





# CONTENTS

<b>1</b>	<b>Company Information</b>	<b>03</b>
<b>2</b>	<b>Directors, Report</b>	<b>04</b>
<b>3</b>	<b>Directors, Report (Urdu)</b>	<b>06</b>
<b>4</b>	<b>Independent Auditor's Report</b>	<b>08</b>
<b>5</b>	<b>Statement of Financial Position</b>	<b>12</b>
<b>6</b>	<b>Statement of Profit or Loss Account and Other Comprehensive Income</b>	<b>13</b>
<b>7</b>	<b>Statement of Cash Flows</b>	<b>14</b>
<b>8</b>	<b>Statement of Changes in Equity</b>	<b>15</b>
<b>9</b>	<b>Notes to the Financial Statements</b>	<b>16</b>



## Company Information

Board of Directors	Muhammad Ismail (Chief Executive) Sheikh Umar Farooq Mr. Hussain Ahmad Fazal Mr. Mushtaq Ahmad Mst. Ghazala Nasreen Mr. Shafiq Ahmed Mohammad Asif Mr. Nadeem Ahmed
Chief Financial Officer	Mr. Mushtaq Ahmad
Auditors	Naveed Mukhtar & Co. Chartered Accountants
Bankers	Allied Bank Limited Askari Bank Limited Faysal Bank Limited Habib Bank Limited MCB Bank Limited National Bank of Pakistan Soneri Bank Limited The Bank of Khyber
Offices: Karachi (Registered Office)	Room No.809, 8 <sup>th</sup> Floor, Saima Trade Tower-B, I.I.Chundrigar Road, Karachi Web Site: <a href="http://www.hussaingroup.com">www.hussaingroup.com</a>
Multan (Unit No.1&3)	Fazalabad Vehari Road, Multan Ph. 92-61-6527238,6528245,6760524 Fax. 92-61-6526487,6526572
Multan (Unit No.2)	35-KM Bahawalpur Road,Adda Muhammad Pur, Multan Ph. 92-61-4250577,4250603 Fax. 92-61-4250578
Multan (Unit No.4)	Qadirpur Rawan Bypass, Khanewal Road, Multan Ph. 92-61-4423183, Fax. 92-61-4423184
Kabirwala (Unit No.5)	17-KM Mauza Kohiwala, Kabirwala, Khanewal Ph. 92-65-2450308 Fax. 92-65-2450309



## DIRECTORS' REPORT

The Directors of your Company are pleased to present their 43<sup>rd</sup> Annual Report on audited financial statements, setting out the detailed financial results of the company for the financial year ended on 30<sup>th</sup> June, 2021.

### **Our Performance:**

The key business results of the company achieved in financial year 2021 are spelled out below intending to have a quick review of the performance of the Company:

	2021	2020
	Rupees	Rupees
Sales	10,372,403,663	9,467,277,298
Gross Profit	1,025,069,191	(445,956,983)
Operating Profit/(Loss)	509,482,624	(1,147,844,637)
Finance Cost	(390,301,894)	(734,534,328)
Profit/(Loss) before Tax	161,505,063	(1,837,343,998)
Profit/(Loss) after Tax	21,849,920	(1,913,921,482)
Earning/(Loss) per Share	1.16	(101.75)

In the backdrop of heavy loss during FY 2020 your company by the grace of Allah has made holistic and miraculous recovery during the current year under review and collaborative efforts on its part and its financial partners earned profit to the company. The board is of the view that this achievement was a result of unassailable and impregnable policies of the company amid revision in production plans, timely procurement of raw material, scouring fertile market and meritorious banking support.

The figures disseminated above speak itself about the alleviating performance of the company. Our turnover for the year increased by 9.56% corresponding to the last year. Adroit and astute in time procurement of raw material at moderate cost helped the company widening its gross profit margin corresponding to last year feeble position. Your company is relentless and resilient to continue its efforts leading it towards its summit.

The board acknowledges the credible congenial financial support of the banking sector during the year under review by means of restructuring the credit facilities at concessional rate to cushion the finance cost of the company as it noticeably came down corresponding to the last year. All indicators inclusive of profit after tax as referred above are enough to surmise the journey of your company towards sustainability conversely to the last year loss is underway.

### **Future outlook:**

Your company has been planning replacement of decrepit machinery of weaving unit with the state of the art machinery to improve its efficiency. The company envisages good results, more revenue at lesser cost as an outcome of this propounded BMR. Government too is deterrent and adamant in providing ideal business ambiance for the potential investors. On the front of COVID-19 the government has been exerting its level best and hopes to see its negativity subsides soon in larger interest of the human beings and business community in particular. State Bank of Pakistan has also been avidly evolving policies in getting the exchange rate oscillation normal to attract more business and employment opportunities in the country.



**Auditors:**

The present auditors M/s Naveed Mukhtar and Co., Chartered Accountants retire and being eligible, have offered themselves for reappointment. The board recommended their re-appointment as external auditors until the conclusion of the next annual general meeting.

**Management/Labour Relations:**

The management/labour relations remained remarkable during the year under review. We have a competitive workforce both for admin and production and we believe our staff is a valuable asset for the company. We invest in the professional development and improvement of skills of our staff hoping to yield better results in future. Human Resource policy of the company believes in fairness, merit, equal opportunities and social responsibilities.

**Acknowledgement:**

Your directors extend appreciation to the company's bankers, valued customers, suppliers, shareholders and government authorities for their valuable contribution and cooperation to the company during the financial year under review.

Multan  
October 5, 2021

For and on behalf of the Board

Sd/-  
Hussain Ahmad Fazal  
(Director)



## ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز کمپنی کی تینتا لیسویں سالانہ رپورٹ برائے سال 30 جون 2021 پیش کر رہے ہیں۔

### کمپنی کا مالیاتی جائزہ:

کمپنی نے مالیاتی سال 2021 میں جو اہداف حاصل کیے وہ درج ذیل ہیں جس سے کمپنی کی کارکردگی ایک نظر سمجھنے میں مدد ملے گی۔

2020 Rupees	2021 Rupees	
9,467,277,298	10,372,403,663	فروختگی
(445,956,983)	1,025,069,191	مجموعی منافع
(1,147,844,637)	509,482,624	فروسودگی اور مالیاتی اخراجات سے پہلے کا منافع
(734,534,328)	(390,301,894)	مالیاتی خرچہ
(1,837,343,998)	161,505,063	منافع قبل از ٹیکس
(1,913,921,482)	21,849,920	منافع بعد از ٹیکس
(101.75)	1.16	فی حصص کمائی

گذشتہ مالی سال 2020 کے بھاری نقصان کے تناظر میں آپ کی کمپنی رواں سال میں اللہ کے فضل، اپنی اور مالی معاونین کی مشترکہ کوششوں سے شاندار اور ناقابل یقین کارکردگی دکھاتے ہوئے اسے منافع میں لائی۔ اس حوالے سے بورڈ کا خیال ہے کہ یہ بہتر کارکردگی کمپنی کی بے عیب اور بھرپور پالیسیوں کے جن میں پیداواری منصوبوں پر نظر ثانی، وقت پر خام مال کی خرید، اچھی مارکیٹ کی تلاش، اور گراں قدر بینکنگ معاونت شامل ہیں، کا بہترین نتیجہ ہے۔

درج بالا حاصل کردہ اہداف خود اس بات کا منہ بولتا ثبوت ہیں کہ کمپنی کی کارکردگی بلندی کی طرف جارہی ہے۔ اس سال ہماری فروخت پچھلے سال کی نسبت 9.56 فیصد زیادہ رہی۔ بروقت اور مناسب قیمت پر خام مال کی خرید نے کمپنی کے مجموعی منافع میں پچھلے سال کی متزلزل پوزیشن کے مقابلے اضافہ کیا۔ آپ کی کمپنی کا مصمم اور اٹل ارادہ ہے کہ وہ اس کو بہت منافع بخش بنا کر ہی دم لے گی۔

یہ بورڈ بینکنگ سیکٹر کی فراہم کردہ بھرپور مالی اعانت کو بھی سراہتی ہے۔ جس کی وجہ سے گذشتہ سال کی نسبت رواں سال میں مالیاتی خرچہ میں بذریعہ آسان شرائط اور سستے ریٹ پر قرضوں کی بدولت بہت کمی آئی۔ تمام اہداف بشمول منافع بعد از ٹیکس کہ جن کو اوپر بیان کیا گیا ہے سے یہ بخوبی اخذ کیا جاسکتا ہے کہ گذشتہ سال کے نقصان کے مقابلے میں کمپنی کا سفر استحکام کی طرف جاری ہے۔

### مستقبل کا جائزہ:

آپ کی کمپنی دیونگ یونٹ کی پرانی مشینری کی تبدیلی کا منصوبہ بنا رہی ہے اور جدید مشینری لانا چاہ رہی ہے جس سے اس یونٹ کی کارکردگی بہتر ہوگی مستقبل میں کمپنی اچھے نتائج، زیادہ فروخت کم لاگت دیکھ رہی ہے۔ حکومت نے بھی سرمایہ کاروں کو اچھا کاروباری ماحول فراہم کرنے کی ٹھانی ہوئی ہے۔ COVID-19 کے حوالے سے بھی حکومت اپنی بھرپور کوشش کر رہی ہے کہ اس کے منفی اثرات جلد از جلد ختم ہوں جو کہ بنی آدم اور خاص طور پر کاروباری طبقہ کے مفاد میں ہے۔

اسٹیٹ بینک آف پاکستان بھی اس لحاظ سے مفید پالیسیاں بنا رہی ہے کہ جن سے شرح مبادلہ کے اتار چڑھاؤ کو معمول پر لایا جاسکے جس سے ملک میں کاروبار اور نوکری کے مواقع فراہم کیے جاسکیں۔



## آڈیٹرز:

موجودہ آڈیٹرز نوید مختار اینڈ کمپنی اپنی تقرری کی مدت پوری کر چکی ہے اور دوبارہ تقرری کیلئے اہل ہے۔ بورڈ اس کمپنی کو آنے والے سالانہ جنرل میٹنگ (AGM) میں فیصلہ ہونے تک دوبارہ مقرر کرتا ہے۔

## انتظامیہ اور مزدور تعلقات:

رواں مالی سال کے دوران انتظامیہ اور مزدوروں کے درمیان تعلقات بہت بہتر رہے آپکی کمپنی کے پاس ایک نہایت قابل (انتظامی، پیداواری) عملہ موجود ہے جو کمپنی کے لیے ایک گراں قدر اثاثے کی مانند ہے۔ ہم اپنے عملے کی کاروباری مہارت بڑھانے کیلئے کوشاں رہتے ہیں جس سے مستقبل میں اچھے نتائج برآمد ہونے کی توقع ہے۔ کمپنی کی ہیومن ریسورس پالیسی مساوی مواقع انصاف، اور پسندیدہ سماجی ذمہ داریوں پر مبنی ہے۔

## اظہار تشکر:

آپ کے ڈائریکٹرز، بنکرز کی خدمات اور اسی طرح کسٹمرز، سپلائرز، کھاتے دار اور حکومتی اداروں کی خدمات کے معترف ہیں جنکی کاوشیں اور خدمات رواں سال بھی کمپنی کے ساتھ رہیں۔

Sd/-

بورڈ کی جانب سے  
حسین احمد فضل  
(ڈائریکٹر)

ملتان

اکتوبر 5، 2021



**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF HUSSAIN MILLS LIMITED**  
**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**Qualified Opinion**

We have audited the annexed financial statements of **Hussain Mills Limited** (—the Company), which comprise of the statement of financial position as at **30th June 2021** and the statement of profit or loss account 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, because of the significance of the matters discussed in the Basis for Qualified Opinion section of our report, the statement of financial position, the statement of profit or loss account 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 state of the Company's affairs as at **30th June 2021** and of the after tax profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

**Basis for Qualified Opinion**

- a) The Company has rented out some of its godowns (note 4.5 in the financial statements). However, in these financial statements, the related property has neither been classified as 'Investment Property' nor has been disclosed and stated as required under International Accounting Standard (IAS) 40 'Investment Property'. In the absence of relevant information we have not been able to determine the impact of aforesaid non-compliance on these financial statements.
- b) The trading of the shares of the listed companies, wherein the Company has made its long term investments (note 6 in the financial statements), has been suspended by the Pakistan Stock Exchange owing to various defaults on the part of the these Companies. Therefore market quoted prices of shares of these Companies on 30th June, 2021 has not been available. Further, current audited financial statements of Fatima Enterprises Limited are also not available. The Company neither arranged to determine nor has recognized impairment, if any, in respect of aforesaid investments. Consequently, in these financial statements, these investments are not appearing at fair value as of 30th June, 2021, as required under International Financial Reporting Standards (IFRS Standards) 13 'Fair Value Measurement'. In the absence of relevant information, we have not been able to determine the impact of aforesaid non-compliance, on these financial statements.
- c) IAS-19 "Employee Benefits" of the International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB), as notified under the Companies Act, 2017. Consequently, neither the selected accounting policy of the Company in respect of "Employees Retirement Benefits" (note 3.12) is consistent with the applicable reporting framework nor the Company has carried out actuarial valuation, as required under the aforesaid IAS, of staff gratuity (employee benefit obligations) amounting to Rs. 62,462,651/-, payable on 30th June, 2021 (note 21.4). In the absence of related information, we have not been able to determine the impact of such valuation, on these Financial Statements.
- d) The Company has not recognized deferred tax income and expense amounting to Rs. 167,655,504/-. Had the aforesaid deferred tax been recognized, the after tax profit and total comprehensive income for the year would have been lower by Rs. 167,655,504/- and unappropriated profit and shareholders equity would have been higher whereas deferred tax liability would have been lower by Rs. 167,655,504/-.



- e) The Company has terminate lease of manufacturing facilities acquired from M/S Fawad Textile Mills Limited and M/S Fawad Weaving Mills (Private) Limited. However, neither advance lease money amounting to Rs. 25,000,000/- (note 7 in the financial statements) has been charged to profit or loss account nor has recognised any provision against this balance. Had the aforesaid provision been recognized, the after tax profit and total comprehensive income for the year would have been lower by Rs. 25,000,000/- and unappropriated profit, shareholders equity and Long Term Deposits and Prepayment would have been lower by Rs. 25,000,000/-.

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 Qualified opinion.

#### **Emphasis of Matters**

Without qualifying our opinion we draw your attention to:

- (a) Note 2.2 in the financial statements, which indicates that during the year ended 30th June, 2021, the Company's current liabilities exceeded its current assets by Rs. 513.903 million. As stated in aforesaid note 2.2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt about the Company's ability to continue as a going concern. However, these financial statements have been prepared on a going concern basis for the reasons, as more fully explained in note 2.2 in the financial statements.
- (b) Note 15.2 of the financial statements which describes that the Company is defendant in a lawsuit preferred by the aggrieved share holders, holding 41.28% equity shares in the Company. The pray of aforesaid lawsuit includes the winding up of the Company. Preliminary hearings and case proceeding are in progress. The management of the Company and its legal counsel are confident to defeat the petition being baseless and without merit. However, the Honourable Sindh High Court, Karachi, vide its interim order dated 1st February, 2013, restrained the management of the Company from changing the composition of the shareholding of the Company.

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

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

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

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

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

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



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

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

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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



#### **Report on Other Legal and Regulatory Requirements**

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

- a) except for the effects of the matters discussed in the Basis for Qualified Opinion section of our report, proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) except for the effects of the matters discussed in the Basis for Qualified Opinion section of our report, the statement of financial position, the statement of profit or loss account 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 the same are in agreement with the books of account and returns;
- c) except for the effects of the matters discussed in the Basis for Qualified Opinion section of our report, investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Naveed Mukhtar Rana.

Sd/-

**Chartered Accountants**

Lahore,

5th October, 2021



**HUSSAIN MILLS LIMITED**  
**STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2021**

	NOTE	2021 RUPEES	2020 RUPEES
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	4	6,134,341,366	6,255,248,283
Right-of-use Assets	5	23,672,756	31,030,913
Long Term Investments	6	12,002,214	12,002,214
Long Term Deposits and Prepayment	7	44,111,737	44,111,737
		6,214,128,073	6,342,393,147
<b>CURRENT ASSETS</b>			
Stores and Spares	8	116,230,673	117,250,172
Stock in Trade	9	1,122,289,952	1,016,712,512
Trade and Other Receivables	10	1,008,198,087	1,083,517,304
Prepayments and Advances	11	112,550,601	60,205,820
Interest Accrued	12	-	46,235
Short Term Investments	13	1,020,800	697,675
Income Tax Refundable		15,139,676	28,499,539
Cash and Bank Balances	14	307,393,143	356,129,020
		2,682,822,932	2,663,058,277
		8,896,951,005	9,005,451,424
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized Capital:			
40,000,000 (2020: 40,000,000) Ordinary Shares of Rs. 10/- each		400,000,000	400,000,000
Issued, Subscribed and Paid-up Capital	15	188,102,570	188,102,570
Capital Reserves:			
Premium on Shares Issued		3,352,334	3,352,334
Merger Reserve		126,385,889	126,385,889
Fair Value Reserve		5,282,942	5,282,942
Surplus on Revaluation of Operating Fixed Assets	16	3,015,139,391	3,099,687,304
		3,150,160,556	3,234,708,469
Revenue Reserve (Accumulated Loss)		(1,153,634,127)	(1,260,031,960)
		2,184,628,999	2,162,779,079
Long Term Loan from Directors	17	187,242,901	168,047,276
Total Equity		2,371,871,900	2,330,826,355
<b>NON-CURRENT LIABILITIES</b>			
Long Term Financing	18	3,005,986,751	3,187,530,741
Long Term Loan from Director	19	51,652,562	51,652,562
Lease Liabilities	20	680,775	11,139,163
Deferred Liabilities	21	270,033,458	254,767,868
Due to Government Authority		-	62,845,336
		3,328,353,546	3,567,935,670
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	22	1,223,319,850	997,496,518
Short Term Borrowings	23	1,570,055,112	1,927,173,367
Unclaimed Dividend		124,939	124,939
Current Portion of Long Term Liabilities	24	403,225,658	181,894,575
		3,196,725,559	3,106,689,399
		8,896,951,005	9,005,451,424
<b>CONTINGENCIES AND COMMITMENTS</b>			
	25	-	-

The annexed Notes from 1 to 42 form an integral part of these Financial Statements

Sd/-  
DIRECTOR

Sd/-  
CHIEF EXECUTIVE



**HUSSAIN MILLS LIMITED**  
**STATEMENT OF PROFIT OR LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30TH JUNE, 2021**

	NOTE	2021 RUPEES	2020 RUPEES
SALES	26	10,372,403,663	9,467,277,298
COST OF SALES	27	(9,347,334,472)	(9,913,234,281)
GROSS PROFIT / (LOSS)		<u>1,025,069,191</u>	<u>(445,956,983)</u>
MARKETING AND DISTRIBUTION COST	28	(176,316,278)	(223,600,375)
ADMINISTRATIVE AND GENERAL EXPENSES	29	(296,870,454)	(288,309,712)
OTHER OPERATING EXPENSES	30	(42,399,835)	(189,977,567)
		(515,586,567)	(701,887,654)
OPERATING PROFIT / (LOSS) before Other Income		<u>509,482,624</u>	<u>(1,147,844,637)</u>
OTHER INCOME	31	42,324,333	45,034,967
OPERATING PROFIT / (LOSS) after Other Income		<u>551,806,957</u>	<u>(1,102,809,670)</u>
FINANCE COST	32	(390,301,894)	(734,534,328)
PROFIT / (LOSS) FOR THE YEAR before Taxation		<u>161,505,063</u>	<u>(1,837,343,998)</u>
INCOME TAX EXPENSE	33	(139,655,143)	(76,577,484)
PROFIT / (LOSS) FOR THE YEAR after Taxation		<u>21,849,920</u>	<u>(1,913,921,482)</u>
<b><u>OTHER COMPREHENSIVE INCOME:</u></b>			
Un-realized Loss on Re-measurement of Fair Value of Investment through other Comprehensive Income		-	(813,780)
<b>TOTAL COMPREHENSIVE INCOME / (LOSS)</b>		<u><u>21,849,920</u></u>	<u><u>(1,914,735,262)</u></u>
EARNING / (LOSS) PER SHARE - Basic and Diluted	34	<u><u>1.16</u></u>	<u><u>(101.75)</u></u>

The annexed Notes from 1 to 42 form an integral part of these Financial Statements

Sd/-  
DIRECTOR

Sd/-  
CHIEF EXECUTIVE



**HUSSAIN MILLS LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30TH JUNE, 2021**

	NOTE	2021 RUPEES	2020 RUPEES
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit / (Loss) before Taxation		161,505,063	(1,837,343,998)
Adjustment for:			
Provision for Staff Gratuity		53,925,447	48,200,898
Provision for Expected Credit Loss on Trade Receivables		1,147,699	23,527,999
Provision for Expected Credit Loss on Advance to Suppliers		438,631	9,559,843
Depreciation on Operating Fixed Assets		245,680,389	254,039,629
Depreciation on Right-of-use Assets		5,966,188	9,177,827
(Gain)/Loss on Re-Measurement on Fair Value of Investment through Profit or Loss		(371,800)	413,622
Unrealised Exchange Gain on Foreign Debtors		(2,443,709)	(19,287,824)
Gain on Sale of Investments through Profit or Loss		(73,293)	(190,928)
Gain on Disposal of Operating Fixed Assets		(4,802,783)	(3,596,198)
Interest Income		(20,509)	(57,938)
Return on Financial Assets		(17,504,842)	(20,050,425)
Finance Cost		390,301,894	734,534,328
		<u>672,243,312</u>	<u>1,036,270,833</u>
Cash Generated from / (Used in) Operations before Working Capital Changes		833,748,375	(801,073,165)
<b>EFFECT ON CASH FLOW OF WORKING CAPITAL CHANGES</b>			
(Increase)/Decrease in Current Assets			
Stores, Spares and Loose Tools		1,019,499	26,584,611
Stock in Trade		(105,577,440)	1,615,729,778
Trade and Other Receivable		76,615,227	1,242,354,140
Prepayments and Advances		(52,783,412)	49,089,165
Increase/(Decrease) in Current Liabilities			
Trade and Other Payables		205,547,961	(495,999,341)
		<u>124,821,835</u>	<u>2,437,758,353</u>
		958,570,210	1,636,685,188
Income Tax Paid		(126,295,280)	(105,027,530)
Income Tax Refund Received		-	11,142,531
Finance Cost Paid		(208,059,053)	(552,671,077)
Staff Gratuity Paid		(38,659,857)	(41,886,235)
Workers' (Profit) Participation Fund Paid		8,523,352	(13,026,160)
Due to Government Authority		(62,845,336)	62,845,336
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		531,234,036	998,062,053
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Interest Income		66,744	58,080
Return on Bank Deposits		17,504,842	20,050,425
Fixed Capital Expenditure		(127,110,720)	(45,828,228)
Addition to Right-of-use Assets		-	(7,584,870)
Proceeds from Disposal of Operating Fixed Assets		8,532,000	4,875,000
Short Term Investments		121,968	(570,169)
Long Term Advance Recovered		-	1,459,200
Long Term Deposits and Prepayments		-	1,461,597
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>		(100,885,166)	(26,078,965)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Disbursement of Long Term Loan from Directors		120,607,519	115,137,838
Repayment of Long Term Loan from Directors		(101,411,894)	(149,593,073)
Repayment of Long Term Finances		(406,791,991)	(111,770,884)
Repayment of Lease Liabilities - net		(8,955,914)	(6,553,781)
Short Term Borrowings - net		(82,532,467)	(813,642,232)
<b>NET CASH OUTFLOW FROM FINANCING ACTIVITIES</b>		(479,084,747)	(966,422,132)
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>		(48,735,877)	5,560,956
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		356,129,020	350,568,064
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	14	<u>307,393,143</u>	<u>356,129,020</u>

The annexed Notes from 1 to 42 form an integral part of these Financial Statements

Sd/-  
DIRECTOR

Sd/-  
CHIEF EXECUTIVE



**HUSSAIN MILLS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30TH JUNE, 2021**

PARTICULARS	C A P I T A L R E S E R V E S						LONG TERM LOAN FROM DIRECTORS	TOTAL
	PAID-UP SHARE CAPITAL	PREMIUM ON SHARES ISSUED	MERGER RESERVE	FAIR VALUE RESERVE	SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS	TOTAL		
<b>Balance as at 30th June, 2019</b>	188,102,570	3,352,334	126,385,889	6,096,722	3,185,814,544	3,321,649,489	202,502,511	4,280,016,852
Received during the Year	-	-	-	-	-	-	115,137,838	115,137,838
Payment during the Year	-	-	-	-	-	-	(149,593,073)	(149,593,073)
<b>TOTAL COMPREHENSIVE LOSS</b>								
Loss for the Year after Taxation	-	-	-	-	-	-	-	(1,913,921,482)
Other Comprehensive income for the Year	-	-	-	(813,780)	-	(813,780)	-	(813,780)
	-	-	-	(813,780)	-	(813,780)	-	(1,914,735,262)
Incremental Depreciation on Revaluation of Operating Assets (net of deferred tax)	-	-	-	(86,127,240)	(86,127,240)	(86,127,240)	-	-
<b>Balance as at 30th June, 2020</b>	188,102,570	3,352,334	126,385,889	5,282,942	3,099,687,304	3,234,708,469	168,047,276	2,330,826,355
Received during the Year	-	-	-	-	-	-	120,607,519	120,607,519
Payment during the Year	-	-	-	-	-	-	(101,411,894)	(101,411,894)
<b>TOTAL COMPREHENSIVE INCOME</b>								
Profit for the Year after Taxation	-	-	-	-	-	-	-	21,849,920
Other Comprehensive Income for the Year	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	21,849,920
Incremental Depreciation on Revaluation of Operating Assets (net of deferred tax)	-	-	-	(84,547,913)	(84,547,913)	(84,547,913)	-	-
<b>Balance as at 30th June, 2021</b>	188,102,570	3,352,334	126,385,889	5,282,942	3,015,139,391	3,150,160,556	187,242,901	2,371,871,900

The annexed Notes from 1 to 42 form an integral part of these Financial Statements

Sd/-  
DIRECTOR

Sd/-  
CHIEF EXECUTIVE



## **HUSSAIN MILLS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 30TH JUNE, 2021**

#### **1 CORPORATE AND GENERAL INFORMATION**

##### **1.1 THE COMPANY AND ITS OPERATIONS**

- (a) Hussain Mills Limited ("the Company") was incorporated in Pakistan on 31st March, 1980 as a Public Limited Company under the Companies Act 1913 (Now Companies Act, 2017).

This is an unquoted Company which is principally engaged in manufacturing/purchase and sale of cotton Yarn and Fabric.

- (b) In terms of classification for the companies under clause (a) of serial No. 2 of table of the third schedule, to the Companies Act, 2017, the Company is a 'large sized' (LSC) Company.

- (c) The geographical locations and addresses of the Company's business units, including mills/plant are as follows:

- (i) Registered office of the Company is situated at Saima Trade Tower-B, I.I. Chundrigar Road, Karachi
- (ii) Spinning Unit situated at Fazalabad Vehari Road, Opp. Timber Market, Multan
- (iii) Spinning Unit situated at 35-KM, Bahawalpur Road, Near Adda Muhammad Pur, Multan
- (iv) Weaving Unit situated at Qadir Pur Rawan Bypass, Khanewal Road, Multan
- (v) Spinning Unit situated at 17-KM, Mauza Kohiwala, Kabirwala, Khanewal

##### **1.2 IMPACT OF COVID-19 (CORONA VIRUS)**

In March 2020, the Government of Pakistan implemented a country-wide lockdown in order to contain the spread of COVID-19 in the country. Consequently, significant reduction in traffic was witnessed particularly in large cities, although the transport of essential items continued. Despite a temporary slowdown in sales in 2020, the Company returned to normal levels after the lockdown was lifted. In addition to this there was another lockdown in May 2021 for a week, however, this has not impacted the activity of the Company. Based on the above, the Company does not have any material effect on these financial statements due to COVID-19.

#### **2 BASIS OF PREPARATION**

##### **2.1 STATEMENT OF COMPLIANCE**

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

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

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

##### **2.2 BASIS OF MEASUREMENT**

During the year ended on 30th June, 2021, the Company incurred gross profit amounting to Rs. 1,025.069 million, after tax profit amounting to Rs. 21.850 million, and as of that date Company's accumulated loss amounts to Rs. 1,153.634 million (2020: 1,260.032 million), and its current liabilities exceeded its current assets by Rs. 513.903 million (2020: Rs. 443.631 million). These conditions or events indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However, these financial statements have been prepared on going concern basis on the grounds that the Company will be able to achieve satisfactory levels of profitability in the future based on a plan made by the management enabling the Company to continue its business in a profitable manner and discharge its liabilities in the ordinary course of its business.



### Financial Projections

The management of the Company has prepared financial projections for five years to analyze the Company's sustainability in the future periods with a particular focus on the twelve months period ending 30th June, 2022. The financial projections are based on various assumptions such as possible reduction in cost of production to improve margin/liquidity, change in products mix which is expected to be able to generate improved cash flows and margins.

These financial projections have been approved by the Board of Directors of the Company and have been subjected to stressed scenarios which the Board considered to be reasonable and appropriate.

Additionally in view of long outstanding creditability and trust of the market, management avail the continued support of its suppliers.

### Financial Commitment from Sponsors

Although, during the year the Company generated 'Cash Inflow' from its operating activities to the tune at Rs. 531.234 million and anticipate adequate cash generation in next year, as well, however, the sponsors of the Company explicitly provide a commitment to provide necessary financial support to the Company, if need arises, to address any liquidity and solvency issues to enable the Company to continue its business.

The assessment of appropriateness of using the going concern basis of accounting has been subject to a due governance process involving the Board of Directors of the Company. In making such assessments, the Directors have taken into account all facts and circumstances as referred to in the above paragraphs. After considering the financial projections, in particular those for the period up to 30th June, 2021, the Directors have reasonable expectation that the Company will have adequate resources to continue its business over this period.

Therefore, in view of above, these financial statements have been prepared under the historical cost convention, except for certain items as disclosed in the relevant accounting policies below.

## 2.3 USE OF ESTIMATES AND JUDGMENTS

The preparation of Financial Statements in conformity with approved accounting standards as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision effects only that period, or in the period of the revision and future periods if the revision effects both current and future periods.

Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan that have significant effect on the financial statements, and estimates that have a significant risk of resulting in a material adjustments in the subsequent years involve following areas of these financial statements.

- Depreciation rates for useful life of the operating assets	(Note 4.2)
- Revaluation of Property, Plant and Equipment	(Note 16)
- Provision for defined benefit obligation	(Note 21.4)
- Estimate of contingent liabilities	(Note 25)
- Revenue Recognition	(Note 26)
- Taxation	(Note 33)

## 2.4 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

The accounting policies adopted are consistent with those of the previous financial year, except for the following new amendments effective for annual period beginning on 01 July 2020, as listed below. The Company has not early adopted any amendment that has been issued but is not yet effective.



### New amendments

The Company has adopted the following revised standards and amendments to IFRSs which became effective for the current year.

- IAS 1 Presentation of Financial Statements: Definition of Material — (Amendments)
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material — (Amendments)
- IFRS 3 Business Combinations: Definition of Business — (Amendments)
- IFRS 9 Financial Instruments: Interest Rate Benchmark Reform — (Amendments)
- IFRS 7 Financial Instruments Disclosures: Interest Rate Benchmark Reform— (Amendments)
- IAS 39 Financial Instruments: Recognition and Measurement: Interest Rate Benchmark Reform — (Amendments)
- IFRS 16 Covid-19-Related Rent Concessions (Amendments)
- IFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021 – Amendment to IFRS 16

The adoption of above standards and amendments, will not have any material impact on the Company's financial statements.

## 2.5 STANDARDS, INTERPRETATION AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

	<b>Effective date (annual periods beginning on or Standard or Interpretation after)</b>
● IFRS 3 Reference to conceptual framework — (Amendments)	1st January, 2022
● IAS 16 Property, plant and equipment: Proceeds before intended use — (Amendments)	1st January, 2022
● IAS 37 Onerous contracts - costs of fulfilling a contract — (Amendments)	1st January, 2022
● AIP IAS 41 Taxation in fair value measurements	1st January, 2022
● AIP IFRS 9 Fees in the '10 per cent' test for derecognition of financial liabilities	1st January, 2022
● IAS 1 Classification of liabilities as current or non-current — (Amendments)	1st January, 2023
● IAS 8 Definition of accounting estimates — (Amendments)	1st January, 2023
● IFRS 10 & IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – (Amendment)	Not yet finalized
● IAS 12 Deferred tax related to Assets and Liabilities arising from a Single Transaction — (Amendments)	1st January, 2023
● IAS 1 and IFRS Disclosure of accounting policies — (Amendments)	1st January, 2023

The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards and conceptual framework have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2022.

The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements.



Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

	<b>Effective date (annual periods beginning on or Standard or Interpretation after)</b>
• IFRS 17 Insurance Contracts	1st January, 2023
• IFRS 1 First-time Adoption of IFRS	1st July, 2004

The Company expects that application of above standards will not have any material impact on the Company's financial statements.

## 2.6 FUNCTIONAL AND PRESENTATION CURRENCY

These Financial Statements are presented in Pakistani Rupees which is the Company's functional and presentation currency.

## 2.7 FIGURES

Amounts presented in the financial statements have been rounded off to the nearest of Rupee, unless otherwise stated. Figures of the previous year, are rearranged and reclassified, wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison.

## 3 SIGNIFICANT ACCOUNTING POLICIES

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

### 3.1 PROPERTY AND EQUIPMENT

#### (a) Operating Assets:

##### Initial recognition

All items of property, plant and equipment are initially recorded at cost.

##### Subsequent Measurement

Items of property, plant and equipment, other than land, are measured at cost less accumulated depreciation and impairment loss (if any). Land, Buildings and Plant and Machinery are stated at re-valued amount less accumulated Depreciation thereon.

Land is stated at Re-Valued amount.

##### Subsequent Costs:

These are included in the asset's carrying amount or recognised as separate asset, as appropriate, only when its probable that future economic benefits associated with the items will flow to the entity and its cost can be reliably measured. Cost incurred to replace a component of an item of property, plant and equipment is capitalized and asset so replaced is retired from use. Normal repairs and maintenance are charged to current year's income.

##### Depreciation:

Depreciation on all items of property, plant and equipment (except land), is charged to income applying the reducing balance method so as to write off the depreciable amount of an asset over its useful life. Depreciation is being charged at the rates specified in Note 4.2. Depreciation and useful lives are reviewed at each reporting date.

Depreciation on additions to an item of property, plant and equipment is charged from the month in which an asset is acquired or capitalized while no depreciation is charged for the month in which an asset is disposed off.

##### Disposal:

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised as other income in the statement of profit or loss.

**Judgment and Estimates:**

The useful lives and depreciation rates are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

**(b) Capital Work in Progress:**

All expenditure 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 assets are available for use.

**3.2 REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT**

Revaluation of items of property, plant and equipment measured at revalued amount is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. Any revaluation increase arising on the revaluation is recognized, by restating gross carrying amounts of respective assets being revalued according to the change in their carrying amounts due to revaluation, in other comprehensive income and presented as a separate component of equity as 'Revaluation surplus on property, plant and equipment', except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to statement of profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation is charged to statement of profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The revaluation reserve is not available for distribution to the Company's shareholders. The revaluation surplus on item of property, plant and equipment measured at revalued amount, except land, is transferred to unappropriated profit to the extent of incremental depreciation charged (net of deferred tax).

**3.3 RIGHT-OF-USE ASSETS**

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

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

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

**3.4 LEASE LIABILITIES**

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

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



### 3.5 STORES AND SPARES

These are stated at lower of moving average cost and estimated net realizable value. Provision is made for obsolete items, if any, and is based on their condition as at the financial position date depending upon the management's judgment. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

Net realisable value specifies the estimated selling price in the ordinary course of business less the estimated cost of completion and cost necessarily to be incurred to make the sale.

### 3.6 STOCKS IN TRADE

These are valued at the lower of cost and net realizable value except waste, which is valued at net realizable value determined on the basis of contract price. Cost is determined as under:

Raw materials	- Weighted average
Work-in-progress and finished goods	- At average manufacturing cost including a proportion of production overheads

Stock in transit is valued at cost comprising invoice value plus other charges incurred thereon.

Average manufacturing cost in relation to work-in-process and finished goods consist of the direct materials costs and labour costs and an appropriate proportion of manufacturing overheads based on normal capacity.

Net Realizable Value signifies the Selling Price in the ordinary course of business less cost necessary to be incurred to effect such Sale.

### 3.7 TRADE DEBTS

Trade receivables arise when the Company performs its performance obligations by the transferring goods to a customer and the Company has an un-conditional right to receive the consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due. These are carried at original invoice amount less an estimated allowance made for doubtful receivables based on review of outstanding amounts at the year end. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. Debts, considered irrecoverable, are written off, as and when identified.

### 3.8 LONG TERM DEPOSITS

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

### 3.9 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and bank balances, cheques in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

### 3.10 METHOD OF PREPARATION OF CASH FLOW STATEMENT

The cash flow statement is prepared using indirect method.

### 3.11 INVESTMENTS AND OTHER FINANCIAL INSTRUMENTS

#### (i) Recognition and Initial Measurement

All financial assets or financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A receivable without a significant financing component is initially measured at the transaction price.



**(ii) Classification and subsequent measurement**

**Financial Assets**

A financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business

**Amortized Cost**

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in statement of profit or loss.

Financial assets measured at amortized cost comprise of cash and bank balances, long term deposits, loan and advances, mark up accrued, trade debts and other receivables.

**Debt Instrument - FVOCI**

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in statement of profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit or loss. However, the Company has no such instrument at the reporting date.

**Equity Instrument - FVOCI**

The Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to statement of profit or loss.

Financial assets measured at FVOCI comprise of long term investments in equity securities as detailed in note 6 of these financial statements.

**Fair value through profit or loss (FVTPL)**

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.



The Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in statement of profit or loss.

Financial asset measured at FVTPL comprise of short term investments in equity securities as detailed in note 13 of these financial statements.

**Financial assets – Business model Assessment:**

For the purposes of the assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company’s claim to cash flows from specified assets (e.g. non-recourse features).

**Financial Liabilities**

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in statement of profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on derecognition is also recognized in statement of profit or loss.

Financial liabilities comprise trade and other payables, long term and short term financing, dividend payable and accrued markup.

**(iii) Derecognition**

**Financial Assets**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company might enter into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

**Financial Liabilities**

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in statement of profit or loss.



**(iv) Trade Debts, Deposits and other Receivables**

These are classified at amortized cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

**(v) Impairment**

**Financial Assets**

The Company recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The Company measured its long term advances and related markup to subsidiary and associated companies under the General approach.

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

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

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

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

**Non-Financial Assets**

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



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

**(vi) Off-setting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

**3.12 EMPLOYEES' RETIREMENT BENEFITS**

The Company operates an unfunded gratuity scheme covering all eligible employees of the Company who have completed the minimum qualifying period of service as defined under the respective scheme. Provision is made annually, on the basis of last drawn salary assuming that such benefits are payable at the end of accounting period, to cover the obligation and is charged to income currently.

**3.13 TRADE AND OTHER PAYABLES**

These are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

**3.14 BORROWINGS**

Financing and Borrowings are initially recognized at fair value of the consideration received, net of transaction costs. They are subsequently measured at amortized cost using the effective interest method.

**3.15 BORROWING COSTS**

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of that asset.

**3.16 PROVISIONS**

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

**3.17 CONTINGENCIES AND COMMITMENTS**

**Contingent Liabilities** are disclosed when there is:

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or

Present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

**Contingent Assets**

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



### 3.18 DIVIDEND AND OTHER APPROPRIATIONS

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

### 3.19 REVENUE RECOGNITION

The Company recognizes revenue from contracts with customers based on a five step model as set out in IFRS 15:

#### Step-1

Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

#### Step-2

Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

#### Step-3

Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

#### Step-4

Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

#### Step-5

Recognize revenue when (or as) the Company satisfies a performance obligation.

The Company satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- a) The Company's performance does not create an asset with an alternate use to the Company and the Company has as an enforceable right to payment for performance completed to date.
- b) The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- c) The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs.

For performance obligations where one of the above conditions are not met, revenue is recognized at the point in time at which the performance obligation is satisfied.

When the Company satisfies a performance obligation by delivering the promised goods or services it creates a contract based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognized this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duties. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

#### Sale of Goods

The Company's contracts with customers for the sale of goods generally include one performance obligation for both local and export sales i.e. provision of goods to the customers.



**i) Local Sales**

Sale of goods are recognized at the point in time when control is transferred to the customer, generally upon delivery of goods.

**ii) Export Sales**

Sale of goods are recognized at the point in time when control is transferred to the customer, dependent on the related inco-terms generally on date of good declaration form being issued by customs authorities or delivery of the product to the port of destination.

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably.

**3.20 CONTRACT LIABILITIES**

A contract liability is the obligation of the Company to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract. It also includes refund liabilities arising out of customers' right to claim amounts from the Company on account of contractual delays in delivery of performance obligations and incentive on target achievements.

**3.21 CONTRACT ASSETS**

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is pending to be due for payment for want of some performance of obligation on part of the Company. Contract assets are treated as financial assets for impairment purposes.

Revenue represents the fair value of the consideration received or receivable for sale of goods, net of returns, allowances, trade discounts, rebates and sales tax. Revenue is recognized when or as performance obligations are satisfied by transferring control of a promised goods or services to a customer, and control either transfers over time or point in time.

**3.20 TAXATION**

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

**Current:**

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

**Deferred:**

Deferred tax is recognised using the statement of financial position liability method on all temporary differences between the carrying amount of the assets and liabilities and their tax bases.

Deferred tax liabilities are recognised for all major taxable temporary differences.

Deferred tax assets are recognised for all major deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

The carrying amount of the deferred tax asset is reviewed at each date of statement of financial position and is recognised only to the extent that it is probable that future taxable profits will be available against which the assets may be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.



Unrecognised deferred tax assets are reassessed at each date of statement of financial position and are recognised to the extent that it becomes probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is utilised or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the financial position date.

### 3.21 FOREIGN CURRENCY TRANSLATION

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

### 3.22 RELATED PARTY TRANSACTIONS

Transactions and contracts with the related parties are based on the policy that all transactions between the Company and related parties are carried out at an arm's length except for the transactions as disclosed in the relevant notes.

### 3.23 EARNINGS PER SHARE ('EPS')

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

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

		2021 RUPEES	2020 RUPEES
<b>4 PROPERTY, PLANT AND EQUIPMENT</b>			
4.1 These Comprise of:			
Operating Assets	(Note 4.2)	6,134,341,366	6,249,998,283
Capital Work in Progress	(Note 4.6)	-	5,250,000
		<u>6,134,341,366</u>	<u>6,255,248,283</u>



Notes to the Financial Statements  
for the Year ended 30th June, 2021

4.2. These represent operating assets and are made up as follows:

PARTICULARS	C O S T / R E V A L U A T I O N				D E P R E C I A T I O N						WRITTEN DOWN AT END OF THE YEAR		
	AT BEGINNING OF THE YEAR	TRANSFERS TO RIGHT-OF- USE ASSETS	ADDITIONS	TRANSFERS FROM RIGHT- OF-USE ASSETS	DELETIONS	AT END OF THE YEAR	RATE %	TO BEGINNING OF THE YEAR	ON TRANSFERS TO RIGHT-OF- USE ASSETS	ON TRANSFERS FROM RIGHT- OF-USE ASSETS		ON DELETIONS	PROVIDED FOR THE YEAR
<b>OWNED ASSETS</b>													
<b>LAND - Freehold</b>													
Cost	64,473,316	-	572,000	-	-	65,045,316	-	-	-	-	-	-	65,045,316
Revaluation Surplus	1,524,750,184	-	-	-	-	1,524,750,184	-	-	-	-	-	-	1,524,750,184
	1,589,223,500	-	572,000	-	-	1,589,795,500	-	-	-	-	-	-	1,589,795,500
<b>BUILDINGS - on Freehold Land</b>													
Cost - Factory	505,560,527	-	-	-	-	505,560,527	5	262,592,122	-	-	12,148,420	12,148,420	274,740,542
Cost - Non Factory	324,464,560	-	-	-	-	324,464,560	5	156,317,637	-	-	8,407,346	8,407,346	164,724,963
Revaluation Surplus	1,383,484,741	-	-	-	-	1,383,484,741	5	304,888,042	-	-	53,931,335	53,931,335	358,789,377
	2,213,509,828	-	-	-	-	2,213,509,828		723,767,801	-	-	74,487,101	74,487,101	798,254,902
<b>PLANT AND MACHINERY</b>													
Cost	3,749,633,581	-	98,071,926	-	-	3,847,705,507	5	1,949,446,113	-	-	96,583,880	1,946,029,993	1,901,675,514
Revaluation Surplus	1,362,797,471	-	-	-	-	1,362,797,471	5	577,089,075	-	-	39,285,420	39,285,420	746,422,976
	5,112,431,052	-	98,071,926	-	-	5,210,502,978		2,526,535,188	-	-	135,869,300	2,562,404,488	2,648,098,490
<b>POWER HOUSE</b>													
WEIGHING BRIDGE AND SCALE	519,118,021	-	-	-	865,696	518,252,325	5	213,875,610	-	-	289,713	15,245,577	228,831,474
LABORATORY EQUIPMENT	2,325,374	-	-	-	-	2,325,374	10	1,951,552	-	-	37,383	1,988,935	336,439
ELECTRIC INSTALLATION	73,722,397	-	-	-	-	73,722,397	10	55,039,059	-	-	1,868,334	56,907,393	16,815,004
TARPULINE	184,876,607	-	-	-	-	184,876,607	5	97,895,508	-	-	4,349,056	102,244,564	82,632,043
TUBE WELL	739,107	-	-	-	-	739,107	10	618,225	-	-	12,089	630,314	108,793
FURNITURE AND FIXTURE	8,873,559	-	-	-	-	8,873,559	10	6,791,425	-	-	209,213	6,990,638	1,882,921
COMPUTER	38,628,895	-	955,205	-	-	39,584,100	10	26,217,454	-	-	1,316,285	27,533,739	12,050,361
OFFICE EQUIPMENT	23,429,722	-	-	-	-	23,429,722	30	1,529,026	-	-	3,524	1,532,550	8,222
VEHICLES	116,907,815	-	2,647,589	-	7,222,539	145,093,865	20	73,668,859	1,255,031	4,069,305	10,684,420	81,539,005	63,554,860
FIRE FIGHTING EQUIPMENT	8,022,969	-	-	-	-	8,022,969	10	5,769,676	-	-	223,329	6,013,005	2,009,964
TELEPHONE	6,822,493	-	-	-	-	6,822,493	10	5,134,634	-	-	168,786	5,303,420	1,519,073
ARMS AND AMMUNITION	717,750	-	-	-	-	717,750	10	354,737	-	-	36,301	391,038	326,712
AIR CONDITIONERS AND REFRIGERATORS	2,126,662	-	-	-	-	2,126,662	10	779,664	-	-	134,700	914,364	1,212,298
TOOLS AND EQUIPMENTS	5,206,611	-	-	-	-	5,206,611	10	3,954,095	-	-	125,252	4,079,347	1,127,264
	9,908,223,134	-	132,360,720	2,647,000	8,088,235	10,035,142,619		3,658,224,851	-	1,255,031	4,355,018	245,680,389	3,900,801,253
													6,134,341,366

30TH JUNE, 2021



Notes to the Financial Statements  
for the Year ended 30th June, 2021

PARTICULARS	C O S T / R E V A L U A T I O N				D E P R E C I A T I O N				WRITTEN DOWN AT END OF THE YEAR	
	AT BEGINNING OF THE YEAR	ADDITIONS	TRANSFERS FROM RIGHT-OF-USE ASSETS	DELETIONS	AT END OF THE YEAR	RATE %	TO BEGINNING OF THE YEAR	ON TRANSFERS FROM RIGHT-OF-USE ASSETS		ON DELETIONS FROM RIGHT-OF-USE ASSETS

30TH JUNE, 2020

<b>OWNED ASSETS</b>												
<b>LAND - Freehold</b>												
Cost	64,473,316	-	-	-	64,473,316	-	-	-	-	-	-	64,473,316
Revaluation Surplus	1,524,750,184	-	-	-	1,524,750,184	-	-	-	-	-	-	1,524,750,184
	1,589,223,500	-	-	-	1,589,223,500	-	-	-	-	-	-	1,589,223,500
<b>BUILDINGS - on Freehold Land</b>												
Cost-Factory	505,560,527	-	-	-	505,560,527	5	249,804,311	-	-	12,787,811	262,592,122	242,968,405
Cost-Non Factory	324,464,560	-	-	-	324,464,560	5	147,467,709	-	-	8,849,838	166,317,637	168,146,923
Revaluation Surplus	1,383,484,741	-	-	-	1,383,484,741	5	248,088,216	-	-	58,769,826	304,858,042	1,078,626,693
	2,213,509,828	-	-	-	2,213,509,828		645,360,326	-	-	78,407,475	723,767,801	1,489,742,027
<b>PLANT AND MACHINERY</b>												
Cost	3,713,695,790	35,937,791	-	-	3,749,633,581	5	1,750,567,092	-	-	98,879,021	1,849,446,113	1,900,187,468
Revaluation Surplus	1,362,797,471	35,937,791	-	-	1,398,735,262	5	535,736,002	-	-	41,353,073	577,089,075	785,708,396
	5,076,493,261	71,875,582	-	-	5,118,431,052		2,286,303,094	-	-	140,232,094	2,426,535,188	2,685,895,864
<b>POWER HOUSE</b>												
WEIGHING BRIDGE AND SCALE	512,845,021	-	-	-	519,118,021	5	196,170,183	-	-	15,833,742	213,875,610	305,242,411
LABORATORY EQUIPMENT	2,325,374	-	-	-	2,325,374	10	1,910,017	-	-	41,535	1,951,552	373,822
ELECTRIC INSTALLATION	73,722,397	-	-	-	73,722,397	10	52,963,132	-	-	2,075,927	55,039,059	18,683,338
TARPULINE	181,860,107	3,016,500	-	-	184,876,607	5	93,357,318	-	-	4,538,190	97,895,508	86,981,099
TUBE WELL	8,873,559	-	-	-	8,873,559	10	604,793	-	-	13,432	618,225	120,862
FURNITURE AND FIXTURE	38,628,895	-	-	-	38,628,895	10	24,838,405	-	-	232,459	6,781,425	2,092,134
COMPUTER	1,540,772	-	-	-	1,540,772	30	1,523,992	-	-	1,379,049	26,217,454	12,411,441
OFFICE EQUIPMENT	23,206,222	223,500	-	-	23,429,722	10	13,330,188	-	-	1,002,150	14,332,338	9,097,384
VEHICLES	73,253,191	1,217,065	-	-	74,470,256	20	36,004,856	-	-	9,519,887	73,668,859	43,238,956
FIRE FIGHTING EQUIPMENT	8,022,969	-	-	-	8,022,969	10	5,541,533	-	-	248,143	5,789,676	2,233,293
TELEPHONE	6,822,493	-	-	-	6,822,493	10	4,947,094	-	-	187,540	5,134,534	1,687,859
ARMS AND AMMUNITION	717,750	-	-	-	717,750	10	314,402	-	-	40,335	354,737	363,013
AIR CONDITIONERS AND REFRIGERATORS	1,943,290	183,372	-	-	2,126,662	10	636,196	-	-	143,468	779,864	1,346,998
TOOLS AND EQUIPMENTS	5,206,611	-	-	-	5,206,611	10	3,814,926	-	-	139,169	3,954,095	1,252,516
	9,818,934,347	40,578,228	55,944,577	7,234,018	9,908,223,134		3,374,169,421	-	-	35,971,017	5,955,216	6,249,998,283
<b>LEASED ASSETS</b>												
POWER HOUSE	6,273,000	-	-	-	-	5	1,871,685	(1,871,685)	-	-	-	-
VEHICLES	83,928,217	-	-	-	-	20	35,732,103	(35,732,103)	-	-	-	-
	90,201,217	-	-	-	-		37,603,788	(37,603,788)	-	-	-	-
	9,909,135,564	40,578,228	55,944,577	7,234,018	9,908,223,134		3,411,773,209	(37,603,788)	35,971,017	254,039,629	3,658,224,851	6,249,998,283

4.3 DISPOSAL OF OPERATING FIXED ASSETS comprises of:

COST	ACCUMULATED DEPRECIATION	BOOK VALUE	SALE PROCEEDS	GAIN	MODE OF DISPOSAL	PARTICULARS OF PURCHASER	RELATIONSHIP WITH BUYER
865,696	289,713	575,983	600,000	24,017	Negotiation	Muhammad Tariq, Faisalabad	Third Party
73,649	51,929	21,720	22,000	280	Negotiation	Muhammad Ahsan, Multan	Third Party
69,635	23,212	46,423	60,000	13,577	Insurance Claim	EFU General Insurance Limited, Multan	Insurer
772,723	401,404	371,319	815,000	443,681	Negotiation	Muhammad Saliman, Multan	Third Party
2,688,810	1,483,783	1,195,027	3,400,000	2,204,973	Negotiation	Sufyan Mejeed, Multan	Third Party
74,365	23,565	50,800	60,000	9,200	Insurance Claim	EFU General Insurance Limited, Multan	Insurer
2,742,350	1,543,419	1,198,931	2,850,000	1,651,069	Negotiation	Pervaz Akhtar, Multan	Third Party
694,782	451,781	243,001	685,000	441,999	Negotiation	Malik Murad, Multan	Third Party
106,225	80,212	26,013	40,000	13,987	Negotiation	Adnan Idress, Multan	Third Party
7,222,539	4,069,305	3,153,234	7,932,000	4,778,766	Negotiation		
8,088,235	4,359,018	3,729,217	6,532,000	4,802,763			

30TH JUNE, 2021



Notes to the Financial Statements  
for the Year ended 30th June, 2021

	COST	ACCUMULATED DEPRECIATION	BOOK VALUE	SALE PROCEEDS	GAIN	MODE OF DISPOSAL	PARTICULARS OF PURCHASER	RELATIONSHIP WITH BUYER
<b>VEHICLES</b>								
Honda CD 70 MNP - 7051	65,129	58,704	6,425	40,000	33,575	Insurance Claim	EFU General Insurance Limited, Multan	Insurer
Yamaha MN - 2495	49,677	42,551	7,126	30,000	22,874	Insurance Claim	EFU General Insurance Limited, Multan	Insurer
Yamaha MN - 6296	81,586	72,388	9,198	40,000	30,802	Insurance Claim	EFU General Insurance Limited, Multan	Insurer
Honda CG 125 MNK - 7750	96,030	79,717	16,313	65,000	48,687	Insurance Claim	EFU General Insurance Limited, Multan	Insurer
Honda CG 125 MNP - 7337	102,790	54,438	48,352	65,000	16,648	Insurance Claim	EFU General Insurance Limited, Multan	Insurer
Honda CD 70 MNQ - 5761	72,885	58,555	14,330	40,000	25,670	Insurance Claim	EFU General Insurance Limited, Multan	Insurer
Honda CD 70 MNO - 609	73,299	54,725	18,574	40,000	21,426	Insurance Claim	EFU General Insurance Limited, Multan	Insurer
Suzuki Cultus MNB-13-5007	1,071,244	880,286	190,958	770,000	579,042	Negotiation	Sheikh Sheraz Amjad, Multan	Third Party
Suzuki Cultus MN-11-2574	958,387	828,549	129,838	650,000	520,162	Negotiation	Rizwan Ahmed, Multan Cantt.	Third Party
Honda CG 125 MNK-12-7753	1,348,390	1,103,316	245,074	1,125,000	879,926	Negotiation	Muhammad Ajmad, Multan	Third Party
Suzuki Cultus MN-13-1306	95,361	78,862	16,499	65,000	48,501	Insurance Claim	EFU General Insurance Limited, Multan	Insurer
Honda Civic AFB-484	1,080,600	876,250	204,350	600,000	395,650	Negotiation	Ahsan Fareed, Multan	Third Party
Honda CG-125 MNK-12-7706	1,075,640	812,152	263,488	700,000	436,512	Insurance Claim	EFU General Insurance Limited, Multan	Insurer
Suzuki Cultus MN-11-5639	93,000	73,253	19,747	65,000	45,253	Insurance Claim	EFU General Insurance Limited, Multan	Insurer
	970,000	881,470	88,530	680,000	491,470	Negotiation	Muhammad Yasir Bashir, Multan	Third Party
	<u>7,234,018</u>	<u>5,955,216</u>	<u>1,278,802</u>	<u>4,875,000</u>	<u>3,596,198</u>			

30TH, JUNE, 2020

	2021	2020
	RUPEES	RUPEES
Cost of Goods Manufactured	232,078,053	241,374,854
Administrative and General Expenses	13,602,336	12,864,775
	<u>245,680,389</u>	<u>254,039,629</u>

4.4 DEPRECIATION ALLOWANCE provided for the year has been allocated as follows:  
(Note 27.2)  
(Note 29.1)

4.5 Factory buildings of the Company include godowns some of which being surplus and vacant for the time being, have been rented out for ware housing purposes. Land and building of such godowns have not been classified as 'Investment Property' as required under IAS 40 "Investment Properties" as firstly the core purpose of construction of these godowns of the Company is not letting out and secondly this is an interim arrangement for generation of cash flows from the godowns of the Company which are idle for the time being. Additionally, the separation of values representing rented godowns for disclosure under IAS-40 is not possible.

4.6 This balance relating to M/S Naseem Enterprises & Trading (Private) Limited, an associated undertaking (due to common directorship) of the Company, in respect of advance against purchase of vehicles.



Notes to the Financial Statements  
for the Year ended 30th June, 2021

5 RIGHT-OF-USE ASSETS

5.1 These comprise of:

PARTICULARS	C O S T				D E P R E C I A T I O N				WRITTEN DOWN AT END OF THE YEAR			
	AT BEGINNING OF THE YEAR	TRANSFERS FROM OPERATING ASSETS	ADDITIONS	TRANSFERS TO OPERATING ASSETS	AT END OF THE YEAR	RATE %	TO BEGINNING OF THE YEAR	TRANSFERS FROM OPERATING ASSETS		ON TRANSFERS TO OPERATING ASSETS	PROVIDED FOR THE YEAR	TO END OF THE YEAR
	----- 30TH JUNE, 2021 -----											
VEHICLES	41,841,510	-	-	(2,647,000)	39,194,510	20	10,810,597	-	(1,255,031)	5,966,188	15,521,754	23,672,756
	<u>41,841,510</u>	<u>-</u>	<u>-</u>	<u>(2,647,000)</u>	<u>39,194,510</u>		<u>10,810,597</u>	<u>-</u>	<u>(1,255,031)</u>	<u>5,966,188</u>	<u>15,521,754</u>	<u>23,672,756</u>
	----- 30TH JUNE, 2020 -----											
POWER HOUSE	-	6,273,000	-	(6,273,000)	-	5	-	1,871,685	(1,871,685)	-	-	-
VEHICLES	-	83,928,217	7,584,870	(49,671,577)	41,841,510	20	-	35,732,102	(34,099,332)	9,177,827	10,810,597	31,030,913
	<u>-</u>	<u>90,201,217</u>	<u>7,584,870</u>	<u>(55,944,577)</u>	<u>41,841,510</u>		<u>-</u>	<u>37,603,787</u>	<u>(35,971,017)</u>	<u>9,177,827</u>	<u>10,810,597</u>	<u>31,030,913</u>

5.2 DEPRECIATION ALLOWANCE provided for the year has been allocated to Administrative and General Expenses. (Note 29.1)



			2021 RUPEES	2020 RUPEES
<b>6 LONG TERM INVESTMENTS</b>				
<b>6.1 At Fair Value through OCI:</b>				
	<b>2021</b>	<b>2020</b>		
Fatima Enterprises Limited - Related Party			6,536,572	6,536,572
No of Ordinary Shares of Rs. 10 each	829,808	829,808		
Per Share Quoted Price at Year End	(Note 6.2)			
Equity Held	5.83%	5.83%		
Fair Value Adjustment			5,329,682	5,329,682
			11,866,254	11,866,254
Mubarak Textile Mills Limited			182,700	182,700
No of Ordinary Shares of Rs. 10 each	66,000	66,000		
Per Share Quoted Price at Year End	(Note 6.3)			
Equity Held	1.22%	1.22%		
Fair Value Adjustment			(46,740)	(46,740)
			135,960	135,960
Fair Value at end of the Year			12,002,214	12,002,214

**6.2** The fair value of this investment is stated at Rs. 14.30 per share which is the last available quoted Price of the share of Fatima Enterprises Limited (FEL) on the close of trading on 21st March, 2012, since when the trading of shares of FEL has been suspended by Pakistan Stock Exchange. For the purpose of determination of any impairment, per share break-up value as of 30th June, 2018 (on the basis of latest available audited financial statements) has been considered which works out at Rs. 158.98 and (Rs. 108.35) (2017: Rs. 198.21 and (Rs. 75.27)) per share, including and excluding revaluation surplus, respectively.

**6.3** The fair value of this investment is stated at Rs. 2.06 per share which is the last available quoted Price of the share of Mubarak Textile Mills Limited (MUBT) on the close of trading on 28th February, 2019, when the trading of shares of MUBT has been suspended by Pakistan Stock Exchange. For the purpose of determination of any impairment, per share break-up value as of 30th June, 2020 (on the basis of latest available audited financial statements) has been considered which works out at Rs. 15.35 and (Rs. 7.43) (2019: Rs. 15.31 and (Rs.7.88)) per share, including and excluding revaluation surplus, respectively.

**7 LONG TERM DEPOSITS AND PREPAYMENTS**

**7.1** These Comprise of:

Deposits	(Note 7.2)	19,111,737	19,111,737
Prepayments	(Note 7.3)	25,000,000	25,000,000
		44,111,737	44,111,737

**7.2** These represent security deposits with utility companies against utility connections. These are not being carried at amortized cost, as required by IFRS 9 as it will have immaterial impact and thus carried at historical cost.

**7.3** This represents a payment against the leased manufacturing facilities acquired by the Company which was adjustable towards the end of the respective lease term as per agreement. In view of early termination of underlying agreement, the management of the Company is pursuing a case in Lahore High Court, Lahore for refund of this amount (note 25.1 (c)).

**8 STORES AND SPARES** comprise of:

Stores		59,200,724	69,992,779
Spares			
At Factory		44,216,553	43,238,541
In Transit		12,813,396	4,018,852
		57,029,949	47,257,393
		116,230,673	117,250,172



		2021 RUPEES	2020 RUPEES
<b>9 STOCK IN TRADE</b>			
9.1 This comprise of:			
Raw Material	(Note 27.3)	298,024,248	456,108,608
Work in Process	(Note 27.2)	133,539,150	119,360,953
Finished Goods	(Note 27.1)	690,726,554	441,242,951
		<u>1,122,289,952</u>	<u>1,016,712,512</u>
9.2 The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 62.749 million (2020: 30.910 million).			
<b>10 TRADE AND OTHER RECEIVABLES</b>			
10.1 These comprise of:			
Trade Receivables	(Note 10.2)	791,374,106	760,974,182
Other Receivables	(Note 10.6)	216,823,981	322,543,122
		<u>1,008,198,087</u>	<u>1,083,517,304</u>
10.2 TRADE RECEIVABLES are made up as follows:			
Export - Secured	(Note 10.3)	190,810,564	440,565,063
Local - Unsecured	(Note 10.4)	600,563,542	320,409,119
		<u>791,374,106</u>	<u>760,974,182</u>
10.3 Secured debtors represent foreign bills under collection secured against letters of credit from banks.			
10.4 LOCAL TRADE RECEIVABLES are unsecured and are made up as follows:			
Considered Good		600,563,542	320,409,119
Considered Doubtful		23,092,722	23,527,999
		<u>623,656,264</u>	<u>343,937,118</u>
Less: Provision for Expected Credit Loss	(Note 10.5)	23,092,722	23,527,999
		<u>600,563,542</u>	<u>320,409,119</u>
10.5 EXPECTED CREDIT LOSS is made up as follows:			
Balance at the beginning of the Year		23,527,999	-
Less: Recovered during the Year	(Note 31)	1,582,976	-
		<u>21,945,023</u>	<u>-</u>
Add: Recognized during the Year	(Note 30)	1,147,699	23,527,999
Balance at end of the Year		<u>23,092,722</u>	<u>23,527,999</u>
10.6 OTHER RECEIVABLES comprise of:			
Insurance Claims		-	1,791,998
Sales Tax		63,540,139	167,964,855
Rebate on Export Sales		149,257,956	149,257,956
Others		4,025,886	3,528,313
		<u>216,823,981</u>	<u>322,543,122</u>
<b>11 PREPAYMENTS AND ADVANCES</b>			
11.1 These are unsecured but are considered good by the management and comprise of:			
Advances to:			
Employees against Salaries and Expenses	(Note 11.2)	5,437,068	4,505,234
Suppliers of Goods and Services	(Note 11.3)	86,278,103	38,100,195
Sui Northern Gas Pipelines Limited		-	2,918,400
Immature Letters of Credit	(Note 11.5)	212,783	1,860,381
Security Deposits	(Note 11.6)	4,000,000	4,000,000
Prepayments		2,544,122	367,835
Margin against Guarantee		14,078,525	8,453,775
		<u>112,550,601</u>	<u>60,205,820</u>
11.2 Include therein amounts due from Executives.		<u>2,555,833</u>	<u>2,039,484</u>



		2021 RUPEES	2020 RUPEES
<b>11.3 ADVANCES TO SUPPLIERS OF GOODS AND SERVICES</b> are unsecured and are made up as follows:			
Considered Good		85,497,233	38,100,195
Considered Doubtful		9,998,474	9,559,843
		95,495,707	47,660,038
Less: Provision for Expected Credit Loss	(Note 11.4)	9,998,474	9,559,843
		85,497,233	38,100,195
<b>11.4 EXPECTED CREDIT LOSS</b> is made up as follows:			
Balance at the beginning of the Year		9,559,843	-
Add: Recognized during the Year	(Note 30)	438,631	9,559,843
Balance at end of the Year		9,998,474	9,559,843
<b>11.5</b> These comprise of opening charges, bank charges and insurance.			
<b>11.6</b> This includes amount of Rs. 4,000,000/- (2020: Rs.4,000,000/-) relating to Collector of Custom, Multan, in connection with a case pending before the Customs Appellate Tribunal, Lahore and is indicated in Note 25.1 (d) in the financial statements.			

**12 INTEREST ACCRUED** relates to interest recoverable from Sui Northern Gas Pipelines Limited.

**13 SHORT TERM INVESTMENTS**

At Fair Value through Profit or Loss:

Nishat Chunian Limited - quoted	<b>2021</b>	<b>2020</b>	649,000	1,111,297
No of Ordinary Shares	20,000	21,500		
Per Share Quoted Price at Year End	51.04	32.45		
Equity Held	0.008%	0.009%		
Fair Value Adjustment		(Note 30)	371,800	(413,622)
Fair Value at end of the Year			1,020,800	697,675

**14 CASH AND BANK BALANCES**

**14.1** These comprise of:

Cash in Hand		4,761,057	2,861,335
Cash with Banks in:			
Current Accounts		55,513,110	109,389,594
Saving Accounts	(Note 14.2)	31,163	29,949
Deposit Accounts	(Note 14.3)	247,087,813	243,848,142
		302,632,086	353,267,685
		307,393,143	356,129,020

**14.2** Saving Accounts are subject to return ranging from 4.00% to 5.50% (2020: 4.50% to 11.50%) per annum.

**14.3** Deposit Accounts are subject to return ranging from 6.00 to 7.25% (2020: 5.85% to 11.50%) per annum.

**15 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**

**15.1** This represents Ordinary Shares of Rs.10 each and comprises of:

	2021	2020		
<b>NUMBER OF SHARES</b>				
17,024,093	17,024,093		Fully paid in Cash	170,240,930
1,760,809	1,760,809		Fully paid Bonus Shares	17,608,090
25,355	25,355		Consideration Other than Cash (Note 15.3)	253,550
	18,810,257			188,102,570

**15.2** The Company is defendant in a lawsuit preferred by the aggrieved share holders, holding 41.28% equity shares in the Company. The pray of aforesaid lawsuit includes the winding up of the Company. Preliminary hearings and case proceeding are in progress. The management of the Company and its legal counsel are confident to defeat the petition being baseless and without merit. However, the Honorable Sindh High Court, Karachi, vide its interim order dated 1st February, 2013, has restrained the management of the Company from changing the composition of the shareholding of the Company.

**15.3** These have been allotted to the share holders of M/S Naseem Enterprises (Private) Limited, against its amalgamation in to the Company in accordance with a Merger Scheme approved by the Court vide its Order dated 28th September, 2010.



	2021 RUPEES	2020 RUPEES
<b>16 SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS</b>		
<b>16.1 This is made up as follows:</b>		
<b>Gross Surplus</b>		
Balance at beginning of the Year		
Land - Freehold	1,524,750,184	1,524,750,184
Buildings - on Freehold Land	1,078,626,699	1,135,396,525
Plant and Machinery	785,708,396	827,061,469
	<u>3,389,085,279</u>	<u>3,487,208,178</u>
Incremental Depreciation on Revaluation - net of Deferred Tax Related Deferred Tax	<u>(84,547,913)</u> <u>(8,668,842)</u> <u>(93,216,755)</u>	<u>(86,127,240)</u> <u>(11,995,659)</u> <u>(98,122,899)</u>
Balance at end of the Year	<u>3,295,868,524</u>	<u>3,389,085,279</u>
<b>Deferred Tax liability on Revaluation Surplus</b>		
Balance at beginning of the Year	289,397,975	301,393,634
Deferred Tax Liability Relating to: - Incremental Depreciation on Revaluation	<u>(8,668,842)</u>	<u>(11,995,659)</u>
Balance at end of the Year	<u>280,729,133</u>	<u>289,397,975</u>
Revaluation Surplus on Operating Fixed Assets	<u>3,015,139,391</u>	<u>3,099,687,304</u>

**16.2** This represents surplus over book value resulting from the revaluation of Land-Freehold, Building on Freehold Land, Factory and non-Factory Building and Plant and Machinery. The valuation was carried out on 30th June, 2018 by Tracon (Private) Limited an independent valuer not connected with the Company and is on the panel of Pakistan Bankers Association and possesses appropriate qualification and recent experience in the fair value measurements in the relevant locations.

#### Freehold Land

Fair market value of freehold land is assessed through examining plot profile and purchase terms, independent inquiries from local active realtors, current and past occupants, of land, neighboring areas, current asking prices for industrial used land in the vicinity, access roads and independent inquiries from other real estate sources to ascertain the selling prices for the properties of the same nature.

#### Factory and Non-Factory Building

Construction specifications were noted for each building and structure and new construction rates are applied according to construction specifications for current replacement values. After determining current replacement values, residual factors are applied based on estimate of balance useful life to determine the current assessed market value.

#### Plant and Machinery

Plant and machinery have been evaluated/ assessed by inspecting items of plant and machinery. The valuer also consulted industry related dealers, indentors and/ or manufactures in order to ascertain the current replacement values of imported and locally fabricated items. The value assigned reflects the present condition of items while considering age, condition and/ or obsolescence of the items.

#### Forced Sale Value

The latest valuation of the certain operating fixed assets of the Company's, stated under revaluation model, was carried out on 30th June, 2018. As per report for the aforesaid valuation, the forced sale value of the re-valued Land (Freehold) has been assessed at Rs. 1,271.379 million, Buildings on Freehold Land (Factory and non Factory Building) at Rs. 1,320.547 million and Plant and Machinery at Rs. 2,341.633 million.



	2021 RUPEES	2020 RUPEES
<b>17 LONG TERM LOAN FROM DIRECTORS - unsecured</b>		
These represent unsecured and interest free loans from directors/sponsors of the Company which are repayable at the option of the Company. This loan along with loan disclosed in note 20 include an amount of Rs. 215 million (2020: Rs. 215 million) which has been subordinated to the Banks against financing availed by the Company. These have been obtained for the purpose of funding requirement of the Company and comprise of:		
Balance at beginning of the Year	168,047,276	202,502,511
Add: Disbursement during the Year	<u>120,607,519</u>	<u>115,137,838</u>
	288,654,795	317,640,349
Less: Payments made during the Year	<u>101,411,894</u>	<u>149,593,073</u>
Balance at end of the Year	<u><u>187,242,901</u></u>	<u><u>168,047,276</u></u>

**18 LONG TERM FINANCING - secured**

**18.1 Term/Demand finances from banking companies comprising:**

Askari Bank Limited	(Note 18.2)	313,719,464	326,735,016
The Bank of Khyber	(Note 18.3)	183,333,333	248,200,525
Soneri Bank Limited	(Note 18.4)	423,969,647	485,625,000
Allied Bank Limited	(Note 18.5)	134,887,544	84,638,868
National Bank of Pakistan	(Note 18.6)	1,464,841,787	1,518,391,603
Habib Bank Limited	(Note 18.10)	198,640,000	217,049,729
MCB Bank Limited	(Note 18.11)	274,585,788	306,890,000
Faysal Bank Limited	(Note 18.12)	12,009,188	-
		<u>3,005,986,751</u>	<u>3,187,530,741</u>

In addition to securities indicated under respective finances, these are secured by way of Joint Pari Passu Charge amounting to Rs. 3,320.000 million (2020: Rs. 3,320.000 million) over Fixed Assets and Personal Guarantees of the Sponsoring Directors of the Company, except other wise stated.

**18.2 TERM FINANCE FROM ASKARI BANK LIMITED** is made up as follows:

Balance at beginning of the Year		326,735,016	26,735,016
Add: Re-Scheduled from:			
Short Term Borrowings		-	300,000,000
Current Portion of Long Term Liabilities		-	1,066,388
		<u>-</u>	<u>301,066,388</u>
		326,735,016	327,801,404
Less: Current Portion Shown under Current Liabilities (Note 24.2)		<u>13,015,552</u>	<u>1,066,388</u>
Balance at end of the Year		<u><u>313,719,464</u></u>	<u><u>326,735,016</u></u>

This includes short term borrowing re-scheduled vide an approval Letter No. 2020/03/CIB/013/33 dated 5th March, 2020 of the bank. These are secured by lien over deposits in the name of the Company, by way of Joint Pari Passu Charge amounting to Rs. 1,475 million (2020: Rs. 1,475 million) over Fixed Assets, and Personal Guarantees of the Directors of the Company. These are repayable over a period from 24th August, 2021 to 4th March, 2028, in 24 to 26 quarterly installments. These carry mark-up ranging from 9.24% to 9.35% (2020: 15.25%) per annum for TF and 5.00% (2020: 5.00%) per annum for LTFF Scheme introduced by SBP, payable quarterly.

**18.3 DEMAND FINANCE FROM THE BANK OF KHYBER** is made up as follows:

Balance at beginning of the Year		248,200,525	108,000,000
Add: Re-Scheduled from:			
Short Term Borrowings		-	200,000,000
Accrued Mark-up		-	16,267,366
		<u>-</u>	<u>216,267,366</u>
		248,200,525	324,267,366
Less:			
Transfer to Accrued Markup		12,200,525	-
Current Portion Shown under Current Liabilities (Note 24.2)		<u>52,666,667</u>	<u>76,066,841</u>
		64,867,192	76,066,841
Balance at end of the Year		<u><u>183,333,333</u></u>	<u><u>248,200,525</u></u>



This includes short term borrowing re-scheduled vide an approval letter No. FOL/MFT/BOK/RENEWAL/HUSSAIN MILLS LTD dated 24th June, 2020 of the bank. The re-scheduled term loan carries mark up ranging from 8.28% to 8.85% per annum and is payable semi-annually while Demand Finance carries mark up @ 6.35% per annum, payable semi-annually. These are secured by way of 1st Joint Pari Passu charge over fixed assets of the company amounting to Rs.267 Million and lien over deposit (TDR) in the name of the directors of the company and personal guarantees of the directors of the company. These are repayable over a period from 31st December, 2021 to 31st July, 2027 in 1 to 12 half yearly installments.

	2021 RUPEES	2020 RUPEES
<b>18.4 TERM FINANCE FROM SONERI BANK LIMITED</b>		
Balance at beginning of the Year	485,625,000	518,000,000
Add: Transfer from Markup into long term finance	12,537,348	-
	<u>498,162,348</u>	<u>518,000,000</u>
Less: Current Portion Shown under Current Liabilities (Note 24.2)	74,192,701	32,375,000
Balance at the end of the Year	<u>423,969,647</u>	<u>485,625,000</u>

This represents short term borrowing re-scheduled vide an approval Letter No. SBL/CAD-CIBG/19/22 dated 20th March, 2019 and further rescheduled vide an approval letter no. SBL/CAD-CIBG/21/50 dated July 07, 2021 of the bank and is repayable in 72 equal monthly installments commencing from 1st Aug, 2021. This is secured by way of joint Pari Passu charge amounting to Rs. 620 Million over Fixed Assets of the Company, specific charge amounting to Rs. 130 million (2020: Rs. 130 million) over 17 Air Jet Looms installed at Weaving Unit of the Company located at Qadirpur Rawn Bypass, Multan and Specific Charge of Rs. 200 million (2020: Rs. 200 million) over (03) three Draw Frames and (10) ten Cards installed at Unit - 01 and Personal Guarantees of the Directors of the Company. This carries mark-up ranging from 9.50% to 9.84% per annum.

<b>18.5 TERM FINANCE FROM ALLIED BANK LIMITED</b> is made up as follows:		
Balance at beginning of the Year	84,638,868	115,416,644
Add: Re-Scheduled from:		
Current Portion Shown under Current Liabilities	40,011,132	-
Accrued Mark-up	28,935,044	-
	<u>68,946,176</u>	<u>-</u>
	153,585,044	115,416,644
Less: Current Portion Shown under Current Liabilities (Note 24.2)	18,697,500	30,777,776
Balance at end of the Year	<u>134,887,544</u>	<u>84,638,868</u>

This is repayable in 20 equal quarterly installments commencing from 15th December, 2021 to 15th September, 2026. This includes Re-Scheduled from Accrued Mark-up is payable in 12 equal monthly installments commencing from 15th October, 2026 to 15th September, 2027. This is secured by way of 1st Joint Pari Passu charge amounting to Rs. 570 million (2020: Rs. 570 million), over Fixed Assets and Personal Guarantees of the Directors of the Company. This carries Mark-up ranging from 7.54% to 8.76% (2020: 12.72% to 15.35%) per annum.

<b>18.6 FINANCE FROM NATIONAL BANK OF PAKISTAN</b>		
Demand Finance (Note 18.7)	1,383,391,787	1,427,891,603
Frozen Markup (Note 18.8)	81,450,000	90,500,000
	<u>1,464,841,787</u>	<u>1,518,391,603</u>

<b>18.7 DEMAND FINANCE FROM NATIONAL BANK OF PAKISTAN</b>		
Balance at beginning of the Year	1,427,891,603	1,335,806,427
Add: Re-Scheduled from Accrued Mark-up	89,040,822	92,485,221
	<u>1,516,932,425</u>	<u>1,428,291,648</u>
Less:		
Payment made during the Year	-	400,045
Current Portion Shown under Current Liabilities	133,540,638	-
	<u>133,540,638</u>	<u>400,045</u>
Balance at end of the Year	<u>1,383,391,787</u>	<u>1,427,891,603</u>



	2021 RUPEES	2020 RUPEES
<b>18.8 FROZEN MARKUP FROM NATIONAL BANK OF PAKISTAN</b>		
Balance at beginning of the Year	90,500,000	-
Add: Re-Scheduled from Accrued Mark-up	-	90,500,000
	<u>90,500,000</u>	<u>90,500,000</u>
Less: Current Portion Shown under Current Liabilities	9,050,000	-
Balance at end of the Year	<u>81,450,000</u>	<u>90,500,000</u>

**18.9** This represents short term borrowing re-scheduled vide an approval Letter No. CIBG/MTN/2019/337 dated 19th December, 2019 of the bank and is repayable in 28 quarterly installments commencing from 31st March, 2022. This is secured by way of ranking charge of Rs. 3,000 million (2019: Rs. 3,000 million) over present and future fixed assets of the Company with further upgradation into 1st Joint Pari Passu charge and Personal Guarantees of the Directors of the Company. This carries Mark-up ranging from 8.76% to 9.09% (2020: 12.72% to 14.95%) per annum.

**18.10 TERM FINANCE FROM HABIB BANK LIMITED**

Balance at beginning of the Year	217,049,729	-
Add: Re-Scheduled from:		
Short Term Borrowings	-	220,640,000
Accrued Mark-up	-	6,150,704
	<u>-</u>	<u>226,790,704</u>
	217,049,729	226,790,704
Less:		
Payment made during the Year	-	171,675
Transfer to Accrued Markup	3,409,729	-
Current Portion Shown under Current Liabilities	15,000,000	9,569,300
	<u>18,409,729</u>	<u>9,740,975</u>
Balance at end of the Year	<u>198,640,000</u>	<u>217,049,729</u>

This represents short term borrowing re-scheduled vide an approval letter no. nil dated 4th December, 2019 of the bank and This is repayable in 30 quarterly installments commencing from 30th September, 2021. This is secured by way of ranking charge amounting to Rs. 295.000 million (2020: Rs. 295 million) over Present and Future Fixed Assets of the Company with further upgradation ranking charge into 1st Joint Pari Passu charge and Personal Guarantees of the Directors of the Company. This carries Mark-up ranging from 7.25% to 7.58% (2020: 11.22% to 13.55%) per annum.

**18.11 DEMAND FINANCE FROM MCB BANK LIMITED**

Balance at beginning of the Year	306,890,000	-
Add: Re-Scheduled from Short Term Borrowings	-	306,890,000
	<u>306,890,000</u>	<u>306,890,000</u>
Less: Current Portion Shown under Current Liabilities	32,304,212	-
Balance at end of the Year	<u>274,585,788</u>	<u>306,890,000</u>

This represents short term borrowing re-scheduled vide an approval letter no. MCB/GEN/2020/85 dated 23rd January, 2020 of the bank and this is repayable in 38 equal quarterly installments commencing from 31st July, 2021. This is secured by way of ranking charge of amounting to Rs. 410.000 million (2020: Rs. 410.000 million) over Present and Future Fixed Assets of the Company with further upgradation into 1st Joint Pari Passu charge and Personal Guarantees of the Directors of the Company. This carries markup ranging between 7.53% to 8.08% per annum.



	2021 RUPEES	2020 RUPEES
<b>18.12 DIMINISHING MUSHARAKAH FROM FAYSAL BANK LIMITED</b>		
Re-Scheduled from:		
Short Term Borrowings	14,812,000	-
Accrued Mark-up	3,198,188	-
	18,010,188	-
Less:		
Payment made during the Year	1,201,000	-
Current Portion Shown under Current Liabilities	4,800,000	-
	6,001,000	-
Balance at end of the Year	12,009,188	-

This represents short term borrowing re-scheduled vide Faisal Bank letter dated 4th Aug, 2020 and is repayable in 55 monthly installments commencing from 25th July, 2021. This is secured by the way of 1st Joint Pari Passu charge amounting to Rs. 200.00 Million over Current Assets of the Company and personal guarantees of the directors of the Company. This carries markup ranging from 7.46% to 7.53% per annum.

#### 19 LONG TERM LOAN FROM DIRECTORS

This represents the a finance facility amounting to Rs. 110 million (2020: Rs. 110 million) from The Bank of Khyber, sanctioned to Sheikh Umer Farooq a director of the Company, having 0.41% Shareholding in the Company. This bears markup @ 0.75% (2020: 0.75%) over and above profit rate on term deposit receipts (under lien), and is born by the Company. This has been obtained for the purpose of funding requirement of the Company.

#### 20 LEASE LIABILITIES

##### 20.1 This is made up as follows:

Liability due for the year ended 30th June:

2020	-	16,422,954
2021	11,417,557	11,417,557
2022	11,221,964	11,221,964
2023	696,841	696,841
	23,336,362	39,759,316
Less: Payments during the year	11,417,557	16,422,954
Gross Minimum Lease Payments	11,918,805	23,336,362
Less: Future Period Financial Charges	779,642	3,241,285
Present Value of Gross Minimum Lease Payments	11,139,163	20,095,077
Less: Current Portion Shown under Current Liabilities (Note 24.1)	10,458,388	8,955,914
	680,775	11,139,163

##### 20.2 The reconciliation between Gross Minimum Lease Payments, future Financial Charges and present value of Minimum Lease Payments is as follows:

##### GROSS MINIMUM LEASE PAYMENTS

Not later than one Year	11,221,964	11,417,557
Later than one Year but not later than five Years	696,841	11,918,805
Later than Five Years	-	-
	11,918,805	23,336,362

##### PRESENT VALUE OF MINIMUM LEASE PAYMENTS

Not later than one Year	10,458,388	8,955,914
Later than one Year but not later than five Years	680,775	11,139,163
Later than Five Years	-	-
	11,139,163	20,095,077

##### 20.3 The Company entered into the Finance Lease agreements with various Financial Institutions to acquire Power House and Vehicles. The implicit Mark-up rate used to discount the minimum lease payments ranges from 9.15% to 14.22% (2020: 9.02% to 16.46%) per annum. These are secured against Title of the Leased Assets and Personal Guarantees of the Directors of the Company. The Company avails the option to purchase the Assets at the end of respective lease terms.



		2021 RUPEES	2020 RUPEES	
<b>21 DEFERRED LIABILITIES:</b>				
<b>21.1</b> These comprise of				
Deferred Taxation	(Note 21.2)	207,570,807	207,570,807	
Staff Retirement Benefits	(Note 21.4)	62,462,651	47,197,061	
		<u>270,033,458</u>	<u>254,767,868</u>	
<b>21.2 DEFERRED TAXATION</b> is in respect of the following temporary differences:				
Accelerated Depreciation		512,003,170	512,003,170	
Export Debtors		4,405,651	4,405,651	
Lease Liability		940,818	940,818	
Staff Gratuity		(5,770,819)	(5,770,819)	
Unused Tax Losses		(304,008,013)	(304,008,013)	
		<u>207,570,807</u>	<u>207,570,807</u>	
<b>21.3 ANALYSIS OF CHANGE IN DEFERRED TAX LIABILITY</b>				
	BALANCE AT BEGINNING OF THE YEAR	RECOGNISED IN PROFIT OR LOSS	RECOGNISED IN OTHER COMPREHENSIVE INCOME	BALANCE AT END OF THE YEAR
<b>PARTICULARS</b>				
<b>Balance as at 30th June, 2021</b>				
Accelerated Depreciation	512,003,170	-	-	512,003,170
Export Debtors	4,405,651	-	-	4,405,651
Lease Liability	940,818	-	-	940,818
Staff Gratuity	(5,770,819)	-	-	(5,770,819)
Unused Tax Losses	(304,008,013)	-	-	(304,008,013)
	<u>207,570,807</u>	<u>-</u>	<u>-</u>	<u>207,570,807</u>
	BALANCE AT BEGINNING OF THE YEAR	RECOGNISED IN PROFIT OR LOSS	RECOGNISED IN OTHER COMPREHENSIVE INCOME	BALANCE AT END OF THE YEAR
<b>PARTICULARS</b>				
<b>Balance as at 30th June, 2020</b>				
Accelerated Depreciation	259,279,649	252,723,521	-	512,003,170
Export Debtors	5,917,280	(1,511,629)	-	4,405,651
Lease Liability	586,046	354,772	-	940,818
Surplus on Revaluation of Operating Fixed Assets	179,471,833	(179,471,833)	-	-
Staff Gratuity	(5,059,952)	(710,867)	-	(5,770,819)
Unused Tax Losses	(16,325,914)	(287,682,099)	-	(304,008,013)
Turnover Tax	(177,979,723)	177,979,723	-	-
Un-realized Loss on Re-measurement of Defined Benefit Obligation	92,334	(92,334)	-	-
	<u>245,981,553</u>	<u>(38,410,746)</u>	<u>-</u>	<u>207,570,807</u>
			2021 RUPEES	2020 RUPEES
<b>21.4 STAFF RETIREMENT BENEFITS</b> represent Staff Gratuity and is made up as follows:				
Balance at beginning of the Year			47,197,061	40,882,398
Expense for the Year			53,925,447	48,200,898
Payments made during the Year			(38,659,857)	(41,886,235)
Present Value of Defined Benefit Obligation			<u>62,462,651</u>	<u>47,197,061</u>
<b>ALLOCATION OF CHARGE FOR THE YEAR</b> is as follows:				
Cost of Goods Manufactured			42,330,777	39,565,707
Administrative Expenses			11,594,670	8,635,191
			<u>53,925,447</u>	<u>48,200,898</u>



Historical information is as follows:

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Charge for Gratuity	<u>53,925,447</u>	<u>48,200,898</u>	<u>43,496,814</u>	<u>45,049,426</u>	<u>40,090,311</u>

	<b>2021 RUPEES</b>	<b>2020 RUPEES</b>
<b>22 TRADE AND OTHER PAYABLES</b> comprise of:		
<b>22.1</b> These comprise of:		
Creditors	554,027,682	598,480,241
Accrued Liabilities	314,407,042	191,615,010
Contract Liabilities	142,031,510	46,672,237
Accrued Interest and Mark-up (Note 22.2)	130,877,126	119,125,107
Income Tax Withheld	40,927,389	41,603,923
Workers' (Profit) Participation Fund (Note 30)	8,523,352	-
Sales Tax Payable	14,980,603	-
Bills Payable	17,545,146	-
	<u>1,223,319,850</u>	<u>997,496,518</u>
<b>22.2 ACCRUED INTEREST AND MARK-UP</b> relates to:		
Long Term Finances	66,667,735	69,122,613
Short Term Borrowings	62,197,474	47,990,577
Workers' (Profit) Participation Fund	2,011,917	2,011,917
	<u>130,877,126</u>	<u>119,125,107</u>
<b>23 SHORT TERM BORROWINGS</b>		
<b>23.1</b> These comprise of:		
<b>Secured - from Banking Companies:</b>		
Pre/Post-Shipment Advance (Note 23.2)	429,003,863	708,059,481
Cash/Running Finances (Note 23.2)	1,050,485,578	1,162,733,191
	<u>1,479,489,441</u>	<u>1,870,792,672</u>
<b>Unsecured - Overdraft</b> (Note 23.3)	90,565,671	56,380,695
	<u>1,570,055,112</u>	<u>1,927,173,367</u>
<b>23.2</b> These facilities have been obtained from various Commercial Banks with sanctioned limits aggregating Rs. 2.383 Billion (2020: Rs. 3.655 Billion). The aggregate facilities are secured by a 1st joint pari passu hypothecation charge on all present and future current assets of the Company including Stock in Trade, Trade Debts, Lien on Export Bills and Personal Guarantees of the Working Directors of the Company. These include an amount of Rs. 580.000 million (2020: 850.000 million) which is secured against the personal deposits of the working directors of the Company. The expiry dates of the facilities range during the period from 16th September, 2021 to 31st January, 2022. These facilities carry Mark up rates ranging from 0.50% to 10.85% (2020: 0.50% to 17.12%) per annum. Short term borrowing facilities which remained unutilized at year end are Rs. 0.904 billion (2020: Rs. 0.512 billion).		
<b>23.3</b> This represents the cheques issued in excess of the available balances in the Banks of the Company, which have been presented for payment subsequent to the year end.		
<b>24 CURRENT PORTION OF LONG TERM LIABILITIES</b>		
<b>24.1</b> These comprise of:		
Current Portion of Long Term Finances (Note 24.2)	392,767,270	172,938,661
Current Portion of Lease Liabilities (Note 20)	10,458,388	8,955,914
	<u>403,225,658</u>	<u>181,894,575</u>



	2021 RUPEES	2020 RUPEES
<b>24.2 CURRENT PORTION OF LONG TERM FINANCES</b> is made up as follows:		
Balance at beginning of the Year	172,938,661	135,348,908
Less:		
Payments made during the Year	86,619,713	111,199,164
Transfer to Accrued Markup	6,807,816	-
Transferred to Long Term Liabilities	40,011,132	1,066,388
	<u>133,438,661</u>	<u>112,265,552</u>
Overdue Portion	39,500,000	23,083,356
Add: Transferred from Long Term Portion	353,267,270	149,855,305
Balance at end of the Year	<u>392,767,270</u>	<u>172,938,661</u>

(Note 18.5)

## 25 CONTINGENCIES AND COMMITMENTS

### 25.1 CONTINGENCIES

- (a) A case of the Company is pending for decision before the Honorable Sind High Court, Karachi, against the imposition of a levy by the Excise and Taxation Officer, Karachi, amounting to Rs. 136.644 million (2020: Rs. 135.226 million), on imports of the Company, which has not been recognized in the financial statements of the Company.
- (b) Letters of Guarantee issued by the Banks on behalf of the Company in favour of:
- |                                     |                    |                    |
|-------------------------------------|--------------------|--------------------|
| Sui Northern Gas Pipelines Limited  | 159,640,400        | 159,640,200        |
| Excise and Taxation (Note 27.1 (a)) | 136,644,299        | 135,226,299        |
| Multan Electric Company             | 9,770,600          | 9,770,600          |
|                                     | <u>306,055,299</u> | <u>304,637,099</u> |
- (c) Since January, 2017, the Company has stopped production and payment of monthly rental amounting to Rs. 4.000 million per month, of the leased facilities, which up to 18th December, 2019 (the date on which factory has been handed over to its owners) aggregates to Rs. 142.323 million (2020: 142.323 million) and has not been recognised in these financial statements. The Company is pursuing the waiver of aforesaid rentals and release of deposit by virtue of the order Lahore High Court, Lahore the amounting to Rs. 25 million (2020: Rs. 25 million).
- (d) A case of the Company is pending for decision before the Customs Appellate Tribunal, Lahore, on dated 04-12-2018, against the imposition of a Duty & Tax Remission for Export (DTRE) by the Collectorate of (Customs) Adjudication, Faisalabad, amounting to Rs. 92,157,627/- (2020: Rs. 92,157,627/-), on use of Pakistani Cotton instead of Imported Cotton by the Company, which has not been recognized in the financial statements of the Company.
- (e) Subsequent to the financial year end, the supreme Court of Pakistan has upheld the Gas Infrastructure Development Cess (GIDC) Act, 2015 to be constitutional and intra vires. In connection with this decision, the Company filed a writ petition in Lahore High Court, Lahore on 14th September, 2020 against the charge of GIDC at the rate of captive power consumer instead of industrial consumer. Lahore High Court, Lahore suspended the payment of Rs. 134.982 million related to this difference, subject to furnishing of post dated cheques. post dated cheque of first installment has been furnished by the Company. Keeping in view the opinion of the legal counsel of the Company, the related provision is not made in these financial statements as there are strong grounds of favorable outcome of the petition.
- (f) The officials of LTO, Karachi initiated proceedings for audit proceedings under section 177 read with section 214C of the Ordinance through notice for tax year 2018. The Company submitted its response through its legal council and is unable to determine the outcome of this case.
- (g) The Company has filed an Appeal before the Commissioner Inland Revenue (CIR(A)), Karachi, dispute against amendment proceedings under section 122(5A) of the Ordinance made additions on various heads of account for Tax Year 2015, 2016, 2017 and 2019 relevant to the financial year ended 30th June, 2015, 2016, 2017 and 2019, which are pending for hearing.



- (h) The Company has filed an Appeal before the Appellant Tribunal Inland Revenue (ATIR), Karachi, dispute against set aside the order of Deputy Commissioner Inland Revenue (DCIR) by the CIR(A), Karachi under section 182 read with section 165 of the Ordinance for Tax Year 2016 relevant to the financial year ended 30th June, 2016, which is pending for hearing.

Based on the opinion of the Company's legal counsel the management is confident of favourable outcome in all aforesaid matters.

	2021 RUPEES	2020 RUPEES
<b>25.2 COMMITMENTS</b>		
Outstanding Letters of Credit for:		
Store and Spares	63,795,457	8,504,530
Raw Material	140,144,135	1,685,851,466
	<u>203,939,592</u>	<u>1,694,355,996</u>
<b>26 SALES</b>		
<b>26.1</b> These represent revenue from contracts with customers and is made up as follows:		
Local Sales:		
Goods	7,637,068,242	4,420,259,168
Waste	106,348,883	90,841,776
Conversion Income	527,430,611	3,741,044
	<u>8,270,847,736</u>	<u>4,514,841,988</u>
Less: General Sales Tax including Further Tax	1,224,644,876	656,417,917
Total Local Sales	<u>7,046,202,860</u>	<u>3,858,424,071</u>
Export Sales:		
Direct Export:		
Goods	3,251,110,614	5,584,736,517
Waste	-	13,780,142
	<u>3,251,110,614</u>	<u>5,598,516,659</u>
Indirect Export - Goods	75,090,189	10,336,568
Total Export Sales	<u>3,326,200,803</u>	<u>5,608,853,227</u>
	<u>10,372,403,663</u>	<u>9,467,277,298</u>
<b>26.2</b> These include revenue amounting to Rs. 46,672,237/- (2020: Rs. 61,507,865/-) recognised that was included in the contract liabilities balance at the beginning of the Year.		
<b>26.3 TIMING OF REVENUE RECOGNITION</b>		
Goods transferred at a point in time	<u>10,372,403,663</u>	<u>9,467,277,298</u>
<b>PERFORMANCE OBLIGATION</b>		
The performance obligation is satisfied upon delivery of goods and payment is generally due within 30 to 120 days from delivery.		
<b>26.4 CONTRACT BALANCES</b>		
Trade Receivables	<u>791,374,106</u>	<u>760,974,182</u>
Contract Liabilities	<u>142,031,510</u>	<u>46,672,237</u>
<b>26.5</b> The increase in trade receivables is due to less recovery made during the Year.		
<b>26.6</b> The increase in contract liabilities pertains to addition in advance due to increase in contracts.		
<b>26.7 GEOGRAPHIC MARKET</b>		
Asia	9,362,801,907	8,545,776,352
Europe	870,837,016	794,845,224
America	138,764,740	126,655,722
	<u>10,372,403,663</u>	<u>9,467,277,298</u>



	2021 RUPEES	2020 RUPEES
<b>27 COST OF SALES</b>		
27.1 This is made up as follows:		
Finished Goods at beginning of the Year	441,242,951	590,998,068
Add: Cost of Goods:		
Manufactured (Note 27.2)	9,588,508,326	9,722,033,235
Purchased	8,309,749	41,445,929
	<u>9,596,818,075</u>	<u>9,763,479,164</u>
	10,038,061,026	10,354,477,232
Finished Goods at end of the Year	<u>690,726,554</u>	<u>441,242,951</u>
	<u>9,347,334,472</u>	<u>9,913,234,281</u>
27.2 COST OF GOODS MANUFACTURED is made up as follows:		
Work in Process at beginning of the Year	119,360,953	133,034,703
Raw Material Consumed (Note 27.3)	7,085,679,843	7,457,089,012
Packing Material Consumed	103,996,065	78,277,792
Stores Consumed	422,213,965	382,604,051
Salaries, Wages and Benefits (Note 27.4)	727,436,212	659,405,814
Power and Fuel	974,248,116	839,148,162
Insurance	21,383,203	24,215,743
Repair and Maintenance	32,465,250	22,966,012
Processing Charges	1,443,439	1,152,370
Depreciation (Note 4.4)	232,078,053	241,374,854
Other Manufacturing Expenses	<u>1,742,377</u>	<u>2,125,675</u>
	9,722,047,476	9,841,394,188
Work in Process at end of the Year	<u>133,539,150</u>	<u>119,360,953</u>
	<u>9,588,508,326</u>	<u>9,722,033,235</u>
27.3 RAW MATERIAL CONSUMED is made up as follows:		
Balance at beginning of the Year	456,108,608	1,908,409,519
Add: Purchases including Expenses	<u>6,927,595,483</u>	<u>6,004,788,101</u>
Available for Consumption	7,383,704,091	7,913,197,620
Balance at end of the Year	<u>298,024,248</u>	<u>456,108,608</u>
	<u>7,085,679,843</u>	<u>7,457,089,012</u>
27.4 These include Rs. 42.331 million (2020: 39.566 million) in respect of Staff Retirement Benefits.		
<b>28 MARKETING AND DISTRIBUTION COST</b> comprises of:		
Local Freight, Octroi and Other Charges	9,709,560	2,755,279
Sea and Trailer Freight	68,762,301	63,505,246
Clearing and Forwarding Expenses	6,912,865	12,325,017
Commission on:		
Local Sales	17,752,538	11,927,788
Export Sales	55,058,168	95,080,150
Insurance	1,003,818	1,894,686
Bill of Lading Charges	944,340	1,751,378
Export Development Surcharge	7,857,432	16,383,711
Sales Promotion Expenses	2,096,590	654,881
Others Expenses	<u>6,218,666</u>	<u>17,322,239</u>
	<u>176,316,278</u>	<u>223,600,375</u>



		2021 RUPEES	2020 RUPEES
<b>29 ADMINISTRATIVE AND GENERAL EXPENSES</b>			
<b>29.1</b> These comprise of:			
Directors' Remuneration		4,890,600	4,530,000
Staff Salaries and Benefits	(Note 29.2)	173,425,766	168,860,723
Printing and Stationery		955,541	715,934
Communication		9,875,754	6,205,160
Sui Gas and Water Charges		3,605,266	3,434,812
Electricity		4,997,826	4,018,963
Insurance		6,605,136	6,325,710
Travelling and Conveyance		11,824,946	23,226,024
Entertainment		3,594,288	2,733,184
Rent, Rates and Taxes		1,341,859	1,605,057
Vehicle Running and Maintenance		13,267,506	14,653,912
Repair and Maintenance		11,488,443	6,373,382
Fees and Subscriptions		8,351,142	3,737,019
Legal and Professional Charges		5,419,955	8,257,073
Auditors' Remuneration	(Note 29.3)	800,000	800,000
Advertisement and Publicity		59,180	6,800
ISO Expenses		5,478,387	3,131,933
Charity and Donations		1,546,791	3,245,815
Newspapers and Periodicals		98,167	68,231
Depreciation - Owned Assets	(Note 4.4)	13,602,336	12,664,775
Depreciation - Right-of-use Assets	(Note 5.2)	5,966,188	9,177,827
General Expenses		9,675,377	4,537,378
		<u>296,870,454</u>	<u>288,309,712</u>
<b>29.2</b> These include Rs. 11.595 million (2020: 8.635 million) in respect of Staff Retirement Benefits.			
<b>29.3</b> This is in respect of Company's statutory audit.			
<b>30 OTHER OPERATING EXPENSES</b> comprises of:			
Loss on Re-Measurement on fair value through profit or loss	(Note 13)	-	413,622
Exchange Loss on Realization of Foreign Debtors		32,290,153	40,453,944
Provision for Gas Infrastructure Development Cess of Previous Years		-	116,022,159
Provision for Doubtful:			
Trade Receivables	(Note 10.5)	1,147,699	23,527,999
Advance to Suppliers	(Note 11.4)	438,631	9,559,843
Workers' (Profit) Participation Fund	(Note 22)	8,523,352	-
		<u>42,399,835</u>	<u>189,977,567</u>
<b>31 OTHER INCOME</b> comprises of income from:			
<b>Financial Assets</b>			
Return on Financial Assets		17,504,842	20,050,425
Gain on Re-Measurement on fair value through profit or loss		371,800	-
Gain on Sale of Short Term Investment		73,293	190,928
Rental Income (Godowns)	(Note 4.5)	15,524,421	1,851,654
Interest Income		20,509	57,938
Recovered of Provision for Doubtful Trade Receivable	(Note 10.5)	1,582,976	-
Unrealised Exchange Gain on Foreign Debtors		2,443,709	19,287,824
		<u>37,521,550</u>	<u>41,438,769</u>
<b>Non Financial Assets</b>			
Gain on Disposal of Operating Fixed Assets		4,802,783	3,596,198
		<u>42,324,333</u>	<u>45,034,967</u>



	2021 RUPEES	2020 RUPEES
<b>32 FINANCE COST</b> comprises of:		
Interest/Mark-up on:		
Short Term Borrowings	111,964,542	433,636,621
Long Term Finance	240,429,278	242,742,931
Worker's (Profit) Participation Fund	-	383,647
Finance Lease Charges	2,424,911	3,996,654
Exchange Loss/(Gain) on Foreign Currency Finances	7,116,088	(2,440,113)
Bank Charges and Commission	28,367,075	56,214,588
	<u>390,301,894</u>	<u>734,534,328</u>
<b>33 INCOME TAX EXPENSE</b>		
<b>33.1</b> This relates to:		
Current Taxation:		
For the Year	141,418,336	124,071,088
Prior Year	<u>(1,763,193)</u>	<u>(9,082,858)</u>
	139,655,143	114,988,230
Deferred Taxation	-	<u>(38,410,746)</u>
	<u>139,655,143</u>	<u>76,577,484</u>
<b>33.2</b> In view of available tax losses, current taxation represents tax levied on turnover U/S 113 of the Income Tax Ordinance, 2001 ("the Ordinance"), on Local Sale and tax deducted U/S 169 of the Ordinance on export proceeds realized during the Year.		
<b>33.3</b> Income Tax Assessments of the Company up to Tax Year 2020 have either been finalized or the Income Tax Returns were filed under self assessment scheme in accordance with the provisions of Income Tax Ordinance, 2001, hence deemed to be assessed as declared.		
<b>33.4</b> Numerical reconciliation between the effective tax and the applicable tax is not required as the entire taxation of the Company comprises of final and minimum tax only, under respective provisions of the Income Tax Ordinance, 2001.		
<b>34 EARNING / (LOSS) PER SHARE</b>		
<b>34.1 Basic Earning per Share</b>		
Profit / (Loss) for the Year	<u>21,849,920</u>	<u>(1,913,921,482)</u>
	<b>NUMBER OF SHARES</b>	
Shares Outstanding during the Year	<u>18,810,257</u>	<u>18,810,257</u>
	<b>R U P E E S</b>	
Basic Earning / (Loss) per Share	<u>1.16</u>	<u>(101.75)</u>
<b>34.2 Diluted Earning Loss per Share</b>		
There are no dilutive potential ordinary shares outstanding as at 30th June, 2021 and 2020.		





**37 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS**

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

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted price is readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and that price represents actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- 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 2)
- Inputs for the asset or liability that are not based on observable market data (i.e. unobservable) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	CARRYING AMOUNT				FAIR VALUE					
	FINANCIAL ASSETS AT AMORTIZED COST	FAIR VALUE THROUGH PROFIT OR LOSS	FAIR VALUE THROUGH OCI	CASH AND CASH EQUIVALENTS	OTHER FINANCIAL LIABILITIES	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
<b>AS AT 30TH JUNE, 2021</b>										
<b>Financial Assets - Measured at Fair Value</b>										
Short Term investment	-	1,020,800	-	-	-	1,020,800	1,020,800	-	-	1,020,800
Long Term investment	-	-	12,002,214	-	-	12,002,214	-	12,002,214	-	12,002,214
	<b>1,008,848,210</b>	<b>1,020,800</b>	<b>12,002,214</b>	<b>302,632,086</b>	<b>-</b>	<b>1,322,503,310</b>	<b>1,020,800</b>	<b>12,002,214</b>	<b>-</b>	<b>13,023,014</b>
<b>Financial Assets - Not Measured at Fair Value</b>										
Trade and Other Receivables	944,657,948	-	-	-	-	944,657,948	-	-	-	-
Prepayments and Advances	18,078,525	-	-	-	-	18,078,525	-	-	-	-
Interest Accrued	-	-	-	-	-	-	-	-	-	-
Bank Balances	-	-	-	302,632,086	-	302,632,086	-	-	-	-
Long Term Deposits and Prepayments	44,111,737	-	-	-	-	44,111,737	-	-	-	-
	<b>1,006,848,210</b>	<b>1,020,800</b>	<b>12,002,214</b>	<b>302,632,086</b>	<b>-</b>	<b>1,322,503,310</b>	<b>1,020,800</b>	<b>12,002,214</b>	<b>-</b>	<b>13,023,014</b>
<b>Financial Liabilities - Not Measured at Fair Value</b>										
Long Term Financing	-	-	-	-	3,005,986,751	3,005,986,751	-	-	-	-
Long Term Loan from Director	-	-	-	-	51,652,562	51,652,562	-	-	-	-
Lease Liabilities	-	-	-	-	680,775	680,775	-	-	-	-
Trade and Other Payables	-	-	-	-	1,223,319,850	1,223,319,850	-	-	-	-
Short Term Borrowings	-	-	-	-	1,570,055,112	1,570,055,112	-	-	-	-
Unclaimed Dividend	-	-	-	-	124,939	124,939	-	-	-	-
Current Portion of Long Term Liabilities	-	-	-	-	403,225,658	403,225,658	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,255,045,647</b>	<b>6,255,045,647</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



Notes to the Financial Statements  
for the Year ended 30th June, 2021

	CARRYING AMOUNT					FAIR VALUE			
	FINANCIAL ASSETS AT AMORTIZED COST	FAIR VALUE THROUGH PROFIT OR LOSS	FAIR VALUE THROUGH OCI	CASH AND CASH EQUIVALENTS	OTHER FINANCIAL LIABILITIES	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3

AS AT 30TH JUNE, 2020

<b>Financial Assets - Measured at Fair Value</b>										
Short Term investment	-	697,675	-	-	-	697,675	697,675	-	-	697,675
Long Term investment	-	-	12,002,214	-	-	12,002,214	135,960	11,866,254	-	12,002,214
<b>Financial Assets - Not Measured at Fair Value</b>										
Trade and Other Receivables	915,552,449	-	-	-	-	915,552,449	-	-	-	-
Prepayments and Advances	12,453,775	-	-	-	-	12,453,775	-	-	-	-
Interest Accrued	46,235	-	-	-	-	46,235	-	-	-	-
Bank Balances	-	-	-	353,267,685	-	353,267,685	-	-	-	-
Long Term Deposits and Prepayments	44,111,737	-	-	-	-	44,111,737	-	-	-	-
	<u>972,164,196</u>	<u>697,675</u>	<u>12,002,214</u>	<u>353,267,685</u>	<u>-</u>	<u>1,338,131,770</u>	<u>833,635</u>	<u>11,866,254</u>	<u>-</u>	<u>12,699,889</u>

<b>Financial Liabilities - Not Measured at Fair Value</b>										
Long Term Financing	-	-	-	-	3,187,530,741	3,187,530,741	-	-	-	-
Long Term Loan from Director	-	-	-	-	51,652,562	51,652,562	-	-	-	-
Finance Lease Liabilities	-	-	-	-	11,139,163	11,139,163	-	-	-	-
Trade and Other Payables	-	-	-	-	997,496,518	997,496,518	-	-	-	-
Short Term Borrowings	-	-	-	-	1,927,173,367	1,927,173,367	-	-	-	-
Unclaimed Dividend	-	-	-	-	124,939	124,939	-	-	-	-
Current Portion of Long Term Liabilities	-	-	-	-	181,894,575	181,894,575	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,357,011,865</u>	<u>6,357,011,865</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**38 FINANCIAL RISK MANAGEMENT**

**38.1** The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

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

**38.2 RISK MANAGEMENT FRAMEWORK**

The Board of Directors has overall responsibility for establishment and over-sight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

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.

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. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

**38.3 CREDIT RISK**

Credit risk represents the accounting loss that would be recognized at the reporting date if counter-parties failed completely to perform as contracted. The Company does not have significant exposure to any individual counterparty. To reduce exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. To mitigate the risk, the Company has a system of assigning credit limits to its customers based on an extensive evaluation based on customer profile and payment history. Outstanding customer receivables are regularly monitored. Most of the customers are also secured, where possible, by

**EXPOSURE TO CREDIT RISK**

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

	2021 RUPEES	2020 RUPEES
<b>Assets as per Statement of Financial Position</b>		
<b>At FVOCI</b>		
Long Term Investment	12,002,214	12,002,214
<b>At FVTPL</b>		
Short Term Investment	1,020,800	697,675
<b>At Amortized Cost</b>		
Long Term Deposits and Prepayments	44,111,737	44,111,737
Trade and Other Receivables	944,657,948	915,552,449
Prepayments and Advances	18,078,525	12,453,775
Interest Accrued	-	46,235
<b>Cash and Cash Equivalents</b>		
Bank Balances	302,632,086	353,267,685
	<u>1,322,503,310</u>	<u>1,338,131,770</u>



#### COUNTERPARTIES WITH EXTERNAL CREDIT RATING

Credit risk is considered minimal since the counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect nonperformance by these counterparties on their obligations to the Company. Following are the credit ratings of counterparties with external credit ratings:

	Rating		Agency	2021	2020
	Short Term	Long Term		RUPEES	RUPEES
AL Baraka Bank (Pakistan) Ltd.	A1	A	PACRA	23,722	23,722
Allied Bank Ltd.	A-1+	AAA	PACRA	78,491	41,755
Askari Bank Ltd.	A-1+	AA+	PACRA	158,292,771	148,551,572
Bank Al- Habib Ltd.	A-1+	AA+	PACRA	-	1,750,508
Bank Alfalah Ltd.	A-1+	AA+	PACRA	1,523,301	8,319,975
Bank Islami Pakistan Ltd.	A-1	A+	PACRA	382,390	382,390
Habib Bank Ltd.	A-1+	AAA	JCR-VIS	26,334	16,850
Habib Metropolitan Bank Ltd.	A-1+	AA+	PACRA	325,921	187,114
JS Bank Ltd.	A-1+	AA-	PACRA	114,603	114,603
MCB Bank Ltd.	A-1+	AAA	PACRA	2,965,364	9,915,516
Meezan Bank Ltd.	A-1+	AA+	JCR-VIS	133,290	939,902
National Bank of Pakistan	A-1+	AAA	JCR-VIS	73,802	47,895,608
Soneri Bank Ltd.	A1+	AA-	PACRA	24,175,842	22,926,607
The Bank of Khyber	A-1	A	PACRA	113,622,500	111,622,500
The Bank of Punjab	A-1+	AA	PACRA	38,868	19,648
United Bank Ltd.	A-1+	AAA	JCR-VIS	854,887	559,415
				<u>302,632,086</u>	<u>353,267,685</u>

#### COUNTERPARTIES WITHOUT EXTERNAL CREDIT RATING

These mainly include customers which are counter parties to local and foreign trade debts against sale of yarn and fabric. The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Trade receivables are written off when there is no reasonable expectation of recovery. The management uses an allowance matrix to base the calculation of ECL of trade receivables from individual customers, which comprise a very large number of small balances. Loss rates are calculated using a 'role rate' method based on the probability of receivable progressing through successive stages of delinquency to write-off. The Company has used three years quarterly data in the calculation of historical loss rates along with the matching quarterly ageing brackets for the computation of roll rates. These rates are multiplied by scalar factors to reflect the effect of forward looking macro economic factors. These mainly include customers which are counter parties to trade debts. The Company is exposed to credit risk. The analysis of ages of trade debts and loss allowance using the aforementioned approach as at 30th June, 2020 was determined as follows:

The aging of Trade Debts at the reporting date is:

Export Debtors - Secured		
Neither past due nor impaired	190,810,564	440,565,063
Local Debtors - Unsecured		
Neither past due nor impaired	540,507,188	288,368,207
Past due but not impaired 0-60 days	42,039,448	22,428,638
Past due but not impaired 61-90 days	18,016,906	9,612,274
	<u>791,374,106</u>	<u>760,974,182</u>

Customer credit risk is managed by each business unit 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 rating. Outstanding customer receivables are regularly monitored and shipments to the export customers are generally covered by letters of credit or other form of credit insurance.

Credit risk on loans and advances and markup accrued from associated companies are measured under General Approach and with respect to external credit ratings of the holding company.

**CONCENTRATION OF CREDIT RISK**

Concentration of credit risk exists when the changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial instruments is broadly diversified and all other transactions are entered into with credit-worthy counterparties there-by mitigating any significant concentrations of credit risk.

**38.4 LIQUIDITY RISK**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is not materially exposed to liquidity risk as substantially all obligations/ commitments of the Company are short term in nature and are restricted to the extent of available liquidity. In addition, the Company has obtained various short term facilities from various commercial banks to meet any deficit, if required to meet the short term liquidity commitments.

**Exposure to liquidity risk**

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

**Financial Liabilities' Maturities as at 30th June, 2021:**

	Carrying Amount	6 Month or Less	6-12 Months	1-2 Years	More than 2 Years
Rupees					
Long Term Financing - Secured	3,398,754,021	235,660,362	157,106,908	392,767,270	2,613,219,481
Lease Liabilities	11,139,163	5,229,194	5,229,194	680,775	-
Trade and Other Payables	1,223,319,850	856,323,895	366,995,955	-	-
Short Term Borrowings - Secured	1,479,489,441	961,668,137	517,821,304	-	-
	<u>6,112,702,475</u>	<u>2,058,881,588</u>	<u>1,047,153,361</u>	<u>393,448,045</u>	<u>2,613,219,481</u>

**Financial Liabilities' Maturities as at 30th June, 2020:**

	Carrying Amount	6 Month or Less	6-12 Months	1-2 Years	More than 2 Years
Rupees					
Long Term Financing - Secured	3,360,469,402	103,763,197	69,175,464	172,938,661	3,014,592,080
Lease Liabilities	20,095,077	4,477,957	4,477,957	10,458,388	680,775
Trade and other Payables	997,496,518	698,247,563	299,248,955	-	-
Short Term Borrowings - Secured	1,870,792,672	1,216,015,237	654,777,435	-	-
	<u>6,248,853,669</u>	<u>2,022,503,953</u>	<u>1,027,679,812</u>	<u>183,397,049</u>	<u>3,015,272,855</u>

It is not expected that the cash flows on the maturity analysis could occur significantly earlier, or at significant different amount.

**38.5 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 return. Market risk comprises of currency risk, interest rate risk and other price risk.

**(i) Currency Risk**

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



The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD). Currently, the Company's foreign exchange risk exposure is restricted to amounts receivables/ payables from / to the foreign entities. The Company exposure to currency risk was as follows:

	2021 USD	2020 USD	2021 RUPEES	2020 RUPEES
<b>Financial Assets</b>				
Trade Receivables	1,205,373	8,821,790	190,810,564	440,565,063
<b>Financial Liabilities</b>				
Contract liabilities	(57,574)	(89,198)	(9,114,006)	(18,104,455)
Net Exposure	<u>1,147,799</u>	<u>8,732,592</u>	<u>181,696,558</u>	<u>422,460,608</u>

The following significant exchange rates have been applied:

	AVERAGE RATE		REPORTING RATE	
	2021	2020	2021	2020
USD to PKR	156.27	166.84	158.30	168.75

#### Sensitivity Analysis:

At reporting date, if the PKR had strengthened by 10% (2020: 10%) against the foreign currencies with all other variables held constant, post-tax profit for the year would have been higher by the amount shown below, mainly as a result of net foreign exchange gain on translation of foreign

	2021 RUPEES	2020 RUPEES
<b>Effect on Profit and Loss</b>		
Trade Receivables	18,836,686	44,056,506
Contract liabilities	(911,401)	(1,810,446)
Net Exposure	<u>17,925,285</u>	<u>42,246,061</u>

The weakening of the PKR against foreign currencies would have had an equal but opposite impact on the post tax profit.

The sensitivity analysis prepared is not necessarily indicative of the effects on Profit / (Loss) for the year and assets / liabilities of the Company.

#### (ii) Price Risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), Other price risk arises from the Company's investment in ordinary shares of listed companies. To manage its price risk arising from aforesaid investments, the Company actively monitors the key factors that affect stock price movement.

Reporting date all index points		2021 32151.56	2020 24660.31
	Changes in KSE all Index	Effects on Loss Before Tax (Rupees)	Effects on Other Comprehensive Income (Rupees)
Fair Value through Profit or Loss	2021	+10%	102,080
		-10%	(102,080)
	2020	+10%	69,768
		-10%	(69,768)



**(iii) Interest Rate Risk**

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments is as follows:

	EFFECTIVE PERCENTAGE		CARRYING AMOUNT	
	2021	2020	2021 RUPEES	2020 RUPEES
<b>Liabilities as per Statement of Financial Position</b>				
<b>Fixed Rate Instruments</b>				
Long Term Financing	5	5	4,055,326	4,224,298
<b>Variable Rate Instruments</b>				
Long Term Financing	0.75 - 9.84	0.75 - 16.10	3,446,351,257	3,407,897,666
Lease Liabilities	9.15 - 14.22	9.02 - 16.46	11,139,163	20,095,077
Short Term Borrowings	0.50 - 10.85	0.50 - 17.12	1,479,489,441	1,870,792,672
<b>Assets as per Statement of Financial Position</b>				
<b>Variable Rate Instruments</b>				
Saving Accounts	4.00 - 5.50	4.50 - 11.50	31,163	29,949
Deposit Accounts	6.00 - 7.25	5.85 - 11.50	247,087,813	243,848,142

**Fair value sensitivity analysis for fixed rate instruments**

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

**Cash flow sensitivity analysis for variable rate instruments**

The following analysis demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit before tax. This analysis is prepared assuming the amounts of floating rate instruments outstanding at financial position dates were outstanding for the whole year.

		Changes in Interest Rate	Effects on Loss before Tax
			(Rupees)
Bank balances - saving and deposit accounts	2021	+1.50	3,706,785
		-1.50	(3,706,785)
	2020	+1.50	3,658,171
		-1.50	(3,658,171)
Long term financing	2021	+2.00	(68,927,025)
		-2.00	68,927,025
	2020	+2.00	(68,157,953)
		-2.00	68,157,953



		Changes in Interest Rate	Effects on Loss before Tax  (Rupees)
Lease Liabilities	2021	+2.00	(222,783)
		-2.00	222,783
	2020	+2.00	(401,902)
		-2.00	401,902
Short term borrowings	2021	+2.00	(29,589,789)
		-2.00	29,589,789
	2020	+2.00	(37,415,853)
		-2.00	37,415,853

### 38.6 OPERATIONAL RISK

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within the Company. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective

### 39 CAPITAL RISK MANAGEMENT

The Board of Directors' policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

- i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- ii) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital on the basis of the gearing ratio - calculated as a ratio of total debt to capital employed.



	2021 RUPEES	2020 RUPEES
(A) The gearing ratio of the Company as on the financial position sheet date was as follows:		
External Borrowings	4,878,243,462	5,231,262,074
Loan from Directors	238,895,463	219,699,838
Total Debt	<u>5,117,138,925</u>	<u>5,450,961,912</u>
Total Equity	<u>2,371,871,900</u>	<u>2,330,826,355</u>
Total Capital Employed	<u>7,489,010,825</u>	<u>7,781,788,267</u>
Gearing Ratio	68.33%	70.05%

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

**(B) Financial Instruments by Categories**

**Assets as per Statement of Financial Position**

**At FVOCI**

Long Term Investment	12,002,214	12,002,214
----------------------	------------	------------

**At FVTPL**

Short Term Investment	1,020,800	697,675
-----------------------	-----------	---------

**At Amortized Cost**

Long Term Deposits and Prepayments	44,111,737	44,111,737
Trade and Other Receivables	944,657,948	915,552,449
Prepayments and Advances	18,078,525	12,453,775
Interest Accrued	-	46,235

**Cash and Cash Equivalents**

Bank Balances	302,632,086	353,267,685
	<u>1,322,503,310</u>	<u>1,338,131,770</u>

**Liabilities as per Statement of Financial Position**

Long Term Financing	3,005,986,751	3,187,530,741
Long Term Loan from Director	51,652,562	51,652,562
Finance Lease Liabilities	-	11,139,163
Lease Liabilities	680,775	11,139,163
Trade and Other Payables	1,223,319,850	997,496,518
Short Term Borrowings	1,570,055,112	1,927,173,367
Unclaimed Dividend	124,939	124,939
Current Portion of Long Term Liabilities	403,225,658	181,894,575
	<u>6,255,045,647</u>	<u>6,368,151,028</u>

	2021	2020
<b>40 NUMBER OF EMPLOYEES</b>		
Number of Employees including Contractual Employees at end of the Year	2,887	2,524
Average Number of Employees including Contractual Employees during the Year	2,871	2,851
Number of Employees of Factory including Contractual Employees at end of the Year	2,518	2,167
Average Number of Employees of Factory including Contractual Employees during the Year	2,526	2,494



	2021	2020
<b>41 PLANT CAPACITY AND ACTUAL PRODUCTION</b>		
<b>Ring Spinning Sections</b>		
Number of Spindles Installed	75,360	75,360
Number of Spindle Shifts Worked	3	3
Installed Capacity at 20/S Count (Kgs) 365 Days	27,605,148	27,605,148
Actual Production of All Counts (Kgs)	20,777,399	20,605,613
Actual Production Converted into 20/S Count (Kgs)	22,867,414	15,533,372
<b>Weaving Section</b>		
Number of Looms Installed	130	130
Number of Looms Shifts Worked	3	3
Capacity at 50 picks/inch (Meters) - 365 days	31,287,622	31,287,622
Actual Production of All picks/inch	19,459,468	18,386,602
Actual Production Converted into 50 picks/inch	24,427,939	28,126,682

It is difficult to describe precisely the production capacity in Spinning/Weaving Mills since it fluctuates widely depend on various factors such as count of yarn spun, spindles speed, twist and raw materials used, etc. It also varies according to the pattern of production adopted in a particular Year. The reason for under utilization of available capacity is attributable to normal Repair and Maintenance, Power failures and count changes.

**42 DATE OF AUTHORIZATION FOR ISSUE**

These Financial Statements have been authorized for issue by the Board of Directors of the Company on **5th October, 2021**.

Sd/-

**DIRECTOR**

Sd/-

**CHIEF EXECUTIVE**