding | | Total Shares Held |
|---------------------|----------------|-----------|-------------------|
| | From | To | |
| 180 | 1 | 100 | 3,157 |
| 125 | 101 | 500 | 40,548 |
| 66 | 501 | 1,000 | 60,194 |
| 97 | 1,001 | 5,000 | 255,603 |
| 30 | 5,001 | 10,000 | 226,348 |
| 11 | 10,001 | 15,000 | 137,750 |
| 5 | 15,001 | 20,000 | 91,874 |
| 7 | 20,001 | 25,000 | 161,830 |
| 1 | 25,001 | 30,000 | 28,225 |
| 2 | 30,001 | 35,000 | 63,500 |
| 1 | 35,001 | 40,000 | 40,000 |
| - | 40,001 | 45,000 | - |
| 2 | 45,001 | 50,000 | 93,000 |
| 3 | 50,001 | 55,000 | 153,626 |
| 1 | 55,001 | 60,000 | 58,043 |
| - | 60,001 | 75,000 | - |
| 1 | 75,001 | 80,000 | 80,000 |
| 1 | 80,001 | 85,000 | 84,591 |
| - | 85,001 | 110,000 | - |
| 1 | 110,001 | 115,000 | 110,500 |
| - | 115,001 | 240,000 | - |
| 1 | 240,001 | 245,000 | 242,000 |
| - | 245,001 | 450,000 | - |
| 1 | 450,001 | 455,000 | 455,000 |
| - | 455,001 | 695,000 | - |
| 1 | 695,001 | 700,000 | 700,000 |
| 1 | 700,001 | 705,000 | 700,500 |
| - | 705,001 | 1,395,000 | - |
| 2 | 1,395,001 | 1,400,000 | 2,800,000 |
| - | 1,400,001 | 1,675,000 | - |
| 1 | 1,675,001 | 1,680,000 | 1,678,242 |
| - | 1,680,001 | 2,120,000 | - |
| 2 | 2,120,001 | 2,125,000 | 4,240,315 |
| - | 2,125,001 | 2,135,000 | - |
| 1 | 2,135,001 | 2,140,000 | 2,138,646 |
| - | 2,140,001 | 3,745,000 | - |
| 1 | 3,745,001 | 3,750,000 | 3,747,415 |
| | | | 89,093 |
| 545 | Total:- | | 18,480,000 |

**CATAGORIES OF SHAREHOLDERS
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 | 2,120,219 | 11.47 |
| ii) | MR. SHAUKAT ELLAHI SHAIKH | 2,138,646 | 11.57 |
| iii) | MR. SHAFQAT ELLAHI SHAIKH | 2,120,096 | 11.47 |
| iv) | MR. RAZA ELLAHI SHAIKH | 1,400,000 | 7.58 |
| v) | MR. AMIN ELLAHI SHAIKH | 1,400,000 | 7.58 |
| vi) | MR. HAROON SHAHZADA ELLAHI SHAIKH | 700,500 | 3.79 |
| vii) | MS. PARVEEN AKHTAR MALIK | 500 | 0.00 |
| viii) | MR. ANEEQ KHAWAR | 500 | 0.00 |
| ix) | MR. ARFA WAHEED MALIK | 500 | 0.00 |
| x) | MR. JAVAID BASHIR SHEIKH | 500 | 0.00 |
| xi) | MRS. MEHREEN SAADAT | 19,300 | 0.10 |
| xii) | MRS. HUMERA SHAHZADA ELLAHI SHEIKH | 2,934 | 0.02 |
| xiii) | MRS. MONA SHAUKAT SHAIKH | 2,934 | 0.02 |
| xiv) | MRS. SHAISTA SHAFQAT | 2,934 | 0.02 |
| | | 9,909,563 | 53.62 |
| 2) | Associated Companies, Undertakings and Related Parties | | |
| i) | ELLAHI INTERNATIONAL (PVT) LIMITED | 3,747,415 | 20.28 |
| ii) | ARH (PVT) LIMITED | 1,678,242 | 9.08 |
| iii) | HAROON OMER (PVT) LIMITED | 50,857 | 0.28 |
| iv) | MONELL (PVT) LIMITED | 51,907 | 0.28 |
| v) | ICARO (PVT) LIMITED | 50,862 | 0.28 |
| | | 5,579,283 | 30.19 |
| 3) | NIT and ICP | Nil | Nil |
| 4) | Banks, Development Finance Institutions, Non Banking Finance Institutions | | |
| i) | NATIONAL BANK OF PAKISTAN INVESTAR A/C (FORMER NDFC) | 3,800 | 0.02 |
| ii) | ESCORTS INVESTMENT BANK LIMITED | 1 | 0.00 |
| | | 3,801 | 0.02 |
| 5) | Insurance Companies | Nil | Nil |
| 6) | Modarabas and Mutual Funds | | |
| i) | CDC - TRUSTEE GOLDEN ARROW STOCK FUND | 84,591 | 0.46 |
| | | 84,591 | 0.46 |
| 7) | Shareholders Holding 10% or more | | |
| i) | ELLAHI INTERNATIONAL (PVT) LIMITED | 3,747,415 | 20.28 |
| ii) | MR. SHAUKAT ELLAHI SHAIKH | 2,138,646 | 11.57 |
| iii) | MR. SHAHZADA ELLAHI SHAIKH | 2,120,219 | 11.47 |
| iv) | MR. SHAFQAT ELLAHI SHAIKH | 2,120,096 | 11.47 |
| 8) | General Public | | |
| a. | Local | 2,876,500 | 15.57 |
| b. | Foreign | - | - |
| 9) | Others (Joint Stock Companies) | 26,262 | 0.14 |

Note:-

M/s. Nagina Cotton Mills Ltd., had distributed 8,415,000 ordinary shares of M/s. Prosperity Weaving Mills Ltd., among its members, out of which 89,093 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 (restated) | 2016 (restated) |
| Sales | Rs.'000 | 8,150,567 | 6,018,541 | 7,112,276 | 6,212,431 | 5,820,163 | 5,211,429 |
| Gross profit | Rs.'000 | 1,169,127 | 529,557 | 706,784 | 355,552 | 303,179 | 359,653 |
| Operating profit | Rs.'000 | 903,575 | 366,816 | 500,686 | 199,138 | 160,420 | 183,708 |
| Profit / (loss) before tax | Rs.'000 | 814,539 | 247,968 | 319,179 | 54,697 | 58,496 | 72,362 |
| Profit / (loss) after tax | Rs.'000 | 641,577 | 154,755 | 210,034 | 54,697 | 56,198 | 39,972 |
| Share capital - paid up | Rs.'000 | 184,800 | 184,800 | 184,800 | 184,800 | 184,800 | 184,800 |
| Shareholders' equity | Rs.'000 | 1,746,678 | 1,180,448 | 1,154,588 | 1,001,077 | 968,176 | 956,937 |
| Total assets | Rs.'000 | 4,541,729 | 3,889,566 | 4,462,999 | 4,259,667 | 4,298,635 | 2,940,709 |
| Earning per share - pre tax | Rs. | 44.08 | 13.42 | 17.27 | 2.96 | 3.17 | 3.92 |
| Earnings per share - after tax | Rs. | 34.72 | 8.37 | 11.37 | 2.96 | 3.04 | 2.16 |
| Dividend per share | Rs. | 10.00 | - | 4.00 | 2.00 | 2.00 | 1.75 |
| Market value per share as on 30 June | Rs. | 58.50 | 40.00 | 34.00 | 26.00 | 28.61 | 30.50 |
| Gross profit to sales | % | 14.34 | 8.80 | 9.94 | 5.72 | 5.21 | 6.90 |
| Operating profit to sales | % | 11.09 | 6.09 | 7.04 | 3.21 | 2.76 | 3.53 |
| Profit / (loss) before tax to sales | % | 9.99 | 4.12 | 4.49 | 0.88 | 1.01 | 1.39 |
| Profit / (loss) after tax to sales | % | 7.87 | 2.57 | 2.95 | 0.88 | 0.97 | 0.77 |
| Current ratio | | 2.34:1 | 1.71:1 | 1.24:1 | 1.21:1 | 1.26:1 | 1.54:1 |
| Total debt ratio | % | 61.54 | 69.65 | 74.13 | 76.50 | 77.48 | 67.46 |
| Debt equity ratio | % | 53.38 | 57.89 | 59.17 | 62.93 | 65.26 | 57.10 |



Yousuf Adil
Chartered Accountants

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www.yousufadil.com

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF PROSPERITY WEAVING MILLS LIMITED
REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019**

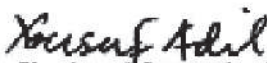
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Prosperity Weaving Mills Limited** (the Company) for the year ended June 30, 2021 in accordance with the requirements 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 transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2021.


Chartered Accountants

Engagement Partner:
Nadeem Yousuf Adil

Lahore
Date: September 28, 2021

INDEPENDENT AUDITOR'S REPORT

To the members of Prosperity Weaving Mills Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Prosperity Weaving Mills Limited (the Company) which comprise the statement of financial position as at June 30, 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the profit and 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.

Following are the Key audit matter(s):

| Key audit matter | How the matter was addressed in our audit |
|--|---|
| <p>Revenue Recognition</p> <p>The Company's sales comprise of revenue from the local and export sale of fabric which has been disclosed in note 27 to the financial statements.</p> | <p>Our audit procedures to address the Key Audit Matter included the following:</p> <ul style="list-style-type: none"> Obtaining an understanding of and assessing the design and implementation |

| | |
|--|---|
| <p>Revenue from sale of goods is recognized at the point in time when control of the goods is transferred to the customer, revenue recognition criteria has been explained in note 3.14 to the financial statements.</p> <p>We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not have been recognized based on transfer of control of the goods to the customers in line with the accounting policy adopted and may not have been recognized in the appropriate period.</p> | <p>and operating effectiveness of controls around recognition of revenue;</p> <ul style="list-style-type: none"> • Assessing the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards; • Checked on a sample basis whether the recorded local and export sales transactions are based on satisfaction of performance obligation (i.e. on delivery of goods and after issue of gate passes for local sales and on shipment of goods for export sales). • Testing timeliness of revenue recognition by comparing individual sales transactions before and after the year end to underlying documents. • Evaluated the adequacy and appropriateness of disclosures made in the financial statements. |
| <p>Valuation of stock in trade</p> <p>Stock in trade has been valued following an accounting policy as stated in note 3.5 to the financial statements and the value of stock in trade is disclosed in note 18 to the financial statements. Stock in trade forms material part of the Company's assets comprising around 21% of total assets.</p> <p>The valuation of stock in trade is carried at lower of cost and net realizable value (NRV). Cost as different components, which includes judgement in relation to allocation of overhead costs, which are incurred in bringing the finished goods to its present location and condition. Judgements are also involved in determining the NRV of stock in trade in line with the accounting policy.</p> <p>Due to the above factors, we have considered the valuation of stock in trade as a key audit matter.</p> | <p>Our audit procedures to address the Key Audit Matter included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of mechanism of recording purchases and valuation of stock in trade; • On a sample basis, verified supporting documents for purchases of raw materials and the production costs; • Verified calculations of actual production costs and checked allocation of these costs to work in process and finished goods; • Obtained an understanding and assessed reasonableness of the management's process for determination of NRV and the key estimates adopted, including future selling prices, future costs to complete and costs necessary to make the sales and their basis; • Compared the NRV, on a sample basis, to the carrying value of stock in trade to assess whether any adjustments were required to carrying value of inventories in accordance with the policy; and • For valuation of goods in transit, verified the supporting documents on sample basis. |

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 opinion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on 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 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 audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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


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

Report on Other Legal and Regulatory Requirements

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

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


Chartered Accountants

Lahore
Date: September 28, 2021


**STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021**

| | Note | 2021 Rupees | 2020 Rupees |
|---|------|-----------------------------|-----------------------------|
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorized share capital 20,000,000 (2020: 20,000,000) ordinary shares of Rs. 10 each | | <u>200,000,000</u> | <u>200,000,000</u> |
| Issued, subscribed and paid up capital | 4 | 184,800,000 | 184,800,000 |
| Reserves | 5 | 1,459,037,799 | 892,807,599 |
| Revaluation surplus on land | | <u>102,840,634</u> | <u>102,840,634</u> |
| TOTAL EQUITY | | 1,746,678,433 | 1,180,448,233 |
| LIABILITIES | | | |
| NON-CURRENT LIABILITIES | | | |
| Long term finances | 6 | 1,636,851,483 | 1,532,463,585 |
| Employee retirement benefits | 7 | 144,752,291 | 131,777,782 |
| Deferred grant | 8 | 1,630,759 | 1,600,609 |
| Deferred taxation | 9 | 59,799,491 | 2,578,748 |
| | | <u>1,843,034,024</u> | <u>1,668,420,724</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 10 | 507,635,367 | 553,599,248 |
| Accrued interest / markup | 11 | 19,964,457 | 25,774,267 |
| Short term borrowings | 12 | 56,439,271 | 366,998,931 |
| Current portion of long term finances | 6 | 355,244,128 | 86,081,234 |
| Current portion of deferred grant | 8 | 6,477,975 | 2,954,590 |
| Unclaimed dividend | | <u>6,255,331</u> | <u>5,289,251</u> |
| | | <u>952,016,529</u> | <u>1,040,697,521</u> |
| TOTAL LIABILITIES | | 2,795,050,553 | 2,709,118,245 |
| CONTINGENCIES AND COMMITMENTS | 13 | | |
| TOTAL EQUITY AND LIABILITIES | | <u>4,541,728,986</u> | <u>3,889,566,478</u> |

The annexed notes from 1 to 45 form an integral part of these financial statements.

Lahore: September 28, 2021


Raza Ellahi Shaikh
Chief Executive Officer


Muhammad Tariq Sheikh
Chief Financial Officer



Haroon Shahzada Ellahi Shaikh
Director

**STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021**

| | Note | 2021 Rupees | 2020 Rupees |
|-------------------------------------|------|----------------------|----------------------|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 14 | 2,299,138,706 | 2,092,871,933 |
| Intangible assets | 15 | - | 1,080,471 |
| Long term deposits | 16 | 15,039,000 | 15,039,000 |
| | | 2,314,177,706 | 2,108,991,404 |
| CURRENT ASSETS | | | |
| Stores, spare parts and loose tools | 17 | 79,494,299 | 55,171,197 |
| Stock-in-trade | 18 | 956,620,251 | 518,606,568 |
| Trade receivables | 19 | 686,478,806 | 587,479,860 |
| Advances | 20 | 9,866,823 | 7,685,037 |
| Short term prepayments | 21 | 7,581,657 | 2,502,764 |
| Other receivables | 22 | 2,361,381 | 3,507,783 |
| Sales tax refundable | 23 | 38,856,991 | 61,439,008 |
| Other financial assets | 24 | 352,604,933 | 473,158,143 |
| Advance income tax - net | 25 | 32,319,337 | 57,797,558 |
| Cash and bank balances | 26 | 61,366,802 | 13,227,156 |
| | | 2,227,551,280 | 1,780,575,074 |
| TOTAL ASSETS | | 4,541,728,986 | 3,889,566,478 |

The annexed notes from 1 to 45 form an integral part of these financial statements.


Raza Ellahi Shaikh
Chief Executive Officer


Muhammad Tariq Sheikh
Chief Financial Officer


Haroon Shahzada Ellahi Shaikh
Director

Lahore: September 28, 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2021

| | Note | 2021 Rupees | 2020 Rupees |
|---|------|----------------------|----------------------|
| Revenue from contracts with customers | 27 | 8,150,567,189 | 6,018,541,231 |
| Cost of sales | 28 | (6,981,440,529) | (5,488,984,350) |
| Gross profit | | 1,169,126,660 | 529,556,881 |
| Distribution cost | 29 | (146,848,992) | (99,295,196) |
| Administrative expenses | 30 | (107,846,529) | (100,103,490) |
| Other operating expenses | 31 | (60,362,163) | (31,307,181) |
| | | (315,057,684) | (230,705,867) |
| | | 854,068,976 | 298,851,014 |
| Other income | 32 | 49,505,892 | 67,964,527 |
| Operating profit | | 903,574,868 | 366,815,541 |
| Finance cost | 33 | (89,035,941) | (118,847,047) |
| Profit before taxation | | 814,538,927 | 247,968,494 |
| Provision for taxation | 34 | (172,962,173) | (93,213,200) |
| Profit after taxation | | 641,576,754 | 154,755,294 |
| Other comprehensive income | | | |
| Items that will not be reclassified subsequently to statement of profit or loss: | | | |
| Remeasurement of post retirement benefits obligation | 7.6 | (82,972) | (2,164,131) |
| Related tax impact | 9.1 | (253,800) | 857,894 |
| Fair value gain / (loss) on investment in equity instrument designated at FVTOCI | 24.4 | 63,590,219 | (53,669,219) |
| Other comprehensive income / (loss) | | 63,253,447 | (54,975,456) |
| Total comprehensive income for the year | | 704,830,200 | 99,779,838 |
| Earnings per share - basic and diluted | 35 | 34.72 | 8.37 |

The annexed notes from 1 to 45 form an integral part of these financial statements.



Raza Ellahi Shaikh
Chief Executive Officer



Muhammad Tariq Sheikh
Chief Financial Officer



Haroon Shahzada Ellahi Shaikh
Director

Lahore: September 28, 2021

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

| | Note | 2021 Rupees | 2020 Rupees |
|--|------|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from operations | 37 | 519,985,438 | 1,008,463,039 |
| Employee benefits paid | | (19,046,555) | (14,661,568) |
| Finance cost paid | | (91,292,216) | (136,483,868) |
| Income taxes paid | | (90,517,009) | (57,245,274) |
| Net cash generated from operating activities | | 319,129,658 | 800,072,329 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | | (433,667,083) | (171,132,700) |
| Proceeds from disposal of property, plant and equipment | | 12,277,003 | 70,450,644 |
| Purchase of other financial assets | | (888,100,238) | (1,281,863,860) |
| Proceeds from sale of other financial assets | | 1,076,451,334 | 1,224,048,228 |
| Dividend received | 32 | 36,691,760 | 35,097,112 |
| Net cash used in investing activities | | (196,347,224) | (123,400,576) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Long term finances obtained | | 498,567,718 | 153,180,124 |
| Repayment of long term finances | | (125,016,926) | (203,621,362) |
| Short term borrowings excluding running finance and bank overdraft | | (302,195,418) | (122,804,582) |
| Dividend paid | | (137,633,920) | (73,521,543) |
| Net cash used in financing activities | | (66,278,546) | (246,767,363) |
| Net increase in cash and cash equivalents | | 56,503,888 | 429,904,390 |
| Cash and cash equivalents at beginning of the year | | (51,576,357) | (481,480,747) |
| Cash and cash equivalents at end of the year | | 4,927,531 | (51,576,357) |
| CASH AND CASH EQUIVALENTS | | | |
| Cash and bank balances | 26 | 61,366,802 | 13,227,156 |
| Running finance | 12 | (2,465,663) | (71,701) |
| Bank overdraft | 12 | (53,973,608) | (64,731,812) |
| | | 4,927,531 | (51,576,357) |

The annexed notes from 1 to 45 form an integral part of these financial statements.



Raza Ellahi Shaikh
Chief Executive Officer



Muhammad Tariq Sheikh
Chief Financial Officer



Haroon Shahzada Ellahi Shaikh
Director

Lahore: September 28, 2021

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

| | Issued, subscribed and paid up capital | Capital reserve | | | Revenue reserve | Total |
|---|---|-------------------------|--------------------------------|-----------------------|--------------------------|---------------|
| | | Amalgamation reserve | Revaluation surplus on land | Fair value reserve | Unappropriated profit | |
| ----- Rupees ----- | | | | | | |
| Balance at June 30, 2019 | 184,800,000 | 16,600,000 | 102,840,634 | (50,795,934) | 901,143,695 | 1,154,588,395 |
| Comprehensive income | | | | | | |
| Profit after taxation | - | - | - | - | 154,755,294 | 154,755,294 |
| Other comprehensive loss - net of tax | - | - | - | (53,669,219) | (1,306,237) | (54,975,456) |
| Total comprehensive (loss) / income for the year | - | - | - | (53,669,219) | 153,449,057 | 99,779,838 |
| Transfer of loss on disposal of equity investments at FVTOCI to unappropriated profit | - | - | - | 17,262,426 | (17,262,426) | - |
| Transactions with owners | | | | | | |
| Final dividend @ 40% i.e. Rs. 4 per share for the year ended June 30, 2019 | - | - | - | - | (73,920,000) | (73,920,000) |
| Balance at June 30, 2020 | 184,800,000 | 16,600,000 | 102,840,634 | (87,202,727) | 963,410,326 | 1,180,448,233 |
| Comprehensive income | | | | | | |
| Profit after taxation | - | - | - | - | 641,576,754 | 641,576,754 |
| Other comprehensive income / (loss) - net of tax | - | - | - | 63,590,219 | (336,772) | 63,253,447 |
| Total comprehensive income for the year | - | - | - | 63,590,219 | 641,239,981 | 704,830,200 |
| Transfer of gain on disposal of equity investments at FVTOCI to unappropriated profit | - | - | - | (7,124,904) | 7,124,904 | - |
| Transactions with owners | | | | | | |
| Interim dividend @ 75% i.e. Rs. 7.5 per share for the year ended June 30, 2021 | - | - | - | - | (138,600,000) | (138,600,000) |
| Balance at June 30, 2021 | 184,800,000 | 16,600,000 | 102,840,634 | (30,737,412) | 1,473,175,211 | 1,746,678,433 |

The annexed notes from 1 to 45 form an integral part of these financial statements.



Raza Ellahi Shaikh
Chief Executive Officer



Muhammad Tariq Sheikh
Chief Financial Officer



Haroon Shahzada Ellahi Shaikh
Director

Lahore: September 28, 2021

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

1 LEGAL STATUS AND OPERATIONS

- 1.1 Prosperity Weaving Mills Limited (the Company) was incorporated in Pakistan on November 20, 1991 as a public limited Company under the repealed Companies Ordinance, 1984 (Now Companies Act 2017) and listed on Pakistan Stock Exchange Limited on October, 17 1995. The registered office of the Company is situated at Nagina House, 91-B-1, M.M. Alam Road, Gulberg-III, Lahore. The principal activity of the Company is manufacturing and sale of woven cloth. The manufacturing facility is located at 13.5 km Sharaqpur road, District Sheikhpura in the Province of Punjab.
- 1.2 These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; 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 Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.1 STANDARDS, INTERPRETATION AND AMENDMENT ADOPTED DURING THE YEAR

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

2.1.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2021

The following standards, amendments and interpretations are effective for the year ended June 30, 2021. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

| Standards or Interpretations with no significant impact | Effective from annual period beginning on or after: |
|--|--|
| Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions | June 01, 2020 |
| Amendments to the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS | January 01, 2020 |
| "Amendments to IFRS 3 'Business Combinations' - Definition of a business" | January 01, 2020 |
| Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material | January 01, 2020 |
| Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform | January 01, 2020 |

Certain annual improvements have also been made to a number of IFRSs.

2.1.2 New accounting standards, amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

| Standards or Interpretations | Effective from Accounting period beginning on or after |
|---|--|
| Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) | January 01, 2021 |
| Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021 | April 01, 2022 |
| Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework | January 01, 2022 |
| Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use | January 01, 2022 |
| Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract | January 01, 2022 |
| Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current | January 01, 2023 |
| Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies | January 01, 2023 |
| Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates | January 01, 2023 |
| Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction. | January 01, 2023 |

Certain annual improvements have also been made to a number of IFRS.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

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

2.2 SIGNIFICANT ESTIMATES

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, incomes and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised, if the revision affects only that period, or in the period of revision and future periods, if the revision affects both current and future periods.

Significant areas requiring the use of management estimates in these financial statements relate to the revaluation of certain item of property, plant and equipment, useful life of depreciable assets, employee retirement benefits, impairment of financial assets and taxation. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 ACCOUNTING CONVENTION

These financial statements have been prepared under historical cost convention modified by:

- a) revaluation of land;
- b) financial instruments at fair value; and
- c) recognition of certain employee retirement benefits at present value.



3.2 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and impairment in value, if any. Freehold land is stated at revalued amount. Capital work-in-progress and stores held for capital expenditure are stated at cost. Cost also includes borrowing cost; wherever applicable.

Assets' residual values, if significant and their useful lives are reviewed and adjusted, if appropriate at each balance sheet date. When significant parts of an item of property, plant and equipment have different useful lives, they are recognized as separate items of property, plant and equipment.

Subsequent costs are recognized as part of asset, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred. Depreciation is charged to profit or loss account applying the reducing balance method over its estimated useful life at the rates specified in note 14.1 to the financial statements.

Depreciation on additions to property, plant and equipment is charged from the month in which property, plant and equipment is available for use while no depreciation is charged for the month in which property, plant and equipment is disposed off.

Surplus arising on revaluation of land is recognized, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity and is shown in equity. Revaluation is carried out with sufficient regularity to ensure that the carrying amounts of the land does not differ materially from the fair value.

Gain or loss on disposal of property, plant and equipment, if any, is recognized in the profit or loss account for the year.

All costs connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when these assets are available for use.

3.3 INTANGIBLE ASSETS

Intangible assets are stated at cost less accumulated amortization and impairment in value. Intangible assets are amortized over a period of five years using straight line method. Amortization on additions during the year is charged from the month in which an asset is acquired or capitalized.

3.4 STORES, SPARE PARTS AND LOOSE TOOLS

These are valued at the cost, determined on moving weighted average basis less allowance for obsolete and slow moving items. Items in transit are valued at invoice values plus other charges incurred thereon.

3.5 STOCK-IN-TRADE

These are valued at the lower of cost and net realizable value. Cost is determined by applying the following basis:

| | |
|-----------------|----------------------------|
| Raw material | Weighted average |
| Work-in-process | Average manufacturing cost |
| Finished goods | Average manufacturing cost |
| Waste | Net realizable value |

Raw material in transit is stated at invoice value plus other charges paid thereon up to the balance sheet date.

Average manufacturing cost in relation to work-in-process and finished goods consists of direct material, labour and a proportion of manufacturing overheads based on normal capacity.

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.

3.6 IMPAIRMENT OF NON FINANCIAL ASSETS

The Company assesses at each balance sheet date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amount and the resulting impairment loss is recognized in profit or loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss subsequently reverses, the carrying amount of the assets is increased to the revised recoverable amount but limited to the extent of carrying amount that would have been determined had no impairment loss been recognized in prior periods. Reversal of impairment loss is recognized as income.

3.7 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

3.7.1 Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. 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 marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

a) Debt instruments measured at amortized cost

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; 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.

Amortized cost and effective interest method

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

As at reporting date, the Company carries cash and cash equivalents and trade receivables at amortized cost.

b) Debt instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments whose objective is achieved by both collecting contractual cash flows 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 are measured subsequently at FVTOCI.

As at reporting date, the Company does not hold any debt instrument classified as at FVTOCI.

c) Equity instruments designated as at FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

As at reporting date, the Company carries investments in self managed securities and mutual funds at FVTOCI.

d) Financial assets measured subsequently at fair value through profit or loss (FVTPL)

By default, all other financial assets are measured subsequently at FVTPL.

As at reporting date, the Company carries investments in securities and mutual funds classified at FVTPL.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost or at FVTOCI, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognizes lifetime ECL for trade receivables by using simplified approach. For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. 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. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- a) when there is a breach of financial covenants by the debtor; or
- b) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Write-off policy

The Company writes off financial assets when there is information indicating that the amount is not recoverable due to the conflict in invoices with customer. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made against financial assets written-off are recognized in profit or loss.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

3.7.2 Financial liabilities

Subsequent measurement of financial liabilities

Financial liabilities that are not

- a) contingent consideration of an acquirer in a business combination,
- b) held for trading, or
- c) designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

3.8 OFF SETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

A financial asset and a financial liability is offset and the net amount reported in the balance sheet, if the Company has a current legal enforceable right to set off the recognized amount and the Company also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.9 TRADE RECEIVABLES

Trade receivables and other receivables are initially recognized at fair value, which is usually the original invoiced amount and subsequently carried at amortized cost using the effective interest method less allowance for ECL.

3.10 CASH AND CASH EQUIVALENTS

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, balances with banks, highly liquid other financial assets that are convertible to known amount of cash and are subject to insignificant risk of change in value and short term running finance under markup arrangement. Cash and bank are carried in the statement of financial position at cost.

3.11 TRADE AND OTHER PAYABLES

Liabilities for trade and other payables are carried at their fair value of the consideration to be paid in the future for goods and services received whether billed to the Company or not.

3.12 EMPLOYEE RETIREMENT BENEFITS

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its permanent employees who have completed minimum qualifying period of service as defined under the respective scheme. Provisions are made annually to cover the obligation under the schemes on the basis of actuarial valuation and are charged to profit or loss account for the year. The assumptions are determined by independent actuary.

The amount recognized in the balance sheet represents the present value of defined benefit obligations using the projected unit credit actuarial valuation method. Actuarial gains / losses arising from the actuarial valuation are recognized immediately and are presented in other comprehensive income. The latest actuarial valuation was carried as at June 30, 2021.

Details of the schemes are given in note 7 to these financial statements.

The Company provides for compensated absences of its employees on un-availed balance of leaves in the period in which the leaves are earned.

3.13 PROVISIONS

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

3.14 REVENUE RECOGNITION

The Company is in the business of sale of goods. Revenue from contracts with customers is recognized when control of the goods is transferred to the customer and the performance obligation is satisfied under the contract at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is the principle in its revenue arrangements because it typically controls the goods or services before transferring them to the customers.

a) Revenue from sale of goods is recognized at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods.

b) Export rebate is recognized on accrual basis at the time of making the export sales.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., right of returns, volume rebates). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non cash consideration, and consideration payable to the customer (if any).

3.15 GOVERNMENT GRANT

Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all conditions of the grant. The benefit of a government loan at a below-market rate of interest is treated as a government grant. Government grants relating to costs are deferred and recognised in the statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate.

3.16 BORROWINGS

Loans and borrowings are initially recorded at the proceeds received. In subsequent periods, borrowings are stated at amortized cost using the effective yield method. Finance cost is accounted for on an accrual basis and are included in mark-up accrued on loans to the extent of amount remaining unpaid, if any.

3.17 LEASES

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessee

The Company assesses whether contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- a) Fixed lease payments (including in-substance fixed payments), less any lease incentives;
- b) Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- c) The amount expected to be payable by the lessee under residual value guarantees;
- d) The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- e) Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset)

- a) The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

b) The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

c) A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in profit or loss.

The Company as lessor

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the term of the lease transfers substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

3.18 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 capitalized as part of the cost of the respective assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

3.19 TAXATION

Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, rebates and exemptions available, if any, or minimum taxation as per Income Tax Ordinance, 2001. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred

Deferred taxation is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amount for financial reporting purposes. In this regard the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of "Technical Release - 27" of the Institute of Chartered Accountants of Pakistan.

| | 2021 | 2020 |
|--|---------------|---------------|
| | Rupees | Rupees |
| | 1,992,095,611 | 1,618,544,819 |
| | 355,244,128 | 86,081,234 |
| | 1,636,851,483 | 1,532,463,585 |

----- Other terms and conditions -----

| | Original limit | | Outstanding amount | | Security | Arrangement, repayment and mark-up |
|--------------|---|-------------|--------------------|-------------|-------------|---|
| | 2021 | 2020 | 2021 | 2020 | | |
| | ----- Rupees ----- | | | | | |
| 6 | LONG TERM FINANCES | | | | | |
| | From banking companies - secured | | | | | |
| | Less: current portion | | | | | |
| 6.1 | From banking companies - secured | | | | | |
| 6.1.1 | Askari Bank Limited (LTFF-I) | 71,018,100 | 71,018,100 | 16,140,485 | 19,368,580 | Joint pari passu registered This facility has been obtained against a sanctioned hypothecation charge of Rs. 673.14 million out of which Rs. 71.02 million million over all present and future fixed assets of the Company with 25% of Pakistan (SBP). The loan is repayable in 22 quarterly installments, with 18 months grace period, commenced from May 25, 2016. The loan carries mark-up at the rate of 6.50% (2020: 6.50%) per annum payable quarterly. |
| 6.1.2 | Askari Bank Limited (TF) | 41,981,900 | 41,981,900 | 7,632,914 | 9,541,141 | This facility has been obtained against a sanctioned limit of Rs. 113 million out of which Rs. 71.02 million have been converted into LTFF scheme of SBP and Rs. 41.98 million remain as term finance. The loan is repayable in 22 equal quarterly installments, with 18 months grace period, commenced from February 12, 2016. The loan carries mark-up rate of 3 month KIBOR plus 1.00% (2020: 3 months KIBOR plus 1.00%) per annum payable quarterly. |
| 6.1.3 | Askari Bank Limited (LTFF-II) | 291,666,430 | 291,666,430 | 173,176,941 | 182,291,517 | This facility has been obtained against a sanctioned limit of Rs. 385 million out of which Rs. 291.67 million have been converted into LTFF scheme of SBP. The loan is repayable in 32 quarterly installments, with a 24 months grace period, commenced from June 4, 2017. The loan carries mark-up at the rate of 6.50% (2020: 6.50%) per annum payable quarterly. |
| 6.1.4 | Askari Bank Limited (LTFF-II) | 93,333,570 | 93,333,570 | 52,500,087 | 55,416,758 | This facility has been obtained against a sanctioned limit of Rs. 385 million out of which Rs. 291.67 million have been converted into LTFF scheme of SBP and Rs. 93.33 million remain as term finance. The loan is repayable in 32 quarterly installments with 24 months grace period, commenced from February 12, 2017. The loan carries mark-up rate of 3 months KIBOR plus 1.00% (2020: 3 months KIBOR plus 1.00%) per annum payable quarterly. |

| Name of Institution | Original limit | | Outstanding amount | | Security | Arrangement, repayment and mark-up |
|------------------------------------|----------------|-------------|--------------------|-------------|---|--|
| | Rupees | | Rupees | | | |
| | 2021 | 2020 | 2021 | 2020 | | |
| 6.1.5 Askari Bank Limited (TF-III) | 115,000,000 | 115,000,000 | 68,194,497 | 71,783,681 | Same as 6.1.1 | This facility has been obtained against a sanctioned limit of Rs. 115 million. The loan is repayable in 32 quarterly installments with 24 months grace period, commenced from May 27, 2017. The loan carries mark-up rate of 3 months KIBOR plus 1.00% (2020: 3 months KIBOR plus 1.00%) per annum payable quarterly. |
| 6.1.6 Habib Bank Limited (TF) | 90,298,592 | 90,298,592 | 4,104,491 | 8,208,972 | Joint pari passu charge of Rs. 117 million on all present and future fixed assets of the Company excluding power generation plant with 25% margin, and personal guarantees of sponsor directors of the Company. | This facility has been obtained against a sanctioned limit of Rs. 200 million out of which Rs. 109.70 million have been converted into LTFF scheme of SBP and Rs. 90.30 million remain as term loan. The loan is repayable in 22 equal quarterly installments with 18 months grace period, commenced from April 7, 2015. The loan carries mark-up rate of 3 months KIBOR plus 1.35% (2020: 3 months KIBOR plus 1.35%) per annum payable quarterly. |
| 6.1.7 Habib Bank Limited (LTFF) | 322,772,452 | 322,772,452 | 58,685,902 | 73,357,377 | Same as 6.1.6 | This facility has been obtained against a sanctioned limit of Rs. 350 million out of which Rs. 322.77 million have been converted into LTFF scheme of SBP. The loan is repayable in 22 quarterly installments with a 18 month grace period commenced from February 13, 2016. The loan carries mark-up at the rate of 8.00% (2020:8.00%) per annum payable quarterly. |
| 6.1.8 Habib Bank Limited (TF) | 27,227,548 | 27,227,548 | 4,950,460 | 6,188,076 | Same as 6.1.6 | This facility has been obtained against a sanctioned limit of Rs. 350 million out of which Rs. 322.77 million have been converted into LTFF scheme of SBP and Rs. 27.23 million remain as term loan. The loan is repayable in 22 equal quarterly installments with 18 months grace period, commenced from February 14, 2016. The loan carries mark-up rate of 3 months KIBOR plus 1.00% (2020: 3 months KIBOR plus 1.00%) per annum payable quarterly. |
| 6.1.9 United Bank Limited (LTFF) | 187,931,622 | 187,931,622 | 123,330,129 | 129,202,992 | Joint pari passu charge amounting to Rs. 979.83 million as equitable mortgage over fixed assets of company. | This facility has been obtained against sanctioned limit of Rs. 187.93 million converted into LTFF scheme of SBP. The loan is repayable in 32 quarterly installments commencing from November 10, 2017. The loan carries mark-up rate of 3.50% (2020: 3.50%) per annum payable quarterly. |

| | Name of Institution | Original limit | | Outstanding amount | | Security | Arrangement, repayment and mark-up |
|----------|---------------------------------------|----------------|-------------|--------------------|-------------|--|---|
| | | Rupees | | Rupees | | | |
| | | 2021 | 2020 | 2021 | 2020 | | |
| 6.1.10 | United Bank Limited (LTFF) | 40,000,000 | 40,000,000 | 27,618,772 | 28,571,143 | Same as 6.1.9 | This facility has been obtained against sanctioned limit of Rs. 700 million out of which Rs. 30.47 million has been converted into LTFF on July 19, 2017. The loan is repayable in 32 equal quarterly installments commencing from October 19, 2019. The loan carries mark up at the rate of 2.50% (2020: 2.50%). |
| 6.1.11 | United Bank Limited (LTFF) | 660,000,000 | 660,000,000 | 556,485,429 | 577,096,000 | Same as 6.1.9 | This facility has been obtained against sanctioned limit of Rs. 700 million out of which Rs. 660 million has been converted into LTFF. The loan is repayable in 32 quarterly installments in arrears commencing from April 18, 2019. The loan carries mark up at the rate of 2.50% (2020: 2.50%). |
| 6.1.12 | Askari Bank Limited (LTFF-IV / TF-IV) | 45,829,000 | 45,829,000 | 12,288,000 | 12,288,000 | Same as 6.1.1 | This facility has been obtained against sanctioned limit of Rs. 200 million. The loan is repayable in 32 quarterly installments in arrears commencing from August 02, 2021 with grace period of 24 months. The loan carries mark up at the rate of 2.50% (2020: 3 months KIBOR +0.75%). |
| 6.1.12.1 | Askari Bank Limited (LTFF-IV) | 127,688,000 | 127,688,000 | 127,688,000 | 127,688,000 | Same as 6.1.1 | This facility has been obtained against sanctioned limit of Rs. 200 million. The loan is repayable in 32 quarterly installments in arrears commencing from August 18, 2021 with grace period of 24 months. The loan carries mark up at the rate of 2.50%. |
| 6.1.12.2 | Askari Bank Limited (LTFF-IV) | 3,296,000 | 3,296,000 | 2,884,000 | 3,296,000 | Same as 6.1.1 | This facility has been obtained against sanctioned limit of Rs. 200 million. The loan is repayable in 32 quarterly installments in arrears commencing from October 4, 2020 with grace period of 24 months. The loan carries mark up at the rate of 2.50%. |
| 6.1.12.3 | Askari Bank Limited (LTFF-IV) | 23,187,000 | 23,187,000 | 21,015,000 | 23,187,000 | Same as 6.1.1 | This facility has been obtained against sanctioned limit of Rs. 200 million. The loan is repayable in 32 quarterly installments in arrears commencing from November 3, 2020 with grace period of 24 months. The loan carries mark up at the rate of 2.50%. |
| 6.1.13 | Allied Bank Limited (LTFF) | 192,000,000 | 192,000,000 | 173,735,000 | 142,390,000 | Joint pari passu charge of Rs. 1,533.33 million inclusive of 25% margin over Fixed assets. | This facility has been obtained against sanctioned limit of Rs. 300 million. The loans are repayable in 32 quarterly installments in arrears commencing from September 27, 2021, December 3, 2022 and April 27, 2023 respectively, with grace period of 24 months. The loan carries mark up at the rate of 2.50%. |

| Name of Institution | Original limit | | Outstanding amount | | Security | Arrangement, repayment and mark-up |
|-----------------------------------|---|-------------|----------------------|----------------------|---|--|
| | 2021 | 2020 | 2021 | 2020 | | |
| | Rupees | | | | | |
| 6.1.14 Allied Bank Limited (LTFF) | 108,000,000 | 108,000,000 | 107,563,000 | 107,563,750 | Same as 6.1.13 | This facility has been obtained against sanctioned limit of Rs. 108 million. During the year, this facility has been converted from term finance to LTFF scheme of SBP. The loan is repayable in 32 quarterly installments in arrears commencing from July 21, 2022 with grace period of 24 months. The loan carries mark up at the rate of 2.50%. |
| 6.1.15 Bank Al Falah(LTFF) | 150,000,000 | 75,000,000 | 83,690,222 | 41,105,832 | Joint Pari passu charge of Rs. 200 million inclusive of 25% margin over salaries and wages of workers and employees for the period April 2020 to September 2020 against sanctioned limit of Rs. 150 million under SBP payroll finance scheme 2020. The loan is repayable in 08 quarterly installments in arrears, commencing from January 01, 2021 with grace period of 6 months. The fair value of this finance has determined using a discount rate of three months KIBOR plus 1.025% (9.17%) being the prevailing market rate of interest for similar instruments. The difference between the fair value and loan proceeds has been recognized as deferred grant (note 8). | |
| 6.1.16 Allied Bank Limited | 750,000,000 | - | 318,263,000 | - | | This facility has been obtained against sanctioned limit of Rs. 750 million. The loan is repayable in 32 quarterly installments in arrears commencing from Dec 23, 2022 with grace period of 24 months. The loan carries mark up at the rate of SBP bench mark plus 100 bps. |
| 6.1.17 Allied Bank Limited | 100,000,000 | - | 52,149,282 | - | | This facility has been obtained against sanctioned limit of Rs. 100 million. The loan is repayable in 32 quarterly installments in arrears commencing from Jan 19, 2022 and Nov 3, 2021 with grace period of 24 months. The loan carries mark up at the rate of 3 month Kibor plus 100 bps. |
| 6.2 | | | <u>1,992,095,611</u> | <u>1,618,544,819</u> | | |
| 6.3 | These facilities carry effective mark-up rate ranging from 1.00% to 8.78% (2020: 1.00% to 14.85%) per annum. | | | | | |
| | Rescheduling / Restructuring of long term finances | | | | | |
| | The State Bank of Pakistan has provided regulatory relief through the BPRD circular letter No. 14 dated March 23, 2020. The Company has applied for the aforementioned relief and it was thereby granted the deferment of one year on principal installments due within the period from April 01, 2020 to March 31, 2021. | | | | | |

7 EMPLOYEE RETIREMENT BENEFITS

7.1 The Company has a defined benefit plan comprising an un-funded gratuity scheme for its permanent employees. Latest valuation has been conducted as at June 30, 2021.

| | Note | 2021 Rupees | 2020 Rupees |
|---|------|--------------------|--------------------|
| Amounts recognized in the balance sheet are as follows: | | | |
| Present value of defined benefit obligation as at June 30 | | <u>144,752,291</u> | <u>131,777,782</u> |
| 7.2 Movement in liability: | | | |
| As at July 01 | | 131,777,782 | 113,846,651 |
| Charge for the year | 7.4 | 31,938,092 | 30,428,568 |
| Benefits paid during the year | | (19,046,555) | (14,661,568) |
| Remeasurement changes chargeable to OCI | 7.6 | 82,972 | 2,164,131 |
| As at June 30 | | <u>144,752,291</u> | <u>131,777,782</u> |
| 7.3 Movement in the present value of defined benefit obligation is as follows: | | | |
| Present value of defined benefit obligation as at July 01 | | 131,777,782 | 113,846,651 |
| Current service cost | | 22,912,956 | 23,708,936 |
| Interest cost | | 9,025,136 | 15,178,511 |
| Benefits paid | | (19,046,555) | (14,661,568) |
| Gains arising on plan settlement | | - | (8,458,879) |
| Remeasurements: | | | |
| Actuarial losses from changes in financial assumptions | | 3,896,126 | 6,894,332 |
| Experience adjustments | | (3,813,154) | (4,730,201) |
| Present value of defined benefit obligation as at June 30 | | <u>144,752,291</u> | <u>131,777,782</u> |
| 7.4 Expense recognized in profit and loss account is as follows: | | | |
| Current service cost | | 22,912,956 | 23,708,936 |
| Gains arising on plan settlement | | - | (8,458,879) |
| Interest cost | | 9,025,136 | 15,178,511 |
| | | <u>31,938,092</u> | <u>30,428,568</u> |
| 7.5 Charge for the year has been allocated as follows: | | | |
| Cost of sales | | 26,447,526 | 27,680,750 |
| Administrative expenses | | 5,490,566 | 2,747,819 |
| | | <u>31,938,092</u> | <u>30,428,569</u> |
| 7.6 Total remeasurement chargeable to | | | |
| Remeasurement of defined benefit obligation: | | | |
| Actuarial losses from changes in financial assumptions | | 3,896,126 | 6,894,332 |
| Experience adjustment | | (3,813,154) | (4,730,201) |
| | | <u>82,972</u> | <u>2,164,131</u> |
| 7.7 Projected unit credit method, based on the following significant assumptions, is used for valuation of gratuity: | | | |
| | | 2021 | 2020 |
| Discount rate | | 9.23% | 8.50% |
| Expected rate of salary increase | | 8.75% | 7.50% |
| Average retirement age of employee | | 60 years | 60 years |

| 7.8 Sensitivity analysis | Changes in | Defined benefit obligation | |
|--------------------------|------------|----------------------------|-----------------------|
| | | Increase in Rupees | Decrease in Rupees |
| Discount rate | 1.00% | 135,415,420 | 155,105,372 |
| Salary growth rate | 1.00% | 155,103,376 | 135,335,160 |

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

Maturity profile of the defined benefit obligation

| | Note | 7 Years | 7 Years |
|---|------|----------------|----------------|
| | | 2021 Rupees | 2020 Rupees |
| 1. Weighted average duration of the benefit | | | |
| 2. Distribution of timing of benefit payments (time in years) | | | |
| 1 | | 26,779,174 | 26,275,439 |
| 2 | | 19,903,440 | 16,650,840 |
| 3 | | 20,048,192 | 16,513,606 |
| 4 | | 19,758,688 | 15,129,337 |
| 5 | | 19,932,390 | 14,476,004 |
| 6 and above | | 606,512,097 | 900,375,436 |

8 DEFERRED GRANT

As mentioned in note 6.1.15, the State Bank of Pakistan (SBP) through circular no. 6 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 the Refinance Scheme is to provide relief to dampen the effects of COVID - 19 by providing loans at concessional interest rates. The Company obtained financing of Rs. 96.81 million under the Refinance Scheme. The benefit of below market interest rates, measured as the difference between the fair value of loan and loan proceeds on the date of disbursement has been recognised as deferred grant. The deferred grant is amortized over the term of the loan i.e., 2 years. In line with the recognition of interest expense, the grant is compensatory.

The movement during the year is as follows:

| | 2021 Rupees | 2020 Rupees |
|----------------------------|----------------|----------------|
| As at July 01 | 4,555,199 | - |
| Recognized during the year | 9,368,379 | 4,865,819 |
| Amortized during the year | (5,814,843) | (310,620) |
| As at June 30 | 8,108,734 | 4,555,199 |
| Less: current portion | (6,477,975) | (2,954,590) |
| Non - current portion | 1,630,759 | 1,600,609 |

9 DEFERRED TAXATION

The liability for deferred taxation comprises timing differences relating to:

Taxable temporary differences

Accelerated tax depreciation 166,892,761 165,722,990

Deductible temporary differences

Provision for employee benefits (29,329,501) (28,571,242)

Tax credits

Tax credits under section 113 / 65B (77,763,769) (134,573,000)

59,799,491 2,578,748

9.1 Movement in temporary differences for the year

| | 2021 | | | Balance as at June 30, 2021 |
|---|----------------------------|------------------------------|--|-----------------------------|
| | Balance as at July 1, 2020 | Recognized in profit or loss | Recognized in other comprehensive income | |
| ----- Rupees ----- | | | | |
| Taxable temporary difference: | | | | |
| Accelerated tax depreciation | 165,722,990 | 1,169,771 | - | 166,892,761 |
| Deductible temporary difference: | | | | |
| Provision for gratuity | (28,571,242) | (1,012,059) | 253,800 | (29,329,501) |
| Tax credits | (134,573,000) | 56,809,231 | - | (77,763,769) |
| | 2,578,748 | 56,966,942 | 253,800 | 59,799,491 |

| 2020 | | | |
|--|--|---|--------------------------------|
| Balance as at July 1, 2019 | Recognized in profit or loss | Recognized in other comprehensive income | Balance as at June 30, 2020 |
| ----- Rupees ----- | | | |
| Taxable temporary difference: | | | |
| Accelerated tax depreciation | 170,086,932 | (4,363,942) | - |
| Deductible temporary difference: | | | |
| Provision for gratuity | (22,065,094) | (5,648,254) | (857,894) |
| Tax credits | (142,093,149) | 7,520,149 | - |
| | <u>5,928,689</u> | <u>(2,492,047)</u> | <u>(857,894)</u> |
| | | | <u>2,578,748</u> |
| | Note | 2021 Rupees | 2020 Rupees |
| 10 TRADE AND OTHER PAYABLES | | | |
| Creditors | | 149,227,080 | 203,450,111 |
| Accrued liabilities | 10.1 | 280,733,337 | 310,605,351 |
| Workers' Profit Participation Fund | 10.2 | 43,749,209 | 13,261,942 |
| Workers' Welfare Fund | | 17,989,194 | 9,179,061 |
| Advance from customers | | 13,804,838 | 14,264,926 |
| Retention money | | 394,016 | 394,016 |
| Withholding tax payable | | 837,549 | 1,599,221 |
| Others | | 900,144 | 844,620 |
| | | <u>507,635,367</u> | <u>553,599,248</u> |
| 10.1 | This includes a provision of Rs. 101.48 million (2020: Rs. 119.87 million) on account of Gas Infrastructure Development Cess (GIDC) that was levied through GIDC Act, 2011 with effect from December 15, 2011 and was chargeable from industrial gas customers at different rates as prescribed by the Federal Government through OGRA notification. | | |
| | On June 13, 2013, the Honorable Peshawar High Court declared the levy, imposition and recovery of the Cess unconstitutional with the direction to refund the "Cess" so far collected. Honorable Supreme Court of Pakistan examined the case and vide its findings dated August 22, 2014, concluded that GID Cess is a fee and not a tax and on either count the "Cess" could not have been introduced through a money bill under Article 73 of the Constitution and the same was, therefore, not validly levied in accordance with the Constitution. However, on September 25, 2014, the President of Pakistan had promulgated GID Cess Ordinance 2014, which was applicable to the whole of Pakistan and has to be complied by all parties. | | |
| | On September 29, 2014, the Honorable Sindh High Court gave a stay order to various parties against the promulgation of Presidential order dated September 25, 2014. | | |
| | On October 26, 2016, the High Court of Sindh held that enactment of GIDC Act, 2015 is ultra-vires to the Constitution of Pakistan. Sui Southern Gas Company Limited has filed an intra-court appeal before the Divisional Bench of High Court of Sindh. On August 13, 2020, GIDC matter is decided by the Supreme Court of Pakistan and the Court ordered gas consumers to pay outstanding amount of GIDC upto July 31, 2020 in twenty four equal monthly installments, starting from August 2020. | | |
| | During the year, the Company has paid GIDC installments from September 2020 to April 2021 aggregating to Rs. 24.98 million. Further, the Company has obtained a stay order from Honourable High Court of Sindh for recovery against the remaining GIDC installments. | | |
| | Note | 2021 Rupees | 2020 Rupees |
| 10.2 Workers' Profit Participation Fund | | | |
| Opening balance | | 13,261,942 | 16,997,447 |
| Interest on funds utilized in the Company's business | 10.2.1 | 400,584 | 1,816,166 |
| | | <u>13,662,526</u> | <u>18,813,613</u> |
| Paid during the year | | <u>(13,662,526)</u> | <u>(18,813,613)</u> |
| | | - | - |
| Allocation for the year | 31 | 43,749,209 | 13,261,942 |
| Closing balance | | <u>43,749,209</u> | <u>13,261,942</u> |
| 10.2.1 | Interest on Workers' Profit Participation Fund has been provided @ 6.3% (2020: 30%) per annum. | | |

| | Note | 2021 Rupees | 2020 Rupees |
|--|--|----------------------|----------------------|
| 11 ACCRUED INTEREST / MARKUP | | | |
| Long term finances | | 17,936,419 | 18,122,905 |
| Short term borrowings. | | <u>2,028,038</u> | <u>7,651,362</u> |
| | | <u>19,964,457</u> | <u>25,774,267</u> |
| 12 SHORT TERM BORROWINGS | | | |
| From banking companies: | | | |
| Running finance - secured | 12.2 | 2,465,663 | 71,701 |
| Cash finance | | - | - |
| Bank overdraft - unsecured | 12.3 | 53,973,608 | 64,731,812 |
| Foreign currency loans | | - | 302,195,418 |
| | | <u>56,439,271</u> | <u>366,998,931</u> |
| 12.1 | The aggregate un-availed short term borrowing facilities amount to Rs. 3,635 million (2020: Rs. 3,335 million). Short term borrowings are secured against ranking charge of Rs. 1,891 million (2020: Rs.2,025 million) and first pari passu charge of Rs. 4,184 million (2020: Rs. 4,184 million) on all present and future current assets of the Company. | | |
| 12.2 | These facilities have been obtained from various commercial banks for working capital requirements; carrying mark-up ranging from 7.28% to 8.53% (2020: 8.75% to 14.81%) per annum. These facilities expire on various dates by May 31, 2022. | | |
| 12.3 | This represents booked overdraft due to cheques issued by the Company in excess of balance with banks which will be presented for payment in subsequent period. | | |
| 13 CONTINGENCIES AND COMMITMENTS | | | |
| 13.1 Contingencies | | | |
| | | 2021 Rupees | 2020 Rupees |
| Guarantees issued by banks in favor of Government departments on behalf of the Company in the normal course of business | | 143,128,046 | 136,128,046 |
| Post dated cheques issued to Collector of Customs and SNGPL | | <u>5,300,919,720</u> | <u>3,587,702,074</u> |
| | | <u>5,444,047,766</u> | <u>3,723,830,120</u> |
| 13.2 Tax contingencies | | | |
| The income tax assessments of the Company upto 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 Income Tax Ordinance, 2001 ('Ordinance'), except for the amendments and other proceedings mentioned below: | | | |
| 13.2.1 Transitional tax year 2005 | | | |
| The deemed assessment was amended by the Additional Commissioner Inland Revenue, Audit Division - A, Large Taxpayers Unit, Lahore, through order dated May 3, 2011, under section 122(5A) of the Ordinance. As a result, the taxable income was determined at Rs. 3.34 million and tax payable at Rs. 1.17 million The tax demand raised through the aforementioned order has been adjusted by the department against tax refund available from tax year 2007 through adjustment memo dated July 14, 2011. | | | |
| The Company has filed an appeal against the above referred order before ['CIR(A)'] which is pending for adjudication. The management is of the view that there are meritorious grounds available to defend the foregoing demands. Consequently no provision for such demands has been made in these financial statements. | | | |
| 13.2.2 Tax year 2008 | | | |
| The Additional Commissioner Inland Revenue ('ACIR') initiated proceedings under section 122(5A) of the Ordinance through notice dated January 9, 2014 wherein intentions were shown to amend the assessment under section 120 of the Ordinance on the basis of certain issues stated therein. The proceedings were finalized through order dated March 31, 2014 where the ACIR accepted Company's contentions on all issues except for the issue of 'allocation of expenses', mark-up on loans from directors and allocation of interest on swap transactions. The ACIR did not raise any demand in view of available prior year refunds. However the Company filed an appeal with the Commissioner Inland Revenue (Appeals) ['CIR(A)'] against the order and the appeal was decided in favor of the Company on the grounds of time limitation, through the appellate order dated October 30, 2014. The department has appealed against the aforementioned order with the Appellate Tribunal Inland Revenue, however due to the order of the Honorable Supreme Court in the matter of Civil Petition no. 1306 of 2014, the Company's stance stands vindicated, and accordingly management is of the view that there are meritorious grounds available to defend the foregoing demands. Consequently no provision for such demands has been made in these financial statements. | | | |

13.2.3 Tax year 2014

The Company's case was selected for audit by the department for tax year 2014 in terms of section 177 of the Income Tax Ordinance ('Ordinance') vide letter dated December 4, 2018. The audit proceedings concluded by the department through order dated March 30, 2019 passed under section 122(1)/122(5) of the Ordinance, raising a tax demand of Rs. 5.94 million by making certain disallowances / additions out of the profit and loss account. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) ['CIR(A)'] against this order which is yet to be fixed for a hearing. The company's appeal, before the CIR(A), in connection with order dated March 30, 2019 passed under section 122(4)/122(5) of the Ordinance was decided through appellate order dated December 2, 2020. Through the appellate order, majority of the issues were either upheld or remanded back by the CIR(A). The company has filed an appeal before the ATIR against the aforementioned order, which is yet to be fixed for a hearing.

13.2.4 Tax year 2019

During the year, amendment proceedings under section 122(9)/122(5A) against the company for tax year 2019 were concluded through order dated September 03, 2020 passed by the Additional Commissioner Inland Revenue, Audit – II, Zone – III, Large Taxpayers Office, Lahore (ACIR) under section 122(5A) of the Ordinance. The aforementioned order was later rectified through order dated December 21, 2020 under section 221(1) of the Ordinance. A demand of Rs 4.907 million was raised through the rectified order, which majorly pertains to proration of expenses, salaries and gas infrastructure development cess. The company has filed an appeal before the CIR(A) against the aforementioned order.

13.3 Commitments

| | 2021 Rupees | 2020 Rupees |
|---|--------------------|----------------|
| Irrevocable letters of credit for: | | |
| Capital expenditures | 19,118,862 | 323,929,790 |
| Non-capital expenditures | 261,542,993 | - |
| | 280,661,855 | 323,929,790 |
| Short term lease: | | |
| Payable within one year | 821,829 | 747,117 |
| Payable later than one year but not later than five years | - | - |
| | 821,829 | 747,117 |
| | 281,483,684 | 324,676,907 |

14 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment

| | 2021 Rupees | 2020 Rupees |
|--------------------------|----------------------|----------------------|
| Operating fixed assets | 2,246,300,367 | 2,053,047,346 |
| Capital work-in-progress | 52,838,339 | 39,824,587 |
| | 14.1.4 | |
| | <u>2,299,138,706</u> | <u>2,092,871,933</u> |

14.1 Operating fixed assets - as at June 30, 2021

| Description | COST / REVALUED AMOUNT | | | DEPRECIATION | | Net book value as at June 30, 2021 | Annual rate of depreciation |
|-----------------------------|------------------------------------|----------------------------|------------------------|--------------------------|----------------------------------|--|--------------------------------|
| | As at July 01, 2020 | Additions / (disposals) | As at June 30, 2021 | As at July 01, 2020 | For the year / (on disposals) | | |
| Owned | | | | | | | |
| Freehold land | 105,048,000 | - | 105,048,000 | - | - | 105,048,000 | - |
| Buildings on freehold land | | | | | | | |
| - Factory | 253,854,191 | 5,815,940 | 259,670,131 | 155,091,438 | 10,214,371 | 94,364,322 | 10% |
| - Residential | 111,693,771 | - | 111,693,771 | 66,541,297 | 4,516,414 | 40,636,060 | 10% |
| Buildings on leasehold land | 36,261,108 | - | 36,261,108 | 21,869,921 | 1,439,119 | 12,952,068 | 10% |
| Plant and machinery | 3,052,908,968 | 390,991,583 | 3,443,900,551 | 1,345,250,095 | 193,573,731 | 1,905,076,725 | 10% |
| Electric installation | 79,504,056 | 2,695,917 | 80,999,973 | 52,563,585 | 2,845,331 | 26,720,524 | 10% |
| Factory equipment | 11,277,551 | (1,200,000) | 11,277,551 | 6,417,448 | (1,129,467) | 4,374,093 | 10% |
| Furniture and fixture | 9,375,423 | 694,499 | 10,069,922 | 5,142,051 | 429,124 | 4,498,747 | 10% |
| Office equipment | 10,692,608 | 306,000 | 10,998,608 | 6,615,896 | 423,371 | 3,959,341 | 10% |
| Arms and ammunition | 328,774 | - | 328,774 | 219,878 | 10,890 | 98,006 | 10% |
| Vehicles | 69,540,647 | 20,149,374 | 72,396,807 | 27,726,142 | 9,364,671 | 48,572,481 | 20% |
| | | (17,293,214) | | | (13,266,487) | | |
| | 3,740,485,097 | 420,663,313 | 4,142,645,196 | 1,687,437,751 | 223,303,032 | 2,246,300,367 | |
| | | (18,493,214) | | | (14,395,954) | | |

14.1.1 Operating fixed assets - as at June 30, 2020

| Description | ----- COST / REVALUED AMOUNT ----- | | | ----- DEPRECIATION ----- | | | Net book value as at June 30, 2020 | Annual rate of depreciation |
|-----------------------------|------------------------------------|------------------------------|---------------------|--------------------------|-------------------------------|---------------------|------------------------------------|-----------------------------|
| | As at July 01, 2019 | Additions / (disposals) | As at June 30, 2020 | As at July 01, 2019 | For the year / (on disposals) | As at June 30, 2020 | | |
| | ----- Rupees ----- | | | | | | | |
| Owned | | | | | | | | |
| Freehold land | 105,048,000 | - | 105,048,000 | - | - | - | 105,048,000 | - |
| Buildings on freehold land | | | | | | | | |
| - Factory | 246,815,561 | 7,038,630 | 253,854,191 | 144,444,958 | 10,646,480 | 155,091,438 | 98,762,753 | 10% |
| - Residential | 111,693,771 | - | 111,693,771 | 61,523,059 | 5,018,238 | 66,541,297 | 45,152,474 | 10% |
| Buildings on leasehold land | 36,261,108 | - | 36,261,108 | 20,270,900 | 1,599,021 | 21,869,921 | 14,391,187 | 10% |
| Plant and machinery | 3,202,649,450 | 121,911,340 (271,651,822) | 3,052,908,968 | 1,377,690,367 | 179,119,166 (211,559,438) | 1,345,250,095 | 1,707,658,873 | 10% |
| Electric installation | 78,160,071 | 1,500,000 (156,015) | 79,504,056 | 49,859,496 | 2,841,094 (137,005) | 52,563,585 | 26,940,471 | 10% |
| Factory equipment | 11,277,551 | - | 11,277,551 | 5,877,436 | 540,012 | 6,417,448 | 4,860,103 | 10% |
| Furniture and fixture | 8,843,531 | 531,892 | 9,375,423 | 4,712,375 | 429,676 | 5,142,051 | 4,233,372 | 10% |
| Office equipment | 10,052,709 | 639,899 | 10,692,608 | 6,204,513 | 411,383 | 6,615,896 | 4,076,712 | 10% |
| Arms and ammunition | 328,774 | - | 328,774 | 207,778 | 12,100 | 219,878 | 108,896 | 20% |
| Vehicles | 70,051,780 | 4,667,157 (5,178,290) | 69,540,647 | 20,883,375 | 10,160,861 (3,318,094) | 27,726,142 | 41,814,505 | |
| | 3,881,182,306 | 136,288,918 (276,986,127) | 3,740,485,097 | 1,691,674,257 | 210,778,031 (215,014,537) | 1,687,437,751 | 2,053,047,346 | |

| | Note | 2021 Rupees | 2020 Rupees |
|---|------|--------------------|--------------------|
| 14.1.2 The depreciation charge for the year has been allocated as follows: | | | |
| Cost of sales | 28 | 213,074,974 | 199,764,013 |
| Administrative expenses | 30 | 10,228,062 | 11,014,018 |
| | | <u>223,303,036</u> | <u>210,778,031</u> |

14.1.3 The Company follows the revaluation model for its Land. Fair value measurement as at March 30, 2019 was performed by "Hamid Mukhtar & Co (Private) Limited", an independent valuers not connected with the Company. The fair value of the freehold land amounting to Rs. 105.04 million is ascertained according to the local market and the forced sale value of land is Rs. 89.29 million.

Particulars of immovable property (i.e., land and building) in the name of the Company are as follows:

| Location | Usage of immovable property | Total area (in Kanals) | Covered area (in Kanals) |
|--|-----------------------------|---------------------------|-----------------------------|
| 13.5 Km, Sharakpura Road, Sheikhupura, Punjab | Manufacturing facility | 210 | 83 |

The table below analyses the assets carried at fair value, by valuation method. The different levels have been defined as follows:

- 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 (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3 :** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

| | Level 1 | Level 2 | Level 3 | Total |
|----------------------|------------------|------------|---------|-------------------|
| | -----Rupees----- | | | |
| Freehold land | - | 57,772,000 | - | <u>57,772,000</u> |

| | Note | 2021 Rupees | 2020 Rupees |
|--|------|-------------------|-------------------|
| Had there been no revaluation, the carrying value of the freehold land would have been | | <u>2,207,366</u> | <u>2,207,366</u> |
| 14.1.4 Capital work-in-progress | | | |
| Plant and machinery | | 46,997,849 | 20,721,447 |
| Advances for building on freehold land | | 5,840,490 | 19,103,140 |
| | | <u>52,838,339</u> | <u>39,824,587</u> |
| As at July 01 | | 39,824,587 | 4,980,805 |
| Additions during the year | | 433,667,065 | 170,119,598 |
| Transfer to property, plant and equipment | | (420,653,313) | (135,275,816) |
| As at June 30 | | <u>52,838,339</u> | <u>39,824,587</u> |

15 INTANGIBLE ASSETS

This represents computer software and ERP system.

Cost

| | | | |
|---------------------------|--|------------------|------------------|
| As at July 01 | | 5,893,472 | 5,893,472 |
| Additions during the year | | - | - |
| As at June 30 | | <u>5,893,472</u> | <u>5,893,472</u> |

Accumulated amortization

| | | | |
|------------------------------|------|------------------|------------------|
| As at July 01 | | 4,813,001 | 3,634,307 |
| Amortization during the year | 15.1 | 1,080,471 | 1,178,694 |
| As at June 30 | | <u>5,893,472</u> | <u>4,813,001</u> |
| | | <u>-</u> | <u>1,080,471</u> |

15.1 The amortization has been charged to administrative expenses.

16 LONG TERM DEPOSITS

These includes interest free refundable security deposits given to various organizations.

| | | 2021 Rupees | 2020 Rupees |
|-------------|---|--------------------|--------------------|
| 17 | STORES, SPARE PARTS AND LOOSE TOOLS | | |
| | Stores and spares | 65,097,315 | 34,246,043 |
| | Sizing material | 14,396,984 | 20,925,154 |
| | | <u>79,494,299</u> | <u>55,171,197</u> |
| 18 | STOCK-IN-TRADE | | |
| | Raw material | 402,689,999 | 197,669,654 |
| | Work-in-process | 112,850,341 | 86,316,978 |
| | Finished goods | 441,079,911 | 234,619,936 |
| | | <u>956,620,251</u> | <u>518,606,568</u> |
| 18.1 | This includes raw material in-transit of Rs. 76.3 million (2020: Rs. Nil) | | |
| | | 2021 | 2020 |
| | | Rupees | Rupees |
| 19 | TRADE RECEIVABLES | | |
| | Considered good: | | |
| | Local | 651,069,227 | 407,838,985 |
| | Foreign | 35,409,579 | 179,640,875 |
| | | <u>686,478,806</u> | <u>587,479,860</u> |
| 19.1 | Trade receivables consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of credit customers, to assess whether or not impairment allowance is required. Further, considering that there is no history of default in trade receivable balances and forward looking information, the Company has not recognized any impairment allowance on these balances. | | |
| | | 2021 | 2020 |
| | | Rupees | Rupees |
| 19.2 | The aging of trade receivables as at statement of financial position date is as follows: | | |
| | Neither past due nor impaired | 558,849,360 | 471,875,932 |
| | Past due but not impaired: | | |
| | Up to 90 days | 124,033,143 | 102,993,209 |
| | 90 to 180 days | 3,596,303 | 12,610,719 |
| | | <u>127,629,446</u> | <u>115,603,928</u> |
| | | <u>686,478,806</u> | <u>587,479,860</u> |
| 20 | ADVANCES | | |
| | Suppliers - unsecured | 1,387,944 | 4,784,062 |
| | Staff - secured | 1,238,491 | 619,032 |
| | Letters of credit | 7,240,388 | 2,281,943 |
| | | <u>9,866,823</u> | <u>7,685,037</u> |
| 20.1 | These are interest free advances to employees, other than executives, repayable within one to six months. | | |
| 20.2 | These include advances paid in respect of letters of credit for spare parts and raw material. | | |

| | 2021 Rupees | 2020 Rupees |
|---|---------------------|----------------------|
| 21 SHORT TERM PREPAYMENTS | | |
| Prepaid insurance | 1,787,099 | 1,790,561 |
| Prepaid rent | 268,416 | 244,018 |
| Prepaid guarantee commission | 5,526,142 | 468,185 |
| | <u>7,581,657</u> | <u>2,502,764</u> |
| 22 OTHER RECEIVABLES | | |
| Export rebate receivable | 1,991,301 | 3,359,835 |
| Sundry receivables | 370,080 | 147,948 |
| | <u>2,361,381</u> | <u>3,507,783</u> |
| 23 SALES TAX REFUNDABLE | | |
| This represents accumulated differences of input tax on purchases and output tax payable. | | |
| 24 OTHER FINANCIAL ASSETS | | |
| Investments classified as FVTOCI | | |
| Equity investments | 352,604,933 | 279,944,652 |
| Mutual funds | - | 193,213,491 |
| | <u>352,604,933</u> | <u>473,158,143</u> |
| | <u>352,604,933</u> | <u>473,158,143</u> |
| 24.1 Reconciliation between fair value and cost of equity investments classified at FVTOCI | | |
| Fair value of investments | | |
| - in listed equity securities | 352,604,933 | 279,944,652 |
| - in mutual funds | - | 193,213,491 |
| | <u>352,604,933</u> | <u>473,158,143</u> |
| Loss on remeasurement of investments | <u>(30,737,412)</u> | <u>(87,202,727)</u> |
| Cost of investment | <u>383,342,345</u> | <u>(560,360,870)</u> |

24.2 Investments in securities and mutual funds classified at FVTOCI

Securities

| Name of Companies | No. of shares | | Cost | | Fair value | |
|---------------------------------------|------------------|------------------|--------------------|--------------------|--------------------|--------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| | | | -----Rupees----- | | -----Rupees----- | |
| Agriauto Industries Limited | 16,300 | 16,300 | 7,240,030 | 7,240,030 | 4,472,557 | 2,966,600 |
| Bank Alfalah Limited | 271,850 | 271,850 | 11,603,255 | 11,603,255 | 8,748,133 | 9,126,005 |
| Bank Al Habib Limited | 683,500 | 483,500 | 40,003,054 | 24,961,139 | 47,927,019 | 25,287,050 |
| Century Paper & Board Mills Limited | - | 60,500 | - | 5,431,927 | - | 4,329,985 |
| Engro Fertilizers Limited | 1,335,500 | 1,335,500 | 87,396,309 | 87,396,309 | 93,845,585 | 80,503,940 |
| Fatima Fertilizer Company Limited | 365,000 | 365,000 | 12,064,996 | 12,064,996 | 10,493,750 | 9,756,450 |
| Fauji Cement Company Limited | 1,250,000 | 1,250,000 | 28,562,500 | 28,562,500 | 28,750,000 | 21,100,000 |
| Habib Bank Limited | 410,600 | 310,600 | 57,379,652 | 44,288,496 | 50,245,122 | 30,087,822 |
| Habib Metropolitan Bank Limited | 447,000 | 447,000 | 16,202,628 | 16,202,628 | 18,148,200 | 12,431,070 |
| Loads Limited | 110,000 | 110,000 | 4,862,355 | 4,862,355 | 2,377,089 | 1,529,000 |
| Mari Petroleum Company Limited | - | 17,932 | - | 21,532,561 | - | 22,175,608 |
| MCB Bank Limited | 76,600 | 76,600 | 16,114,874 | 16,114,874 | 12,242,978 | 12,414,562 |
| Oil & Gas Development Company Limited | 150,000 | 150,000 | 23,795,648 | 23,795,648 | 14,254,500 | 16,350,000 |
| United Bank Limited | 500,000 | 308,500 | 78,117,044 | 54,201,909 | 61,100,000 | 31,886,560 |
| | <u>5,616,350</u> | <u>5,203,282</u> | <u>383,342,345</u> | <u>358,258,627</u> | <u>352,604,933</u> | <u>279,944,652</u> |

24.3 Mutual Funds

| Name of Fund | No. of Units | | Cost | | Fair value | |
|----------------------------|--------------|------------|------------------|-------------|------------------|-------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| | | | -----Rupees----- | | -----Rupees----- | |
| NBP Stock Fund | - | 3,192,919 | - | 47,102,243 | - | 38,213,491 |
| NBP Islamic Savings Fund | - | - | - | - | - | - |
| NBP Riba-Free Savings Fund | - | - | - | - | - | - |
| NBP Islamic Energy Fund | - | - | - | - | - | - |
| NBP Money Market Fund | - | 15,684,290 | - | 155,000,000 | - | 155,000,000 |
| | - | 18,877,209 | - | 202,102,243 | - | 193,213,491 |

These investments have been classified at FVTOCI as they have been held for medium to long term periods.

| 24.4 Unrealized loss on remeasurement of equity investments classified at FVTOCI | Note | 2021 Rupees | 2020 Rupees |
|--|------|----------------|----------------|
| Opening balance | | (87,202,727) | (50,795,934) |
| Gain / (Charge) for the period | | 63,590,219 | (53,669,219) |
| Transfer of gain / (loss) on disposal of equity investments at FVTOCI to unappropriated profit | | - | - |
| | | (7,124,904) | 17,262,426 |
| | | 56,465,315 | (36,406,793) |
| Closing balance | | (30,737,412) | (87,202,727) |
| 25 ADVANCE INCOME TAX - NET | | | |
| Opening balance | | 57,797,558 | 96,257,531 |
| Paid / deducted during the year | | 90,517,009 | 57,245,274 |
| | | 148,314,567 | 153,502,805 |
| Provision for taxation | | (115,995,230) | (95,705,247) |
| Closing balance | | 32,319,337 | 57,797,558 |
| 26 CASH AND BANK BALANCES | | | |
| Cash in hand | | 549,589 | 510,246 |
| Cash at banks: | | | |
| - Current accounts | 26.1 | 60,817,213 | 12,716,910 |
| | | 61,366,802 | 13,227,156 |

26.1 Cash at banks include current accounts in local currency amounted to Rs. 60.294 million (2020: Rs. 11.73 million) and foreign currency amounted to USD 3,343 equivalent of Rs. 0.522 million (2020: Rs. 0.97 million).

27 REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company derives its revenue from contracts with customers for the transfer of goods at a point in time in the following major product lines:

| | 2021 | | |
|--------------------------|------------------|---------------|---------------|
| | Local | Export | Total |
| | -----Rupees----- | | |
| Cloth | 5,817,473,173 | 3,124,119,230 | 8,941,592,403 |
| Yarn | 6,331,754 | - | 6,331,754 |
| Waste | 56,506,683 | - | 56,506,683 |
| | 5,880,311,610 | 3,124,119,230 | 9,004,430,840 |
| Less: Sales tax on sales | (854,393,355) | - | (854,393,355) |
| Add: Export rebate | - | 529,704 | 529,704 |
| | 5,025,918,255 | 3,124,648,934 | 8,150,567,189 |
| | -----Rupees----- | | |
| | 2020 | | |
| | Local | Export | Total |
| Cloth | 5,163,154,591 | 1,514,539,653 | 6,677,694,244 |
| Yarn | 55,558,298 | - | 55,558,298 |
| Waste | 50,848,539 | - | 50,848,539 |
| | 5,269,561,428 | 1,514,539,653 | 6,784,101,081 |
| Less: Sales tax on sales | (765,800,644) | - | (765,800,644) |
| Add: Export rebate | - | 240,794 | 240,794 |
| | 4,503,760,784 | 1,514,780,447 | 6,018,541,231 |

27.1 As per the Finance Act 2020, sales tax is levied in the current year on the local sales at a rate of 17%.

| | | 2021 | 2020 |
|--|--------|----------------------|----------------------|
| | Note | Rupees | Rupees |
| 28 COST OF SALES | | | |
| Raw material consumed | 28.1 | 5,799,998,352 | 4,360,598,328 |
| Fuel and power | | 499,216,595 | 460,633,054 |
| Salaries, wages and benefits | 28.2 | 404,374,160 | 380,478,639 |
| Stores and spares consumed | | 80,275,616 | 72,381,122 |
| Sizing material consumed | | 135,409,488 | 110,993,893 |
| Packing material consumed | | 35,683,185 | 23,925,602 |
| Depreciation | 14.1.2 | 213,074,974 | 199,764,013 |
| Insurance | | 11,894,858 | 12,071,072 |
| Repairs and maintenance | | 6,422,031 | 1,773,409 |
| Vehicles running and maintenance | | 6,242,158 | 6,711,539 |
| Traveling and conveyance | | 402,953 | 464,345 |
| Lease rentals-land | 28.3 | 378,228 | 366,026 |
| Entertainment | | - | 1,017,409 |
| Fee and subscription | | 327,485 | 958,142 |
| Others | | 4,855,308 | 5,692,402 |
| | | <u>7,198,555,391</u> | <u>5,637,828,995</u> |
| Work-in-process: | | | |
| At beginning of the year | | 86,316,978 | 96,033,482 |
| At end of the year | 18 | (112,850,341) | (86,316,978) |
| | | (26,533,363) | 9,716,504 |
| Cost of goods manufactured | | 7,172,022,028 | 5,647,545,499 |
| Finished goods: | | | |
| At beginning of the year | | 234,619,936 | 75,507,815 |
| Purchased/Processing charges during the year | | 15,878,476 | 550,972 |
| At end of the year | 18 | (441,079,911) | (234,619,936) |
| | | (190,581,499) | (158,561,149) |
| | | <u>6,981,440,529</u> | <u>5,488,984,350</u> |
| 28.1 Raw material consumed | | | |
| At beginning of the year | | 197,669,654 | 348,723,399 |
| Purchases - net | | 5,928,702,493 | 4,209,544,583 |
| | | 6,126,372,147 | 4,558,267,982 |
| At end of the year | 18 | (326,373,795) | (197,669,654) |
| | | <u>5,799,998,352</u> | <u>4,360,598,328</u> |

28.2 Staff salaries, wages and benefits include employee retirement benefits amounting to Rs. 26.4 million (2020: Rs. 27.68 million).

28.3 It represents the lease rental related to land obtained under lease arrangement from Nagina Cotton Mills Limited, (a related party). The agreement has been renewed in current year from March 01, 2021 and ending on February 28, 2022 against annual rental of Rs. 402,628 (2020: Rs. 366,025). This lease has been classified as short term lease as per IFRS 16.

| | | 2021 | 2020 |
|--------------------------------------|--|--------------------|-------------------|
| | | Rupees | Rupees |
| 29 DISTRIBUTION COST | | | |
| Export | | | |
| Ocean freight and forwarding | | 24,611,017 | 4,803,893 |
| Transportation and octroi | | 9,851,826 | 5,049,869 |
| Export development surcharge | | 8,147,760 | 4,100,042 |
| Commission. | | 33,206,968 | 11,188,396 |
| Travelling expenses foreign | | 2,813,050 | 7,209,720 |
| Others | | 15,241,002 | 12,270,030 |
| | | 93,871,623 | 44,621,950 |
| Local | | | |
| Freight, handling and transportation | | 2,659,338 | 2,691,560 |
| Commission | | 23,039,360 | 26,956,169 |
| Others | | 27,278,671 | 25,025,517 |
| | | 52,977,369 | 54,673,246 |
| | | <u>146,848,992</u> | <u>99,295,196</u> |

| | Note | 2021 Rupees | 2020 Rupees |
|---|--------|--------------------|--------------------|
| 30 ADMINISTRATIVE EXPENSES | | | |
| Staff salaries and benefits | 30.1 | 46,267,171 | 49,541,505 |
| Directors' remuneration | | 23,411,916 | 15,864,928 |
| Vehicles running and maintenance | | 4,437,297 | 3,962,325 |
| Depreciation | 14.1.2 | 10,228,062 | 11,014,018 |
| Amortization | 15.1 | 1,080,471 | 1,178,694 |
| Insurance | | 4,514,227 | 4,059,809 |
| Telephone, telex and postage | | 1,036,497 | 994,864 |
| Electricity | | 4,237,395 | 4,650,677 |
| Fee and subscription | | 3,897,418 | 2,194,422 |
| Auditors' remuneration | 30.2 | 1,538,250 | 1,492,500 |
| Printing and stationery | | 518,369 | 885,090 |
| Legal and professional charges | | 4,266,330 | 1,795,593 |
| Lease rentals | 30.3 | 1,056,512 | 982,260 |
| Repairs and maintenance | | 102,798 | 279,676 |
| Directors' meeting fee | | 685,000 | 605,000 |
| Advertising | | 86,722 | 162,515 |
| Others | | 482,094 | 439,614 |
| | | <u>107,846,529</u> | <u>100,103,490</u> |
| 30.1 Staff salaries and benefits include employee retirement benefits amounting to Rs. 5.49 million (2020: Rs. 2.74 million). | | | |
| | | 2021 Rupees | 2020 Rupees |
| 30.2 Auditors' remuneration | | | |
| Annual statutory audit | | 1,000,000 | 1,000,000 |
| Half yearly review | | 250,000 | 240,000 |
| Review report on Code of Corporate Governance | | 85,000 | 85,000 |
| Out of pocket expenses | | 203,250 | 167,500 |
| | | <u>1,538,250</u> | <u>1,492,500</u> |
| 30.3 It represents the lease rental related to land obtained under lease arrangement from Nagina Cotton Mills Limited, (a related party). The agreement has been renewed in current year from January 01, 2021 and ending on December 31, 2021 against annual rental of Rs. 1,056,510(2019: Rs. 982,260). This lease has been classified as short term lease as per IFRS 16. | | | |
| | | 2021 Rupees | 2020 Rupees |
| 31 OTHER OPERATING EXPENSES | | | |
| Workers' Profit Participation Fund | 10.2 | 43,749,209 | 13,261,942 |
| Workers' Welfare Fund | | 16,594,610 | 4,008,409 |
| Donations | | - | 300,000 |
| Exchange loss | 31.1 | 18,344 | 11,829,351 |
| Loss on forward contracts | | - | 988,678 |
| Separate managed accounts charges | | - | 676,664 |
| Interest expense on sales tax refund bonds written off | | - | 242,137 |
| | | <u>60,362,163</u> | <u>31,307,181</u> |
| 31.1 This represents exchange loss on foreign currency loans obtained under short term financing. | | | |
| 32 OTHER INCOME | | | |
| Dividend income on investments classified at FVTOCI | | 36,691,760 | 30,560,375 |
| Dividend income on investments designated at FVTPL | | - | 4,536,737 |
| Interest income on T-Bills | | 4,207,668 | - |
| Gain on sale of property, plant and equipment | | 8,179,729 | 8,479,054 |
| Gain on forward contracts | | 426,735 | - |
| Gain on the sale of investment | | - | 24,388,361 |
| | | <u>49,505,892</u> | <u>67,964,527</u> |
| 33 FINANCE COST | | | |
| Mark-up on: | | | |
| Long term finances from banking companies | | 70,413,542 | 72,687,879 |
| Short term borrowings | | 5,154,170 | 36,624,293 |
| Workers' Profit Participation Fund | | 400,584 | 1,816,166 |
| | | <u>75,968,296</u> | <u>111,128,338</u> |
| Bank charges and commission | | 13,067,645 | 7,718,709 |
| | | <u>89,035,941</u> | <u>118,847,047</u> |

| | Note | 2021 Rupees | 2020 Rupees | | | | |
|---|--|------------------------|----------------------|-------------------|------------------------|-------------------|-------------------|
| 34 PROVISION FOR TAXATION | | | | | | | |
| Current | | 112,770,177 | 87,968,783 | | | | |
| Prior | | 3,225,053 | 7,736,464 | | | | |
| | | 115,995,230 | 95,705,247 | | | | |
| Deferred | 9.1 | 56,966,942 | (2,492,047) | | | | |
| | | <u>172,962,173</u> | <u>93,213,200</u> | | | | |
| 34.1 Relationship between tax expense and accounting profit | | | | | | | |
| Income tax using domestic corporate tax rate | | 236,795,550 | 71,910,861 | | | | |
| Tax effects of amounts that are: | | | | | | | |
| Effect of change in local sales ratio | | (10,691,711) | 13,357,042 | | | | |
| Effect of income chargeable at lower rates | | (55,650,512) | 208,835 | | | | |
| Effect of prior year tax | | 3,225,053 | 7,736,464 | | | | |
| | | <u>173,678,380</u> | <u>93,213,202</u> | | | | |
| 35 EARNINGS PER SHARE - BASIC AND DILUTED | | 2021 | 2020 | | | | |
| The calculation of the basic earnings per share is based on the following data: | | | | | | | |
| Profit after taxation for the year - (Rupees) | | 641,576,754 | 154,755,294 | | | | |
| Number of shares outstanding | | 18,480,000 | 18,480,000 | | | | |
| Earnings per share - Basic - (Rupees) | | 34.72 | 8.37 | | | | |
| There is no dilutive effect on the basic earnings per share of the Company. | | | | | | | |
| 36 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES | | | | | | | |
| | | Chief Executive | Director | Executives | Chief Executive | Director | Executives |
| | | 2021 | | | 2020 | | |
| | | Rupees | | | Rupees | | |
| Remuneration | | 11,616,667 | 10,200,000 | 10,270,640 | 3,966,667 | 14,450,000 | 9,417,328 |
| Utilities | | - | 1,595,249 | - | - | 1,414,928 | - |
| Gratuity | | - | - | 1,783,378 | - | - | 2,405,083 |
| Other allowances | | - | - | 5,135,320 | 1,983,333 | - | 4,708,664 |
| | | <u>11,616,667</u> | <u>11,795,249</u> | <u>17,189,338</u> | <u>5,950,000</u> | <u>15,864,928</u> | <u>16,531,075</u> |
| Number of persons | | <u>1</u> | <u>1</u> | <u>5</u> | <u>1</u> | <u>1</u> | <u>5</u> |
| 36.1 | In addition to above, the Directors have been provided with Company maintained cars. | | | | | | |
| 36.2 | In addition to above, 5 (2020: 5) Non Executive directors were paid aggregate meeting fee of Rs. 685,000 (2020: Rs.605,000). | | | | | | |
| 37 CASH GENERATED FROM OPERATIONS | | 2021 Rupees | 2020 Rupees | | | | |
| Profit before taxation | | 814,538,927 | 247,968,494 | | | | |
| Adjustments for: | | | | | | | |
| Depreciation on property, plant and equipment | | 223,303,036 | 210,778,031 | | | | |
| Amortization of intangible assets | | 1,080,471 | 1,178,694 | | | | |
| Provision for employee benefits | | 31,938,092 | 30,428,568 | | | | |
| Dividend income | | (36,691,760) | (35,097,112) | | | | |
| Gain on disposal of property, plant and equipment | | (8,179,729) | (8,479,054) | | | | |
| (Gain) / loss on sale of other financial assets | | (4,207,668) | (24,388,361) | | | | |
| Finance cost | | 89,035,941 | 118,847,047 | | | | |
| | | <u>296,278,383</u> | <u>293,267,813</u> | | | | |
| Operating cash flows before working capital changes | | 1,110,817,310 | 541,236,307 | | | | |
| Changes in working capital | | | | | | | |
| (Increase) / decrease in: | | | | | | | |
| Stores, spare parts and loose tools | | (24,323,102) | 12,669,896 | | | | |
| Stock-in-trade | | (438,013,683) | 1,658,128 | | | | |
| Trade receivables | | (98,998,946) | 324,380,077 | | | | |
| Advances | | (2,181,786) | 7,063,516 | | | | |
| Short term prepayments | | (5,078,893) | (465,784) | | | | |
| Other receivables | | 1,146,402 | 4,269,439 | | | | |
| Sales tax refundable | | 22,582,017 | 10,112,083 | | | | |
| | | <u>(544,867,991)</u> | <u>359,687,355</u> | | | | |
| (Decrease) / Increase in: | | | | | | | |
| Trade and other payables | | (45,963,881) | 107,539,377 | | | | |
| Cash generated from operations | | <u>519,985,438</u> | <u>1,008,463,039</u> | | | | |

38 FINANCIAL RISK MANAGEMENT

Credit risk
Liquidity risk
Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

38.1 Credit risk and concentration of credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

Expected Credit Loss (ECL) on financial assets are measured as an allowance equal to lifetime ECL for trade receivables and 12-month ECL for other financial assets. An asset moves to lifetime ECL category 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. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The Company is exposed to credit risk from its operating activities primarily for local trade receivables, sundry receivables and other financial assets for which the Company does not hold collateral as security.

The Company's credit risk exposures are categorized under the following headings:

38.1.1 Counterparties

The Company conducts the following major types of the transactions with the counterparties:

Trade receivables

Trade receivables are essentially due from local customers against sale of cloth and from foreign customers against supply of cloth and the Company does not expect these counterparties to fail to meet their obligations. The majority of sales to the Company's customers are made on specific terms. Customer credit risk is managed subject to the Company's established policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit evaluation. Outstanding customer receivables are regularly monitored and any shipments to foreign customers are generally covered by letters of credit or other form of security.

Banks and investments

The Company limits its exposure to credit risk by only investing in highly liquid securities and only with counterparties that have a good credit rating. Given these credit ratings, Company does not expect any counterparty to fail to meet its obligations. The names and credit ratings of major banks, where the Company maintains bank balances as at June 30, 2021 are as follows:

| Bank Name | Rating Agency | Credit Rating | |
|--|---------------|---------------|-----------|
| | | Short Term | Long Term |
| Allied Bank Limited | PACRA | A1+ | AAA |
| Askari Bank Limited | PACRA | A1+ | AA+ |
| Bank Alfalah Limited | PACRA | A1+ | AA+ |
| Al Baraka Bank (Pakistan) Limited | PACRA | A1 | A |
| Habib Bank Limited | JCR-VIS | A1+ | AAA |
| Meezan Bank Limited | JCR-VIS | A1+ | AA+ |
| National Bank of Pakistan | PACRA | A1+ | AAA |
| Standard Chartered Bank (Pakistan) Limited | PACRA | A1+ | AAA |
| United Bank Limited | JCR-VIS | A1+ | AAA |
| Samba Bank Limited | JCR-VIS | A1 | AA |
| The Bank of Punjab | PACRA | A1+ | AA |
| MCB Bank Limited | PACRA | A1+ | AAA |

38.1.2 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

| | Note | 2021 Rupees | 2020 Rupees |
|--------------------|------|--------------------|--------------------|
| Trade receivables | 19 | 686,478,806 | 587,479,860 |
| Bank balances | 26 | 60,817,213 | 12,716,910 |
| Long term deposits | 16 | 15,039,000 | 15,039,000 |
| | | <u>762,335,019</u> | <u>615,235,770</u> |

Geographically there is no concentration of credit risk.

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

| | | |
|-------|--------------------|--------------------|
| Cloth | <u>686,478,806</u> | <u>587,479,860</u> |
|-------|--------------------|--------------------|

There is no single significant customer in the trade receivables of the Company.

The maximum exposure to credit risk for trade receivables at the reporting date by type of product was:

| | | |
|---------|--------------------|--------------------|
| Textile | <u>686,478,806</u> | <u>587,479,860</u> |
|---------|--------------------|--------------------|

Ageing analysis of trade receivables subject to credit risk

| | | |
|----------------|--------------------|--------------------|
| 1 to 90 days | 682,882,503 | 410,601,842 |
| 91 to 180 days | 3,596,303 | 176,878,018 |
| | <u>686,478,806</u> | <u>587,479,860</u> |

38.2 Liquidity risk management

Liquidity risk reflects the Company's inability in raising funds to meet commitments. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Included in note 12.1 to these financial statements is a listing of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

38.2.1 Liquidity and interest risk table

The following table detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities under long term financing agreements based on the earliest date on which the Company can be required to pay.

Fair values of all other financial assets and liabilities approximate their fair values.

For effective markup rate please see note 6.2 and note 12.2 to these financial statements.

Carrying amount and contractual cash flows of trade and other financial liabilities are approximately same.

| | Carrying amount | |
|--|----------------------|----------------------|
| | 2021 Rupees | 2020 Rupees |
| Trade and other payables | | |
| Maturity up to one year | 507,635,367 | 530,155,261 |
| Accrued interest / markup | | |
| Maturity up to one year | 19,964,457 | 25,774,267 |
| Unclaimed dividend | | |
| Maturity up to one year | 6,255,331 | 5,289,251 |
| Short term borrowings | | |
| Maturity up to one year | 56,439,271 | 366,998,931 |
| Long term finances | | |
| Maturity up to one year | 355,244,128 | 86,081,234 |
| Maturity after one year and up to five years | 1,294,234,771 | 1,009,369,316 |
| Maturity after five years | 342,616,712 | 523,094,269 |
| | <u>1,992,095,611</u> | <u>1,618,544,819</u> |
| | <u>2,582,390,037</u> | <u>2,546,762,529</u> |

Long term finances

38.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

38.3.1 Foreign currency risk management

Pak Rupee (PKR) is the functional currency of the Company and as a result currency exposure arise from transactions and balances in currencies other than PKR. The Company's potential currency exposure comprise;

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Company are periodically restated to PKR equivalent, and the associated gain or loss is taken to the profit and loss account. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

Transactional exposure in respect of non functional currency expenditure and revenues

Certain operating and capital expenditure is incurred by the Company in currencies other than the functional currency. Certain sales revenue is earned in currencies other than the functional currency of the Company. These currency risks are managed as a part of overall risk management strategy.

Exposure to foreign currency risk

The Company's net exposure to foreign currency risk was as follows based on notional amounts:

| | Currency | 2021 | 2020 |
|-----------------------|----------|----------------|------------------|
| Trade receivables | USD | 226,665 | 1,078,471 |
| Foreign currency loan | USD | - | 1,814,225 |
| | | <u>226,665</u> | <u>2,892,696</u> |

The following significant exchange rates have been applied:

| | Average rate | | Reporting date mid spot rate | |
|-------|----------------|----------------|------------------------------|----------------|
| | 2021 Rupees | 2020 Rupees | 2021 Rupees | 2020 Rupees |
| USD 1 | 160.31 | 159.28 | 158.05 | 167.85 |

Commitments outstanding at year end amounted to Euro: Nil (2020: 1.6), USD: 261 million (2020: 0.15), CNY: Nil (2020: Nil) and JPY: Nil million (2020: 2.0) relating to letter of credits for import of stores, spare parts and raw material.

Sensitivity analysis

A 10 percent weakening of the Pak Rupee against the USD at June 30, 2021 would have decreased profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for June 30, 2021.

| | 2021 Rupees | 2020 Rupees |
|--|----------------|----------------|
| Decrease in profit and loss account due to change in USD | 3,582,440 | 48,553,902 |

A 10 percent strengthening of the Pak Rupee against the USD at June 30, 2021 would have had the equal but opposite effect on USD to the amounts shown above, on the basis that all other variables remain constant.

38.3.2 Interest rate risk

The interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. Sensitivity to interest rate risk arises from mismatches of financial assets and liabilities that mature in a given period.

Profile

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

| <u>Fixed rate instruments</u> | 2021 | 2020 | 2021 | 2020 |
|----------------------------------|----------------|-----------------|----------------------|----------------------|
| | -----% | -----% | ----- Rupees | ----- |
| 2.50% | 2.50% | 2.50% | 173,735,000 | 142,390,000 |
| 6.50% | 6.50% | 6.50% | 16,140,485 | 19,368,580 |
| 6.50% | 6.50% | 6.50% | 173,176,941 | 182,291,517 |
| 8.00% | 8.00% | 8.00% | 58,685,902 | 73,357,377 |
| 3.50% | 3.50% | 3.50% | 123,330,129 | 129,202,992 |
| 2.50% | 2.50% | 2.50% | 556,485,429 | 577,096,000 |
| 2.50% | 2.50% | 2.50% | 27,618,772 | 28,571,143 |
| 2.50% | 2.50% | 2.50% | 127,688,000 | 127,688,000 |
| 2.50% | 2.50% | 2.50% | 12,288,000 | 12,288,000 |
| 2.50% | 2.50% | 2.50% | 2,884,000 | 3,296,000 |
| 2.50% | 2.50% | 2.50% | 21,015,000 | 23,187,000 |
| 2.50% | 2.50% | 2.50% | 107,563,000 | - |
| 3.00% | 3.00% | 3.00% | 318,263,000 | - |
| | | | <u>1,718,873,658</u> | <u>1,318,736,609</u> |
| <u>Floating rate instruments</u> | 2021 | 2020 | 2021 | 2020 |
| | -----% | -----% | ----- Rupees | ----- |
| Financial assets | | | | |
| Mutual funds | | | - | 193,213,491 |
| | | | <u>-</u> | <u>193,213,491</u> |
| Financial liabilities | | | | |
| Long term finances | 1.00% to 9.00% | 1.00% to 13.45% | 272,524,907 | 299,808,210 |
| Short term borrowings | 7.28% to 8.33% | 8.75% to 14.81% | 56,439,271 | 366,998,931 |
| | | | <u>328,964,178</u> | <u>666,807,141</u> |

Fair value sensitivity analysis for fix rate instruments

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

Fair value sensitivity analysis for floating rate instruments

The following table demonstrates the sensitivity to a reasonably possible change in floating interest rates, with all other variables held constant, of the Company's profit before tax (through the impact on finance cost).

| | Increase / (decrease) in basis points | Decrease / (increase) of profit |
|------|--|---------------------------------------|
| | Points | Rupees |
| 2021 | + (-) 200 | <u>1,511,354</u> |
| 2020 | | <u>2,186,243</u> |

38.3.3 Equity price risk management

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

At the balance sheet date, the exposure to listed equity securities at fair value was Rs. 352.6 million

At the reporting date, the exposure to listed equity securities and unlisted mutual funds at fair value was Rs. 352.6 million and Rs. Nil respectively (2020: Rs. 279.94 million and Rs. 193.21 million). An increase of 25% on the listed equity market would have an impact of approximately Rs. 88 million (2020: Rs. 69.98) and an increase of 25% on the unlisted mutual funds would have an impact of approximately Rs. Nil (2020: Rs. 48.30 million) on the income or equity attributable to the Company, depending on whether or not the increase is significant and prolonged. A decrease of 25% in the value of the listed securities and unlisted mutual funds would impact equity in a similar amount but will not have an effect on income unless there is an impairment charge associated with it.

38.3.4 Other price risk

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

38.4 Determination of fair values**Fair value of financial instruments**

Fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Equity instruments and mutual funds at FVTOCI as disclosed in other financial assets, are presented at fair value by using quoted prices at Pakistan Stock Exchange (PSX) and Mutual Fund Association of Pakistan (MUFAP) respectively as at June 30, 2021. The carrying values of all other financial assets and liabilities reflected in the financial statements approximate their fair values.

The financial instrument, if any, that are not traded in active market are carried at cost and are tested for impairment according to IFRS 9.

The carrying amount less impairment provision, if any, of trade receivables and payables and financial liabilities are assumed to approximate to their fair values.

38.5 Fair value hierarchy

Financial instruments are carried at fair value, by valuation method. The different levels have been defined as follows:

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 (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Following table presents the Funds / Company's financial assets which are carried at fair value:

| | June 30, 2021 | | | Total |
|---|--------------------|----------|----------|--------------------|
| | Level 1 | Level 2 | Level 3 | |
| | ----- Rs ----- | | | |
| Financial assets - at fair value | | | | |
| Equity Investments designated at FVTPL | | | | - |
| Equity Investments designated at FVTOCI | 352,604,933 | | | 352,604,933 |
| Mutual funds | - | | | - |
| | <u>352,604,933</u> | <u>-</u> | <u>-</u> | <u>352,604,933</u> |
| | | | | |
| | June 30, 2020 | | | Total |
| | Level 1 | Level 2 | Level 3 | Total |
| | ----- Rs ----- | | | |
| Financial assets - at fair value | | | | |
| Equity Investments designated at FVTPL | - | - | - | - |
| Equity Investments designated at FVTOCI | 279,944,652 | - | - | 279,944,652 |
| Mutual funds | 193,213,491 | - | - | 193,213,491 |
| | <u>473,158,143</u> | <u>-</u> | <u>-</u> | <u>473,158,143</u> |

At June 30, 2021, the Company holds short term investments where the company has used Level 1 inputs for the measurement of fair values and there is no transfer between levels.

The levels and hierarchy of fixed assets at fair values are disclosed in note 14.1.3 to the financial statements.

38.6 CAPITAL RISK MANAGEMENT

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

| | 2021 Rupees | 2020 Rupees |
|-----------------------|----------------------|----------------------|
| Total borrowings | 2,056,643,616 | 1,990,098,949 |
| Cash and bank balance | (61,366,802) | (13,227,156) |
| Net debt | <u>1,995,276,814</u> | <u>1,976,871,793</u> |
| Total equity | <u>1,746,678,433</u> | <u>1,180,448,233</u> |
| Total capital | <u>3,741,955,247</u> | <u>3,157,320,026</u> |
| Gearing ratio | 53.32% | 62.61% |

39 TRANSACTIONS WITH RELATED PARTIES

Related parties from the Company's perspective comprise, associated undertakings, key management personnel (including chief executive and directors), their close family members and post retirement benefit plans. The Company in the normal course of business carries out transactions with various related parties and continues to have a policy whereby all such transactions are carried out on permissible basis and agreed terms.

Amounts due from and to related parties are shown under receivables and payables, if any, and remuneration of directors and key management personnel is disclosed in note 36.

Other significant transactions with related parties are as follows:

| Nature of relation | Nature of transactions | 2021 Rupees | 2020 Rupees |
|--------------------------|---|----------------|----------------|
| Associated company | Purchase of goods and services | 2,240,550,621 | 1,687,003,694 |
| | Sale of goods and services | 119,511 | 8,269,764 |
| | Dividend paid | 41,844,623 | 22,317,132 |
| | Rent expense | 1,459,138 | 1,348,285 |
| Key management personnel | Payment of dividend to directors and their close family members | 79,571,722 | 42,436,252 |

39.1 Following are the related parties with whom the Company had entered into transaction or have arrangements / agreement in place.

| Name of related party | Basis of relationship | Aggregate % of Shareholding in the Company |
|--------------------------------------|--|--|
| Ellahi International Private Limited | Associated Company - Common Director | 20.278% |
| ARH (Private) Limited | Associated Company - Common Director | 9.081% |
| Monell (Private) Limited | Associated Company - Common Director | 0.280% |
| ICARO (Private) Limited | Associated Company - Common Director | 0.275% |
| Haroon Omer (Private) Limited | Associated Company - Common Director | 0.280% |
| Nagina Cotton Mills Limited | Associated Company - Common Director | - |
| Ellcot Spinning Mills Limited | Associated Company - Common Director | - |
| Pacific Industries (Private) Limited | Associated Company - Common Director | - |
| Mr. Shahzada Ellahi Shaikh | Key management personnel | 11.473% |
| Mr. Shaukat Ellahi Shaikh | Key management personnel | 11.573% |
| Mr. Shafqat Ellahi Shaikh | Key management personnel | 11.472% |
| Mr. Haroon Shahzada Ellahi Shaikh | Key management personnel | 3.791% |
| Mr. Amin Ellahi Shaikh | Key management personnel | 7.576% |
| Mr. Raza Ellahi Shaikh | Key management personnel | 7.580% |
| Ms. Parveen Akhter Malik | Key management personnel | 0.003% |
| Mr. Aneeq Khawar | Key management personnel | 0.003% |
| Mr. Arfa Waheed Malik | Key management personnel | 0.003% |
| Mr. Javaid Bashir Sheikh | Key management personnel | 0.003% |
| Mr. Omer Ellahi Shaikh | Close family members of key management | 3.788% |
| Mrs. Hummera Shahzada | Close family members of key management | 0.016% |
| Mrs. Mona Shaukat | Close family members of key management | 0.016% |
| Mrs. Shaista Shafqat | Close family members of key management | 0.016% |
| Mrs. Mehreen Saadat | Close family members of key management | 0.104% |

40 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

| | Opening | Net cash flows | Recognised as deferred gant | Closing |
|-----------------------|----------------------|----------------------|-----------------------------|----------------------|
| | ----- Rupees ----- | | | |
| 2021 | | | | |
| Long term finances | 1,618,544,819 | 364,182,413 | 9,368,379 | 1,992,095,611 |
| Short term borrowings | 366,998,931 | (310,559,660) | - | 56,439,271 |
| | <u>1,985,543,750</u> | <u>53,622,753</u> | <u>9,368,379</u> | <u>2,048,534,882</u> |
| 2020 | | | | |
| Long term finances | 1,673,541,256 | (55,307,057) | 4,865,819 | 1,623,100,018 |
| Short term borrowings | 1,020,731,819 | (653,732,888) | - | 366,998,931 |
| | <u>2,694,273,075</u> | <u>(709,039,945)</u> | <u>4,865,819</u> | <u>1,990,098,949</u> |

41 PLANT CAPACITY AND ACTUAL PRODUCTION

| | 2021 | 2020 |
|---|------------|------------|
| Air Jet Looms installed (Number) | 316 | 280 |
| Installed capacity at 50 Picks (meters) | 69,389,931 | 65,488,435 |
| Actual production (meters) | 54,932,886 | 42,266,281 |
| Actual production after conversion into 50 Picks (meters) | 74,719,739 | 61,388,651 |

The difference between installed capacity and actual production is in normal course of business.

42 NUMBER OF EMPLOYEES

| | At year end | | Average | |
|---------------------------|--------------|--------------|--------------|--------------|
| | 2021 | 2020 | 2021 | 2020 |
| Head office | 46 | 43 | 45 | 45 |
| Plant | 1,106 | 1,034 | 1,071 | 1,044 |
| Total number of employees | <u>1,152</u> | <u>1,077</u> | <u>1,116</u> | <u>1,089</u> |

43 SUBSEQUENT EVENTS

In respect of current year, the board of directors proposed to pay cash dividend @ Rs. 2.50 (2020: Rs. Nil) per ordinary share of Rs. 10 each. This dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting and has not been included as a liability in these financial statements.

44 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been approved by the board of directors of the Company and authorized for issue on September 28, 2021.

45 GENERAL

The figures have been rounded off to the nearest Rupee.

Lahore: September 28, 2021


Raza Ellahi Shaikh
 Chief Executive Officer


Muhammad Tariq Sheikh
 Chief Financial Officer


Haroon Shahzada Ellahi Shaikh
 Director



FORM OF PROXY

The Secretary,
PROSPERITY WEAVING MILLS LTD.
 Nagina House
 91-B-1, M.M. Alam Road,
 Gulberg-III,
 Lahore-54660.

I/We _____ of _____ being member(s) of **PROSPERITY WEAVING 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 30th 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:

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

affix
 Rs. 50/=
 Revenue
 Stamp

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

NOTES:

1. If a member is unable to attend the meeting, he/she may sign this form and send it to the Secretary so as to reach him not less than 48 hours before the time of holding the meeting.
2. Members through CDC appointing proxies must attach attested copy of their Computerized National Identity Card (CNIC) with the proxy form.
3. The Shareholders through CDC, who wish to attend the Annual General Meeting are requested to please bring, original Computerized 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.

پراسی فارم (مختار نامہ)

بیکٹری

پراسپیریٹی ویونگ ملز لمیٹڈ

گلین ہاؤس، B-91، ایم ایم عالم روڈ

گلبرگ III، لاہور 54660

میں اہم

ساکن

بحیثیت رکن پراسپیریٹی ویونگ ملز لمیٹڈ اور حامل _____ عام حصص بمطابق شیئرز رجسٹر فوئیو نمبر _____

(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر _____ پارٹیشن (شرکت) آئی ڈی نمبر _____)

بذریعہ ہذا

محترم / محترمہ _____ ساکن _____

جو کہ اپنی کامیابی کے لیے ہمیں شکر گزار ہیں۔ _____

(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر _____ پارٹیشن (شرکت) آئی ڈی نمبر _____)

یا اسکی غیر موجودگی میں محترم / محترمہ _____ ساکن _____

جو کہ اپنی کامیابی کے لیے ہمیں شکر گزار ہیں۔ _____

(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر _____ پارٹیشن (شرکت) آئی ڈی نمبر _____) کو

مورخہ 28 اکتوبر 2021ء کو منعقد ہونے والے کینی کے 30 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

پراسی (مقرر کرتا ہوں) کرتے ہیں۔

دستخط: _____ آج بروز تاریخ: 2021ء

گواہ:

50 روپے کارسیدی ٹکٹ

چسپاں کریں

۲- دستخط: _____

۱- 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 بیکٹری کو اس طور ارسال کر دے کہ اجلاس کے انعقاد کے وقت سے کم از کم 48 گھنٹے قبل پہنچ جانا چاہئے۔

2- سی ڈی سی کے ذریعے حصص یافتگان پراسپیریٹی فارم کے ہمارے کمپیوٹر پر ذمہ داری کے ساتھ کارڈ کی تصدیق کا پی 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 کمپیوٹر پر ذمہ داری کے ساتھ کارڈ ہمیں پہنچانے سے اسکی تصدیق

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

4- کارپوریٹ ایٹنٹی کی صورت میں، بورڈ آف ڈائریکٹری قرار داد مختار نامہ کی تصدیق کاپی مع نمونہ دستخط (اگر پہلے فراہم نہ کئے گئے ہوں) پراسی فارم (مختار نامہ) کے ہمراہ کینی میں جمع کرنا ہوگا۔