AN

TEXTILE MILLS LIMITED

Annual Report 2022

بسم الله الرحمن الرحيم

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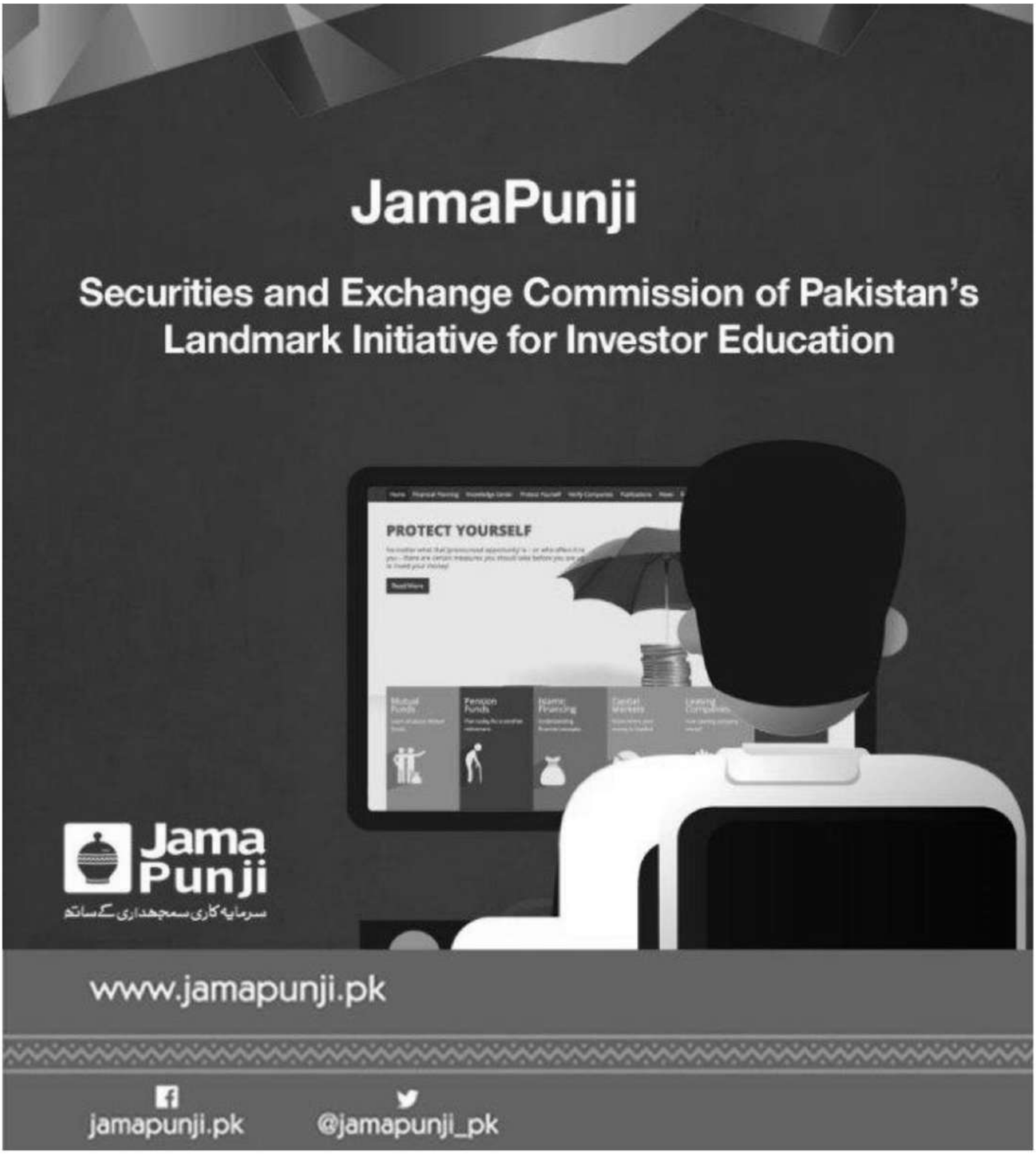

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COMPANY INFORMATION

Board of Directors	Mrs. Nazma Amer	Chairperson
	Mr. Aizad Amer	Chief Executive Officer
	Khawaja Amer Khurshid	Director
	Mr. Anns Amer	Director
	Ms. Yusra Amer	Director
	Mr. Abdul Rauf	Director
	Syed Khalid Ali	Director
Audit Committee	Mr. Abdul Rauf	Chairman
	Ms. Yusra Amer	Member
	Syed Khalid Ali	Member
HR and Remuneration Committee	Syed Khalid Ali	Chairman
	Mr. Abdul Rauf	Member
	Mr. Anns Amer	Member
Nomination Committee	Mr. Abdul Rauf	Chairman
	Ms. Yusra Amer	Member
	Syed Khalid Ali	Member
Risk Management Committee	Mr. Anns Amer	Chairman
	Mr. Abdul Rauf	Member
	Syed Khalid Ali	Member

Chief Financial Officer
Mr. Muhammad Saqib Ehsan

Company Secretary
Mr. Tahir Shahzad

Auditors
Riaz Ahmad and Company
Chartered Accountants
560-F, Raja Road, Gulistan Colony,
Faisalabad

Bankers
Bank Al Habib Limited
Habib Metropolitan Bank Limited
Habib Bank Limited
Meezan Bank Limited
National Bank of Pakistan

Share Registrar
Corplink (Private) Limited
Wings Arcade, 1-K, Commercial, Model Town, Lahore

Registered Office & Mills
35 Kilometer, Sheikhupura Road,
Faisalabad

VISION STATEMENT

To be a customer oriented Company having wide and diversified customer base with a team of professionals working together to add value to all the stakeholders and contributing to society to help build a strong and progressive Pakistan.

MISSION STATEMENT

The mission of AN Textile Mills Limited is, recognition of its project as the most modern units, and to produce fine quality of product with the understanding of customer behavior. Build the Company on sound financial footings, increase earnings for handsome distribution of dividend to its shareholders.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 41st Annual General Meeting of the members of AN Textile Mills Limited ("the Company") will be held on Thursday, October 20, 2022 at 11:30 A.M. at its registered office situated at 35-K.M., Sheikhupura Road, Faisalabad to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of last Annual General Meeting held on October 27, 2021.

2. To receive, consider and adopt the audited financial statements of the Company for the year ended June 30, 2022 together with the Chairperson's review, Directors' and Auditors' reports thereon.

3. To appoint the auditors of the Company for the next financial year and to fix their remuneration. The retiring auditors M/s Riaz Ahmad and Company, Chartered Accountants, being eligible, have offered themselves for re-appointment.

4. To transact any other business that may be brought forward with the permission of the Chair.

By order of the Board

Shahzad

Tahir Shahzad
(Company Secretary)

Dated: September 28, 2022
Faisalabad

NOTES:

1. CLOSURE OF SHARE TRANSFER BOOKS

The share transfer books of the Company shall remain closed from October 14, 2022 to October 20, 2022 (both days inclusive). Transfers received at the Share Registrar Office M/s Corplink (Private) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore by the close of business on October 13, 2022 will be considered in time.

2. PARTICIPATION IN ANNUAL GENERAL MEETING

A member entitled to attend and vote at the general meeting is entitled to appoint another member as proxy. The proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.

CDC account holders will further have to follow the under mentioned guidelines:

A. FOR ATTENDING THE MEETING:

In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account, and their registration details are uploaded as per the CDC Regulations, shall authenticate his identity by sharing scan copy his original CNIC or original passport at least 48 hours before the AGM.

B. **FOR APPOINTING PROXIES**

In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account, and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per the requirements notified by the Company.

The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

Attested copies of CNIC or the passport, of the beneficial owners and the proxy shall be furnished with the proxy form.

In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted along with proxy form.
Form of proxy is annexed at the end of annual report as well as available at Company's website i.e., www.antextile.com.pk

3. **CHANGE OF ADDRESS**

Shareholders are requested to notify the change in their addresses if any, immediately.

4. **COMPUTERISED NATIONAL IDENTITY CARD NUMBER / NATIONAL TAX NUMBER**

In compliance with regulatory directives issued from time to time, members who have not yet provided their Computerized National Identity Card (CNIC) Numbers and/or National Tax Number (NTN), as the case may be, are requested to kindly provide copies of their valid CNIC and/or NTN certificates at the earliest.

5. **UNCLAIMED SHARES / DIVIDEND**

Shareholders of the Company are hereby informed that as per the record, there are some unclaimed/uncollected/ unpaid dividends and shares. Shareholders who could not collect their dividends/shares are advised to contact our Shares Registrars to collect enquire about their unclaimed dividend or shares, if any. In compliance with section 244 of the Companies Act, 2017, after having completed the stipulated procedure, of three years or more from the date due and payable, shall be deposited to the credit of Federal Government in case of unclaimed dividend and in case of share, shall be delivered to the Securities and Exchange Commission of Pakistan.

6. **DEPOSIT OF PHYSICAL SHARES INTO CDC ACCOUNT**

As per section 72 of the Companies Act, 2017, every existing Company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Securities and Exchange Commission of Pakistan (SECP), within a period not exceeding four years from the commencement of the Act. In this regard, SECP vide its Letter No. CSD/ED/Misc./2016-639-640 dated March 26, 2021 has advised all the listed companies to pursue their shareholders who still hold shares in physical form, requiring them to convert their shares in book-entry form. Holding shares in book-entry form has numerous benefits including secure custody of shares, instantaneous transfer of ownership and no risk of damaged, lost, forged or duplicate certificates. Accordingly, shareholders having physical shareholding are requested to convert their shares in book-entry form by opening CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into script-less form.

7. **TRANSMISSION OF ANNUAL REPORT ELECTRONICALLY**

SECP through its notification SRO 787(1)/2014 dated September 8, 2014 has allowed the circulation of audited financial statements along with the notice of Annual General Meeting electronically to the shareholders of the Company through email. Therefore, shareholders who wish to receive the soft copy of Annual Report are requested to send their e-mail addresses. The consent form for electronic transmission can be downloaded from the Company's website. The Company shall however, continue to provide hard copy of the audited financial statements to its shareholders, on request free of cost, within seven days of receipt of such request.

8. **AVAILABILITY OF AUDITED FINANCIAL STATEMENTS ON COMPANY'S WEBSITE**

In compliance with SECP notification No. 634(1)/2014 dated July 10, 2014, the audited financial statements and reports of the Company for the year ended June 30, 2022 are being placed on the Company's website: www.antextile.com.pk for information and review of the shareholders

9. **VIDEO LINK FACILITY**

Pursuant to the provisions of the Companies Act, 2017 the shareholders residing in a city and holding at least 10% of the total paid up share capital may demand the Company to provide the facility of video-link for participating in the AGM. The demand for video-link facility shall be received by the Share Registrar at the address given here in above at least seven days prior to the date of the meeting on the Standard Form available on the Company's website: www.antextile.com.pk

CHAIRPERSON'S REVIEW
For the year ended June 30, 2022

The Board of Directors of AN Textile Mills Limited ("the Company") is performing its duties in accordance with law and in the best interest of the Company and its shareholders as required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of the Company is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

For the financial year ended June 30, 2022, the Board's overall performance and effectiveness has been assessed as satisfactory. This is based on an evaluation of integral components, including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitor financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's business.

AN Textile Mills Limited complies with all the requirements set out in the Law with respect to the composition, procedures and meetings of the Board of Directors and its committees. Necessary Board agenda and related supporting documents were duly made available to the board in sufficient time prior to the board and its committees' meetings. The Board has exercised all its powers in accordance with relevant laws and regulation and the non-executive and independent directors are equally involved in important decisions of the Board.

Nazma Amer

Mrs. Nazma Amer
Chairperson

DIRECTORS' REPORT TO THE SHARE HOLDERS

The Directors of the Company are pleased to present their 41st Annual Report along with audited Financial Statements of the Company for the financial year ended June 30, 2022 along with Auditors' Report thereon and other required information prescribed under the Code of Corporate Governance. The comparative financial results of the Company are reproduced hereunder:

FINANCIAL RESULTS:

	2022	2021
	(RUPEES IN THOUSAND)	
REVENUE	2,806,815	2,096,653
COST OF SALES	(2,615,112)	(1,771,691)
GROSS PROFIT	191,703	324,962
DISTRIBUTION COST	(3,149)	(1,664)
ADMINISTRATIVE EXPENSES	(54,514)	(49,957)
OTHER EXPENSES	(8,385)	(18,294)
OTHER INCOME	10,832	19,889
FINANCE COST	(30,518)	(35,912)
PROFIT BEFORE TAXATION	105,969	239,024
TAXATION	(9,472)	(119,529)
PROFIT AFTER TAXATION	96,498	119,495
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	9.99	12.37

REVIEW OF OPERATING RESULTS

As compared to financial year 2021, in current financial year revenue grew by 33.87% from Rupees 2,096.653 million to 2,806.815 million while cost of sales increased by 47.61% from 1,771.691 million to 2,615.112 million. The Company earned gross profit of Rupees 191.703 million as compared to previous year's gross profit of Rupees 324.962 million. Moreover, the Company earned profit after taxation of Rupees 96.498 million as compared to profit after taxation of Rupees 119.495 million in corresponding year. The major increase in cost of sales was due to the significant increase in prices of raw materials. First three quarters of financial year 2022 was remained very good for textile sector due to the gradual recovery of global economy from Covid-19 pandemic. However, last quarter was overshadowed by rising cotton and tencel prices, devaluation of currency, political instability, increase in electricity and gas prices and curtailment / shutdown of gas supply. Despite of all these challenges the company achieved the unprecedented growth in revenue during the financial year 2022.

FUTURE OUTLOOK

The devasting floods in Pakistan have severely damaged the country's cotton crop. Local reports indicate that around 45-50 percent of cotton crop is submerged in the major cotton production areas of Punjab, Sindh and Balochistan. The destruction of cotton crop in this season will be a huge challenge for the industry. During the current year the crop forecast is almost 5 to 6 million bales, and we must import remaining bales to meet our requirements. This will result in maintaining pressure on the exchange rate. Moreover, due to larger orders in last two years, the textile industry has embarked on major expansion plans with huge investments in entire textile industry specially in spinning. So, in coming years this will also increase our requirement of cotton and urgent efforts are required to enhance domestic cotton production. The government should focus on improvements in seed development and research on this sector. In current season, the industry will have to face severe shortage of domestic raw materials, but the management of your Company is closely monitoring the cotton outlook to procure best quality cotton from local and international markets.

Due to the above-mentioned factors, subsequent to year end, the Company has temporarily closed its operations due to unforeseen downturn in the market and unavailability of good quality cotton in local market. As soon as the situation gets normalized, the management of your company is optimistic to start its operations again. Moreover, we anticipate that due to shortage of raw material and significant increase in utility charges the financial year 2022-23 will be challenging for textile industry. However, the sponsors directors of the Company are fully committed to facilitate the company for smooth running of its operations.

EARNINGS PER SHARE

The earnings per share for the year ended June 30, 2022 is Rupees 9.99 as compared to earnings per share of Rupees 12.37 for the last year ended on June 30, 2021.

DIVIDEND

The Board of Directors of your Company has not recommended any dividend for the year ended 30 June 2022.

OUTSTANDING STATUTORY PAYMENTS

All outstanding payments are nominal and of routine nature.

PATTERN OF SHAREHOLDING

Pattern of shareholding as on June 30, 2022 is annexed. No trade in the shares of the company was carried out during the year by its Directors, CEO, CFO and Company Secretary and their spouses and minor children.

RELATED PARTY TRANSACTIONS

All transactions with related parties are carried out at arm's length. The prices are determined in accordance with comparable un-controlled price method. The Company has complied with best practices on transfer pricing as contained in listing regulations of the Stock Exchanges of Pakistan.

AUDITORS

The auditors M/s Riaz Ahmad & Company, Chartered Accountants retired and being eligible for re-appointment, the Board of Directors has been suggested by the Audit Committee, the re-appointment of M/s Riaz Ahmad & Company, Chartered Accountants, as auditors of your company for the next financial year.

CORPORATE GOVERNANCE

The statement of compliance of best practices of Code of Corporate Governance is annexed.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK:

In compliance to listing regulations of stock exchanges and as required under the Companies Act, 2017, your Directors are pleased to state as under:

1. The financial statements prepared by the Management of your Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
2. Proper books of accounts of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates, which are based on reasonable and prudent judgment.
4. International Financial Reporting Standards and International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements. The system of internal control is sound in design and has been effectively implemented and monitored.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There is no doubt upon the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
8. Key operating financial data of last six years in summarized form is annexed.
9. The Company operates un-funded gratuity scheme for its employees as reflected in these financial statements.

COMPOSITION OF BOARD AND ITS COMMITTIES

The total number of Directors are seven as per the following:

Male:	Five
Female:	Two

The composition of the Board is as follows:

i. Independent Directors

Mr. Abdul Rauf
Syed Khalid Ali

ii. Non-executive Directors

Khawaja Amer Khurshid

iii. Executive Directors

Mr. Aizad Amer
Mr. Anns Amer

iv. Female / Non-executive Directors

Mrs. Nazma Amer
Ms. Yusra Amer

The Board has formed committees comprising of members given below:

Audit Committee

Mr. Abdul Rauf	Chairman
Ms. Yusra Amer	Member
Syed Khalid Ali	Member

HR and Remuneration Committee

Syed Khalid Ali	Chairman
Mr. Abdul Rauf	Member
Mr. Anns Amer	Member

Nomination Committee

Mr. Abdul Rauf	Chairman
Ms. Yusra Amer	Member
Syed Khalid Ali	Member

Risk Management Committee

Mr. Anns Amer	Chairman
Mr. Abdul Rauf	Member
Syed Khalid Ali	Member

NO. OF BOARD AND OTHER COMMITTEES' MEETINGS HELD:

Sr. #	Name	Board Of Directors Meeting	Audit Committee Meeting	HR & Remuneration Committee Meeting	Nomination Committee	Risk Management Committee
1	Mrs. Nazma Amer	4/4	-	-	-	-
2	Mr. Aizad Amer	4/4	-	-	-	-
3	Khawaja Amer Khurshid	4/4				
4	Mr. Anns Amer	4/4	-	1/1	-	1/1
5	Mr. Abdul Rauf	4/4	4/4	1/1	1/1	1/1
6	Ms. Yusra Amer	4/4	4/4	-	1/1	-
7	Syed Khalid Ali	4/4	4/4	1/1	1/1	1/1

ACKNOWLEDGEMENT:

The Board places on record its appreciation for the cooperation, commitment and hard work extended to the Company by the customers, suppliers, bankers and all the employees of the Company.

On behalf of the Board

(Aizad Amer)
Chief Executive Officer

FAISALABAD.
Dated: September 28, 2022

(Khawaja Amer Khurshid)
Director

ڈائریکٹرز کی شیئر ہولڈروں کو رپورٹ

کمپنی کے ڈائریکٹرز اکتالیسویں سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کررہے ہیں، جوکہ مشتمل ہے سالانہ فنانس رپورٹ برائے مالیاتی سال 30 جون 2022 بمعہ آڈیٹرز کی رپورٹ اور کوڈ آف کارپوریٹ گورننس کے مطابق دیگر معلومات فراہم کی گئی ہیں۔ پچھلے مالیاتی سال کے نتائج موازنہ کے لئے یہاں دوبارہ دیئے جارہے ہیں۔

مالیاتی نتائج:

	2022 (رقم ہزاروں میں)	2021 (رقم ہزاروں میں)
آمدنی	2,806,815	2,096,653
فروخت کی لاگت	(2,615,112)	(1,771,691)
مجموعی منافع	191,703	324,962
تقسیم کی لاگت	(3,149)	(1,664)
انتظامی اخراجات	(54,514)	(49,957)
دیگر اخراجات	(8,385)	(18,294)
دیگر آمدنی	10,832	19,889
مالیاتی لاگت	(30,518)	(35,912)
ٹیکس سے پہلے منافع	105,969	239,024
ٹیکس	(9,472)	(119,529)
ٹیکس کے بعد منافع	96,498	119,495
منافع فی حصہ اور بنیادی تنصیب (روپے)	9.99	12.37

کاروائی کے رزلٹ کا جائزہ:

مالی سال 2021 کے موازنے میں، اس سال آمدنی 33.87% اضافے کے ساتھ 2,096.653 ملین سے بڑھ کر 2,806.815 ملین ہوگئی۔ جبکہ فروخت کی لاگت 47.61% کے اضافے کے ساتھ 1,771.691 ملین سے بڑھ

کر 2,615.112 ملین ہوگئی ۔ کمپنی نے 191.703 ملین کا مجموعی نفع کمایا جبکہ اس کے مقابل پچھلے سال کا مجموعی نفع 324.962 ملین تھا۔مزید برآں کمپنی کو ٹیکس کے بعد مبلغ 96.498 ملین کا نفع ہوا۔جبکہ اس کے مقابل پچھلے سال ٹیکس کے بعد مبلغ 119.495 ملین کا نفع ہوا تھا۔فروخت کی لاگت میں زیادہ تر اضافہ خام مال کی قیمتیں بڑھنے کی وجہ سے ہوا۔

مالی سال 2022 کے پہلے نو مہینے ٹیکسٹائل انڈسٹری کے لیے بہت اچھے رہے۔کیونکہ تمام دنیا کرونا کی وباء سے چھٹکارہ پا رہی تھی۔تاہم کاٹن اور ٹینسل کی بڑھتی ہوئی قیمتوں، روپے کی قدر میں کمی، سیاسی عدمِ استحکام، بجلی اور گیس کی بڑھتی ہوئی قیمتوں اور گیس کی بندش کی وجہ سے آخری سہ ماہی میں مندی رہی۔ان تمام مسائل کے باوجود کمپنی نے مالی سال 2022 کی آمدن میں بے مثال بڑھوتری حاصل کی۔

مستقبل کا ڈھانچہ:

تباہ کن سیلاب نے پاکستان کی کپاس کی فصل کو بری طرح متاثر کیا ہے۔مقامی اطلاعات سے پتہ چلا کہ پنجاب، سندھ اور بلوچستان کے کپاس پیدا کرنے والے 50-45 فیصد علاقے سیلاب میں ڈوب گئے۔اس سال انڈسٹری کے لیے کپاس کی فصل کی تباہی ایک بہت بڑا مسئلہ ہوگی۔رواں سال کپاس کی پیداوار پانچ سے چھ ملین گانٹھیں متوقع ہیں۔اس لیے اپنی ضرورت کو پورا کرنے کے لیے باقی گانٹھیں درآمد کرنی پڑیں گی۔اس کے نتیجے میں شرح تبادلہ پر دباؤ برقرار رہے گا۔مزید براں پچھلے دو سالوں میں بڑے آرڈرز کی وجہ سے تمام ٹیکسٹائل انڈسٹری خاص طور پر سپننگ میں بڑی سرمایہ کاری کے ساتھ بڑے توسیعی منصوبے شروع کیے گئے۔لہٰذا آنے والے سالوں میں اس سے ہماری کپاس کی ضرورت میں بھی اضافہ ہو گا۔اور کپاس کی ملکی پیداوار کو بڑھانے کے لیے فوری کوششوں کی ضرورت ہے۔حکومت کو اس شعبے میں بیج کی بہتری اور تحقیق پر توجہ دینی چاہیے۔اس سال انڈسٹری کو مقامی خام مال کی شدید قلت کا سامنا ہوگا۔لیکن آپ کی کمپنی کی مینجمنٹ بہترین کپاس خریدنے کے لیے مقامی اور بین الاقوامی کاٹن مارکیٹ پہ کڑی نظر رکھے ہوئے ہے۔

مندرجہ بالا وجوہات کی وجہ سے مالی سال کے اختتام کے بعد مارکیٹ میں غیر متوقع مندی اور مقامی مارکیٹ میں اچھی کپاس کی عدم دستیابی کی وجہ سے کمپنی نے اپنی پروڈکشن کو عارضی طور پر بند کیا ہے۔جیسے ہی صورتِ حال معمول پر آتی ہے۔آپ کی

مپنی کی انتظامیہ دوبارہ پروڈکشن شروع کرنے کے لیے پرامید ہے۔ تاہم ہم توقع کرتے ہیں کہ خام مال کی کمی اور یوٹیلیٹی چارجز میں نمایاں اضافہ کی وجہ سے مالی سال 2022-23 ٹیکسٹائل انڈسٹری کے لیے بہت مشکل ہوگا۔ تاہم کمپنی کے ڈائریکٹرز کمپنی کے کاموں کو آسانی سے چلانے کے لیے سہولت فراہم کرنے کے لیے پوری طرح پرعزم ہیں۔

نفع فی حصہ دار:

فی حصہ دار نفع مالی سال 30 جون 2022 کے اختتام پر مبلغ 9.99 روپے جبکہ مالی سال 30 جون 2021 کے اختتام پر نفع مبلغ 12.37 روپے فی حصہ دار تھا۔

منافع بخش:

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز نے مالی سال 30 جون 2022 کے اختتام پر کوئی منافع فی حصہ تجویز نہیں کیا ہے۔

بقایا قانونی ادائیگی:

تمام ادائیگی نارمل ہیں اور معمول کے مطابق ہیں۔

شیئر ہولڈرز کا نقشہ:

30 جون 2022 کا شیئر ہولڈرز کا نقشہ ساتھ لگا دیا گیا ہے۔ کمپنی کے ڈائریکٹرز، CEO، CFO اور کمپنی کے سیکرٹری اور ان کی ازواج اور نابالغ بچوں کی طرف سے کوئی فروخت / خرید نہیں کی گئی۔

متعلقہ پارٹی کی لین دین:

متعلقہ پارٹیوں سے تمام لین دین بازار کے ریٹ کے مطابق ہیں جو کہ قابل موازنہ نا قابل کنٹرول طریقہ سے وضع کی گئیں۔ کمپنی نے پاکستان سٹاک ایکسچینج کے تمام قوانین کی اس معاملہ میں پابندی کی ہے۔

آڈیٹرز:

موجودہ آڈیٹرز میسرز ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائرڈ ہوئے اور یہ دوبارہ تعیناتی کے اہل ہیں۔ آڈٹ کمیٹی

اورڈائریکٹرز کے بورڈ نے پیش آمدہ سالانہ اجلاس عام میں میسرز ریاض احمد اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس آپ کی کمپنی کا بطور آڈیٹریز کی دوبارہ تعیناتی کی منظوری دی ہے۔

کوڈآف کارپوریٹ گورننس

کورڈآف کارپوریٹ گورننس کا بیانیہ لف ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ کے فریم ورک پر بیان:

سٹاک ایکسچینج کے قوائد وضوابط اور کمپنیز ایکٹ 2017 کے مطابق ڈائریکٹرز آپ کو مندرجہ ذیل بیان کرتے ہوئے خوشی محسوس کرتے ہیں۔

1۔ کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی سٹیٹمنٹس منصفانہ طور پر اس کے معاملات کی حالت، اس کے عوامل کے نتائج، کیش کا بہاؤ اور مساوات میں تبدیلی پر مشتمل ہے۔

2۔ اکاؤنٹس کی کتابیں مناسب طریقہ سے مرتب کی گئی ہیں۔

3۔ مالیاتی سٹیٹمنٹس کی تیاری میں اکاؤنٹنگ کی مخصوص پالیسیوں کو مسلسل لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور ٹھوس فیصلوں پر مبنی ہیں۔

4۔ مالیاتی سٹیٹمنٹس کی تیاری اور انٹرنیشنل فنانشل رپورٹنگ کے معیارات جیسے پاکستان میں لاگو ہیں، ان کی پیروی کی گئی ہے اور ان سے کسی بھی رخصت پر مناسب وضاحت دی گئی ہے۔

5۔ اندرونی کنٹرول کا نظام ڈیزائن میں محفوظ ہے اور اس کا نفاذ اور نگرانی موثر طریقے سے کی گئی ہے۔

6۔ کمپنی میں متعلقہ معاملات کو جاری رکھنے کے لئے ممکنہ صلاحیت موجود ہے۔

7۔ کارپوریٹ نظام کے بہترین تجربہ سے مادی طور پر روگردانی ممکن نہیں۔

8۔ پچھلے چھ سال کا مالیاتی ڈیٹا لف ہے۔

9۔ کمپنی اپنے ملازمین کی فلاح و بہبود کے لئے گریجویٹی سکیم چلا رہی ہے جو کہ اس سٹیٹمنٹ میں بیان کی گئی ہے۔

بورڈ اور اس کی کمیٹیوں کا مرکّب

مندرجہ ذیل تفصیل کے مطابق سات ڈائریکٹرز ہیں:

مرد: پانچ

عورتیں: دو

بورڈ کا مرکّب مندرجہ ذیل ہے:

1۔ آزاد ڈائریکٹرز

عبدالرؤف

سید خالد علی

2۔ نان ایگزیکٹو ڈائریکٹرز

خواجہ عامر خورشید

3۔ ایگزیکٹو ڈائریکٹرز

ایزد عامر

انس عامر

4۔ مونث / نان ایگزیکٹو ڈائریکٹرز

مسز ناظمہ عامر

یسرٰی عامر

نیا بورڈ بننے کی وجہ سے مندرجہ ذیل آڈٹ کمیٹی، HR اور معاوضہ کمیٹی، نامینیشن کمیٹی اور رسک مینجمنٹ کمیٹی بنائی گئیں اور

ان کے ممبر مندرجہ ذیل ہیں:

آڈٹ کمیٹی

عبدالرؤف	(چیئرمین)
یسرٰی عامر	(ممبر)
سید خالد علی	(ممبر)

HR اور معاوضہ کمیٹی میٹنگ

سید خالد علی	(چیئرمین)
عبدالرؤف	(ممبر)
انس عامر	(ممبر)

نامینیشن کمیٹی

عبدالرؤف	(چیئرمین)
یسرٰی عامر	(ممبر)
سید خالد علی	(ممبر)

رسک مینجمنٹ کمیٹی

انس عامر	(چیئرمین)
عبدالرؤف	(ممبر)
سید خالد علی	(ممبر)

بورڈ اور دوسری کمیٹی میٹنگز کی تعداد

سیریل نمبر	نام	بورڈ آف ڈائریکٹرز میٹنگ	آڈٹ کمیٹی میٹنگ	HR اور معاوضہ کمیٹی میٹنگ	نامینیشن کمیٹی	رِسک مینجمنٹ کمیٹی
1	مسز ناظمہ عامر	4/4	-	-	-	-
2	جناب ایز دعامر	4/4	-	-	-	-
3	جناب انس عامر	4/4	-	1/1	-	1/1
4	خواجہ عامر خورشید	4/4	-	-	-	-
5	جناب عبدالرؤف	4/4	4/4	1/1	1/1	1/1
6	محترمہ یسرٰی عامر	4/4	4/4	-	1/1	-
7	سید خالد علی	4/4	4/4	1/1	1/1	1/1

اعتراف:

بورڈ اپنے گاہکوں سپلائرز بینکرز اور ملازموں کے تعاون، عزم اور محنت کی تعریف کرتا ہے اور اس کو اپنے ریکارڈ میں لاتا ہے۔

منجانب: بورڈ آف ڈائریکٹرز

ایز دعامر

چیف ایگزیکٹو آفیسر

خواجہ عامر خورشید

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of Company: **<u>AN Textile Mills Limited</u>**
Year Ending: **<u>30 June 2022</u>**

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

1. The total number of Directors are seven as per the following:

   a. Male: Five
   b. Female: Two

2. The composition of the Board is as follows:

   i. Independent Directors

   Mr. Abdul Rauf
   Syed Khalid Ali

   ii. Non-executive Director

   Khawaja Amer Khurshid

   iii. Executive Directors

   Mr. Aizad Amer
   Mr. Anns Amer

   iv. Female / Non-executive Directors

   Mrs. Nazma Amer
   Ms. Yusra Amer

   * The fraction of independent directors is not rounded up as one because the fraction of 0.33 was less than 0.50.

3. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;

4. The Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;

7. The meetings of the Board were presided over by the Chairperson and, in her absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. One director, Mr. Aizad Amer has already acquired the certification under Directors' Training Program (DTP) whereas another director, Khawaja Amer Khurshid meets the exemption criteria of minimum of 14 years of education and 15 years of experience on the Boards of listed companies, hence exempt from DTP. Moreover, three more directors Mr. Anns Amer, Mr. Abdul Rauf and Syed Khalid Ali have also acquired the certification under DTP in current financial year. Furthermore, the Board will arrange DTP for its remaining two directors in the next financial year.

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

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

    a) Audit Committee

Mr. Abdul Rauf	(Chairman)
Ms. Yusra Amer	(Member)
Syed Khalid Ali	(Member)

    b) HR and Remuneration Committee

Syed Khalid Ali	(Chairman)
Mr. Abdul Rauf	(Member)
Mr. Anns Amer	(Member)

    c) Nomination Committee

Mr. Abdul Rauf	(Chairman)
Ms. Yusra Amer	(Member)
Syed Khalid Ali	(Member)

d) Risk Management Committee

Mr. Anns Amer	(Chairman)
Mr. Abdul Rauf	(Member)
Syed Khalid Ali	(Member)

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

14. The frequency of meetings of the committees were as follows-

Committee	Frequency
Audit committee	Quarterly
HR and remuneration committee	Yearly
Nomination committee	Yearly
Risk Management committee	Yearly

15. The Board has set up an effective internal audit function by appointing Head of Internal Audit who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company;

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

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

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

19. All requirements other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 have been complied except for the non-compliance as given in Note 9 of the statement of compliance in which related compliance will be made in next financial year.

Nazma Amer

NAZMA AMER
Chairperson

AIZAD AMER
Chief Executive Officer

KEY OPERATING & FINANCIAL DATA
FOR LAST SIX YEARS

PARTICULARS	2022	2021	2020	2019	2018	2017
	……………………………......(Rupees in Thousand)…………………………..					
FINANCIAL POSITION						
Paid up capital	96,600	96,600	96,600	96,600	96,600	96,600
Share premium	17,250	17,250	17,250	17,250	17,250	17,250
Fixed assets at cost/revalued amount	1,839,197	1,758,151	1,554,811	1,481,947	1,431,460	1,420,748
Accumulated depreciation	780,085	731,980	692,754	653,241	613,088	583,766
Current assets	871,610	929,132	688,988	690,441	418,114	340,281
Current liabilities	843,447	956,477	840,786	773,391	556,464	476,717
INCOME						
Revenue	2,806,815	2,096,653	1,315,177	1,885,310	1,598,473	1,102,932
Other income	10,832	19,889	22,361	18,330	16,250	39,381
Pre tax profit / (loss)	105,969	239,024	(72,443)	61,527	3,417	(128,996)
Taxation	(9,472)	(119,529)	(7,884)	(42,507)	(11,020)	(46,216)
STATISTICS AND RATIOS						
Pre tax profit / (loss) to sales %	3.78	11.4	(5.51)	3.26	0.21	(11.70)
Pre tax profit / (loss) to capital %	109.70	247.44	(74.99)	63.69	3.54	(133.54)
Current ratio	1:1.33	1:0.97	1:0.82	1:0.89	1:0.75	1:0.71
Paid up value per share (Rs.)	10	10	10	10.00	10.00	10.00
Earnings / (loss) after tax per share (Rs.)	9.99	12.37	(8.32)	1.97	(0.79)	(18.14)
Cash dividend %	-	7.00	-	4.00	-	-
Break up value per share (Rs.)	96.74	87.05	74.81	80.08	77.36	77.88

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of AN Textile Mills Limited

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of AN Textile Mills Limited (the Company) for the year ended 30 June 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

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

RIAZ AHMAD & COMPANY
Chartered Accountants

Faisalabad
Date: September 29, 2022
UDIN: CR202210158N6z7Pnc1V

INDEPENDENT AUDITOR'S REPORT

To the members of AN Textile Mills Limited

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

Sr. No.	Key audit matters	How the matters were addressed in our audit
1.	**Inventory existence and valuation** Inventories as at 30 June 2022 amounting to Rupees 664.177 million, break up of which is as follows: - Stores, spare parts and loose tools of Rupees 83.668 million - Stock in trade of Rupees 580.509 million Inventories are measured at the lower of cost and net realizable value. We identified existence and valuation of inventories as a key audit matter due to its size, representing 34.28% of the total assets of the Company as at 30 June 2022, and the judgment involved in valuation. For further information on inventories, refer to the following: - Summary of significant accounting policies, Inventories (Note 2.7 to the financial statements). - Stores, spare parts and loose tools (Note 16) and Stock in trade (Note 17) to the financial statements.	Our procedures over existence and valuation of inventories included, but were not limited to: • To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on site. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management. • For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets. • On a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write down, if any. • In the context of our testing of the calculation, we analyzed individual cost components and traced them back to the corresponding underlying documents. • We also made inquiries from management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required. • We also assessed the adequacy of the disclosures made in respect of the accounting policies and related notes to the financial statements.

Sr. No.	Key audit matters	How the matters were addressed in our audit
2.	**Revenue recognition** The Company recognized net revenue of Rupees 2,806.815 million for the year ended 30 June 2022. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets. For further information, refer to the following: - Summary of significant accounting policies, Revenue from contracts with customers (Note 2.18 to the financial statements). - Revenue from contracts with customers (Note 24 to the financial statements).	Our procedures included, but were not limited to: • We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue. • We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents. • We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period. • We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'. • We also considered the appropriateness of disclosures in the financial statements.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

RIAZ AHMAD &COMPANY
Chartered Accountants

Faisalabad
Date: September 29, 2022
UDIN: AR2022101588gnWkx7Tm

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	NOTE	2022	2021
		(RUPEES IN THOUSAND)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
10 000 000 (2021: 10 000 000) ordinary shares of Rupees 10 each		100,000	100,000
Issued, subscribed and paid up share capital	3	96,600	96,600
Directors' loans	4	360,000	360,000
Reserves			
Capital reserves			
Premium on issue of shares	5	17,250	17,250
Equity portion of shareholders' loans		44,778	44,778
Surplus on revaluation of property, plant and equipment - net of deferred income tax	6	298,499	307,540
		360,527	369,568
Revenue reserve - unappropriated profit		117,360	14,774
Total reserves		477,887	384,342
TOTAL EQUITY		934,487	840,942
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred income tax liability	7	121,601	145,659
Lease liability	8	1,528	-
Staff retirement gratuity	9	36,508	34,640
		159,637	180,299
CURRENT LIABILITIES			
Trade and other payables	10	220,468	441,759
Unclaimed dividend		1,023	792
Accrued mark-up on short term borrowings		5,443	5,978
Current portion of lease liability	8	295	-
Short term borrowings	11	581,133	467,314
Provision for taxation		35,085	40,634
		843,447	956,477
TOTAL LIABILITIES		1,003,084	1,136,776
CONTINGENCIES AND COMMITMENTS	12		
TOTAL EQUITY AND LIABILITIES		1,937,571	1,977,718

	NOTE	2022	2021
		(RUPEES IN THOUSAND)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	1,059,112	1,044,827
Right-of-use asset	14	2,975	-
Long term deposits and prepayme	15	3,874	3,759
		1,065,961	1,048,586
CURRENT ASSETS			
Stores, spare parts and loose tools	16	83,668	72,439
Stock in trade	17	580,509	536,696
Trade debts	18	27,690	88,876
Loans and advances	19	4,115	4,608
Income tax		79,111	75,794
Short term deposits and prepayme	20	8,012	8,113
Other receivables	21	62,630	68,836
Short term investment	22	-	5,500
Cash and bank balances	23	25,875	68,270
		871,610	929,132
		1,937,571	1,977,718

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

AIZAD AMER Chief Executive Officer	KHAWAJA AMER KHURSHID Director	Muhammad Saqib Ehsan Chief Financial Officer

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

	NOTE	2022	2021
		(RUPEES IN THOUSAND)	
REVENUE FROM CONTRACTS WITH CUSTOMER	24	2,806,815	2,096,653
COST OF SALES	25	(2,615,112)	(1,771,691)
GROSS PROFIT		191,703	324,962
DISTRIBUTION COST	26	(3,149)	(1,664)
ADMINISTRATIVE EXPENSES	27	(54,514)	(49,957)
OTHER EXPENSES	28	(8,385)	(18,294)
OTHER INCOME	29	10,832	19,889
FINANCE COST	30	(30,518)	(35,912)
PROFIT BEFORE TAXATION		105,969	239,024
TAXATION	31	(9,472)	(119,529)
PROFIT AFTER TAXATION		96,498	119,495
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	32	9.99	12.37

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

AIZAD AMER
Chief Executive Officer

KHAWAJA AMER KHURSHID
Director

Muhammad Saqib Ehsan
Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
	(RUPEES IN THOUSAND)	
PROFIT AFTER TAXATION	96,498	119,495
OTHER COMPREHENSIVE INCOME / (LOSS)		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements gain / (loss) arising on staff retirement gratuity	5,365	(1,743)
Related deferred income tax liability	(1,556)	505
	3,809	(1,238)
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income / (loss) for the year - net of deferred income tax	3,809	(1,238)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	100,307	118,257

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

AIZAD AMER	KHAWAJA AMER KHURSHID	Muhammad Saqib Ehsan
Chief Executive Officer	Director	Chief Financial Officer

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

	SHARE CAPITAL	DIRECTORS' LOANS	RESERVES							TOTAL EQUITY
			CAPITAL				REVENUE			
			Premium on issue of shares	Equity portion of shareholders' loans	Surplus on revaluation of property, plant and equipment - net of deferred income tax	Sub-total	(Accumulated loss) /unappropriated profit	TOTAL		
	(RUPEES IN THOUSAND)									
Balance as at 01 July 2020	96,600	360,000	17,250	44,778	317,538	379,566	(113,481)	266,085		722,685
Transfer from surplus on revaluation of property, plant and equipment on disposal of property, plant and equipment - net of deferred income tax	-	-	-	-	(2,187)	(2,187)	2,187	-		-
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	-	-	(7,811)	(7,811)	7,811	-		-
Transactions with owners:										
- Director's loan repaid during the year	-	(100,675)	-	-	-	-	-	-		(100,675)
- Director's loan obtained during the year	-	100,675	-	-	-	-	-	-		100,675
Profit for the year	-	-	-	-	-	-	119,495	119,495		119,495
Other comprehensive loss for the year	-	-	-	-	-	-	(1,238)	(1,238)		(1,238)
Total comprehensive income for the year	-	-	-	-	-	-	118,257	118,257		118,257
Balance as at 30 June 2021	96,600	360,000	17,250	44,778	307,540	369,568	14,774	384,342		840,942
Transaction with owners - Final dividend for the year ended 30 June 2021 at the rate of Rupee 0.70 per share	-	-	-	-	-	-	(6,762)	(6,762)		(6,762)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	-	-	(9,041)	(9,041)	9,041	-		-
Profit for the year	-	-	-	-	-	-	96,498	96,498		96,498
Other comprehensive income for the year	-	-	-	-	-	-	3,809	3,809		3,809
Total comprehensive income for the year	-	-	-	-	-	-	100,307	100,307		100,307
Balance as at 30 June 2022	96,600	360,000	17,250	44,778	298,499	360,527	117,360	477,887		934,487

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

AIZAD AMER
Chief Executive Officer

KHAWAJA AMER KHURSHID
Director

Muhammad Saqib Ehsan
Chief Financial Officer

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022	2021
		(RUPEES IN THOUSAND)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	33	(14,452)	208,454
Finance cost paid		(30,934)	(41,911)
Mark-up paid against lease liability		(119)	-
Income tax paid		(43,951)	(27,798)
Staff retirement gratuity paid		(11,135)	(7,918)
Net (increase) / decrease in long term deposits and prepayments		(115)	100
Net decrease in long term loans		-	20
NET CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES		(100,706)	130,947
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(126,175)	(159,838)
Initial direct cost incurred on right-of-use asset		(85)	-
Proceeds from sale of property, plant and equipment		73,000	41,481
Short term investment redeemed		5,500	-
Profit on investment received		243	351
NET CASH USED IN INVESTING ACTIVITIES		(47,517)	(118,006)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		113,819	20,909
Repayment of lease liability		(1,460)	-
Dividend paid		(6,531)	(1,069)
NET CASH FROM FINANCING ACTIVITIES		105,828	19,840
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(42,395)	32,781
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		68,270	35,489
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 23)		25,875	68,270

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

AIZAD AMER	**KHAWAJA AMER KHURSHID**	**Muhammad Saqib Ehsan**
Chief Executive Officer	**Director**	**Chief Financial Officer**

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

1. THE COMPANY AND ITS OPERATIONS

1.1 AN Textile Mills Limited (the Company) is a public limited company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. Its registered office and mills premises are situated at 35-Kilometers Sheikhupura Road, Faisalabad. The principal activity of the Company is manufacturing, sale and trading of yarn and cloth. A liaison office is situated at 404-405, 4th Floor, Business Centre, Mumtaz Hassan Road, Karachi.

1.2 Subsequent to year end, the Company has temporarily closed its operations due to unforeseen downturn in the market and unavailability of good quality of cotton in local market because of heavy rain and flood. As soon as the situation gets normalized, the Company is optimistic to start its operations again.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

2.1 Basis of preparation

a) Statement of compliance

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

- International Financial Reporting Standards (IFRSs) 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.

b) Accounting convention

These financial statements have been prepared under the historical cost convention, except as otherwise stated in the respective accounting policies.

c) Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

Useful lives, patterns of economic benefits and impairments

The estimates for revalued amounts, of different classes of property, plant and equipment, are based on valuation performed by external professional valuer and recommendation of technical teams of the Company. The said recommendations also include estimates with respect to residual values and depreciable lives. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

Inventories

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made on each reporting date on inventories for excess inventories, obsolescence and declines in net realizable value and an allowance is recorded against the inventory balances for any such declines.

Income tax

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, based on the Company's experience of actual credit loss in past years.

Provisions

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognized provision is recognized in the statement of profit or loss unless the provision was originally recognized as part of cost of an asset.

Contingencies

The Company reviews the status of all pending litigations and claims against the Company. Based on the judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the reporting date.

Revenue from contracts with customers involving sale of goods

When recognizing revenue in relation to the sale of goods to customers, the key performance obligation of the Company is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

Staff retirement gratuity

Certain actuarial assumptions have been adopted as disclosed in Note 9 to the financial statements for determination of present value of staff retirement gratuity. Any change in these assumptions in future years might affect the current and remeasurement gains and losses in those years.

d) Amendments to published approved accounting standards that are effective in current year and are relevant to the Company

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2021:

• IFRS 16 (Amendments) 'Leases'
• Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures' and IFRS 16 'Leases'.

The above-mentioned amendments to approved accounting standards did not have any impact on the amounts recognized in prior period and are not expected to significantly affect the current or future periods.

e) Amendments to published approved accounting standards that are effective in current year but not relevant to the Company

There are amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2021 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

f) Amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2022 or later periods:

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 01 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply these amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets') effective for the annual period beginning on or after 01 January 2022 amends IAS 1 'Presentation of Financial Statements' by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16 'Property, Plant and Equipment') effective for the annual period beginning on or after 01 January 2022, clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable standards. The entity measures the cost of those items applying the measurement requirements of IAS 2 'Inventories'. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

Following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 01 January 2022:

IFRS 9 'Financial Instruments' – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to de-recognize a financial liability.

IFRS 16 'Leases' – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 'Leases' by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

Disclosure of Accounting Policies (Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgement') effective for annual periods beginning on or after 01 January 2023. These amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Earlier, IAS 1 stated that an entity shall disclose its 'significant accounting policies' in their financial statements. These amendments shall assist the entities to disclose their 'material accounting policies' in their financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 'Income taxes') effective for annual periods beginning on or after 01 January 2023. These amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.

Change in definition of Accounting Estimate (Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors) effective for annual periods beginning on or after 01 January 2023. This change replaced the definition of Accounting Estimate with a new definition, intended to help entities to distinguish between accounting policies and accounting estimates.

The above amendments and improvements are likely to have no significant impact on the financial statements.

g) Standards and amendments to published approved accounting standards that are not yet effective and not considered relevant to the Company

There are other standards and amendments to published approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2022 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Property, plant, equipment and depreciation

All operating fixed assets except freehold land are stated at cost less accumulated depreciation and any identified impairment loss, except those subject to revaluation which are stated at revalued amount less accumulated depreciation and any identified impairment loss. Capital work-in-progress is stated at cost less any recognized impairment loss. Cost includes expenditure directly attributable to the acquisition of the asset and those incurred during installation and construction period. Transfers are made to relevant asset category as and when asset becomes available for intended use. Freehold land is stated at revalued amount less any identified impairment loss. Cost of operating fixed assets consists of historical cost, borrowing cost pertaining to the construction / erection period of qualifying assets and other directly attributable costs of bringing the asset to working condition.

Increases in the carrying amounts arising on revaluation of property, plant and equipment are recognized, net of deferred income tax, in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in the statement of profit or loss, the increase is first recognized in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss and depreciation based on the asset's original cost, net of deferred income tax, is reclassified from surplus on revaluation of property, plant and equipment to unappropriated profit / (accumulated loss).

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

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Depreciation

Depreciation on property, plant and equipment is charged to the statement of profit or loss applying the reducing balance method so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in Note 13. The Company charges the depreciation on additions from the month when the asset is available for use and on deletions up to the month preceding the disposal when the asset is de-recognized. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the statement of profit or loss in the year the asset is de-recognized while the related residual revaluation surplus on property, plant and equipment after taking in to account incremental depreciation is transferred directly to unappropriated profit / (accumulated loss).

2.3 Leases

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.

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 amortized 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.

2.4 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment losses are restricted to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if impairment losses had not been recognized. An impairment loss or reversal of impairment loss is recognized in the statement of profit or loss.

2.5 Share capital

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

2.6 Borrowing cost

Borrowing costs are recognized as expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (an asset that necessarily takes substantial period of time to get ready for its intended use or sale). Such borrowing costs are capitalized as part of the cost of that asset.

2.7 Inventories

Inventories, except for stock in transit and waste stock, are stated at lower of cost and net realizable value. Cost is determined as follows:

Stores, spare parts and loose tools

Usable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. In transit stores, spare parts and loose tools are valued at invoice amount plus other charges incurred thereon.

Stock in trade

Cost of raw materials, work-in-process and finished goods is determined as follows:

(i) For raw materials:	Weighted average cost.
(ii) For work-in-process and finished goods:	Average manufacturing cost including a portion of production overheads

Materials in transit are valued at cost comprising invoice value plus other charges paid thereon. Waste stock is valued at net realizable value.

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

2.8 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.9 Staff retirement benefit

The Company operates an unfunded gratuity scheme for its permanent employees, who have completed the minimum qualifying period of service as defined under the scheme. The liabilities relating to defined benefit plan are determined through actuarial valuation using the Projected Unit Credit Method. The method involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long term nature of the benefit, such estimates are subject to certain uncertainties. The latest actuarial valuation was conducted at the reporting date by a qualified professional firm of actuaries.

Remeasurements changes which comprise actuarial gains and losses are recognized immediately in other comprehensive income.

2.10 Provisions

Provisions are recognized when the Company has a 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 obligations and a reliable estimate of the outflow can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

2.11 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.12 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which it is declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

2.13 Financial Instruments

i) Classification and measurement of financial instruments

a) Classification

The Company classifies its financial assets and financial liabilities at amortized cost.

b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest. Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments at amortized cost. Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense is recognized in the statement of profit or loss. Any gain or loss arising on de-recognition is recognized directly in profit or loss and presented in other income / (other expenses).

ii) Impairment of financial assets

The Company recognizes Expected Credit Loss (ECL) allowance in respect of financial assets measured at amortized cost.

The Company measures ECL allowance at an amount equal to lifetime ECL except for the bank balances and debt securities for which credit risk (the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition. For this case ECL is measured at 12-months

Allowance for ECL for trade debts are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, 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 ECL is the ECL that result from all possible default events over the expected life of a financial instrument. 12-months ECL are the portion of ECL that results 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 ECL is the maximum contractual period over which the Company is exposed to credit risk.

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

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. 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 due.

iii) De-recognition of financial assets and financial liabilities

Financial assets

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the 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 it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such de-recognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial liabilities

The Company de-recognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expired.

iv) Offsetting of financial intruments

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

2.14 Borrowings

Financing and borrowings are initially recognized at fair value, net of transaction costs. They are subsequently measured at amortized cost using the effective interest method while the difference between the cost (reduced for periodic payments) and redemption value is recognized in the statement of profit or loss over the period of borrowings.

2.15 Trade and other receivables

Trade debts are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses.

Other receivables are recognized at amortized cost, less any allowance for expected credit losses.

2.16 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value plus directly attributable costs, if any. These are subsequently measured at amortized cost.

2.17 Functional and presentation currency along with foreign currency transactions and translation

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Exchange gains and losses are included in the statement of profit or loss.

2.18 Revenue from contracts with customers

i) Revenue recognition

Sale of goods

Revenue from the sale of goods is recognized at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Interest

Interest income is recognized as interest accrues using the effective interest method. This is a method of calculating the amortized cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rental income

Revenue from rental income is recognized when rent is accrued.

Other revenue

Other revenue is recognized when it is received or when the right to receive payment is established.

ii) Contract assets

The Company recognizes a contract asset for the earned consideration that is conditional if the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due. Contract assets are treated as financial assets for impairment purposes.

iii) Right of return assets

Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.

iv) Contract liabilities

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs its performance obligations under the contract.

2.19 Earnings per share

The Company presents Earnings Per Share (EPS) data for its ordinary shares. 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.

2.20 Contingent assets

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

2.21 Contingent liabilities

Contingent liability is disclosed when the Company has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the financial statements.

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2022	2021		2022	2021
(NUMBER OF SHARES)			(RUPEES IN THOUSAND)	
9 060 000	9 060 000	Ordinary shares of Rupees 10 each fully paid in cash	90,600	90,600
600 000	600 000	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	6,000	6,000
9 660 000	9 660 000		96,600	96,600

4. DIRECTORS' LOANS

These represent unsecured interest free loans obtained from the directors of the Company to meet the liquidity requirements of the Company. The reconciliation is given hereunder:

Balance as at 01 July	360,000	360,000
Less: Loan repaid during the year	-	(100,675)
	360,000	259,325
Add: Loan obtained during the year	-	100,675
Balance as at 30 June	360,000	360,000

4.1 These loans are repayable at the discretion of the Company. Out of these loans, an amount of Rupees 300 million (2021: Rupees Nil) is subordinated to the bank borrowings.

5. PREMIUM ON ISSUE OF SHARES

This reserve can be utilized by the Company only for the purpose specified in section 81 of the Companies Act, 2017.

	2022	2021
	(RUPEES IN THOUSAND)	
6. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF DEFERRED INCOME TAX		
Balance as at 01 July	307,540	256,181
Add:		
Surplus related to investment properties - net of deferred income tax	-	61,357
	307,540	317,538
Less:		
Surplus transferred to unappropriated profit on sale of property, plant and equipment - net of deferred income tax	-	2,187
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred income tax	9,041	7,811
	9,041	9,998
Balance as at 30 June	298,499	307,540

6.1 Freehold land, buildings thereon, plant and machinery, electric installations / appliances, generators and laboratory equipment of the Company were revalued by an independent valuer, Messrs Zafar Iqbal and Company on 30 June 2020 on the basis of present prevailing market values. Previously these assets were revalued by independent valuers on 29 June 2019, 30 June 2016, 28 June 2013, 10 April 2007, 01 July 2003 and 30 September 2001.

7. DEFERRED INCOME TAX LIABILITY

This comprises the following:

	2022	2021
Taxable temporary differences		
Accelerated tax depreciation	189,369	187,132
Right-of-use asset	863	-
	190,232	187,132
Deductible temporary differences		
Staff retirement gratuity	(10,588)	(10,046)
Lease liability	(529)	-
Allowance for expected credit losses	(120)	-
Unused tax losses	(57,394)	(31,427)
	(68,631)	(41,473)
	121,601	145,659

7.1 Movement in deferred income tax liability balance is as follows:

	2022	2021
At beginning of the year	145,659	67,269
Add / (less):		
- accelerated tax depreciation	2,237	6,295
- right-of-use asset	863	
- staff retirement gratuity	(542)	(2,172)
- lease liability	(529)	-
- allowance for expected credit losses	(120)	154
- unused tax losses	(25,967)	74,113
Net movement of temporary differences (Note 7.1.1)	(24,058)	78,390
	121,601	145,659

	2022	2021
	(RUPEES IN THOUSAND)	
7.1.1 Charged to the statement of profit or loss:		
Net movement of temporary differences (Note 7.1)	(24,058)	78,390
- on remeasurement of staff retirement gratuity	(1,556)	505
	(25,614)	78,895

8. LEASE LIABILITY

Total lease liability	1,823	-
Less: Current portion shown under current liabilities	295	-
	1,528	-

8.1 Reconciliation of lease liability

Balance as on 01 July	-	-
Add:		
Addition during the year	3,283	-
Interest accrued on lease liability (Note 30)	119	-
	3,402	-
Less: Payments made during the year	1,579	-
Balance as on 30 June	1,823	

8.1 This represents vehicle acquired under finance lease agreement from Bank Al-Habib Limited and is secured against title of leased asset and demand promissory note. The implicit interest rate used to arrive at the present value of minimum lease payments is 6 months KIBOR + 1.50% per annum (2021: Nil). Taxes, repairs and insurance costs are to be borne by the Company.

8.2 Maturity analysis of lease liability is as follows:

Upto 06 months	290	-
06 to 12 months	290	-
01 to 02 years	580	-
More than 02 years	1,451	-
	2,611	-
Less: Future finance cost	788	-
Present value of lease liability	1,823	-

9. STAFF RETIREMENT GRATUITY

Latest actuarial valuation of the staff retirement gratuity was conducted as on 30 June 2022. Results of actuarial valuation are as under:

The amount included in the statement of financial position is as follows:

Present value of defined benefit obligation	36,508	34,640

9.1 Movement in present value of defined benefit obligation

Balance as at 01 July	34,640	27,152
Provision for the year (Note 9.3)	18,368	13,663
Retirement benefit paid	(11,135)	(7,918)
Remeasurements chargeable to other comprehensive income (Note 9.4)	(5,365)	1,743
Balance as at 30 June	36,508	34,640

		2022	2021
		(RUPEES IN THOUSAND)	
9.2	**Reconciliation of the movements in the net liability recognized in the statement of financial position**		
	Opening balance	34,640	27,152
	Add: Provision for the year (Note 9.3)	18,368	13,663
	Remeasurements chargeable to other comprehensive income (Note 9.4)	(5,365)	1,743
		47,643	42,558
	Less: Paid during the year	(11,135)	(7,918)
		36,508	34,640
9.3	**Provision for the year**		
	Current service cost	13,410	11,692
	Past service cost	2,051	-
	Interest cost	2,907	1,971
		18,368	13,663
9.4	**Remeasurements chargeable to other comprehensive income**		
	Actuarial loss from changes in financial assumptions	58	26
	Experience adjustments	(5,423)	1,717
		(5,365)	1,743

		2022	2021
9.5	**Principal actuarial assumptions used**		
	Discount rate for interest cost in the statement of profit or loss charge (per annum)	10.00%	8.50%
	Discount rate for year end obligation (per annum)	13.25%	10.00%
	Expected rate of increase in salaries (% per annum)	12.25%	9.00%
	Average duration of the benefit	5	5
	Mortality rates	SLIC 2001-05 set back 1 year	SLIC 2001-05 set back 1 year
	Withdrawal rate	Age based	Age based
	Retirement assumption	Age 60	Age 60

9.6 The estimated expenses to be charged to the statement of profit or loss for the year ending on 30 June 2023 is Rupees 16.465 million.

9.7 Sensitivity analysis for actuarial assumptions:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have resulted in present value of defined benefit obligation as stated below:

	2022	2021
Discount rate	1.00%	1.00%
Increase in assumption (Rupees in thousand)	(1,844)	(1,771)
Decrease in assumption (Rupees in thousand)	2,082	2,006
Future salary increase	1.00%	1.00%
Increase in assumption (Rupees in thousand)	2,082	2,006
Decrease in assumption (Rupees in thousand)	(1,876)	(1,802)

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

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous year, except for certain changes as given in Note 9.5.

9.8 Expected benefit payments for future years:

	Within 1 year	1 - 2 years	2 - 3 years	3 - 4 years	More than 4 years
	RUPEES IN THOUSAND				
2022	10,412	8,185	6,603	7,707	522,633
2021	10,128	6,786	6,667	5,379	265,140

9.9 Risk associated with the scheme

a) Final salary risk (linked to inflation risk)

The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

b) Demographic risks

i) Mortality risk

The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

ii) Withdrawal risk

The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

	2022	2021
	(RUPEES IN THOUSAND)	
10. TRADE AND OTHER PAYABLES		
Creditors	49,408	49,901
Accrued liabilities	88,333	92,787
Contract liabilities - unsecured	34,471	208,215
Income tax deducted at source	619	359
Sales tax payable	34,337	68,203
Workers' profit participation fund (Note 10.1)	5,731	12,866
Workers' welfare fund (Note 10.2)	7,569	5,428
Security deposit	-	4,000
	220,468	441,759
10.1 Workers' profit participation fund		
Balance as on 01 July	12,866	-
Add:		
Interest for the year (Note 30)	771	-
Provision for the year (Note 28)	5,731	12,866
	19,368	12,866
Less: Payments made during the year	13,637	-
Balance as on 30 June	5,731	12,866

10.1.1 Interest is accrued at prescribed rate under the Companies Profit (Workers' Participation) Act, 1968 on funds retained by the Company.

10.2 Workers' welfare fund		
Balance as on 01 July	5,428	-
Provision for the year (Note 28)	2,141	5,428
Balance as on 30 June	7,569	5,428
11. SHORT TERM BORROWINGS		
From banking companies - secured		
Running and cash finances (Note 11.1)	372,755	263,936
Others - unsecured		
Other related parties (Note 11.2)	208,378	203,378
	581,133	467,314

11.1 These finances are obtained from banking companies under mark-up arrangements and are secured against hypothecation of stocks and further secured against the pledge of cotton, tencel and yarn. These form part of total credit facility of Rupees 923 million (2021: Rupees 847 million). The rates of mark-up range from 8.95% to 16.17% (2021: 6.75% to 12.69%) per annum on the balance outstanding.

11.2 These represent interest free loans obtained from directors of the Company to meet the Company's working capital requirements. These are repayable on demand.

12. CONTINGENCIES AND COMMITMENTS

a) Contingencies

i) An appeal has been filed by the Company before Appellate Tribunal Inland Revenue, Lahore dated 07 June 2017 against the demand of Rupees 22.378 million (2021: Rupees 22.378 million) by the tax department regarding disallowance of minimum tax adjustment for the tax year 2011. The Appellate Tribunal Inland Revenue disposed the appeal. Then the department filed a reference before the Lahore High Court, Lahore against this order. The related provision is not made in these financial statements in view of favorable outcome of the appeal.

ii) An appeal has been filed by the Company before Appellate Tribunal Inland Revenue, Lahore dated 16 April 2019, against the order of Additional Commissioner Inland Revenue (Appeals) dated 14 November 2018, for demand of Rupees 14.663 million (2021: Rupees 14.663 million) by the tax department regarding disallowance of withholding taxes as adopted in income tax return for the tax year 2016. The related provision is not made in these financial statements in view of favorable outcome of the appeal.

iii) The Company filed appeal before Appellate Tribunal Inland Revenue, Lahore as on 21 March 2019 against the order of Additional Commissioner Inland Revenue for demand of Rupees 114.118 million (2021: Rupees 114.118 million) by the tax department by nullifying the proration of the income between FTR and NTR as adopted by the Company for the tax year 2014. The related provision is not made in these financial statements in view of favorable outcome of the appeal.

iv) An appeal has been filed by the Regional Tax Office (RTO) Faisalabad before Appellate Tribunal Inland Revenue, Lahore in March 2019 because Additional Commissioner Inland Revenue amended the assessment for the tax year 2007 and created a demand of Rupees 5.766 million (2021: Rupees 5.766 million) on the issue of proration of expenses and prorated the specific expenses related to normal tax regime to final tax regime. The related provision is not made in these financial statements in view of favorable outcome of the appeal.

v) An appeal has been filed by the Company before Appellate Tribunal Inland Revenue, Lahore on 30 July 2021 against the order of Assistant Commissioner Inland Revenue (Appeals) for demand of Rupees 8.966 million (2021: Rupees 8.966 million). The original order was issued by the Assistant Commissioner Inland Revenue for non-deduction of withholding tax on certain parties under various clauses of section 153 of the Income Tax Ordinance, 2001. The related provision is not made in these financial statements in view of favorable outcome of the appeal.

vi) Appeals have been filed on 23 April 2022 before Commissioner Inland Revenue (Appeals) to contest the disallowance of refunds against current demands by Assistant Commissioner Inland Revenue amounting to Rupees 20.816 million in total. The related provision is not made in these financial statements in the view of favourable outcome of these appeals.

vii) On 13 August 2020, the Supreme Court of Pakistan 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 16 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 Rupees 26.344 million related to this difference, subject to furnishing of post dated cheques which have been submitted 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 favourable outcome of the petition.

viii) An appeal was filed in Lahore High Court, Lahore on 10 August 2017 against cost of supply of Re-Gasified Liquefied Natural Gas (RLNG) by SNGPL amounting to Rupees 12.224 million (2021: Rupees 12.224 million). This appeal was allowed by Lahore High Court, Lahore on 13 December 2019 by asking Oil and Gas Regulatory Authority (OGRA) to conduct a public hearing to determine the level of cost of supply of RLNG. 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 that the decision of the proposed public hearing of OGRA will be decided in favour of the Company.

ix) Sindh High Court, Karachi made decision on 04 June 2021 about the levy of Sindh Infrastructure Cess, against which the Company was contingently liable for Rupees 3 million (2021: Rupees 3 million) although guarantees were submitted by the Company's Bank for the same amount. Against the decision, the Company lodged a constitution petition no. 4719/2021 dated 13 August 2021 in Supreme Court of Pakistan (SCP). Thereafter, on 01 September 2021, SCP allowed the petition, suspended the judgement of Sindh High Court, Karachi and leave to appeal was granted. However the case is not yet fixed for hearing by SCP. On advice of legal counsel, in view of possible favourable outcome, no provision is accounted for in these financial statements.

x) Guarantees of Rupees 48.237 million (2021: Rupees 43.090 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited (SNGPL) against gas connections and Faisalabad Electric Supply Company Limited (FESCO) against electricity connection.

b) Commitments

i) Letters of credit for capital expenditure are of Rupees Nil as at 30 June 2022 (2021: Rupees 25.644 million).

ii) Letters of credit for other than capital expenditure are of Rupees 429.314 million (2021: Rupees 220.015 million).

13. PROPERTY, PLANT AND EQUIPMENT

	2022 (RUPEES IN THOUSAND)	2021 (RUPEES IN THOUSAND)
Operating fixed assets (Note 13.1)	1,059,112	1,026,171
Capital work-in-progress (Note 13.2)	-	18,656
	1,059,112	1,044,827

13.1 Property, plant and equipment

	Freehold land	Buildings on freehold land		Plant and machinery	Electric installations / appliances	Factory equipment	Generators	Laboratory equipment	Furniture , fixtures	Office equipment	Computers	Vehicles	Total
		Mills	Other										
	(RUPEES IN THOUSAND)												
At 30 June 2020													
Cost / revalued amount	103,929	187,315	63,504	991,859	31,309	1,768	109,384	14,478	4,011	3,444	3,955	39,855	1,554,811
Accumulated depreciation	-	(60,037)	(19,890)	(489,161)	(15,809)	(1,478)	(64,384)	(5,979)	(3,039)	(2,878)	(3,841)	(26,258)	(692,754)
Net book value	103,929	127,278	43,614	502,698	15,500	290	45,000	8,499	972	566	114	13,597	862,057
Year ended 30 June 2021													
Opening net book value	103,929	127,278	43,614	502,698	15,500	290	45,000	8,499	972	566	114	13,597	862,057
Additions	-	2,153	-	123,880	4,042	-	-	-	-	-	-	11,107	141,182
Transferred from investment properties	36,093	50,766	18,200	-	-	-	-	-	-	-	-	-	105,059
Disposals:													
Cost / revalued amount	-	-	-	(39,433)	-	-	-	-	-	-	-	(3,468)	(42,901)
Accumulated depreciation	-	-	-	2,889	-	-	-	-	-	-	-	2,590	5,479
	-	-	-	(36,544)	-	-	-	-	-	-	-	(878)	(37,422)
Depreciation charge	-	(7,161)	(2,256)	(27,442)	(837)	(29)	(2,250)	(425)	(97)	(57)	(34)	(4,117)	(44,705)
Closing net book value	140,022	173,036	59,558	562,592	18,705	261	42,750	8,074	875	509	80	19,709	1,026,171
At 30 June 2021													
Cost / revalued amount	140,022	240,234	81,704	1,076,306	35,351	1,768	109,384	14,478	4,011	3,444	3,955	47,494	1,758,151
Accumulated depreciation	-	(67,198)	(22,146)	(513,714)	(16,646)	(1,507)	(66,634)	(6,404)	(3,136)	(2,935)	(3,875)	(27,785)	(731,980)
Net book value	140,022	173,036	59,558	562,592	18,705	261	42,750	8,074	875	509	80	19,709	1,026,171
Year ended 30 June 2022													
Opening net book value	140,022	173,036	59,558	562,592	18,705	261	42,750	8,074	875	509	80	19,709	1,026,171
Additions	-	2,635	-	132,055	10,046	-	-	-	-	-	-	95	144,831
Disposals:													
Cost	-	-	-	(63,785)	-	-	-	-	-	-	-	-	(63,785)
Accumulated depreciation	-	-	-	1,479	-	-	-	-	-	-	-	-	1,479
	-	-	-	(62,306)	-	-	-	-	-	-	-	-	(62,306)
Depreciation charge	-	(8,762)	(2,978)	(29,897)	(1,264)	(26)	(2,137)	(404)	(88)	(51)	(24)	(3,953)	(49,584)
Closing net book value	140,022	166,909	56,580	602,444	27,487	235	40,613	7,670	787	458	56	15,851	1,059,112
At 30 June 2022													
Cost / revalued amount	140,022	242,869	81,704	1,144,576	45,397	1,768	109,384	14,478	4,011	3,444	3,955	47,589	1,839,197
Accumulated depreciation	-	(75,960)	(25,124)	(542,132)	(17,910)	(1,533)	(68,771)	(6,808)	(3,224)	(2,986)	(3,899)	(31,738)	(780,085)
Net book value	140,022	166,909	56,580	602,444	27,487	235	40,613	7,670	787	458	56	15,851	1,059,112
Annual rate of depreciation (%)	-	5	5	5	5	10	5	5	10	10	30	20	

13.1.1 Forced sale value of revalued property, plant and equipment as per latest revaluation report as on 30 June 2020 was Rupees 648.502 million.

13.1.2 Depreciation charge for the year has been allocated as follows:

	2022	2021
	(RUPEES IN THOUSAND)	
Cost of sales (Note 25)	45,468	40,400
Administrative expenses (Note 27)	4,116	4,305
	49,584	44,705

13.1.3 Particulars of immovable properties (i.e. land and buildings) are as follows:

Particulars	Location	Area	Covered area
		Kanals	Sq ft.
Manufacturing facility and Head Office	35-Kilometers, Sheikhupura Road, Faisalabad.	125.95	341 384

13.1.4 Detail of operating fixed assets disposed of during the year is as follows:

Description	Quantity	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Particulars of the purchasers
	Nos	..........(RUPEES IN THOUSAND)..........						
Plant and machinery								
Auto cone machines	5	33,501	850	32,651	42,500	9,849	Negotiation	Moiz Textile Mills Limited, Lahore
Auto cone machine	1	5,710	71	5,639	5,700	61	Negotiation	Al-Zamin Textile Mills (Private) Limited, Faisalabad
Auto cone machines	2	24,574	558	24,016	24,800	784	Negotiation	Qadri Textile Mills Limited, Lahore
		63,785	1,479	62,306	73,000	10,694		

13.1.5 Had there been no revaluation, cost, accumulated depreciation and book value of the revalued assets would have been as follows:

	Cost	Accumulated depreciation	Net book value
	---------- (RUPEES IN THOUSAND) ----------		
Freehold land	13,299	-	13,299
Buildings on freehold land:			
Mills	121,939	81,451	40,488
Other	29,180	16,497	12,683
Plant and machinery	1,184,888	626,002	558,886
Electric installations / appliances	37,576	15,667	21,909
Generators	82,044	60,215	21,829
Laboratory equipment	11,533	7,564	3,969
2022	1,480,459	807,396	673,063
2021	1,399,508	776,166	623,342

13.2 Capital work-in-progress of Rupees 18.656 million for the year ended 30 June 2021 has been capitalized during the year.

	2022	2021
	(RUPEES IN THOUSAND)	

14. RIGHT-OF-USE ASSET

Opening book value	-	-
Add: Addition during the year	3,368	-
	3,368	-
Less: Depreciation charged during the year (Note 27)	393	-
Balance as on 30 June	2,975	-

14.1 The Company obtained vehicle on lease term of five years.

15. LONG TERM DEPOSITS AND PREPAYMENTS

Long term deposits	3,726	3,726
Long term prepayments	460	446
	4,186	4,172
Less: Current portion shown under current assets (Note 20)	312	413
	3,874	3,759

16. STORES, SPARE PARTS AND LOOSE TOOLS

Stores (Note 16.1)	22,003	17,188
Spare parts	61,461	55,084
Loose tools	204	167
	83,668	72,439

16.1 These include stores in transit of Rupees 2.070 million (2021: Rupees 2.868 million).

17. STOCK IN TRADE

Raw materials (Note 17.1)	428,205	466,513
Work-in-process	21,076	32,053
Finished goods	108,336	34,572
Waste	22,892	3,558
	580,509	536,696

17.1 Raw materials include stock in transit of Rupees 150.946 million (2021: Rupees 26.886 million).

18. TRADE DEBTS

Considered good:

Unsecured (Note 18.1)	28,105	88,876
Less: Allowance for expected credit losses (Note 18.2)	415	-
	27,690	88,876

18.1 As at 30 June 2022, trade debts of Rupees 27.593 million (2021: Rupees 45.956 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of these trade debts is as follows:

	2022	2021
	(RUPEES IN THOUSAND)	
Upto 1 month	26,726	3,791
1 to 6 months	754	8,687
More than 6 months	113	33,478
	27,593	45,956

18.2 Allowance for expected credit losses

Balance as on 01 July	-	529
Add: Recognized during the year (Note 28)	415	-
	415	529
Less:		
Trade debts recovered during the year	-	529
Balance as on 30 June	415	-

18.3 Revenue from the sale of goods is recognized at the time of delivery, while payment is generally due within 30 to 90 days from delivery.

19. LOANS AND ADVANCES

Considered good:

Employees - interest free:		
Against salary (Note 19.1)	912	1,779
Against expenses:		
Executive	200	200
Other employees	235	235
	435	435
	1,347	2,214
Current portion of long term loans	-	4
Advances to suppliers / service providers	1,044	1,472
Letters of credit	1,724	918
	4,115	4,608

19.1 These represent short term loans and advances given to employees as per Company's policy for general purposes. These are secured against balance to the credit of employees in the staff retirement gratuity and recoverable in equal monthly installments.

20. SHORT TERM DEPOSITS AND PREPAYMENTS

Deposits	7,700	7,700
Current portion of long term deposits and prepayments (Note 15)	312	413
	8,012	8,113

		2022	2021
		(RUPEES IN THOUSAND)	
21.	**OTHER RECEIVABLES**		
	Considered good:		
	Sales tax and special excise duty refundable	60,024	65,601
	Miscellaneous	2,606	3,235
		62,630	68,836

22. SHORT TERM INVESTMENT

The term deposit receipt issued by National Bank of Pakistan and carried at amortized cost was redeemed on 08 December 2021. Rate of profit was 5.75 percent (2021: 6.65 percent) per annum.

		2022	2021
23.	**CASH AND BANK BALANCES**		
	With banks:		
	In current accounts	25,093	67,690
	Cash in hand	782	580
		25,875	68,270
24.	**REVENUE FROM CONTRACTS WITH CUSTOMERS**		
	Sales of yarn	3,083,526	2,368,205
	Waste	219,269	135,252
		3,302,795	2,503,457
	Less: Sales tax	495,980	406,804
		2,806,815	2,096,653

24.1 The amount of Rupees 203.654 million included in contract liabilities as at 30 June 2021 has been recognized as revenue in 2022 (2021: Rupees 162.643 million)

24.2 Revenue is recognized at point in time as per the terms and conditions of underlying contracts with customers. Moreover all sales were made within Pakistan.

		2022	2021
25.	**COST OF SALES**		
	Raw materials consumed (Note 25.1)	1,828,905	1,185,931
	Loading, unloading and weighment charges	556	1,856
	Salaries, wages and other benefits	169,214	147,181
	Staff retirement benefit	16,899	12,612
	Stores, spare parts and loose tools consumed	88,112	76,904
	Packing materials consumed	30,280	22,212
	Repair and maintenance	1,066	1,440
	Fuel and power	512,528	311,611
	Insurance	2,451	2,236
	Other factory overheads	1,754	662
	Depreciation on property, plant and equipment (Note 13.1.2)	45,468	40,400
		2,697,233	1,803,045
	Work-in-process		
	Opening stock	32,053	22,665
	Closing stock	(21,076)	(32,053)
		10,977	(9,388)
	Cost of goods manufactured	2,708,210	1,793,657
	Finished goods		
	Opening stock	38,130	16,164
	Closing stock	(131,228)	(38,130)
		(93,098)	(21,966)
		2,615,112	1,771,691

		2022	2021
		(RUPEES IN THOUSAND)	
25.1	**Raw materials consumed**		
	Opening stock	466,513	402,066
	Add: Purchased during the year	1,790,597	1,250,378
		2,257,110	1,652,444
	Less: Closing stock	428,205	466,513
		1,828,905	1,185,931
26.	**DISTRIBUTION COST**		
	Salaries and other benefits	945	810
	Staff retirement benefit	57	40
	Outward freight and handling	781	566
	Commission to selling agents	1,366	248
		3,149	1,664
27.	**ADMINISTRATIVE EXPENSES**		
	Salaries and other benefits	23,343	20,496
	Staff retirement benefit	1,412	1,011
	Rent, rates and taxes	410	1,272
	Insurance	2,051	2,241
	Travelling and conveyance	2,914	2,548
	Vehicles' running	7,189	5,859
	Entertainment	1,637	1,062
	Auditor's remuneration (Note 27.1)	950	950
	Advertisement	192	176
	Postage and telephone	1,236	1,286
	Utilities	3,682	3,610
	Printing and stationery	310	158
	Repair and maintenance	1,213	1,019
	Fee and subscription	1,632	1,977
	Legal and professional	546	522
	Miscellaneous	1,288	1,465
	Depreciation on property, plant and equipment (Note 13.1.2)	4,116	4,305
	Depreciation on right-of-use asset (Note 14)	393	-
		54,514	49,957
27.1	**Auditor's remuneration**		
	Audit fee	800	800
	Half yearly review	100	100
	Other certification	50	50
		950	950
28.	**OTHER EXPENSES**		
	Allowance for expected credit losses (Note 18.2)	415	-
	Loans and advances written off	98	-
	Workers' profit participation fund (Note 10.1)	5,731	12,866
	Workers' welfare fund (Note 10.2)	2,141	5,428
		8,385	18,294
29.	**OTHER INCOME**		
	Income from financial assets		
	Profit on investment	138	366
	Reversal of allowance for expected credit losses	-	529
	Bad debts recovered during the year	-	1,681
		138	2,576
	Income from non-financial assets		
	Gain on sale of property, plant and equipment (Note 13.1.4)	10,694	4,059
	Rental income	-	11,098
	Others	-	65
	Gain on remeasurement of investment properties	-	2,091
		10,694	17,313
		10,832	19,889

	2022	2021
	(RUPEES IN THOUSAND)	

30. FINANCE COST

	2022	2021
Mark-up on:		
Short term borrowings	28,179	34,608
Lease liability (Note 8)	119	-
Bank charges and commission	1,449	1,304
Interest on workers' profit participation fund (Note 10.1)	771	-
	30,518	35,912

31. TAXATION

	2022	2021
Current (Note 31.1)	35,085	40,634
Deferred	(25,614)	78,895
	9,472	119,529

31.1 Provision for current taxation represents minimum tax under section 113 of the Income Tax Ordinance, 2001. The Company has unused tax losses of Rupees 197.910 million representing unabsorbed depreciation as at 30 June 2022 (2021: Rupees 108.368 million). Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate is not required in view of unused tax losses of the Company. Alternative corporate tax for the year ended 30 June 2021 amounting to Rupees 40.634 million is available for carry forward upto ten years under section 113C of the Ordinance. Total minimum tax available for carry forward under section 113 of the Ordinance as at 30 June 2022 is of Rupees 54.813 million. The Company has not recognised deferred income tax asset in respect of minimum tax available for carry forward and alternative corporate tax as sufficient taxable profits would not be available to utilise these in the forceable future. The minimum tax would expire as follows:

Accounting year to which the minimum tax relates	Amount of minimum tax	Accounting year in which minimum tax will expire
	RUPEES IN THOUSAND	
2022	35,085	2025
2020	19,728	2023
	54,813	

32. EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share which is based on:

		2022	2021
Profit attributable to ordinary shareholders	(Rupees in thousand)	96,498	119,495
Weighted average number of ordinary shares	(Numbers)	9 660 000	9 660 000
Earnings per share	(Rupees)	9.99	12.37

		2022	2021
		(RUPEES IN THOUSAND)	
33.	**CASH (USED IN) / GENERATED FROM OPERATIONS**		
	Profit before taxation	105,969	239,024
	Adjustments for non-cash charges and other items:		
	Depreciation on property, plant and equipment	49,584	44,705
	Depreciation on right-of-use asset	393	-
	Gain on sale of property, plant and equipment	(10,694)	(4,059)
	Provision for staff retirement gratuity	18,368	13,663
	Gain on remeasurement of investment properties	-	(2,091)
	Profit on investment	(138)	(366)
	Finance cost	30,518	35,912
	Allowance / (reversal of allowance) for expected credit losses	415	(529)
	Loans and advances written off	98	-
	Working capital changes (Note 33.1)	(208,965)	(117,805)
		(14,452)	208,454
33.1	**Working capital changes**		
	(Increase) / decrease in current assets:		
	Stores, spare parts and loose tools	(11,229)	(15,822)
	Stock in trade	(43,813)	(95,801)
	Trade debts	60,771	(82,208)
	Loans and advances	395	213
	Short term deposits and prepayments	101	(5,936)
	Other receivables	6,101	806
		12,326	(198,748)
	(Decrease) / increase in trade and other payables	(221,291)	80,943
		(208,965)	(117,805)

33.2 Reconciliation of movement of liabilities to cash flows arising from financing activities:

	2022				2021			
	Short term borrowings	Lease liability	Unclaimed dividend	Total	Short term borrowings	Lease liability	Unclaimed dividend	Total
	----------------------------(RUPEES IN THOUSAND)----------------------------							
Balance as at 01 July	467,314	-	792	468,106	446,405	-	1,861	448,266
Borrowing obtained - net	113,819	-	-	113,819	20,909	-	-	20,909
Lease liability recognized	-	3,283	-	3,283	-	-	-	-
Dividend declared	-	-	6,762	6,762	-	-	-	-
Dividend paid	-	-	(6,531)	(6,531)	-	-	(1,069)	(1,069)
Repayment of lease liability	-	(1,460)	-	(1,460)	-	-	-	-
Balance as at 30 June	581,133	1,823	1,023	583,979	467,314	-	792	468,106

34. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	Executives	
	2022	2021
	(RUPEES IN THOUSAND)	
Managerial remuneration	3,200	3,080
Allowances		
House rent	1,516	1,462
Utilities	84	78
	4,800	4,620
Number of persons	2	2

34.1 Chief Executive Officer, some of the directors and executives of the Company are provided with free Company maintained vehicles and entitled to reimbursement of travelling expenses, electricity, gas and water bills.

34.2 No remuneration was paid to any director and Chief Executive Officer of the Company.

35. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise other related parties and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements is as follows:

Particulars	Basis of relationship	Nature of transaction	2022	2021
			(RUPEES IN THOUSAND)	
Other related parties				
Directors	Members of board of directors	Borrowings obtained - net	5,000	165,175
Dividend paid to directors	Members of board of directors and their spouses	Dividend paid	5,558	-

35.1 Detail of compensation to key management personnel comprising of Chief Executive Officer, directors and executives is disclosed in Note 34.

36. NUMBER OF EMPLOYEES

	2022	2021
	(NUMBER OF PERSONS)	
Number of employees as at the year end	544	531
Average number of employees during the year	541	498

37. PLANT CAPACITY AND ACTUAL PRODUCTION

		2022	2021
100% plant capacity converted to 20s count based on 3 shifts per day for 1 095 shifts (2021: 1 095 shifts)	(Kgs.)	14 275 000	11 324 000
Actual production converted to 20s count based on 3 shifts per day for 1 090 shifts (2021: 1 090 shifts)	(Kgs.)	9 490 011	8 396 685

37.1 REASON FOR LOW PRODUCTION

Under utilization of available capacity is mainly due to installation of new machinery for manufacturing of fine counts. Further to make best quality yarn, the machines were run on slow speed. Moreover normal repair and maintenance was also the factor for low production.

38. ENTITY - WIDE INFORMATION

The Company constitues of a single reportable segment. All non-current assets of the Company are located in Pakistan. There was one major customer of the Company representing revenue of Rupees 612.117 million during the year (2021: Rupees Nil).

39. FINANCIAL RISK MANAGEMENT

39.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, investment of excess liquidity and use of non-derivative financial instruments.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The Company has no receivable / payable balance in foreign currency as at 30 June 2022 (2021: Nil).

(ii) Other price risk

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

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk arises from lease liability and short term borrowings.

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

	2022	2021
	(RUPEES IN THOUSAND)	
Fixed rate instruments		
Financial assets		
Short term investment	-	5,500
Floating rate instruments		
Financial liabilities		
Lease liability	1,823	-
Short term borrowings	372,755	263,936

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 rate at the reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 3.487 million higher / lower (2021: Rupees 2.040 million) mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of financial instruments outstanding at reporting date were outstanding for the whole year.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Investment	-	5,500
Loans and advances	912	1,783
Deposits	11,426	11,426
Trade debts	27,690	88,876
Other receivables	2,606	3,235
Bank balances	25,093	67,690
	67,727	178,510

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate.

	Rating			2022	2021
	Short Term	Long term	Agency	RUPEES IN THOUSAND	
Banks					
Conventional accounts / term deposit receipt					
Bank Alfalah Limited	A1+	AA+	PACRA	1,147	2,164
Habib Bank Limited	A-1+	AAA	VIS	3,034	22,672
National Bank of Pakistan	A1+	AAA	PACRA	2	5,638
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	80	70
MCB Bank Limited	A1+	AAA	PACRA	89	88
Soneri Bank Limited	A1+	AA -	PACRA	6	6
Bank Al-Habib Limited	A1+	AAA	PACRA	4	7,042
Sindh Bank Limited	A-1	A+	VIS	10	10
Faysal Bank Limited	A1+	AA	PACRA	79	79
				4,451	37,769
Shariah compliant accounts					
Meezan Bank Limited	A-1+	AAA	VIS	20,000	34,779
AlBaraka Bank (Pakistan) Limited	A-1	A+	VIS	634	634
Bank Alfalah Limited	A1+	AA+	PACRA	1	1
Habib Bank Limited	A-1+	AAA	VIS	7	7
				20,642	35,421
				25,093	73,190

The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade debts. Management uses actual historical credit loss experience, credit risk characteristics and past days due, adjusted for forward-looking factors specific to the debtors and the economic environment to determine expected credit loss allowance.

To manage exposure of credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Majority of the Company's revenue is earned from customers where advance payment is received. Sales contracts and credit terms are approved by the senior management. The management has set a maximum credit period limit for each type of customer in order to reduce the credit risk.

The Company's exposure to credit risk and allowance for expected credit losses related to trade debts is disclosed in Note 18.

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, the management does not expect non-performance by these counterparties on their obligations to the Company. Accordingly, the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2022, the Company had Rupees 550.245 million (2021: Rupees 583.064 million) available borrowing limits from financial institutions and Rupees 25.875 million (2021: Rupees 68.270 million) cash and bank balances. The management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the table are undiscounted cash flows:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
	(RUPEES IN THOUSAND)					
Contractual maturities of financial liabilities as at 30 June 2022:						
Non-derivative financial liabilities:						
Lease liability	1,823	2,611	290	290	580	1,451
Trade and other payables	137,741	137,741	137,741	-	-	-
Unclaimed dividend	1,023	1,023	1,023	-	-	-
Accrued mark-up	5,443	5,443	5,443	-	-	-
Short term borrowings	581,133	597,813	597,813	-	-	-
	727,163	744,631	742,310	-	-	-
Contractual maturities of financial liabilities as at 30 June 2021:						
Non-derivative financial liabilities:						
Trade and other payables	146,688	146,688	146,688	-	-	-
Unclaimed dividend	792	792	792	-	-	-
Accrued mark-up	5,978	5,978	5,978	-	-	-
Short term borrowings	467,314	479,125	479,125	-	-	-
	620,772	632,583	632,583	-	-	-

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark-up rates effective as at 30 June. The rates of interest / mark up have been disclosed in Note 8 and Note 11 to these financial statements.

39.2 Financial instruments by categories

	At amortized cost	
	2022	2021
	(RUPEES IN THOUSAND)	
Financial assets as per statement of financial position		
Investment	-	5,500
Loans and advances	912	1,783
Deposits	11,426	11,426
Trade debts	27,690	88,876
Other receivables	2,606	3,235
Cash and bank balances	25,875	68,270
	68,509	179,090
Financial liabilities as per statement of financial position		
Lease liability	1,823	-
Accrued mark-up	5,443	5,978
Unclaimed dividend	1,023	792
Short term borrowings	581,133	467,314
Trade and other payables	137,741	146,688
	727,163	620,772

39.3 Reconciliation of financial assets and financial liabilities to the line items presented in the statement of financial position is as follows:

	2022			2021		
	Financial assets	Other than financial assets	Assets as per statement of financial position	Financial assets	Other than financial assets	Assets as per statement of financial position
	(RUPEES IN THOUSAND)					
Investment	-	-	-	5,500	-	5,500
Loans and advances	912	3,203	4,115	1,783	2,825	4,608
Deposits and prepayments	11,426	460	11,886	11,426	446	11,872
Trade debts	27,690	-	27,690	88,876	-	88,876
Other receivables	2,606	60,024	62,630	3,235	65,601	68,836
Cash and bank balances	25,875	-	25,875	68,270	-	68,270
	68,509	63,687	132,196	179,090	68,872	247,962

	2022			2021		
	Financial liabilities	Other than financial liabilities	Liabilities as per statement of financial position	Financial liabilities	Other than financial liabilities	Liabilities as per statement of financial position
	(RUPEES IN THOUSAND)					
Lease liability	1,823	-	1,823	-	-	-
Trade and other payables	137,741	82,727	220,468	146,688	295,071	441,759
Unclaimed dividend	1,023	-	1,023	792	-	792
Accrued mark-up	5,443	-	5,443	5,978	-	5,978
Short term borrowings	581,133	-	581,133	467,314	-	467,314
	727,163	82,727	809,890	620,772	295,071	915,843

39.4 Offsetting financial assets and financial liabilities

As on reporting date, recognized financial instruments are not subject to offsetting as there are no enforceable master netting arrangements and similar agreements.

39.5 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends to be paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as net borrowings divided by total capital employed. Net borrowings represent lease liabilitiy and short term borrowings obtained by the Company less cash and bank balances as referred to Note 8, Note 11 and Note 23 respectively. Total capital employed includes 'total equity' as shown in the statement of financial position plus 'borrowings'. The Company's strategy remained unchanged from last year.

		2022	2021
Borrowings	Rupees in thousand	582,956	467,314
Less: Cash and bank balances	Rupees in thousand	25,875	68,270
		557,081	399,044
Total equity	Rupees in thousand	934,487	840,942
Total capital employed	Rupees in thousand	1,491,568	1,239,986
Gearing ratio	Percentage	37.35	32.18

The increace in gearing ratio resulted due to increace in borrowings of the Company.

40. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

Fair value hierarchy

Certain financial assets and financial liabilities are not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to the short-term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts. Judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into following three levels. However as at the reporting date, the Company has no such type of financial instruments which are required to be grouped into these levels. These levels are explained as under:

Level 1: The fair value measurements of instruments using quoted prices in active markets at the end of reporting period are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: Fair value measurements of instruments using inputs for the asset or liability which are not based on observable market data are included in level 3.

41. RECOGNIZED FAIR VALUE MEASUREMENTS - NON FINANCIAL ASSETS

(i) Fair value hierarchy

The judgements and estimates made in determining the fair values of the non-financial assets that are recognized and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels:

	Level 1	Level 2	Level 3	Total
	--------------RUPEES IN THOUSAND--------------			
At 30 June 2022				
Freehold land	-	140,022	-	140,022
Buildings on freehold land	-	223,489	-	223,489
Plant and machinery	-	602,444	-	602,444
Electric installations / appliances	-	27,487	-	27,487
Generators	-	40,613	-	40,613
Laboratory equipment	-	7,670	-	7,670
Total non-financial assets	-	1,041,725	-	1,041,725
At 30 June 2021				
Freehold land	-	140,022	-	140,022
Buildings on freehold land	-	232,594	-	232,594
Plant and machinery	-	562,592	-	562,592
Electric installations / appliances	-	18,705	-	18,705
Generators	-	42,750	-	42,750
Laboratory equipment	-	8,074	-	8,074
Total non-financial assets	-	1,004,737	-	1,004,737

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There was no transfer between level 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements.

(ii) Valuation techniques used to determine level 2 fair values

The Company obtains independent valuation for its freehold land, buildings thereon, plant and machinery, electric installations / appliances, generators and laboratory equipment (classified as property, plant and equipment). The management updates the assessment of the fair value of each property taking into account the most recent independent valuations. The management determines property's value within a range of reasonable fair value estimates. The best evidence of fair value of freehold land is current prices in an active market for similar lands. The best evidence of fair value of buildings is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the new construction / replacement value of the same buildings. The best evidence of fair value of plant and machinery, electric installations / appliances, generators and laboratory equipment is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the value of new plant and machinery, electric installations / appliances, generators and laboratory equipment of the same specifications.

The Company engages external, independent and qualified valuers to determine the fair value of the Company's freehold land, buildings thereon, plant and machinery, electric installations / appliances, generators and laboratory equipment. The fair value of the freehold land, buildings thereon, plant and machinery, electric installations / appliances, generators and laboratory equipment has been performed by Messrs Zafar Iqbal and Company as at 30 June 2020.

42. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

Description	Note	2022	2021
		(RUPEES IN THOUSAND	
Revenue earned from shariah compliant business	24	2,806,815	2,096,653
Shariah compliant bank deposits and bank balances			
Bank balances	39.1 (b)	20,642	35,421
Profits earned or interest paid on any conventional loan / advance			
Mark-up on short term borrowings	30	28,179	34,608
Mark-up on lease liability	8	119	-
Profit on investment	29	138	366
Loans / advances obtained as per Islamic mode			
Contract liabilities	10	34,471	208,215
Short term borrowings	11	208,378	203,378

There is no profit earned from shariah compliant bank balances as all the bank balances are in current accounts. Moreover there is no dividend on any investment, no exchange gain earned and no mark-up paid on Islamic mode of financing. The relationship with shariah compliant banks is related to bank accounts as given in Note 39.1(b).

43. DATE OF AUTHORIZATION FOR ISSUE

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

44. CORRESPONDING FIGURES

Comparative figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant re-arrangements have been made.

45. GENERAL

Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.

AIZAD AMER	KHAWAJA AMER KHURSHID	Muhammad Saqib Ehsan
Chief Executive Officer	**Director**	**Chief Financial Officer**

FORM 34

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

1.1 Name of the Company **AN TEXTILE MILLS LIMITED**

2.1. Pattern of holding of the shares held by the shareholders as at **30-06-2022**

2.2 No. of Shareholders	-----Shareholdings----- From	To	Total Shares Held
574	1	100	17,651
246	101	500	58,774
39	501	1,000	34,907
72	1,001	5,000	194,782
16	5,001	10,000	126,961
6	10,001	15,000	77,348
5	15,001	20,000	87,119
3	20,001	25,000	72,500
1	25,001	30,000	29,500
1	35,001	40,000	36,000
3	40,001	45,000	126,587
1	75,001	80,000	78,225
2	85,001	90,000	178,500
1	95,001	100,000	100,000
1	110,001	115,000	110,500
1	260,001	265,000	264,125
1	430,001	435,000	431,446
1	740,001	745,000	742,697
1	885,001	890,000	890,000
1	1,180,001	1,185,000	1,184,193
1	1,475,001	1,480,000	1,475,611
1	1,640,001	1,645,000	1,640,170
1	1,700,001	1,705,000	1,702,404
979			**9,660,000**

2.3 Categories of Shareholders	Shares Held	Percentage
2.3.1 Directors, Chief Executive Officer, and their spouse and minor children	7,939,531	82.1898
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	0	0.0000
2.3.3 NIT and ICP	448,846	4.6464
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	559	0.0058
2.3.5 Insurance Companies	0	0.0000
2.3.6 Modarabas and Mutual Funds	6,600	0.0683
2.3.7 Shareholders holding 10% or more	7,045,075	72.9304
2.3.8 General Public		
a. Local	1,167,195	12.0828
b. Foreign	0	0.0000
2.3.9 Others (to be specified)		
1- Joint Stock Companies	43,733	0.4527
2- Investment Companies	200	0.0021
3- Pension Funds	40,587	0.4202
4- Others	12,749	0.1320

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

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):		-	0.0000
Mutual Funds (Name Wise Detail)			
1	CDC - TRUSTEE GOLDEN ARROW SELECTED STOCK FUND (CDC)	6,500	0.0673
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	MR. AIZAD AMER	1,740,170	18.0142
2	MRS. NAZMA AMER	1,926,890	19.9471
3	MR. ANNS AMER	1,475,611	15.2755
4	KHAWAJA AMER KHURSHID	1,902,404	19.6936
5	MISS YUSRA AMER	890,000	9.2133
6	MR. ABDUL RAUF	3,456	0.0358
7	SYED KHALID ALI	1,000	0.0104
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		41,246	0.4270

Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)

S. No.	Name	Holding	% AGE
1	MRS. NAZMA AMER	1,926,890	19.9471
2	KHAWAJA AMER KHURSHID	1,902,404	19.6936
3	MR. AIZAD AMER	1,740,170	18.0142
4	MR. ANNS AMER	1,475,611	15.2755
5	MISS YUSRA AMER	890,000	9.2133

FORM OF PROXY

I/We____of
_______________________________________being member(s) of **AN TEXTILE MILLS LIMITED** holding _________ordinary shares as per Registered Folio No./CDC A/c No. (for members who have shares in CDS) ____________________ hereby appoint Mr./Mrs./Miss ______________________________________of (full address) ____or failing him/her Mr./Mrs./Miss____of (full address)____ (being member of the Company) as my/our Proxy to attend, act and vote for me/us and on my/our behalf at the 41[th] Annual General Meeting of the Company to be held on October 20, 2022 at 11:30 a.m. at its Registered Office 35 K.M. Sheikhupura Road, Faisalabad and/or any adjournment thereof.

As witness my/our hand seal this _______________day of _______________2022
Signed by ____in the presence of ____

Signatures on Rs.5/- Revenue Stamps

(Signature must agree with the specimen signatures registered with the Company)

Notes:

1. This proxy form duly completed and signed, must be received at the Office of the Share Registrar M/S Corplink (Pvt.) Limited, Wings Arcade, 01-K Commercial, Model Town, Lahore not less than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he/she himself/herself is a member of the Company, except that a Corporation may appoint a person who is not a member.
3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
4. Any individual Beneficial Owner of the Central Depository Company, entitled to vote at this meeting must bring his / her National Identity Card with him/her to prove his/her identity, and in case of proxy, must enclose an attested copy of his / her National Identity Card. Representatives of Corporate members should bring the usual documents required for such purpose.

پروکسی فارم

میں/ہم۔۔۔۔۔۔۔۔۔۔۔۔از۔۔۔۔۔۔۔۔۔۔۔۔بحثیت **اے این ٹیکسٹائل ملز لمیٹڈ** کے ممبراور عام حصص یافتہ مطابق شیئر

رجسٹرفولیو/ سی ڈی سی اکاؤنٹ نمبر۔۔۔۔۔۔۔۔۔۔۔۔مقرر کرتا ہوں۔۔۔۔۔۔۔۔۔۔۔۔فولیو/ سی ڈی سی اکاؤنٹ نمبر۔۔۔۔۔۔۔۔۔۔۔۔

سی این آئی نمبر یا پاسپورٹ نمبر۔۔۔۔۔۔۔۔۔۔۔۔یا بصورت دیگر۔۔۔۔۔۔۔۔۔۔۔۔فولیو/ سی ڈی سی اکاؤنٹ نمبر۔۔۔۔۔۔۔۔۔۔۔۔

سی این آئی نمبر یا پاسپورٹ نمبر۔۔۔۔۔۔۔۔۔۔۔۔جو کمپنی کے ممبر بھی ہیں، کو کمپنی کے بدھ 20 اکتوبر 2022ء کو دن 30: 11 بجے منعقد ہونیوالیں اکیالسویں سالانہ اجلاس میں اپنی جانب سے شرکت اور رائے دہی کیلیئے اپنا پروکسی مقرر کرتا ہوں۔

دستخط مورخہ 2022ء

گواہی:	1: دستخط	----------------	
	نام	----------------	
	پتہ	----------------	
	سی این آئی سی یا پاسپورٹ نمبر	----------------	
	2: دستخط	----------------	
	نام	----------------	5 روپے کا
	پتہ	----------------	محصول ٹکٹ
	سی این آئی سی یا پاسپورٹ نمبر	----------------	

دستخط ----------------

(کمپنی کے پاس دستخط کے نمونے کے مطابق ہوں)

سی این آئی سی/پاسپورٹ نمبر۔۔۔۔۔۔۔۔۔۔۔۔

ضروری:

1- پروکسی فارم ہذا مکمل اور دستخط کے ہمراہ اجلاس کے انعقاد سے کم از کم اڑتالیس (48) گھنٹے قبل کمپنی کے رجسٹرڈ آفس یا شیئر رجسٹرار کے آفس مین میں جمع کرا دیا جائے۔

2- فارم پر ممبر یا اس کا تحریراً مقرر کردہ اٹارنی دستخط کریگا۔ ممبر کارپوریشن ہونے کی صورت میں اس کی مہر فارم پر ثبت کرنی ہوگی۔

3- اجلاس میں شرکت اور رائے دہی کا اہل ممبر اپنی جانب سے شرکت اور رائے دہی کیلیئے دوسرے ممبر کو اپنا پروکسی مقرر کر سکتا ہے تاہم کارپوریشن کسی بھی غیر ممبر کو اپنا پروکسی مقرر کر سکتی ہے۔

برائے سی ڈی سی اکاؤنٹ ہولڈرز/ کارپوریشن اینٹٹی

مزید براں مندرجہ ذیل شرائط پر عمل کرنا ہوگا۔

(i) پروکسی فارم پر دو افراد کی گواہی ہونی چاہیئے جن کے نام اور سی این آئی سی یا پاسپورٹ نمبر فارم پر درج ہوں۔

(ii) ممبر اور پروکسی کے سی این آئی سی یا پاسپورٹ کی تصدیق شدہ کاپیاں پروکسی فارم کے ہمراہ منسلک کرنی ہوں گی۔

(iii) پروکسی اجلاس کے وقت اپنا اصل سی این آئی سی یا اصل پاسپورٹ پیش کرنا ہوگا۔

(iv) کارپوریٹ اینٹٹی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی معہ نامزد فرد کے دستخط کا نمونہ (اگر پہلے فراہم نہ کیئے گئے ہوں) پروکسی فارم کے ہمراہ کمپنی کو پیش کرنے ہوں گے۔